

HubSpot

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Clearbit

How to Scale Your Business with Your Ideal Customer in Mind





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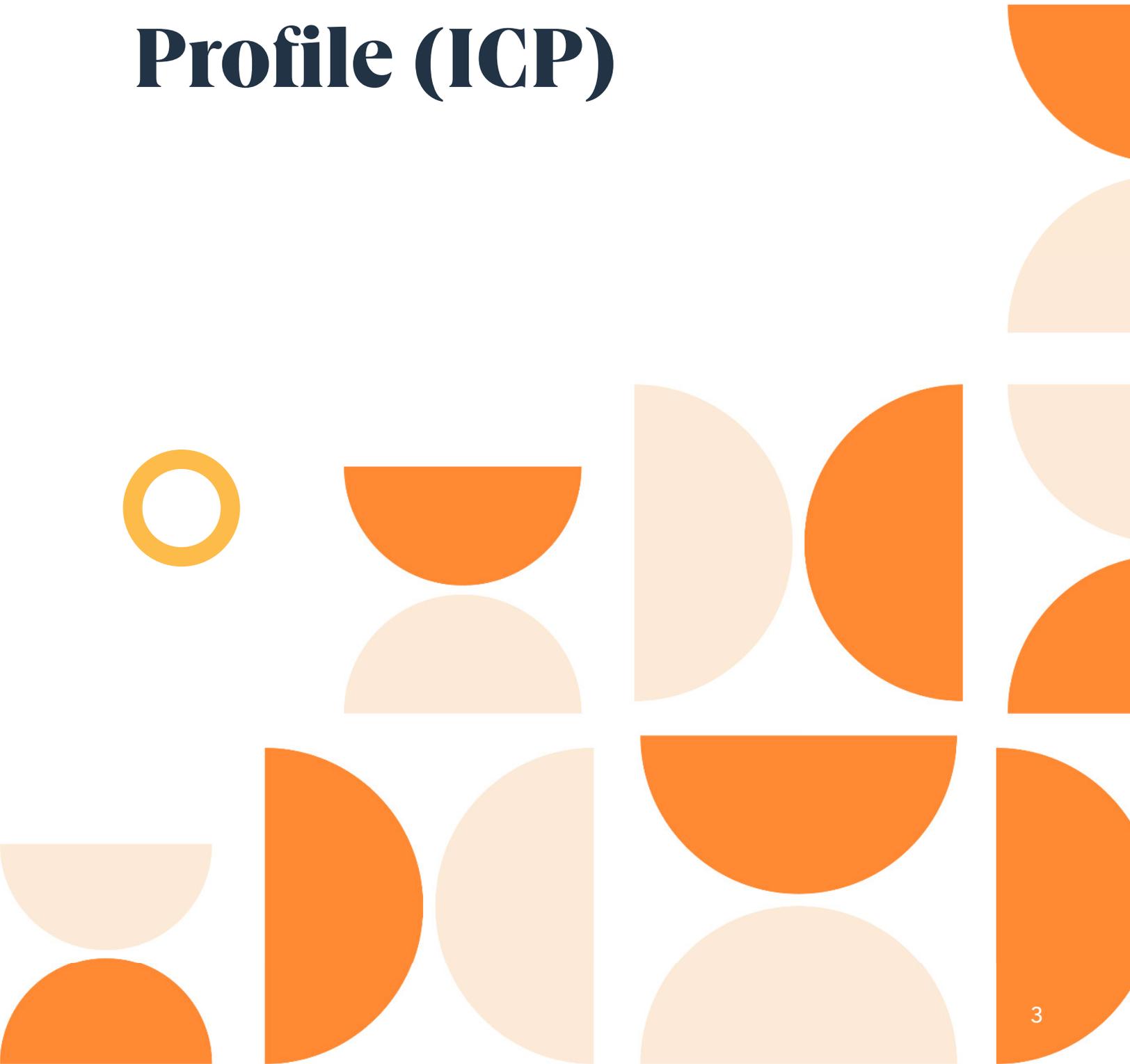
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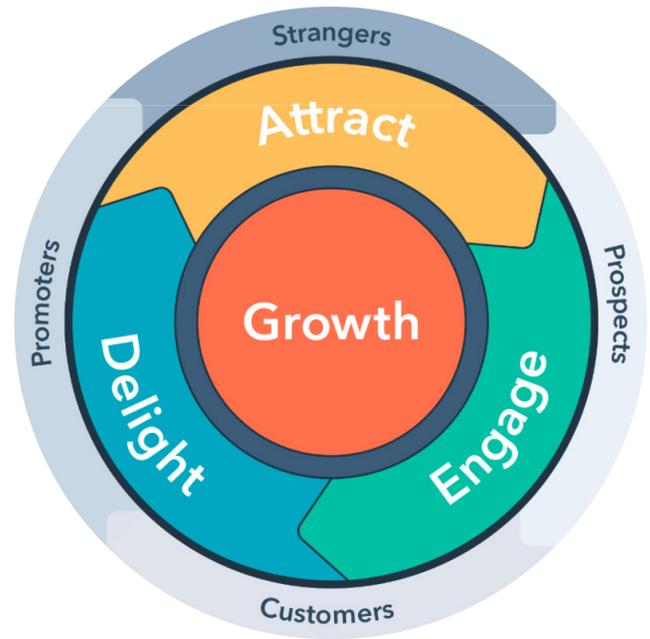
CHAPTER 1:

Finding Your Ideal Customer Profile (ICP)



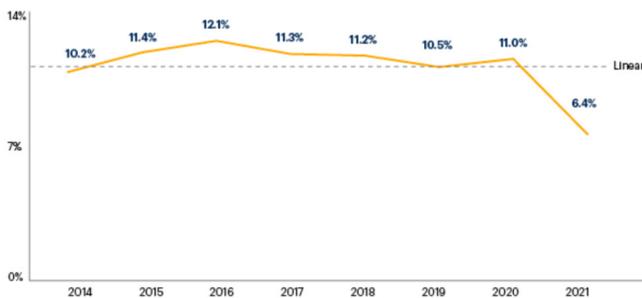
In business (and in life) you can't be everything to everyone. Trying to make your product or service do everything is expensive, time-consuming, and doesn't drive customer lifetime value.

Building a successful **flywheel** from strangers (people who know nothing or next to nothing about your brand) to promoters (happy customers who help drive new customers) starts with clearly defining your audience. Identifying which prospects and customers will bring the most value to your business enables all go-to-market teams to successfully work together to drive revenue and ensure lasting customer lifetime value.



2021 Marketing Budget of % of Total Revenue

Mean Percentage of Budget Shown



gartner.com

n = 400 marketing leaders (2021), 342 (2020), 342 (2019), 618 (2018), 350 (2017), 275 (2016), 434 (2015), 363 (2014), excluding Don't know
 Q. What percentage of your revenue is allocated to your total marketing expense budget for the current fiscal year?
 Source: Gartner CMO Spend Survey 2021
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And, with shrinking budgets and reduced headcount, brands today simply don't have money to waste on prospects that won't be a good fit for their business. According to the **2021-2022 Gartner CMO Spend Survey**, marketing budgets as a percentage of total revenue dropped from 11.0% in 2020 to 6.4% in 2021, the lowest it's been in recent history.

To find efficiency, you need to put your dollars and efforts toward the right audience: your ideal customer.

What Is an Ideal Customer Profile (ICP) and Why Is It Important?

An ideal customer profile is based on company-level [firmographic](#) and [technographic](#) data points (like employee size, technologies used, industry, and more), and it serves as a representation of the customers and prospects you believe will get the most value out of your product or service. Defining your ICP is the first step on the path to [revenue-driven marketing](#).

For example, your ICP may look something like this:

EXAMPLE ICP

INDUSTRY TYPE: B2B, SAAS

EMPLOYEE COUNT: 500 - 1,000 EMPLOYEES

TECHNOLOGY: USES SALESFORCE, HUBSPOT, AND SEGMENT

FUNDING: \$10M+ RAISED

“Your ICP is your center of gravity for putting data to work.”

Kevin Tate

CMO at Clearbit

A clearly-defined ICP provides many benefits to your business by:

- **Helping you prioritize revenue and customer lifetime value.** Without a well-defined ICP, it's easy to focus solely on lead volume rather than true indicators of success. For example, in a product-led growth motion, you often have tens of thousands of people expressing interest in your free product or free trial. Understanding your ideal customer profile helps go-to-market teams focus on the accounts that are most likely to become paying customers. Having a clear definition of your ideal customer also helps reduce churn and drive customer lifetime value. Targeting and closing the right accounts fuels your flywheel as customers become promoters, and so on.

- **Improving efficiency** by enabling you to spend your time and money on the places that matter most. Knowing your ICP helps you quickly identify what is working and what isn't, so you can pivot towards strategies that drive the most revenue.
- **Ensuring alignment** across teams from marketing to sales to customer success, reducing the need for debate over what makes a prospect qualified. "There are endless hours of debate to be had over what the Q means in MQL and SQL," says Clearbit CMO Kevin Tate. "But with a shared concept of an ICP, you know the factors that define your ideal customer up and down the chain. Everybody knows that an ICP MQL means: a marketing lead that matches ICP criteria. It gives you a common filter or lens to look at the conversations you're starting." And, strong go-to-market alignment helps you deliver a seamless buyer experience.

The teams at Clearbit and HubSpot put together this book to help you scale your business by defining and activating your ICP.

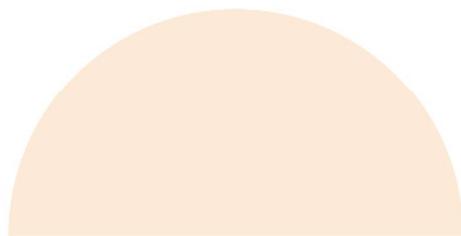
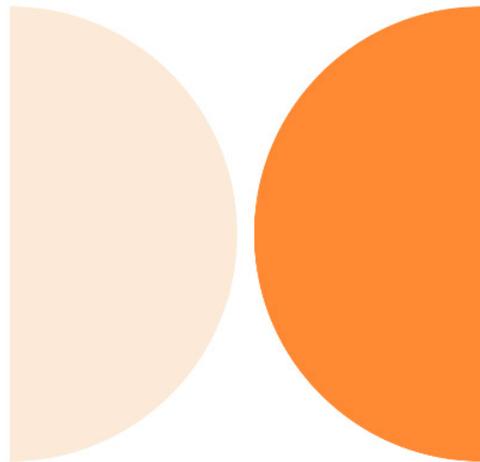
Keep reading to learn how to:

- **Develop a robust go-to-market strategy** with your ICP at the forefront. We'll cover total addressable market, serviceable available market, serviceable obtainable market, ICP, and personas, and how they all work together to build a complete go-to-market strategy.
- **Reverse-engineer your ICP.** Learn how to define your ICP and how Frame.io evolved their ICP to move upmarket.
- **Activate your ICP** and roll out the red carpet for buyers. We'll explain how you can use your ICP to deliver a more cohesive buyer experience across ads, your website, and more.
- **Identify when to update your ICP.** ICPs aren't static and need to change as your business changes. Learn how and when you should consider updating your ideal customer profile.



CHAPTER 2:

Building a Holistic Go-to- Market Strategy with Your ICP at the Forefront



- ☛ Hey, what's the latest on our TOFU efforts? Where can I find a report to see how many MQLs, SQLs, and SAOs we've generated in Q2?

Does any of that sound familiar? Marketers love acronyms, often speaking in what sometimes seems like a completely different language.

In this chapter, we'll discuss some commonly used acronyms, including total addressable market (TAM), serviceable available market (SAM), serviceable obtainable market (SOM), ideal customer profile (ICP), and personas (yes, this one isn't an acronym). While often confusing, understanding these concepts is essential in scaling your business. Skipping these foundational steps means you may enter a market that isn't viable long-term, lose key investors, or contribute to employee burnout by focusing on the wrong targets.

Let's break down TAM, SAM, SOM, ICP, and personas and how, together, they help you form a complete go-to-market strategy.

TAM, SAM, and SOM

Try saying that ten times fast.

Before diving into your ICP, it's essential to understand the broader market landscape. Total addressable market (TAM), serviceable available market (SAM), and serviceable obtainable market (SOM) are all used to describe the market in which your organization operates. When building and scaling your business, quantifying TAM, SAM, and SOM is critical to choosing the right markets to drive revenue for your brand.

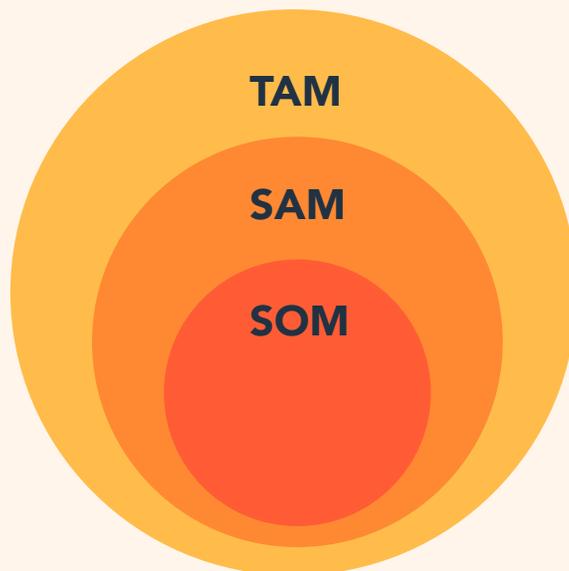
TAM, SAM SOM

Total Addressable Market

Total market for your product

Serviceable Obtainable Market

Percentage of SAM you can realistically capture



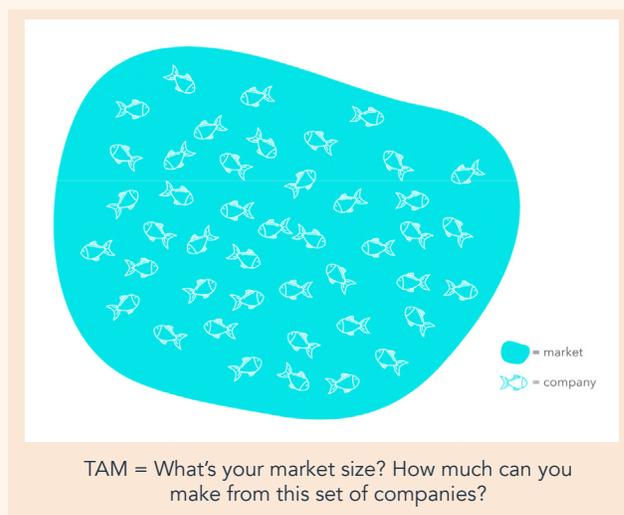
Serviceable Available Market

Portion of the market you can acquire based on your business model (your targets.)

TOTAL ADDRESSABLE MARKET

If you think of your go-to-market strategy as an onion, the first layer is your total addressable market, or TAM. Your TAM represents the total market possible for your product or service and estimates the market's revenue potential.

To calculate your TAM, take the number of potential customers and multiply that by your ACV (annual contract value).



For example, imagine you sell software to ecommerce brands. If there are 1,500 ecommerce brands in the world (for the sake of this example) and your annual contract value is \$20,000, the market potential would be \$30 million.

$$\text{TAM} = \text{TOTAL \# OF POTENTIAL CUSTOMERS} \times \text{ACV}$$

SERVICEABLE AVAILABLE MARKET

The next layer of the onion is your serviceable available market (SAM). This is the portion of your market you can acquire based on your business model. For example, your business model may not support certain geographies, so your SAM serves as a subset of your TAM. To calculate your SAM, multiply your target segment of your TAM by your annual contract value.

Referring to the example above, let's say out of the 1,500 ecommerce brands in the world, your business can only service a certain geographic location, which brings the number down to 1,000 ecommerce brands. At the same ACV of \$20,000, your Serviceable Available Market would be \$20 million.

$$\text{SAM} = \text{TARGET SEGMENT OF TAM} \times \text{ACV}$$

SERVICEABLE OBTAINABLE MARKET

Pulling back the onion another layer brings us to your serviceable obtainable market (SOM), which identifies how many customers would realistically buy your product or service. Even though you could hypothetically service 1,000 ecommerce brands, it's unlikely all will become customers. Some of those brands may choose to go with a competitor, build their own solution in-house, or do nothing.

To calculate your SOM, multiply last year's market share (calculated by dividing your previous year's revenue by your previous year's SAM) by this year's SAM. For example, if last year's revenue was \$4 million, last year's SAM was \$20 million, and this year's SAM is \$25 million, your SOM would be \$5 million. This calculation helps determine short-term growth targets.

$$\text{SOM} = (\text{PREVIOUS YEAR'S REVENUE} / \text{PREVIOUS YEAR'S SAM}) \times \text{THIS YEAR'S SAM}$$



Ideal Customer Profile and Personas

Now that you've identified the market potential, it's time to get even more specific about which companies and individuals will provide the most value to your business.

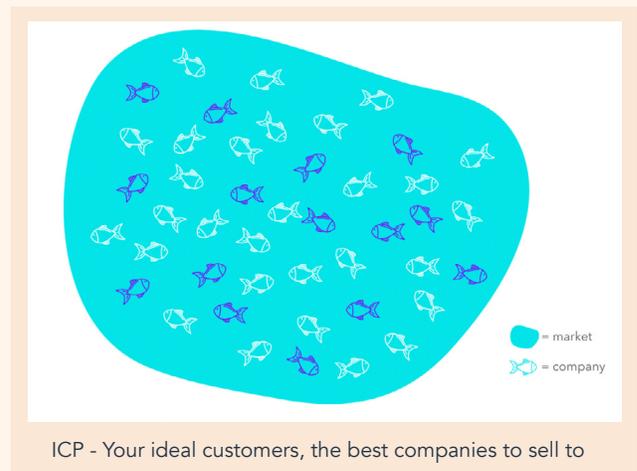
While your SOM identifies a hypothetical market potential in terms of dollars, it doesn't consider which companies will be the best fit for your product or service based on your defined success criteria and historical data.

IDEAL CUSTOMER PROFILE

As we mentioned in chapter one, your **ICP** is based on key company-level firmographic and technographic data points and serves as a representation of the customers and prospects that you believe will provide the most value to your business.

Some attributes and **characteristics** to consider when building your ICP include:

- BUDGET
- REVENUE
- INDUSTRY
- GEOGRAPHY
- LEGALITY
- EMPLOYEE COUNT
- TECHNOLOGY USED



Your ICP should be at the forefront of your go-to-market strategy. Here are some ways you can focus execution around your ICP:

- **Set up your marketing operations and analytics to prioritize ICP leads and accounts.** Using a combination of tools like HubSpot and Clearbit, you can build processes that identify when a contact or account is a good fit based on ICP criteria. This can then be passed to sales and marketing teams for outreach, ABM campaigns, and more.

- **Measure all goals and success metrics against your ICP.** You just launched a campaign and it generated 1,000 leads. Time to celebrate! Or, is it? While bringing in lots of interest is a piece of the marketing puzzle, understanding which leads and opportunities are a good fit based on your ICP is most important in driving efficiency and revenue growth.
- **Continue to re-evaluate your ICP** on an ongoing basis. As you enter new markets or segments, your ICP may need to change.

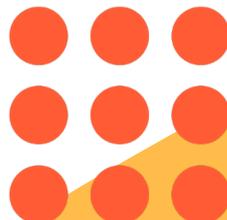
We'll dive into how you can calculate your ICP in the [next chapter](#).

PERSONAS

Personas are the final layer of the onion. Personas are representations of the individuals who buy and use your product or service. Buyer personas typically include individuals' motivations, pain points, buying habits, and more. Most companies have more than one target persona. Companies may build separate personas for the people who buy their product vs. use their product, for example. Having clearly defined personas enables teams to run more efficient, effective, and targeted campaigns.

[Some questions to consider](#) when building buyer personas include:

- What are their top pains and challenges?
- What are their KPIs?
- What are their responsibilities?
- To whom do they report?
- What is their role in the buying process?



While your ICP is built at the company level, personas represent individuals. Your ICP and buyer personas together may look something like this:

Ideal Customer Profile

Companies with more than 5,000 employees
Budget of \$10k or more
Located in USA or Canada
Need a 6 month window from time-of-sale to installation



Buyer Personas



Building Operations Owen
Challenges:

- Impact on business downtime
- Required maintenance
- Questions about on-site installation access and number of workers



Building Owner Betty
Challenges:

- Initial education on solar panel benefits
- Cost savings
- Questions about legality and local ordinances

To recap, TAM, SAM, and SOM identify market potential and are represented by a dollar value. Your ICP takes that a step further and serves as a definition of the companies that are the best fit for your business and likely to drive the most value. Personas are the individuals who buy and use your products.

Now that you know what an ICP is and how it relates to your broader go-to-market strategy, let's talk about how to actually define your ICP.

CHAPTER 3:

How to Reverse-Engineer Your ICP



At this point you understand why defining your ICP is essential, so let's dive into [how you actually build your ideal customer profile](#) in five steps. We'll also share the story of how Frame.io re-defined their ICP to better align with a new upmarket focus.

How to Build Your ICP

STEP 01

BUILD THE DATA FOUNDATION

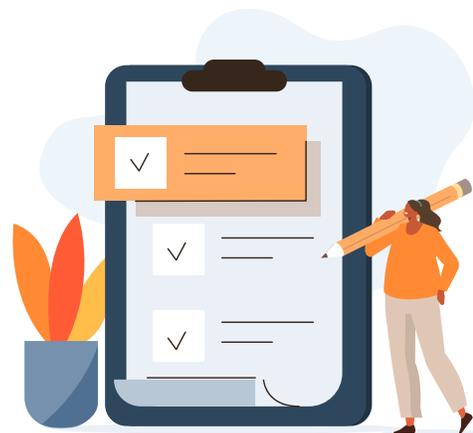
Enrich your source of truth (CRM software, CDP software, etc.) with accurate and fresh data. To accurately define your ICP, you'll want to make sure you have complete firmographic and technographic data (like company size, technologies used, industry, etc.) for accounts in your database. Having the right data infrastructure in place will help set you up for success in later stages of the ICP building process.



STEP 02

DEFINE SUCCESS CRITERIA

Ask yourself what your business is trying to accomplish to define the success criteria for your ideal customer. If you're looking to maximize revenue growth you may want your success criteria to be high annual contract value (ACV). If your main goal is long-term customer retention, you may want to focus on finding companies with a high lifetime value. Determine what matters most to your company before diving into the analysis.



STEP 03

IDENTIFY YOUR BEST-FIT CUSTOMERS

Look at the past to select your best-fit customers. Utilizing the data foundation you established in step one and the success criteria you selected in step two, analyze historical data to gather quantitative learnings on your best-fit customers. If you selected high ACV as a success metric, identify the list of past customers that have a high ACV. Additionally, it's important to talk with your sales and customer success teams to gather qualitative data on which customers they think are most successful. While data is critical to building an ICP, it doesn't always tell the whole story.



STEP 04

CONDUCT YOUR ANALYSIS

Analyze your data set for shared firmographic and technographic traits like industry, number of employees, or country, for example. You may notice that your customers with the highest ACV all have 100-500 employees, use HubSpot CRM, and are located in North America. Looking for commonality among your best-fit customers brings you to the fifth and final step.



STEP 05

OUTLINE YOUR ICP

Based on the shared traits established in the step above, create a silhouette of your ICP. In this step, it's important to create a clear definition but stay away from getting too narrow. You can also repeat this process and create other ICP segments depending on the nature of your business.

As discussed in chapter one, an ICP may look something like this:

EXAMPLE ICP

INDUSTRY TYPE: B2B, SAAS

EMPLOYEE COUNT: 500 - 1,000 EMPLOYEES

TECHNOLOGY: USES SALESFORCE, HUBSPOT, AND SEGMENT

FUNDING: \$10M+ RAISED

How Frame.io Redefined their ICP

To make this process more tangible, let's look at how Frame.io, a video review and collaboration software provider, [built a new ICP to move upmarket](#). As Emily Kalen, Director of Growth at Frame.io shares, "Finding upmarket potential is a pretty common evolution that SaaS businesses have to go through at some point in their journey."

The Frame.io team had historically been focused on their self-serve product for consumers and video prosumers but realized they needed to pivot to focus on enterprise companies. However, making the switch wasn't that simple. The team first needed to determine which enterprise companies would bring the most value to their business before adjusting their go-to-market playbook.

Here are the steps Emily and her team took to define their new ICP segment.

- 01** The team defined what constituted an enterprise company for Frame.io by identifying three customer buckets (small, medium, and large) based on the number of people using their platform.

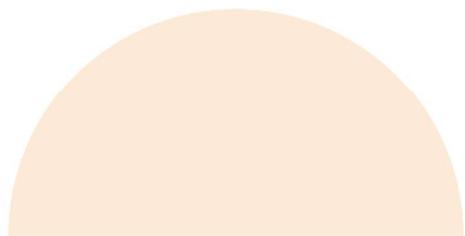
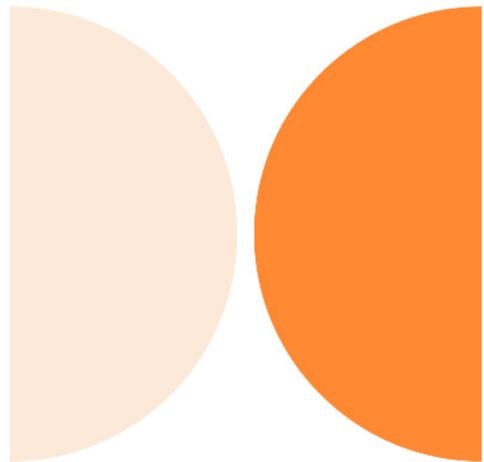
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- 02** Next, they identified which types of upmarket segments were best for the company's goals based on ease of conversion and potential for scale. For Frame.io, ease of conversion identified the length and complexity of the sales cycle. Potential for scale identified a company's ability to add seats and storage.
-
- 03** Then, Emily and the team identified which attributes these companies shared by enriching customer lists with Clearbit data like employee size, annual revenue, keywords in the business description, and industry. These trends helped reveal what defined a company as a good fit.
-
- 04** The team looked to customer research to gather qualitative data. They asked questions to identify pain points and to understand how Frame.io helped to solve those pains. After gathering qualitative and quantitative data, they were able to define their new upmarket ICP.
-
- 05** The marketing team made adjustments to their marketing playbook from demand gen to lifecycle marketing and more to reach this new segment.

While building your ICP may seem overwhelming, hopefully, these steps helped you break down the process. Remember to build a strong data foundation with accurate firmographic and technographic data and you'll be on your way to identifying shared traits and defining your ideal customer profile.



CHAPTER 4:

Activating Your ICP



With a clear definition of your ideal customer profile, it's time to roll out the red carpet and create buyer-centric experiences that convert.

“Take your ICP definition and operationalize it from top to bottom throughout the funnel. For a company that's connecting their ICP from acquisition through their website, and then down into operations and sales engagement, they are able to create a red carpet for that ICP.”

Kevin Tate

[CMO at Clearbit](#)

[Activating your ICP](#) enables you to sync your ideal customer profile across your go-to-market tools and channels so you can acquire your best-fit customers in a cost-effective and scalable way.

How to Activate Your ICP Throughout the Funnel

LEAD SCORING AND ROUTING

With a clearly-defined focus on who the best-fit companies are for your business, you can prioritize sales reps' time and build a more seamless buyer journey.

Accounts that match your ICP should be assigned the highest score, routed to the right people, and followed up on promptly. Alternatively, if an account doesn't match your ICP, you can add steps in the qualification process to ensure it's a good fit before passing it to sales.

When Frame.io refined their ICP, their first step was to adjust their scoring models to prioritize their new ideal companies. Using your ICP to prioritize reps' time decreases speed to lead and generates more qualified meetings. For more information on how to build a lead qualification system that drives revenue, check out the Modern Guide to Lead Qualification.

AD TARGETING

Another essential way to activate your ICP is through targeted ad campaigns.

Targeting your ICP on ad platforms keeps costs low, conversions high, and drives efficiency in the funnel. As Jonathan Bland, co-founder of demand agency Omni Lab says, "I could have the best creative and the best offer, but if it's targeted at the wrong person, no dice." And, finding efficiency is more important than ever with rising ad costs and shrinking budgets.

Colin White, Director of Demand at Clearbit, shares that a key way to target the right people is by using offline conversion tracking to take your CRM data and feed that back into ad platforms like Facebook and Google. Doing so helps increase quality and ensures you're only spending money on your ideal customers.

With the right targeting in place, it's time to focus on delivering a timely and relevant message. As consumers, we're exposed to thousands of ads daily, so if you want to stand out, you need to speak directly to buyers' pain points in a memorable way. Omni lab put together a content matrix that helps you think about how to map your personas to what they care most about.



	What problems do they have?	What questions do they have?	What do they want?
Sales Professionals	I struggle to hit my quota	How do I write better cold emails?	I want to know which accounts are in-market
Marketing Professionals	My website conversation rate is low	How do I create better content?	I want to know which accounts are visiting my website
CXO	Our profitability has dipped as CAC has increased	How do I attract better quality talent?	I want to spend less time going through resumes

Credit: Omni Lab

Once you’ve identified the who and the what, you need to select the where. While there are many different ad platforms, you want to choose the ones where buyers within your ICP spend the most time. For example, as a consumer brand, you may utilize TikTok and Instagram, while B2B brands may focus their efforts on LinkedIn or Facebook. However, this isn’t a one-size fits all approach. Do the research to meet your buyers where they are.

Combining the right targeting with the right messaging and the right channel helps you deliver memorable ad experiences that convert. Check out the [Advertising Plan Kit](#) for more information.

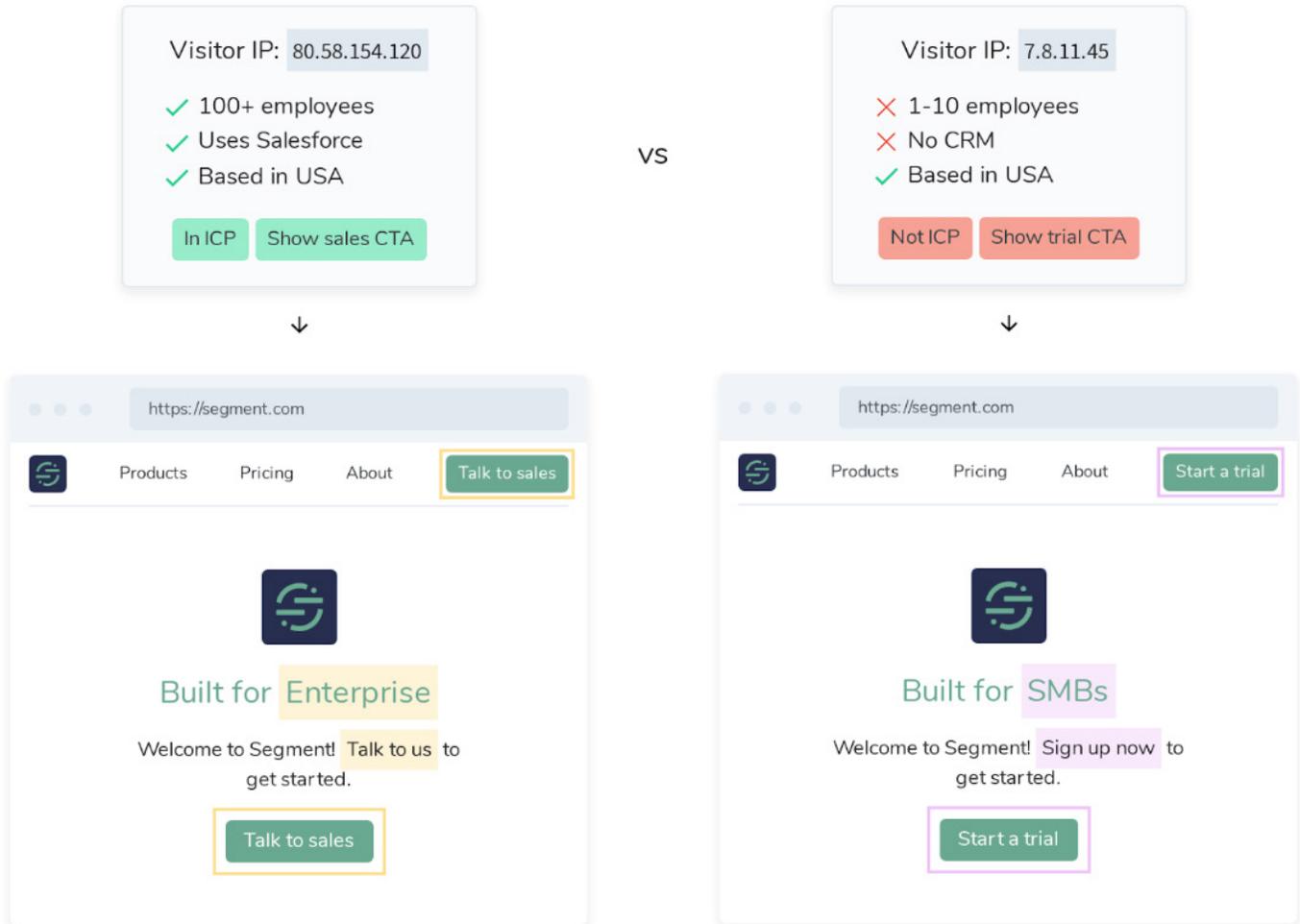
WEB PERSONALIZATION

[According to Adobe](#), 67% of consumers think it’s important for brands to automatically adjust content based on the current context. When brands don’t adjust accordingly, 42% of consumers will “get annoyed” that content isn’t personalized.

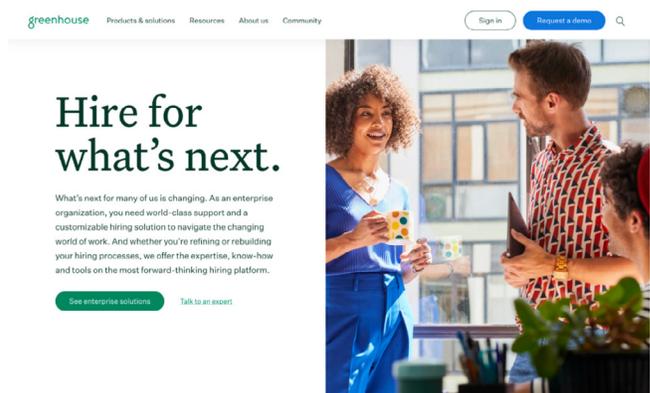
Web personalization helps you deliver custom journeys to continue to move buyers down the funnel.

A website personalization strategy starts with knowing your ideal customer profile. This helps you identify the types of segments for which you would like to personalize your site. Once you know your target audience, you want to make sure you have the data infrastructure in place to activate your ICP and accurately reach visitors. This can be done with [Clearbit Reveal](#), which

helps you de-anonymize website visitors. Then, you'll want to make sure you have a tool like Optimizely or Mutiny or a way to deliver and track custom website experiences (think personalized CTAs, custom messages, and more).

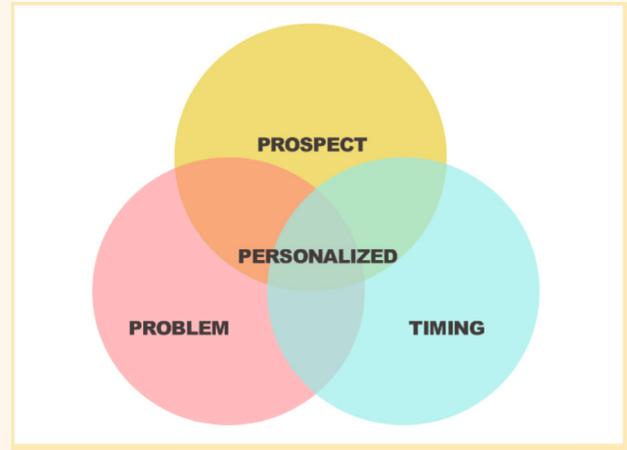


Greenhouse increased their enterprise demo conversion rate request by 15% by implementing website personalization. Using Clearbit Reveal to detect firmographic traits and Optimizely to serve personalized content and CTAs, they are able to create a more seamless buyer experience and speak directly to their enterprise ICP.



INTENT-BASED PROSPECTING

Activating your ICP means reaching the right people at the right time with the right message, and an important way to do this is through [intent-based prospecting](#). While many of the above activation methods are largely used by marketing teams, intent-based prospecting helps sales and customer success professionals put their ICP to work.



Intent-based prospecting enables you to identify ICP accounts visiting your website for more personalized outreach that converts. This can be used in many different ways for new business, upsells, renewals, re-engaging closed lost customers, or identifying the size of a buying committee.

For example, you can identify which customers in your ICP haven't engaged with your site in a long time, which companies have consistently been on your site, and which pages (pricing, customer stories, etc.) are driving the most interest. Then, sales and customer success professionals can use this information to write more tailored emails and start a relevant conversion.

Intent-based prospecting combines targeting the right companies (ICP) with a timely and relevant message based on actions they have taken.

With your ICP activated across channels, you'll be on the path to more revenue before you know it.

CHAPTER 5:

Redefining Your ICP as Your Business Scales



Your ICP isn't something you set and forget. As [Daniel Murray, Head of Media at Sales Impact Academy, says](#), "Your ICP is ever evolving. It's not something that's set in stone. As your product gets better, your go-to-market strategy changes, your company grows, and you get more resources, you can expand that [definition]. But it's not something where you say, we're going after these types of customers forever."

Make sure to revisit your ICP as you evaluate going after new markets and as your business changes. For example, as you move upmarket you may need to rebuild your ICP, as [Frame.io](#) did. Or, you may want to update your ICP as your success criteria changes. Maybe you originally focused your ICP on companies that deliver top-line revenue growth by using initial bookings and ARR as your success criteria. As your business grows and matures, your focus may shift to retention and reducing churn, so you may want to optimize for lifetime value (LTV). Though there is no one right time or rule to reevaluate your ICP, in general, doing an [lifetime value \(LTV\) ICP analysis](#) is a good idea once you have ~\$10M ARR and two to three years of renewal data.

If you make changes to your ICP, you want to ensure that your go-to-market teams update their playbooks to reflect the new focus. An ICP isn't effective if it just lives on a slide.

Here are some ways teams should be thinking about making go-to-market strategy changes based on a new ICP definition.

- **Marketing:** All programs should be targeted at your ICP. Think of all the channels and tactics mentioned in the previous chapter and where you may need to make changes. Your lead scoring model, ad targeting, and website personalization will all likely need to change.
- **Customer success:** Are all your new ICP customers getting the VIP treatment? Ensure your customer success team is equipped with updated targeting so they make prioritization adjustments to focus on upsells, renewals, and reducing churn.
- **Sales:** Sales team compensation and targets may need to be adjusted to reflect a new ICP. For example, going after an upmarket segment could mean new methods of outreach and new quotas based on higher ACV.

- **Product and engineering:** Your product roadmap and functionality are interrelated to your ideal customer. If you make a change to your ICP, say to target enterprise companies, your product or service may need more robust functionality. If you move in the opposite direction and want to target consumers, your product needs to be built to support a high volume of users.

We hope this guide helped you understand, define, and activate your ICP. After all, identifying and narrowing your targeting is how you drive scale and find efficiency in the funnel.

Want to learn more about how to define and activate your ICP? Clearbit and HubSpot are here to help!

[TALK TO THE CLEARBIT TEAM](#)

[TALK TO THE HUBSPOT TEAM](#)

