

What Causes Success?

Executive Summary

JV/M reviewed the data from 164 campaigns implemented over the past four years in an attempt to determine what factors best explained success for the client.

In this analysis, “success” was defined as *whether or not the client made money* as a result of the telemarketing program. That is, did the client close sales that: 1) were the result of JV/M’s efforts (i.e. leads that JV/M generated), and 2) produced profit for the client in excess of the cost of JV/M’s lead generation program? And while the information regarding closed sales and profits is based primarily on subjective input from the clients (i.e. we did not have access to the clients’ financial statements or sales reports,) such comments did enable us to create a reasonable 2-point (yes/no) scale for measuring success¹ and calculating correlations.

Several factors were tested for the analysis in an attempt to identify causative correlations. These included both scalar factors such as dial-rate and cost-per-lead, discrete variables such as industry or telemarketer, and subjective factors such as market need, timing and value proposition – which turned out to be the most important factor

Methodology

Most variables were simple and easy to calculate from the contact management system, such as dial-rate (i.e. dials-per-hour,) or cost-per-lead (multiplying the hours-per-lead by JV/M’s hourly billing rate.) A 3-point scale was used to rate “value proposition,” however, as follows:

Rating	Description
3	The product had a strong, measurable value proposition, either as an absolute value or relative to inertial and competitive alternatives
2	No value proposition was meaningful in the context
1	No value proposition was available, or the product had a value proposition that was demonstrably weaker than inertial or competitive alternatives

A simple regression analysis was then used to measure the correlation of each variable with the success metric.

¹ Subjective comments regarding the effectiveness of the program in generating sales and profits generally came in two forms, explicit and implicit. Explicit comments attesting to the fact that the client made money on a particular sale or campaign came both solicited and unsolicited, while implicit attestations generally came in the form of the client continuing the program for some period of time – which, one could argue, most companies wouldn’t do if they weren’t making money.

Results

Of 164 campaigns that were analyzed, 110, or 67%, produced qualified leads, and we had reasonable evidence that the programs were profitable for these clients; while 54, or 33%, were unprofitable – either because they did not produce enough leads, or the leads didn't close profitably.

This 2-point success rating was analyzed against numerous controllable and non-controllable, but potentially causative, factors. The highest correlation was with “value proposition.” Results for some of the other causes of success that were analyzed are also shown:

Factor	Correlation (R²)
Value Proposition	65%
Telemarketer	18%
Cost-per-lead	3.3%
Contact Rate	1.5%
Dial rate	0%

Conclusions

Without question, the most important factor leading to success is the value proposition. Specifically, the stronger is the value proposition relative to the prospects' inertial or potential alternatives, the more likely is the client to get in, and close sales profitably. This is followed by the quality of the telemarketer. No other factors were meaningful.

Discussion

While measuring value proposition seems subjective, JV/M utilizes a specific structure and definition for articulating value proposition. And feedback from the calls made it clear as to whether the argument for the appointment (i.e. the value proposition,) was strong or not. Thus, it is relatively easy to know both in advance, and control as the campaign progresses, how effective is the positioning. While there are other factors to consider, based on the results of this study, by developing a strong value proposition a company can dramatically increase its chances of success, and profitability.