SiriusDecisions

Research Brief

Identifying and Resolving Second-Lead Syndrome in Demand Management

When managing their demand, organizations often place disproportionate value on new leads in new prospect accounts, while disqualifying or ignoring subsequent leads from the account

This tendency, known as second-lead syndrome, often results in limited insight on buyer group engagement in the initial opportunity, as well as missed opportunities in the account

Implementing demand management processes that leverage demand units can eliminate second-lead syndrome and maximize the value of each account

Parents often struggle to convince their kids to eat balanced, healthful meals – especially when it comes to vegetables. Unfortunately, if a young child tastes one unpalatable or poorly prepared vegetable, he or she may decide to reject all vegetables. This broad assumption prevents the enjoyment of a variety of wholesome and delicious meals.

When b-to-b organizations make assumptions about leads and their value, they limit their ability to achieve an account's revenue potential. In particular, organizations suffering from a common affliction known as second-lead syndrome assign a disproportionate amount of value to the first qualified lead from a new account and fail to recognize the full value of additional leads within the same account, which significantly impairs the effectiveness of their demand management processes. In this brief, we define second-lead syndrome and provide guidance on how to diagnose and eliminate this process inefficiency.

Defining Second-Lead Syndrome

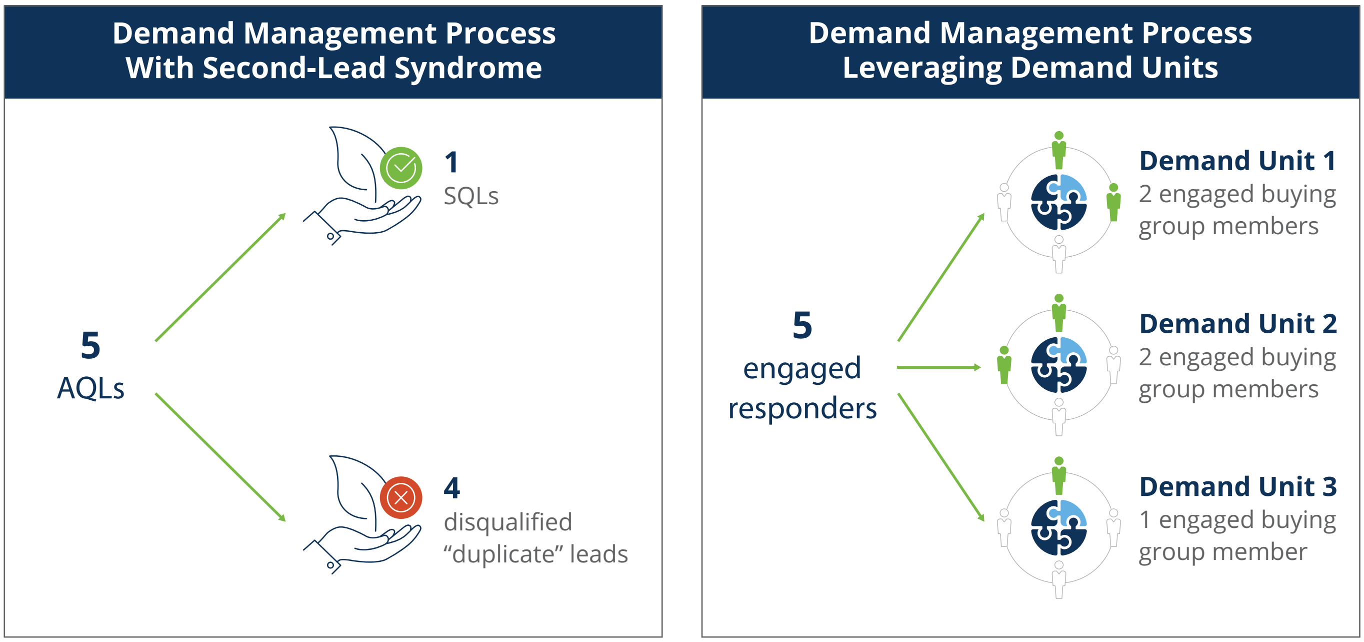
B-to-b purchases typically are executed by teams of people working together. Most marketing and sales leaders would agree that participation from multiple members of a buying group (e.g. seeing more than one member of the team visit the organization's Web site and consume content) constitutes a positive buying signal. However, that signal is often invisible to sales reps – or, worse yet, is actively ignored.

Second-lead syndrome occurs most frequently in organizations with a lead-centric demand management process that does not recognize buying groups or the possibility of multiple potential opportunities within an account. They place a disproportionately large value on the first new qualified lead from a new account, and then significantly discount or ignore the assumed value of the second and any subsequent leads from the same account. These leads are considered duplicates and disqualified without any further qualification.

Second-lead syndrome often develops if an organization adopts one or more of the following faulty assumptions about lead management:

- **"All leads from an account are associated with the same potential opportunity."** In reality, many b-to-b organizations target multiple buying

Solving Second-Lead Syndrome With Demand Units



groups and sell multiple solutions into an account. Conduct mapping exercises to identify the potential demand units in an account (aligned to buying groups), as well as their business needs and relevant solutions.

- **"The first lead is the best lead."** High-value buying group members are likely to engage through all stages in the buyer's journey, so disqualifying second and subsequent leads means that the sales team remains unaware of these buying group members' engagement. This lack of insight can slow the sales process.

- **"Sales can handle everything after the first step."** Organizations suffering from second-lead syndrome assume that marketing's value in account coverage and engagement stops after the delivery of the first qualified lead. They give sales full responsibility for identifying all other buying group members associated with the initial opportunity, as well as identifying and sourcing all additional opportunities within the account – even if those opportunities are aligned to different buying groups. It's much more efficient for marketing and sales to jointly identify additional buying group members and new opportunities.

- **"Further engagement with the sales development rep (SDR) will ruin the account."** Organizations sometimes fear that once a sales rep is working an account, further SDR engagement with additional leads is inefficient or disruptive. The mistaken assumption is that this additional interaction can confuse the prospect or jeopardize the current opportunity. But with proper training, the SDR can confirm and document the lead's role in the buying group for the current opportunity. Alternatively, the SDR may learn that the lead is in another buying group for a new opportunity. In both cases, the additional insight gained from this interaction adds value to the sales process.

In organizations with second-lead syndrome, the following sequence of events typically occurs: First, a marketing generated inquiry in a new account (e.g. ACME) responds to a marketing program. On the basis of profile characteristics and engagement, the inquiry is prioritized as an automation qualified lead (AQL) and sent to teleservices for qualification. The SDR accepts the lead and, through qualification, determines that the lead is ready for sales. He or she sets the appointment and delivers the lead to the appropriate account executive as a teleprospecting qualified lead.

The account executive attends the appointment, agrees the lead has potential and begins a deeper qualification process. Meanwhile, marketing continues to generate additional inquiries from within the ACME account. When a new individual responds to a marketing program, the lead is also scored, and a second AQL is identified on the basis of profile and engagement characteristics.

But when the SDR receives this second AQL for ACME, he or she assumes this new AQL is related to the previous AQL that the account executive is already working. The second AQL is thus considered a duplicate lead, so it is disqualified without an SDR engagement attempt. Because the disqualified AQL is not systematically associated with the active opportunity, sales is not informed of its existence and the marketing campaign attribution credit is lost. As a result, all insights gained from interactions with this individual are hidden from sales.

Eliminating Second-Lead Syndrome With Demand Units

The SiriusDecisions Demand Unit Waterfall™ focuses on buying groups and demand units rather than individual leads, making demand creation processes more efficient and better reflecting changes to technology and the buyer's journey (see the Core Strategy Report "The Demand Unit Waterfall"). Using demand units and incorporating other concepts of the Demand Unit Waterfall can also help organizations eliminate second-lead syndrome. The transition requires implementing the following cultural, process and system changes:

- **Connect leads to accounts.** In many sales force automation systems, leads are often treated as entities that are independent of accounts – especially early in the process. The promotion to contacts and associated accounts often is completed manually by the teleservices or sales rep late in the demand management process. To gain a complete view of engagement at the account level, organizations should instead complete this mapping early in the demand management process, providing the SDR with visibility into the potential relationship between the lead and the account as a natural input to his or her qualification process.

- **Leverage demand units.** Demand units change the context of what is tracked in the demand management process. Demand units capture the relationships of individual leads by placing them into buying groups aligned to business needs and solutions. The Demand Unit Waterfall tracks the progression of demand units through key milestone stages in the demand management process.

- **Associate rather than disqualify.** With demand units defined, organizations can eliminate second-lead syndrome by associating all leads with the appropriate demand unit. In an organization with second-lead syndrome, four of five generated AQLs are disqualified on the basis of the false assumption that these leads are duplicates with minimal value (see graphic). When the organization leverages the demand unit concept, however, these five engaged leads are analyzed according to their assumed persona and product interest, as determined through insights obtained during interactions. By combining information on the lead's title/role and what he or she is interested in, the team can align the person in the role to the appropriate buying group in the demand unit.

- **Inform and verify.** By connecting additional leads to demand units, marketing can provide valuable insights to the teleservices and sales teams – including data on which buying group members are engaged and information on the depth and breadth of this engagement – as well as potentially identifying additional opportunities in the account beyond the initial response. These insights enable better qualification conversations and accelerate the demand management process.

The Sirius Decision

Second-lead syndrome results from assumptions that can impair the performance of demand management processes. To prevent the syndrome, rather than assigning value only to the first qualified lead in a new account, organizations must keep in mind that every interaction with every lead can yield value – by providing engagement insights on buying group members within identified opportunities or helping uncover additional new opportunities in an account. Additionally, engagement of multiple prospects across a buying group is a much stronger indicator of propensity to buy than deep engagement of a single lead. Using demand management processes that incorporate demand units and the Demand Unit Waterfall can eliminate the inefficiencies caused by second-lead syndrome, yielding higher conversion efficiency and more revenue per account.

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