Strategic Considerations regarding Leads & Targets in SugarCRM

by Accent Gold Solutions (2011)

Understanding Leads vs Contacts

First of all, what is the difference between a Lead and a Contact? Simply put, Target Lists feed into a Campaign; Leads are Targets that responded to a Campaign; and Contacts are highly qualified Leads that are part of a longer-term selling process.

Typically in the world of SugarCRM, "a Lead represents an individual of interest to your qualification and selling efforts. Leads often stem from qualified campaign targets or they may be entered directly into Sugar, outside the campaign context. Over time a given individual may be represented by different Leads, each such Lead constituting a different qualification and selling process."

Whether you choose to use targets or Leads as the starting point of your qualification and selling efforts is largely determined by the complexity of your sales and marketing efforts. Organizations with well-defined marketing functions typically follow a Target-to-Lead path while other organizations start with Leads. (Still others begin with Contacts!)

A Lead, in contrast to a Target, has persistence and, unlike a target, a Lead can and often does have a historical record of interactions beyond just the campaign.

Only Contacts are synchronized in the Outlook Plug-in. Contacts can be associated with Cases, Bugs, and Projects – providing long-lasting, meaningful context appropriate for a contact that you won't find with a lead, and certainly not a target."

Understanding Leads vs Contacts vs Targets

A lesser known feature of SugarCRM is the Targets Module. The advantage of this module is the ability to differentiate between 3 types of individuals.

Contacts. People who you are doing business with are considered Contacts. These are almost always associated with an Account. Only Contacts are synchronized in the Outlook Plug-in. Contacts can be associated with Cases, Bugs, and Projects – providing long-lasting, meaningful context appropriate for a contact that you won't find with a lead, and certainly not a target."

Leads. Individuals who are considered Qualified (whether it be Hot, Warm or Cold) are considered Leads. You have some level of knowledge regarding these people and their level of interest and potential. At times these will be associated with (yet not yet "linked" to) an Account.

Leads can be converted to Contacts, and this process can include the creation of an Account, a Note, an Opportunity, and/or an Appointment.

Targets. Those people about whom you know nothing regarding their interest or potential level are typically considered Targets. These are completely unqualified prospects. You might have obtained their information via business cards at a Trade Show raffle or possibly through a purchased list (e.g. from Hoovers).

Targets will rarely be associated with an Account.

While Leads and Contacts will be managed by the Sales Department, Targets will be managed by the Marketing Department. For simplicity, targets are grouped into target lists in campaigns. In fact, the whole notion of a target appears only within the context of Sugar campaigns.

It is crucial though to understand that Targets can be only be converted to Leads. If you choose to use the Targets module, you are by default designing a very complex Marketing/Sales process. This may be beneficial, yet it might also be a hindrance.

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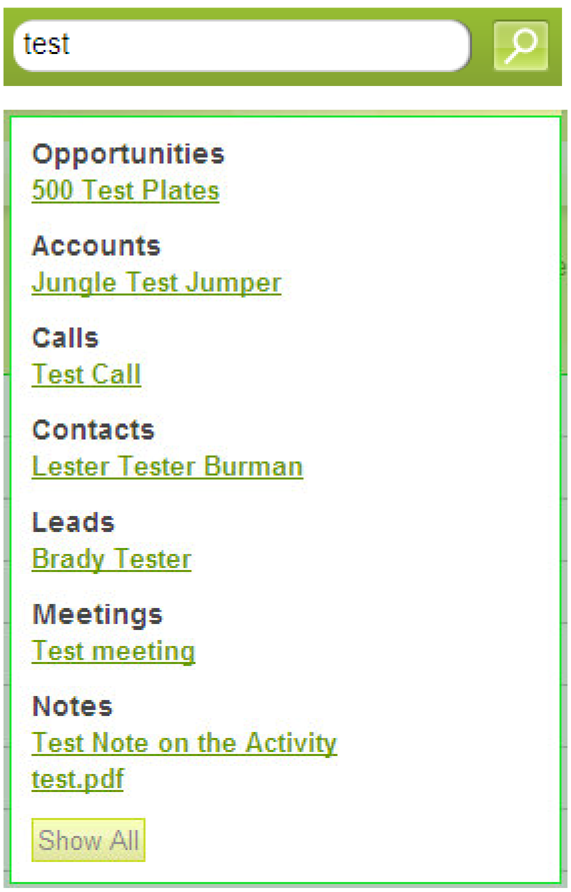
Strategic Considerations regarding Leads and Targets

(1) Using the Lead Module will add quite a bit of complexity to your user experience. Although converting a Lead to a Contact is a fairly quick task, it is nonetheless time consuming. And this must be taken into account. Will your users truly want to spend 30-60 seconds to convert a Lead to a Contact?

When you search for a person in the database you will need to take Contacts as well as Leads into account (no pun intended). Now the good thing is that the SugarCRM search button will find all instances of a name. If you search for the word "test", both Leads and Contacts will appear in the results.

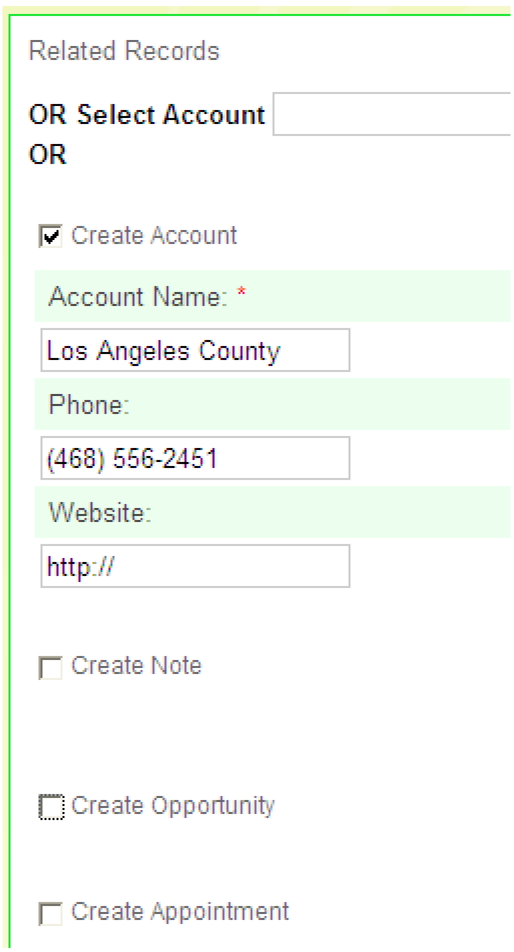


If you choose to *not* use the Lead Module, it can be removed from the users' screen. In this case, you can simply use a field such as "Category" or "Status" to differentiate types of Contacts (e.g. Leads, Prospects, Clients, etc…). For smaller organizations, this is a common practice.

(2) If you do decide to use the Leads module, then you will strongly need to consider always creating a Lead and converting that Lead to a Contact – rather than creating Contacts. Here's the reason: when importing new Leads from a Trade Show, you must realize that this Trade Show import list will likely include some existing Contacts/Customers. If John Smith is already a Contact (and excellent customer), and he dropped his business card into the raffle bin at the last Trade Show, yet you import into him into the database as a Lead, your Lead Duplicate Checking tool will NOT identify him

as a duplicate (because it will only cross check him against existing Leads, not existing Contacts). Thus John Smith will now exist as a Contact as well as an new, unconverted Lead. So when your junior sales rep calls him on the phone to sell him your products, your organization will appear very unprofessional

So, what's the solution? You've got two options. First, you can decide to never create a Contact, and instead always create a Lead – then convert that Lead to a Contact immediately. In the above example, if John Smith had originally been created as a Lead years ago, then the Leads Duplicate Checking tool would weed him out upon import. Problem solved. Second, you can decide to hide (and thus not use) the Lead module, and instead categorize each Contact. In this case, all Imported records would be imported into the Contacts module.



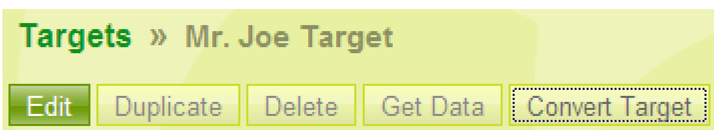
(3) SugarCRM will not check for duplicates between Contact and Lead records. Thus when you manually enter a new record, you will not be notified that a Duplicate record exists unless that Duplicate resides in the same module. Also, you are unable to merge Leads with Contacts. The solution is to either (a) delete one of the records or (b) convert the Lead to a Contact and then merge the two records.

(4) Targets are to be used by the Marketing Department. The Sales Department will not even see these Targets, and should not see them – until they have been qualified. In fact, Targets do not appear in the Search Results.

When the Marketing Manager is sending an E-mail Campaign, she can choose to include Targets, Leads, Contacts, Accounts and/or Users.

This means that Targets do not have to be used for Campaigns.

Although this task can be performed in a Mass Update, it is still quite a bit of work to Convert a Target. But be aware that if you decide to use the Targets module, you will be forced to use the Leads module. You cannot convert Targets directly to Contacts.



On the other hand Targets do allow an extra layer of database marketing. In larger organizations it becomes essential to differentiate between Contacts (often considered paying customers) and Leads (non-paying, potential customers). Although Leads are not yet customers, it is often considered irritating and confusing to simply dump in a list of 10,000 new names that are not qualified. This is where Targets come in handy. The Marketing Manager simply imports the list of 10,000 people into the Targets module and begins to send E-mail blasts to these individuals. Each time that one of these Targets responds to the Campaign, they are converted into a Lead. Then the Sales Associate is able to view and build a relationship with this Lead – hopefully converting this Lead into a Contact and Opportunity.

Summary: Bottom-Line, User Adoption is often the #1 reason for the success or demise of a CRM implementation. And User Adoption is most highly influenced by the complexity and time-requirements of data entry. With that in mind, we highly recommend the KISS method – Keep It Simple, Sister! So unless you have very good reason to use the Target module, please don't. And unless you have good cause to implement the Lead module, please don't. If you change your mind at a later point in time, you can easily add these to your process. All is not lost!