

Actionable PQL workflow

Five key steps on the journey from free user
to paid customer



BY

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Finding focus

Companies today collect a wild volume of data, far more than a human can hope to make sense of.

So, finding the data to focus on—the data that unlocks tactics to grow revenue—means automation is a workflow requirement.

Despite the need for automation, much of this workflow is designed to optimize for segmentation as a way to make the output of automation be personal.

We also speak to the roles of marketing, sales, and product teams in a world where product-led growth is changing go-to-market motions.

Data should provide insights that drive action. We made this resource to unlock an efficient, insight-driven PQL workflow you can use or be inspired by.

We had in mind a B2B SaaS company focused on converting free users to paying customers. Many of these tactics will work for other use cases, too.

-The Falkon team

Five key steps to a data-driven PQL workflow

01

Merge PQLs and MQLs

02

Identity resolution

03

Harness product usage signals

04

Segmentation for hyper personalization

05

Trigger sales motion and marketing campaigns

Automation checklist

A summary of what you'll need to power the workflow

- Unified product usage, sales, and marketing data streams
- Refined PQL definition inclusive of MQL data
- Rich customer attribute data, 100x more data points than traditional GTM requirement
- Resolved user identities across product, marketing, and sales systems
- Live product usage data
- Historical product usage data
- Fine-grained segmentation based on attributes and product usage
- Sync capability with Outreach, HubSpot, Salesforce (CRM and MAP)
- Personalized sales sequences
- Personalized marketing campaigns

Merging PQLs + MQLs

Product-led growth changes the go-to-market landscape, bringing together product, marketing, and sales teams. What happens in one area affects the customer across all three, and cross-stream influences are everywhere.

While many companies have well-defined criteria to identify marketing qualified leads, product usage data has been disconnected. Leaving it out is a blocker to accurate scoring and segmentation in a PLG world.

We see an opportunity to merge PQLs and MQLs, reframing the goal to be powerful identification of conversion-ready users.

(SQLs may also be a factor in some businesses, but the PLG model shrinks the number of SQLs dramatically or completely.)

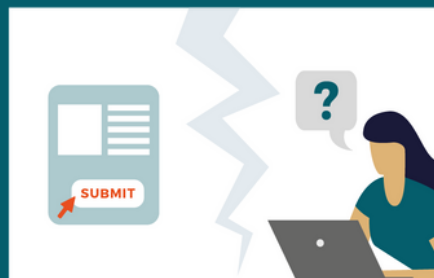
You may still choose to track MQLs and PQLs separately, but actions will be triggered by shared qualifications.

Making a merge happen requires cross-team alignment on qualification signals.

Let's look at a sample playbook that's brought to life by merging, the types of product usage data that can be used to measure expansion readiness, and some of the systems that need attention.

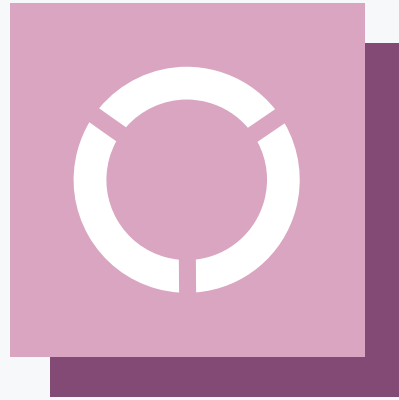


Missing product usage signals are a PQL blocker



Connected tactics

Acting on the full picture



When "ready" leads are identified after connecting product and marketing qualifiers, personalization is unlocked. These examples illustrate a playbook of three functions working to drive revenue through a shared go-to-market motion

Product

- Define the real signals of expansion readiness
- Find users who are sending those signals
- Identify accounts with multiple ready users and prioritize the most qualified contacts on those accounts

Marketing

- Send personalized campaigns referencing usage data
- Create one-to-many campaigns encouraging behaviors that lead to readiness
- Develop incentive programs that inspire more qualifying product usage

Sales

- Reach out individually to the most qualified contacts on the accounts with the most potential
- Prioritize accounts to engage in a sales-assist motion
- Create personalized value messaging to show the logic in investing more to get more

Mapping the merge

Categories to consider



Many hypotheses and validations go into PQL definition, and we'll dive into that process next. Here, we'll lay out three types of product usage data that are useful for scoring. We'll also outline systems and processes to merge and segmentation that you can automate as an outcome of merging.

PQL scoring

Signals straight from the product reveal conversion readiness

- + **Aha moments** when a user reaches a known value metric milestone
- + **Usage scoring** on key actions that are growing, happening consistently, or spiking at a moment in time
- + **Quota scoring** such as "approaching limit" that indicate a natural readiness point

Systems and processes

Places where the PQL/MQL merge happens

- ✓ **Salesforce/CRM setup** should reflect all qualification signals
- ✓ **ID resolution** across disconnected data systems
- ✓ **ICP scoring** is both technographic and demographic

Segmentation

Hyper personalization is possible with merged data

- > **By engagement** with sales and marketing touchpoints
- > **By quadrants** to designate tech assist, sales assist, etc
- > **By need** such as procurement help and product questions

Lesson learned

Product usage data is the key to validating your PQL criteria

Every product-led growth company needs to define the signals that move someone from being one of many users to being a product qualified lead.

Two inputs matter here: ideal customer profile attributes and value metrics.

ICP attributes include industry, company size, and other defining characteristics of an account.

These data points contribute to understanding if a customer is a good fit for a product, but they "belong" to the customer. They describe the customer even in a world where the product doesn't exist.

Value metrics, however, are inherently tied to the product. They're a way of capturing the value that the product (or service) delivers to customers-- from their perspective.

When product usage is high on value metrics, the user is signaling their willingness to spend on the product.

Value metrics are made up of a group of key actions, which typically include actions that can be scored based on usage (such as logging in more frequently over time) and on quota (such as nearing a storage limit in a freemium product).

Here's where it gets tricky: What seems like a value metric isn't always a value metric.

For example, session duration may

seem like an indicator of value. If a customer is spending a lot of time with a product, they must be getting something out of it. But session duration doesn't capture the user's **intention**.

So what is a value metric? If the product is a widget generator, the number of widgets generated is likely a value metric. Someone is generating multiple widgets because they saw value in the first widget. They intend to keep generating widgets.

Note that one metric in isolation is not enough to identify a PQL.

A group of Falcon teammates worked at Dropbox in its early days. They considered nearing storage quota the best signal of readiness. However, targeting those customers didn't see sustained lift.

After testing many hypotheses, they determined that the rate at which someone was approaching their quota had to be considered.

If someone is making widgets at a rate of one widget per six months, they don't have an urgent need to convert until almost six months after they fill their second-to-last free slot.

The lesson: generate a list of many potential value metrics, then validate against what historical data shows. Repeat the process regularly to find new conversion lifts.

Steps to find PQLs

Now that we've looked at how product usage informs PQL criteria and why it's important to find the right value metrics, follow these steps to find your PQLs.

1 - Value metric hypotheses

List 20+ potential value metrics

Start with the whys. Drill at least three whys deep.

Why do people use our product? Let's say they use it to create widgets.

Why do they create widgets? Let's say widgets carry messages.

Why do they want to send messages? Perhaps the messages are how they collaborate with others.

From this example, we have three distinct value metric hypotheses:

- Widgets created
- Widgets sent
- Widgets seen/responded to by others

Next, ask money questions.

How do customers make money by paying us money?

How do customers save money by paying us money?

2 - Validation

Find the best hypotheses

1. **Segment** your user base with a "desirable" group, such as users who have converted in the past 3 months
2. **Find the average** number of files shared by these users in a given time period.
3. **Calculate the variance** to assess if average is a good enough gauge.
4. **Do the same steps** for a group that didn't convert in those three months.
5. **Compare** the averages and variances of the two groups to assess if there's a statistically significant difference.

3 - Make a lookalike model

Focus the data

Pair your value metrics with the ICP traits of your converted customers (industry, size, etc.). Then, create a lookalike model to score your user base .

The output is a score, such as 1-5. Decide on definitions that make sense for your business.

The score should be accompanied by explanations for every user so the best users on an account can be reached out to with an appropriate best action.

Identity resolution

Identity resolution is a crucial step in your PQL workflow. It connects all the disconnected records of a user so their data across product, marketing, and sales to create a cohesive journey.

What it is

Identity resolution is the process of matching user data across marketing, sales, and product to create a cohesive journey.

The entities

First, you need a crisp understanding of the various IDs your product and workflows assign to users. We'll list the usual suspects.

How to link

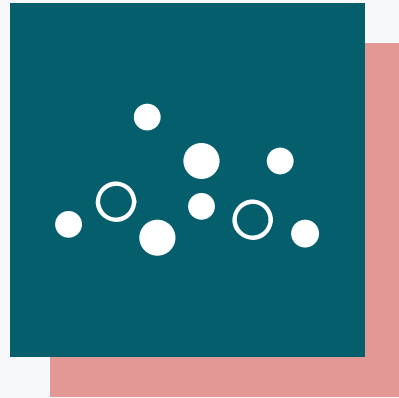
Then, you can set up systems to resolve the IDs, giving you combined data about your users. We'll outline common steps.

Finding all the IDs associated with a user is vital to understanding their journey



The entities

Common disconnected user identities



01 Visitor

A visitor is an anonymous human who visits your website. If you use a tool like Mixpanel or Pendo, the tool assigns each one a unique ID.

02 Transactional User

A transactional user is a user in a company's proprietary system. The associated ID is generated when they sign up on your site.

03 Service Account

For SaaS companies, often a "tenant," or service account, is created as the place an account uses the product. All users within a tenant are associated with one ID.

04 Clickstream User

For web-based products, tools like Amplitude, Mixpanel, and Pendo collect data about how a user interacts with the product and assign their own ID to each user.

05 CRM Account

CRMs track users at the company level when they have the information to attach users to companies. That link is often missing, so multiple accounts for the same company exist erroneously.

06 Contact and Lead

Contacts and leads exist in CRMs, but are disconnected from accounts because they are created in many disparate ways, such as a sales rep entering them manually or a marketer uploading a list.

How to link

Tips to resolve user identities



Visitor <> Lead

Use HubSpot or Marketo to retroactively map visitor IDs to leads. Both tools (and others) will do this automatically when a visitor submits a form. For this reason, even if an initial stream of content is un-gated, gating later may be useful.

Visitor <> Transactional User

Typically, this connection is made within a company's proprietary system. When a visitor signs up as a user, associate their visitor ID with their new transactional user ID. Remember to also associate their existing visitor data with the new ID.

Lead <> Visitor <> Transactional User

Now that you've connected visitors and leads, and visitors and transactional users, you have the path to link the transactional ID to the lead.

Service Account <> Transactional User <> Clickstream User

Close this loop by making sure your company's engineering team instruments clickstream data with transactional user ID and service account ID at setup.

CRM Account <> Service Account

This link is complex and will depend on your systems. Generally, you'll pull domain names from transactional users tied to service accounts, then do a heuristic match with a third party system such as Crunchbase. Finally, you'll connect service accounts and CRM IDs.

Contact <> Transactional User and Lead <> Contact

The simplest way is to do an exact match on email address. However, that won't catch instances where someone signed up with a non-work email. The more reliable method is a heuristic match on name and email address, looking for approximate matches.

Product usage signals

Finding PQLs is only one use case for harnessing product usage signals. To personalize messaging, a wider range of signals is useful. For example, you may want to reach out to slipping users to re-engagement, perhaps with an incentive. We consider three ways of getting insights from product usage data.

Snapshot

Product usage at a moment in time. This type of data is generally what early-stage PLG products rely on as they learn and adjust.

Growth

Product usage that increases over time. To have growth data, you need historical data, so the product needs to be more mature.

Consistency

Product usage repeated over time. This data is the most sophisticated, showing how usage changes both positively and negatively.

What should you look at?

Key feature usage

Flag features you think are valuable. There will likely be many and your list will change as your ICP definition matures.

User sophistication classification

Create novice, intermediate, and advanced designations based on which features are used. This pinpoints the meaning of key feature usage.

Users and tenants within accounts.

Remember to consider the account level to understand opportunity size, particularly for the snapshot and growth views.

Segmentation

Making product signals actionable

Segmentation is the key that unlocks hyper personalization, which increases conversion. Every customer journey is a maze, and segmentation allows you to provide each user a map that's right for them. X marks the spot where they find enough value in a product to justify paying for it.

Segmentation based on product signals can be automated with the right groundwork in place.

Two must-dos

Include explanations

The system that reasons over your product usage needs to assign reasons to every user so you know what signals they sent. For example, if a user is scored 5/5 for conversion-readiness, a column should tell you it's because they log in 2x more often than other users and have increased their widget making by 4x over the past three months. This unlocks ultra-specific messaging.

Connect systems

A periodic data dump isn't enough to consistently act early on your PQLs. The system that finds them needs to automatically send them to your CRM and MAP, and make it simple to enroll them in appropriate campaigns and sequences. This makes it possible to send personalized messages at scale without a person involved after initial set up.

Micro segments

Going from signal to segment



Product-led growth requires granular segmentation. It's not enough to group all conversion-ready users, though that's necessary, too. Smaller, specific segments set you up to increase conversion through personalized campaigns and incentives.

Finding your segments

The segments you create should be tied to the value different users get from the product.

Here's a real example from Falcon teammates who were at Dropbox in its early days.

Data showed that users in iOS converted better than users on Android, but users on *both* iOS and MacOS converted highest of all.

The team validated a hypothesis that phone-only users cared a lot about storing photos and iOS + MacOS users cared more about syncing across devices.

Using this information, they optimized the campaigns for each segment.

Rich user segmentation can lift conversion through this type of highly targeted and personalized outreach.

Define segments based a product usage metric where you see deltas between converted and unconverted free users.

Then, create marketing campaigns and incentives that appeal to users exhibiting those attributes and track your conversion lift.

Putting your most powerful segmentation in place will likely require a few rounds of iteration, and patience will be rewarded with a measurable uptick in conversion.

Sales motion and marketing campaigns

How you reach out to PQLs is a huge topic. We'll touch on the two areas where we see the most impactful opportunity for action.

Sales motion

The role of the SDR is changing as product-led growth lets prospects bring themselves closer to conversion before having a conversation.

Marketing campaigns

We've outlined how segmentation and personalization can strengthen your message. Now we'll look at how to judge performance.

How is the SDR role evolving with PLG?



SDR role

Changes to embrace



For many companies, sales teams won't vanish even as the path to becoming a customer relies heavily on using the product itself. However, with prospects already very familiar with a product, SDRs should expect changes.

6 new expectations

Personalized outreach with usage insights

SDRs will send messages that say things like this: *It looks like you're enjoying [free feature X]. People who use it together with [paid feature Y] finish projects 25% faster than people who use [feature X] alone. Would you like me to show you [feature Y]?*

Deeper product and competitor knowledge

Prospects have deeper product knowledge, so SDRs need to match it. Training should happen regularly. Likewise, prospects are doing more comparison shopping, so SDRs need to be ready to speak to differentiators.

More collaboration with marketing

With outreach becoming more personalized, it's reasonable for the marketing team to own initial outreach. The handoff to an SDR once a user responds will be more specific as a result.

More collaboration with customer support

Customer support teams should be set up to hand prospects to SDRs. Product users naturally reach out to support to ask about pricing or upgrade logistics. These questions make them high-intent leads.

Sales assist

SDRs should expect to help with the logistics of purchasing, navigating procurement processes, and providing business justifications to help convinced PQLs influence their organizations.

Goal and comp updates

With a PLG motion including sales assist, goals and compensation should no longer be tied only to meetings booked. It should also include a percentage for customer conversions.

SDR training template

While training will of course need to be customized per company and product, this template is meant to inspire a repeatable structure.

Phase one: product

Why:

While SDRs don't need to be experts who can answer product questions to the same level as their customer support teammates, they need about 20% more experience than most have today.

What:

- Features and benefits
- Use cases
- Technical basics

Phase two: competitors

Why:

It's easier and cheaper than ever to switch from one provider to another. PLG allows not only for comparison shopping, but head-to-head trials.

What:

- Features of competitor products
- Differentiators
- Pricing details
-

Phase three: procurement

Why:

End users are choosing the products they want to buy, but they aren't always the ones who can make the buying decision. They need support to influence their organizations.

What:

- Privacy, compliance
- Business justification
- Case studies



Marketing campaigns

Choosing the right message



As segmentation becomes more granular, analytics must become more rigorous to identify the campaigns that truly have the most influence. While data points to the messages that need to be conveyed, marketing performance data guides the confidence that the right campaigns exist to drive that message home.

Two ways to be data-driven on performance measurement

Journey-based attribution is attribution worth doing.

Cohorted funnels create a true view of conversion and velocity.



Journey-based attribution

The best way to know what works

Attribution has become exhausting because the way it's traditionally done doesn't actually yield the results people want: a clear understanding of campaign effectiveness.

For attribution to give meaningful insights, it needs to be based on data. Most models, even multi-touch models, are based on rules.

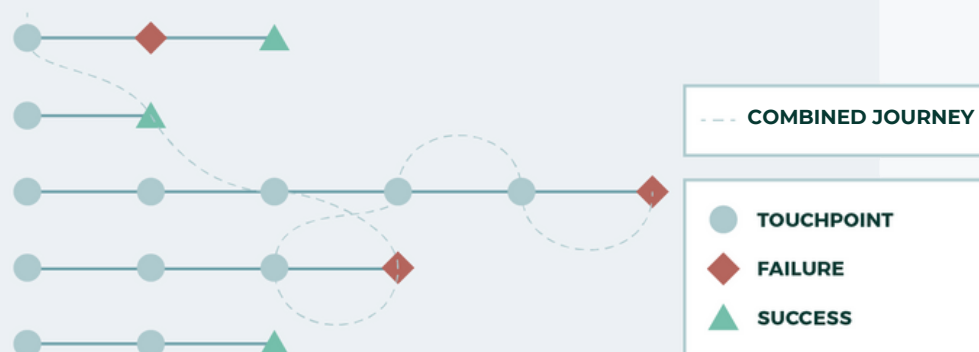
Rules come with inherent bias because they're set by humans. Data doesn't.

The solution: journey-based attribution. This model looks at every customer journey and scores every touchpoint for how important it is in paths that end in conversion.

First, it creates a map of every journey. Then, it looks for patterns.

This method is accurate because position is irrelevant (it doesn't matter where the touchpoints lands in the journey and efficiency is critical).

FINDING PATTERNS IN MANY CUSTOMER JOURNEYS



Keys to data-driven attribution models

- **Based on success, not rules** - eliminates human bias and over-dependence on position (first touch/last touch)
- **Reason over a large data set to find patterns in a whole** - avoids overstating importance based on outlier journeys
- **Consider failure alongside success** - a touchpoint that's present in many successful and failed journeys is less influential than one in many successful and few failed journeys
- **Measure efficiency** - levels the playing field for less-used channels
- **Adapt over time** - while attribution will always look backward, data-driven models constantly reassess

Cohorted funnel

A true picture of conversion and velocity

What is a cohort?

A cohort is a group of users that enters your customer journey during the same time period.

A cohort-based funnel represents how the cohort progresses. It displays exactly where accounts are getting stuck and falling out, and how quickly they move from stage to stage.

Cohorts avoid the snapshot effect.

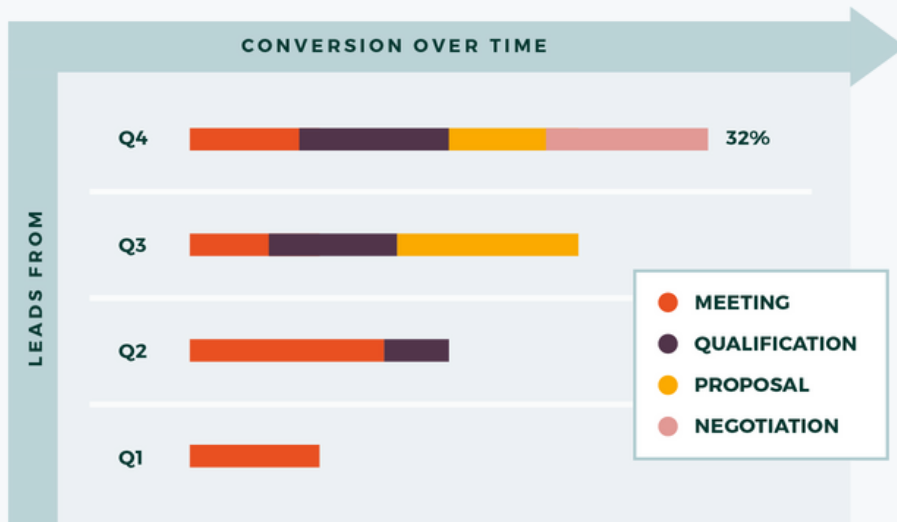
If you want a neat view of conversion over time, like below, you need a cohorted funnel.

This might be surprising news: What Salesforce calls a funnel isn't actually a funnel. It's a snapshot in time.

A snapshot includes every active account, regardless of when they entered. There's not a real view of how long it's taking someone to get through.

This leads to setting bad revenue goals, overlooking systemic issues, and missing out on actionable insights.

For a funnel to become actionable, it needs to be cohorted.



Actions unlocked by cohorted funnels

- Setting goals based on a true picture of past success
- Shifting tactics when conversion rates are low
- Benchmarking current customers against past to avoid surprises
- Finding (and fixing) stages where accounts fall out or get stuck

Questions? Contact us.

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