



State of Lead Routing:

Trends, Challenges, and
Opportunities in 2023

Table of Contents

The cost of routing leads the old way	1
How has the sales landscape changed in 2023?	4
Why is static lead routing a thing of the past?	7
What is dynamic lead routing?	10
How dynamic lead routing maximizes revenue?	11

Are you still assigning leads to your sales reps manually? If so, you are missing out on potential business revenue. Research shows that 78% of customers buy from the first responders, making lead routing a critical aspect of the sales process.

Fortunately, lead routing has come a long way from a manual and time-consuming process to now a highly automated and sophisticated system.

In this white paper, we will explore the significance of lead routing in 2023 and how it has evolved over the years.

“

The cost of routing leads the old way.

Poor sales productivity

Sales reps spend only 28% of their time selling. The remaining 72% is dedicated to avoidable administrative tasks like data entry and prospect research. Manual and inefficient lead routing processes worsen this situation, further limiting sales productivity and revenue potential.

How Sales Reps Spend Their Time During an Average Week

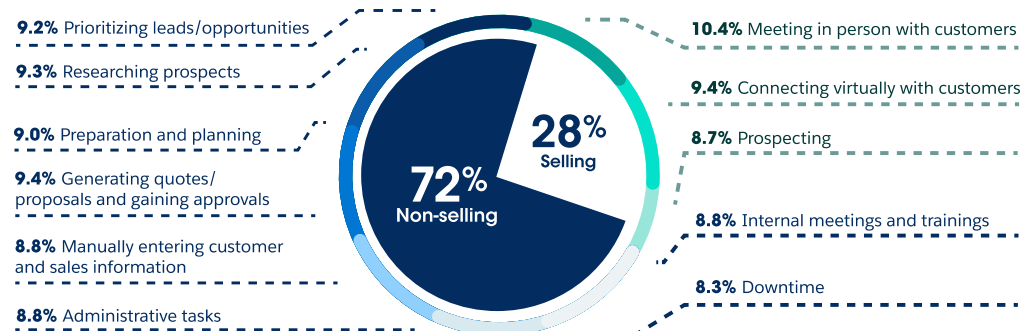


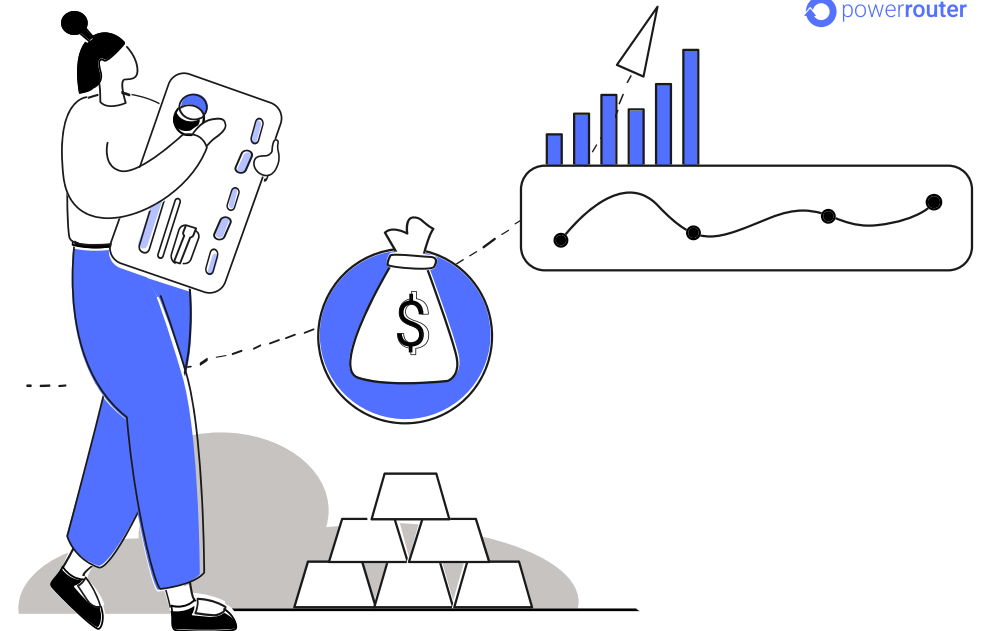
Image source: Salesforce State of Sales Report, 2023. 5th edition

Limited scalability

As the volume of leads increases, it becomes increasingly difficult for businesses to accurately score, prioritize, and assign leads to the right reps based on their likelihood of conversion. It leads to inconsistencies and inaccuracies in the lead distribution process, resulting in wasted resources and missed opportunities.

Limited pipeline control and visibility

- › Without accurate lead scoring and prioritization, it is challenging to prioritize sales-ready leads effectively, leading to missed opportunities.
- › With disjointed data systems, managers and reps have limited visibility and control over their pipeline activities.
- › Without efficient pipeline visibility, sales managers cannot see which sales reps are performing well, allowing them to optimize the sales process accordingly and allocate resources more effectively.
- › Sales reps may not know which leads have already been contacted by other reps, leading to duplicated efforts and a waste of time. It also causes frustration among reps and prospects, resulting in lost opportunities.
- › With manual and inefficient lead routing systems, it is difficult to ensure fair distribution of leads among sales reps, leading to inconsistent pipeline growth.



Difficult to track

It can be challenging to track which leads are converting and which are not with manual or traditional lead routing systems. Limited visibility into the lead routing process makes it further challenging to identify which marketing campaigns or channels are driving the most qualified leads and conversions. The inability to track lead performance at every stage of the sales process complicates marketing spend optimization and ROI measurement.

Error-prone

Manual lead routing systems typically rely on human decision-making, spreadsheets, emails, and phone calls to prioritize and assign leads. It is cumbersome and error-prone as the list of contacts grows over time.

Poor engagement strategy

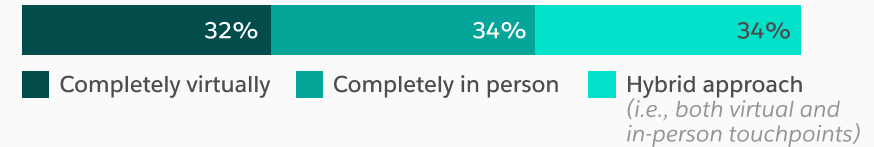
Modern buyers expect sales teams to interact with them from wherever they are - social media, emails, phone calls, online portals etc. 57% of buyers prefer to engage on digital channels. Organizations report one-third of deals are closed virtually, reiterating the importance of virtual selling.

But,

- ▶ Traditional lead routing models often rely on limited sources of information, such as phone numbers or email addresses, which can exclude emerging omnichannel selling opportunities like social media, web chat, or mobile.
- ▶ The inability to track prospect engagement across multiple channels and use that data to prioritize leads and customize outreach strategies decreases the chances of conversion.
- ▶ Without the ability to engage prospects across multiple touchpoints, businesses may miss out on opportunities to nurture leads effectively and move them through the sales funnel.
- ▶ Limited visibility into prospect behavior across channels makes it challenging to track engagement and optimize the sales process for maximum impact.
- ▶ The inability to engage prospects effectively across multiple touchpoints throughout their journey leads to missed opportunities and reduced revenue over time.

Digital Channels Surge to Meet Customer Demand

Sales Deals Closed the Following Ways Over Past 12 Months



Sales Organizations Using the Following Channels:

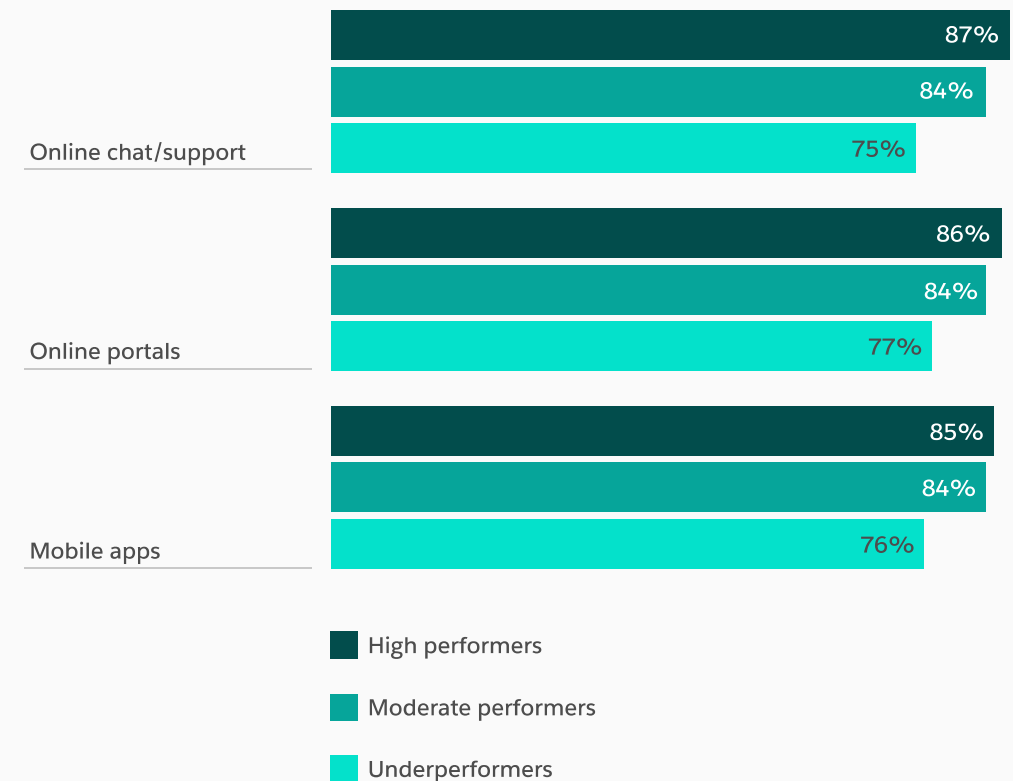


Image source: Salesforce State of Sales Report, 2023. 5th edition

**How has the sales
landscape changed
in 2023?**

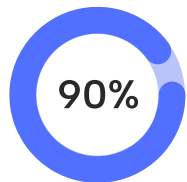
The pandemic has transformed the B2B sales landscape, leaving many businesses struggling to adapt to new ways of working and engaging with customers. In 2023, sales leaders face a host of complex challenges, from managing remote teams and leveraging digital technologies to navigating increased competition and pricing pressure.

Here's how B2B sales landscape changed in 2023:

Rise of remote teams and distributed workforces

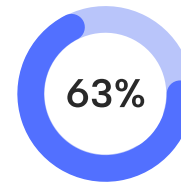
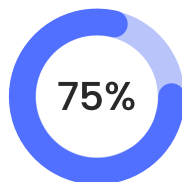
With many businesses transitioning to remote work during the pandemic, sales teams had to adapt to working from home and collaborating with colleagues across different locations and time zones.

Virtual selling has become a new norm, with sales reps relying on video calls, virtual demos, and other digital tools to engage with prospects remotely.



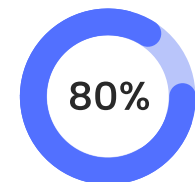
Over **90%** of sales professionals report that their team is either fully remote or working in a hybrid model

75% of experts believe remote sales engagement is as efficient as face-to-face interactions.



63% of sales professionals mention virtual sales meetings are equally effective as face-to-face meetings.

80% of salespeople prefer remote teams and virtual selling compared to traditional selling



Greater emphasis on customer relationship building

Customer retention has become a key post-sales metric for the sales teams. According to a recent Salesforce State of Sales report, 80% of sales reps mentioned maintaining customer relationships as increasingly important. Organizations started prioritizing long-term customer relationships over short-term sales to drive recurring and predictable revenue growth during tumultuous economic times.

Customer Retention Becomes a Key Performance Indicator

Sales Reps Who Say the Following:

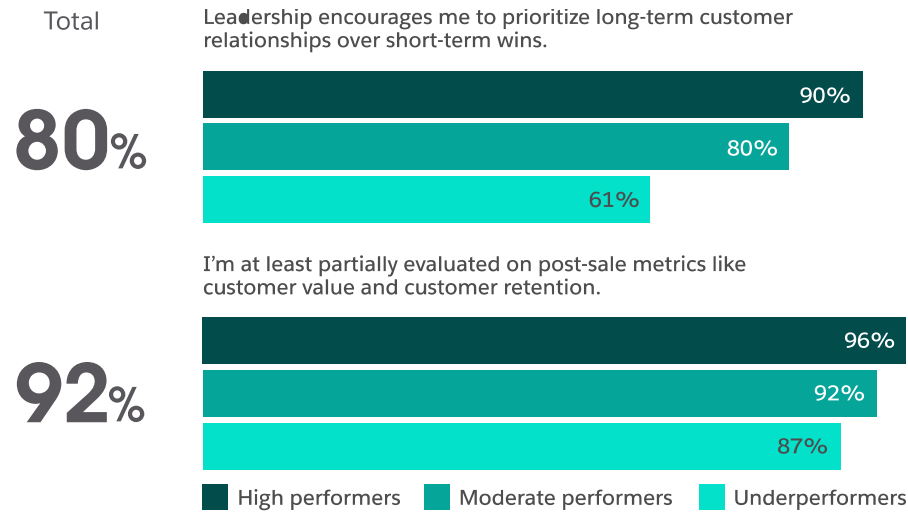


Image source: Salesforce State of Sales Report, 2023. 5th edition

Sales teams had to adjust to a more consultative selling approach, focusing on building relationships and providing value to prospects rather than relying on traditional sales tactics.

Shift towards account-based selling

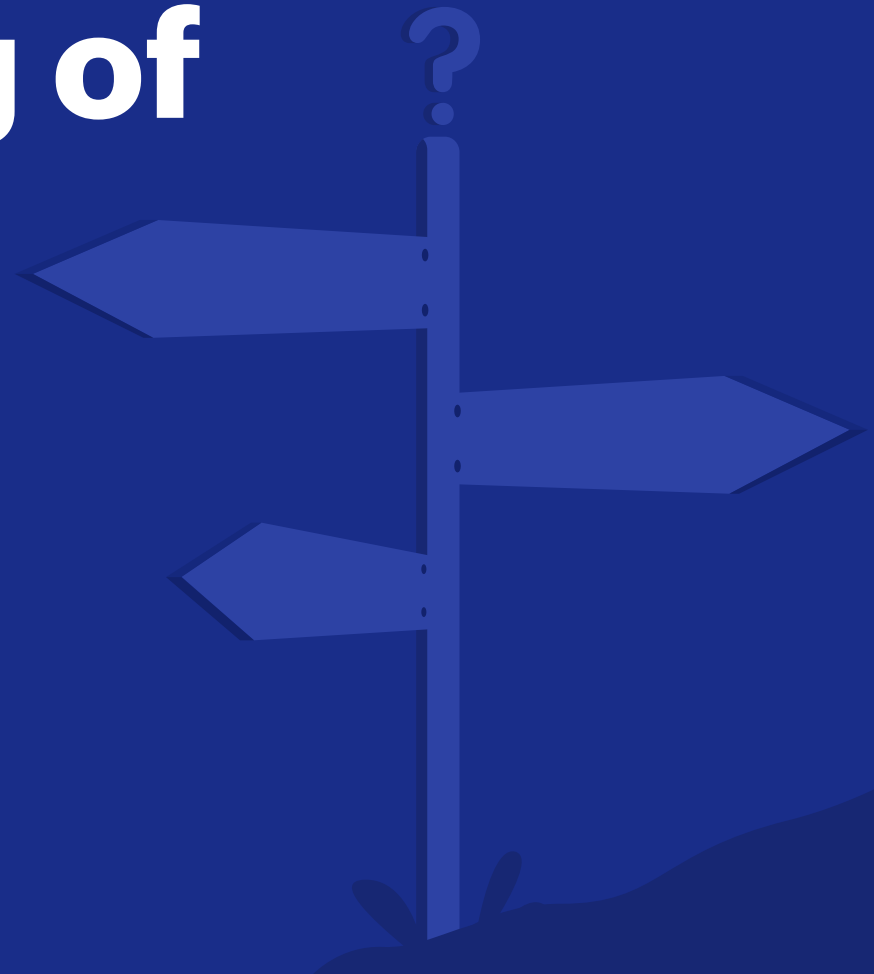
With increased focus on retaining existing customers and building stronger relationships, account-based selling gained traction, where sales teams work closely with specific accounts to understand their unique needs and provide personalized solutions.

Greater significance on data and analytics

With more business being conducted online and through digital channels, there has been a greater emphasis on data and analytics in B2B sales. Sales teams must become more proficient at analyzing and using data to identify new opportunities and optimize their sales strategies.



**Why is static lead
routing a thing of
the past?**



Remote teams

Static lead routing relies on predetermined rules to distribute leads to sales representatives. However, this rigid approach does not provide necessary flexibility to adapt to the dynamic needs of remote sales teams. For example, when a sales representative is unavailable due to illness or goes on a vacation, adjusting the lead distribution process is challenging.

If the sales team is spread out across different regions, time zones, or countries, distributing leads can be challenging based on availability and capacity. It results in sales representatives receiving leads not suited to their skills or location, impacting their performance and morale.

Market competition

Static lead routing methods rely on predefined rules and criteria to allocate leads to sales representatives, which can be inefficient and suboptimal in a highly competitive landscape. Leads may not be distributed to the most suitable sales representatives or teams, which can result in lost opportunities and reduced revenue.

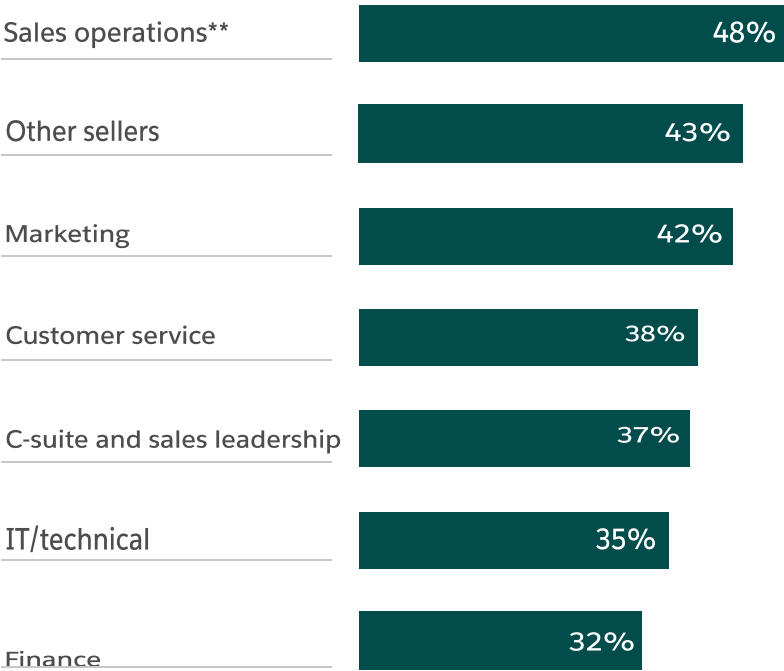
It can also limit visibility into the sales pipeline, customer engagement, and performance metrics, making it challenging for sales managers to identify bottlenecks, measure success, and make data-driven decisions.

In a highly competitive landscape, personalized engagement with prospects and customers is critical to building relationships and winning deals. Static lead routing methods may not allow sales representatives to tailor their communication and approach to individual prospects' needs and preferences, resulting in a lack of competitive differentiation and lost opportunities.

Top Teams Collaborate to Close Deals



Reps Commonly Partner with the Following:



** Base: Sales reps at companies with sales operations.

Image source: Salesforce State of Sales Report, 2023. 5th edition

Traditional lead routing methods limit effective collaboration among sales team members. It prevents them from leveraging each other's expertise and insights to win deals and outperform competitors.

Virtual selling

With limited face-to-face interactions, sales representatives must rely on digital channels to build relationships and win deals. It requires a highly personalized approach that's difficult to achieve with a static lead routing approach.

In the virtual selling scenario, sales representatives must adapt to different time zones, work schedules, and communication channels. It's difficult to accommodate with a rigid lead routing approach.

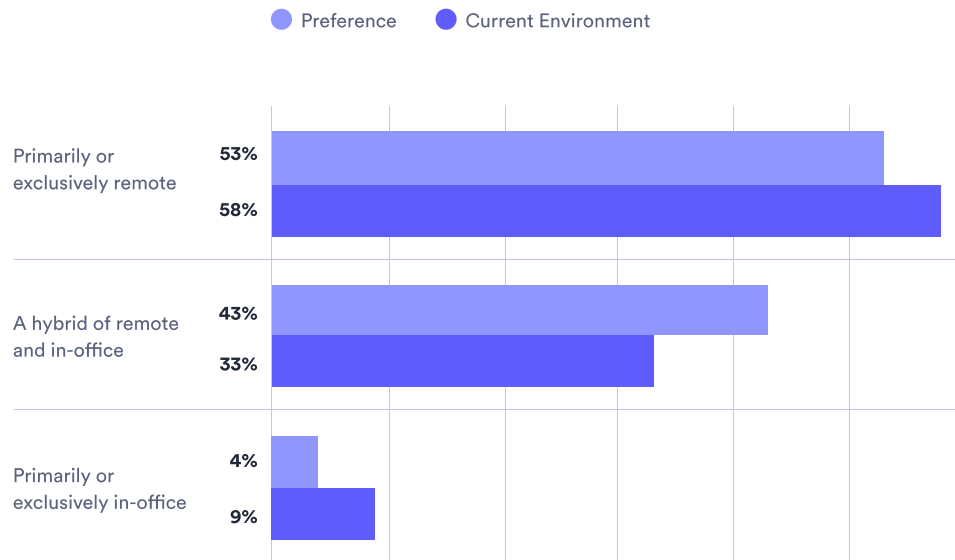


Image source: Vidyard Report, 2023. The State of Virtual Selling.

For remote sales teams, fostering a culture of collaboration through the internet can be challenging. It prevents sales representatives from leveraging each other's expertise and insights to win deals and outperform competitors. For sales managers, it is difficult to monitor their activity, track progress, and make data-driven decisions.

Scalability

In today's fast-paced sales world, relying on manual processes like juggling spreadsheets can severely hinder a sales team's success. This approach is time-consuming and prone to errors, but it also fails to keep up with the high volume of leads coming in from multiple channels.

- > **Inconsistent follow-ups:** Without an automated system to manage leads, sales representatives may struggle to maintain consistent follow-ups with potential customers. This can lead to missed deadlines, unfulfilled promises, and a general lack of customer trust, damaging the sales team's reputation.
- > **Decreased Productivity:** Juggling between spreadsheets & manual processes for lead distribution is a time-consuming process. Reps end up spending hours managing leads instead of focusing on more critical tasks like engaging with potential customers and closing deals.

Buyer experience

Without an efficient lead management system, customers may receive conflicting information or not receive follow-up in a timely manner. It can quickly escalate into customer frustration, resulting in lost opportunities and damage to the company's brand reputation.

Passing prospects around from one team member to another, too, causes frustration and reps feel overwhelmed by the sheer volume of leads they are responsible for. It can hurt overall sales performance, decreasing conversion rates.

**What is dynamic
lead routing?**

Dynamic lead routing is a process of automatically assigning leads to the most appropriate sales representative based on a set of predefined rules and criteria. It involves using real-time data and analytics to determine the best possible salesperson to handle each lead based on the prospect's location, industry, size, budget, and behavior.

With dynamic lead routing, sales teams can respond to leads more quickly, increase the chances of converting prospects into customers, and ultimately boost revenue.

How dynamic lead routing maximizes revenue?

The process of lead routing involves directing incoming leads to the most appropriate sales team or individual based on specific criteria such as location, product interest, and lead source.

Dynamic lead routing takes this process further by using real-time data and intelligent algorithms to analyze lead characteristics and behaviors and then make informed decisions on the best sales representative to handle each lead. It lets you respond quickly to new leads and maximize your chances of closing deals.

Faster response times

Dynamic lead routing ensures that leads are automatically distributed to the right sales representative, enabling your reps to respond more quickly to new inquiries. It increases the likelihood of closing deals as potential customers are more likely to engage with you if they receive a prompt response.

After **10 minutes**,
the odds of qualifying
a lead drop by

400%

78%

of customers
buy from first
responders

You are **9 times**
more likely to qualify
for a lead if you
respond within the
first **5 minutes**

A **one-minute**
lead response time
increases the
conversion rate by

391%

Only **7%** of the
companies have an
average lead
response time of **5**
minutes or less

A **one-minute lead**
response time
increases conversion
rates by

4 times

Better lead prioritization

By analyzing lead characteristics and behaviors, dynamic lead routing can help you prioritize leads based on their potential value. For example, you can prioritize leads that have shown a high level of interest in your product or service or those with a higher likelihood of converting. It helps you focus your sales efforts on the most promising opportunities and increase your chances of success.

Remote teams

Remote sales teams benefit from dynamic lead routing as it helps ensure that leads are routed quickly and accurately according to specific criteria, such as geography, time zone, or availability. It ensures leads are matched with high-performing representatives with specialized skills or knowledge on a particular product or market.

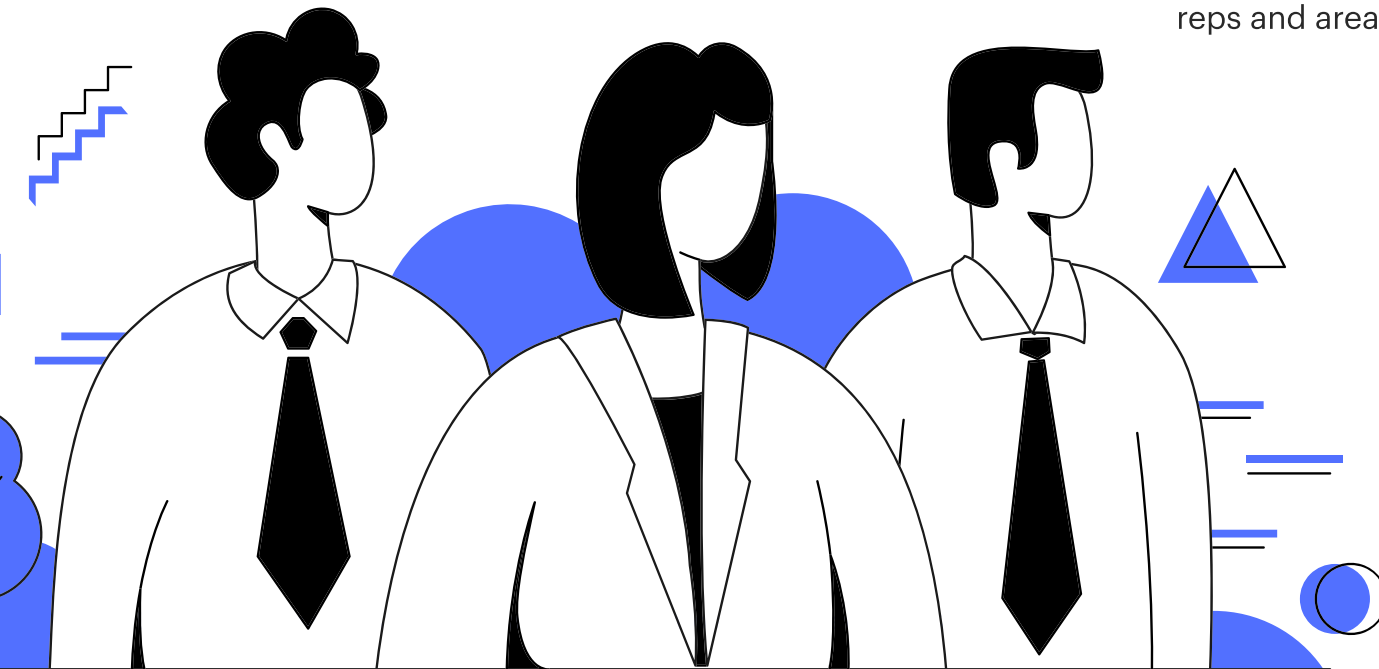
Improved sales efficiency

Dynamic lead routing ensures each sales representative handles leads that best fit their skills and expertise. It helps you improve overall sales efficiency as reps are more likely to close deals when working on leads that align with their strengths.

Adapt to GTM motions better

Dynamic lead routing helps sales teams adapt to ever-evolving go-to-market (GTM) motions by giving them the agility and flexibility needed in rapidly changing markets. By dynamically routing leads to the most qualified person, sales teams can respond quickly and efficiently to customer inquiries, enabling them to manage their workloads effectively.

Dynamic lead routing also provides visibility into how leads are handled, allowing sales managers to decide how best to assign leads. It enables managers to quickly identify underperforming reps and areas that require more attention or resources.



Final Thoughts

The ROI of a lead distribution automation tool dramatically depends on the growth in conversion rates.

Suppose a 10% increase in conversion rate is anticipated, with an average deal size of \$50,000 and 80 new deals/year resulting from improved lead distribution and follow-up processes.

$$\text{Additional Revenue} = 80 \times \$50,000 \times 10\% = \$400,000$$

Here's an example of how lead routing automation impacts your revenue:

Metric	With Dynamic Routing Automation	Without Dynamic Routing Automation
No of Leads/Month (Assumption)	1200	1200
Yearly	14400	14400
Leads Lost Due to Incorrect Lead Assignment	0%	12.5% (Statistic)
Current Lead to Opportunity Conversion Rate	64% (60% Increase in Conversion Rates)	40%
Opportunities converted after leakage	9216	5040
Win Rate	20%	20%
Opportunities converted	1844	1008
Average Deal Size	\$10,000	10,000
\$ Revenue Potential	18440000	10080000
Revenue Gap	+\$8360000	

ROI can be simply calculated as a tool worth + increase in conversion rates. It amounts to \$20,000 and a surplus revenue of \$8360000 which is 418%.

Other intangible benefits like admin time saved, process improvements, increased efficiency are a different case altogether, however the estimated ROI becomes 750%.

Isn't it worth it?