

MISSING REVENUE TARGETS: IS IT A DISCONNECT BETWEEN SALES & MARKETING?

@ VALUE BASED INC.

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THE PROBLEM OUTLINED:

Research indicates that over 80% of the leads that an organization produces receive no follow up.

When asked why, sales and marketing departments tend to blame each other. One

points to poor lead quality, while the other points to poor follow-up.

This is common in many organizations and is a cause of frustration for those carrying revenue-generation responsibilities.

CEOs, COOs, and CROs (Chief Revenue Officer) are growing tired of the finger-pointing and resulting loss of revenues.



INTRODUCTION

Research indicates that over 80% of the leads that an organization produces receive no follow up. **When asked why, sales and marketing departments tend to blame each other.** One says poor lead quality, while the other says poor followup. This is common in many organizations and is a cause of frustration for those carrying revenue generation responsibility. CEOs, COOs, and CROs (Chief Revenue Officer) are growing tired of the finger pointing and resulting loss of revenues.

Sales and marketing professionals have been at odds with each other for quite some time. Some have called this relationship "*the sales and marketing odd couple*." Much like Felix and Oscar of the old TV series "The Odd Couple," sales and marketing often struggle to coexist. Their personalities and perspectives are very different. In the show, Felix is less emotional, more disciplined and organized in his approach to life, while Oscar's more emotional, outside-the-box thinking and spontaneous actions can frustrate and even offend Felix. **Can you guess which character might represent sales and which marketing?**

The impact of these differences cannot be dismissed. Much is at stake. Not only are there soft costs (personal grudges, turf battles, and selfish ambition), but there are also hard costs (sales and revenue growth, expense control, and margins). Alternatively, a company whose sales and marketing teams are aligned and skilled at collaboration, can experience exponential sales and revenue growth.

IN THIS E-BOOK WE WILL EXPLORE :

1. THE CAUSE OF THE DISCONNECT
2. SOME OPTIONS FOR CORRECTING IT
3. A NEW PERSPECTIVE OF HOW THEY CAN OPERATE
4. COMMON SALES AND MARKETING EFFECTIVENESS INITIATIVES
5. THE POTENTIAL OF A REALIGNED AND REVITALIZED SALES AND MARKETING PROGRAM

1

THE DISCONNECT

EXAMPLES OF THE DISCONNECT BETWEEN TEAMS



THE DISCONNECT

While misalignment and disconnect expresses itself uniquely in every organization, here are some of the common examples of the disconnect:

Sales believes that email and/or direct marketing creative themes are misaligned with the desired target markets, and as a result, fail to engage key buying influencers.

Marketing believes Sales lacks the necessary skills to gain access to, and have influence with, key prospect decision makers, and as a result, are ineffective in their lead follow up.

Sales thinks Marketing doesn't do the research on product, positioning, and pricing needs and as a result:

- New products that are launched lack innovation and do not meet the needs of prospects in their pipelines
- Products are positioned in the wrong category
- Pricing is not competitive

Marketing faults Sales for not providing timely market and competitive product information in order for the company to design products that sustain their innovative and competitive advantage.

Sales lacks confidence in the lists that marketing uses for direct marketing campaigns and as a result doesn't prioritize lead follow up.

Marketing accuses sales of poor and untimely lead follow-up, costing the company valuable sales- and market-share.

THE DISCONNECT

Sales believes if Marketing better understood and articulated the product's value proposition in product literature and on the website there would be fewer price objections from prospects.

Marketing believes if the Sales team sold on *value*, instead of *price*, there would be less margin-eroding discounts and price concessions.

Sales thinks if Marketing produced more compelling case studies and solicited more client testimonials, the resulting increase in credibility would result in more sales.

Marketing thinks that Sales needs to do a better job of gathering the stories and communicating client successes to them so they can be published.

Do these examples sound familiar? Let's call them what they are: blame shifting, lack of confidence, poor communication, misunderstanding and/or mistrust.

They are all symptomatic of misalignment between your marketing and sales teams.

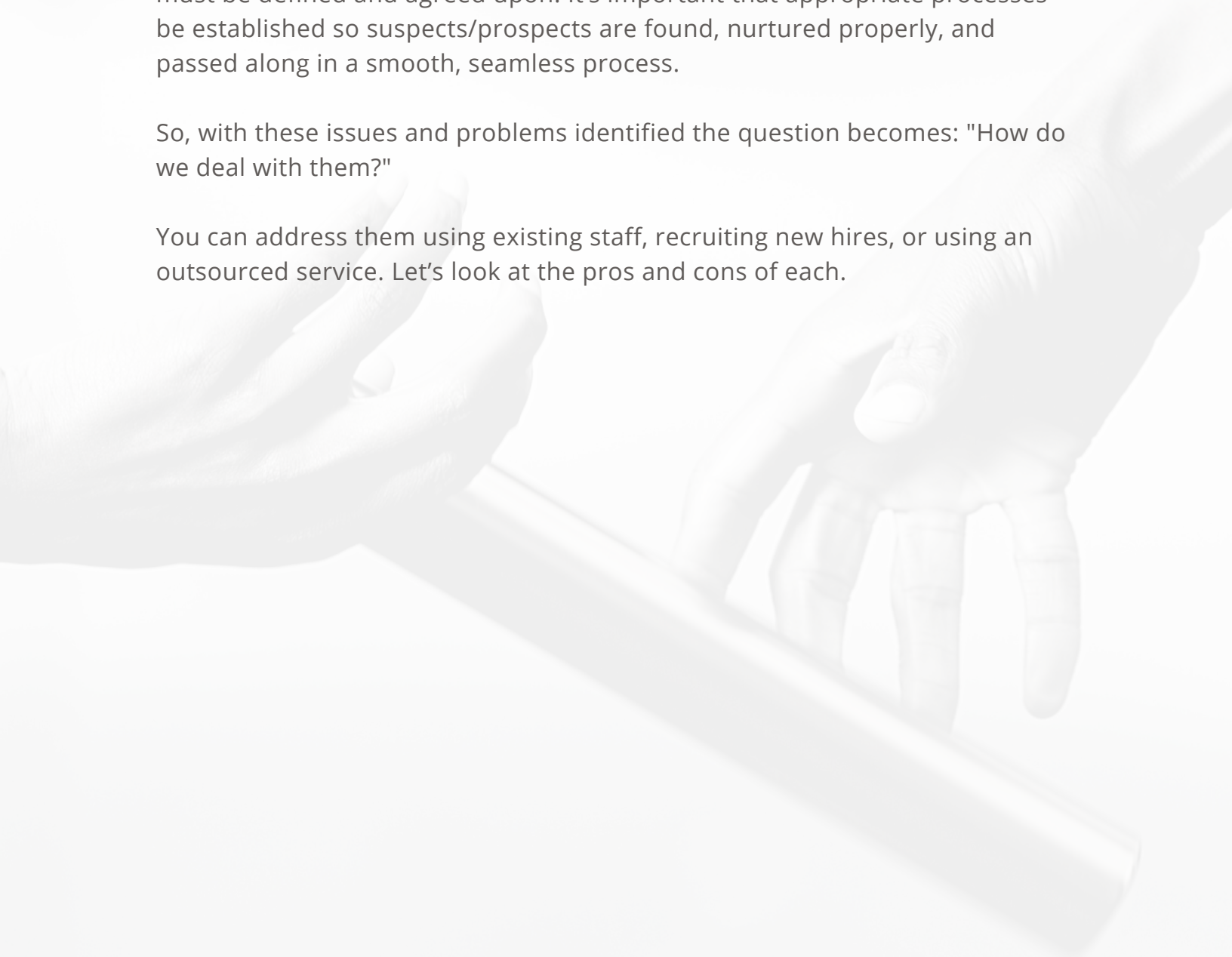
In addition to the above issues, there's another, perhaps more significant thing happening between sales and marketing. It's a shift in roles and responsibilities. Ever-changing technologies and the availability of information on the internet, mean that prospects no longer need a sales person to educate them. They can educate themselves before ever meeting or talking with a salesperson. This change requires a shift in determining at what point a lead becomes an *opportunity* for sales to pursue.

THE DISCONNECT

Marketing's role now includes the education of the suspect/prospect. Once that's done, the lead is passed to sales and the sales process begins. So, this fundamental change in when the prospect is passed from marketing to sales must be defined and agreed upon. It's important that appropriate processes be established so suspects/prospects are found, nurtured properly, and passed along in a smooth, seamless process.

So, with these issues and problems identified the question becomes: "How do we deal with them?"

You can address them using existing staff, recruiting new hires, or using an outsourced service. Let's look at the pros and cons of each.



CORRECTING THE DISCONNECT

Before considering the options, two things are critical to correcting the disconnect:

1. Recognize and admit the problem
2. Be willing to face the challenges of the change-process
3. Be willing to make some tough decisions

These upcoming changes and tough decisions may include personnel changes and/or additions to existing staff or investment in outside services. It may also include investment in new marketing and sales initiatives—if the ROI can be justified.

Your choice here, in part, depends upon your current business structure: whether you already have VP or managerial-level Sales and Marketing positions, need to hire those positions, or want to consider an outsourced provider. Let's look at using in-house resources first.

IN-HOUSE RESOURCES

If you've got existing Sales and Marketing management in place, then the key to improving communication and realignment is through strategy meetings ideally headed by personnel to whom both managers report.

This may be your CEO, COO, CRO or VP of Business Development. Foremost in everyone's priorities must be collaboration of the entire marketing and sales process—from lead generation to closing the sale. Satisfied clients are always the goal.

CORRECTING THE DISCONNECT

It's important that the left hand knows what the right hand is doing and both sides "buy in." Include, for example, identifying the viable target market segments, developing product/service value propositions and messaging, addressing competitive issues, lead-sourcing and tracking, developing campaigns, setting desired lead levels and closed sales objectives, and managing the pipeline.

The advantage of using in-house resources
is obvious: there are no additional costs
for hiring new staff.

There may be additional costs for new marketing and sales initiatives using new technologies such as SEO, SEP, marketing automation platforms, CRM, PRM (Prospect Relationship Management), cloud computing, sales process reinforcement, and sales practice competency assessment/measurement efforts.

All these initiatives should be tracked with the expected ROMI (Return on Marketing Investment) and ROSI (Return on Sales Investment) determined before implementation. Another advantage of using in-house resources is the familiarity with the business and product as there is no ramp-up learning curve for new hires or outside service providers to deal with.

CORRECTING THE DISCONNECT

The disadvantages of using in-house resources can be:

- Stale solutions: “This is how we’ve always done it” approach, offering nothing fresh, innovative, or compelling.
- Resistance to change: New technology requires constant vigilance and adaptation in using every available resource for reaching prospects, communicating the message, conducting marketing analytics, as well as improving and tracking sales performance.

HIRING NEW BLOOD

If you’re considering hiring new staff to implement the new initiatives, you can avoid the above in-house disadvantages but there could be a few negatives that come with this solution, including:

- The cost to recruit, ramp-up, and retain the specialized people capable of delivering the desired results can be extensive and expensive.
- Culture clash: The process of finding and integrating highly innovative and creative people into key positions can be disruptive to the company’s culture and team chemistry.
- Turnover costs: The cost of short-term employees including recruiting expenses, employment agency fees, lost production, and retraining costs can exceed 2 to 3 times the person’s annual salary.

CORRECTING THE DISCONNECT

(Hiring New Blood, Continued)

- Equity expectations: If you need to bring in Vice President-level talent to create and execute strategic sales and marketing plans/initiatives, these high performing professionals often expect to be rewarded with equity ownership opportunities. This can lead to positive partnership possibilities if the person lasts; however, if they don't, it can be an expensive and complicated proposition. (Not to mention demoralizing to loyal, long-term employees who do not receive the same equity ownership opportunity.)

SUMMARY

In summary, realignment and revitalization initiatives, where existing personnel and/or new hires are used, has advantages and disadvantages so be sure to weigh the cost(s) and ROI of each. A key to either of these alternatives is the involvement of an executive-level manager to whom both the sales and marketing managers report. This person makes certain that both departments are involved and buy into the collaboration process. They also ensure the initiatives and processes designed and deployed belong to both departments.

CORRECTING THE DISCONNECT

Outsourced Service Providers :

If in-house personnel aren't in place, a company wishes to streamline or tap into fresh resources for specific functions or initiatives, **outsourced providers** can be a great alternative. Outsourced providers can produce innovative results fast, and if they are on a variable cost contract, often cost less.

Another advantages of outsourcing is flexibility. A company can contract for a single service, such as the deployment of a specific demand-generation marketing campaign (e.g. an email campaign offering an incentive or premium white paper) or if desired, contract a team of experts to create and execute an integrated sales and marketing program of several lead-to-close campaigns deployed over a 6 to 18 month period of time. An extended engagement like this normally begins with listening, diagnosing and strategizing with company leadership to develop a custom plan complete with performance timetables, deliverables, KPIs, and benchmarks.

This approach can avoid the marketing/sales disconnect because the outside team is fully integrated and works with whatever personnel and resources you have in place.

CORRECTING THE DISCONNECT

The advantages of outsourcing services are:

- The availability of creative, innovative, agile specialists who bring a fresh perspective to your marketing and sales efforts.
- An expertise in, and use of, the latest technologies available to reach your target markets.
- The deployment of proven, predictable and measurable sales performance improvement programs that include accountability, coaching, competency level assessment.
- The ability to demonstrate and guarantee a significant ROI for each initiative deployed.

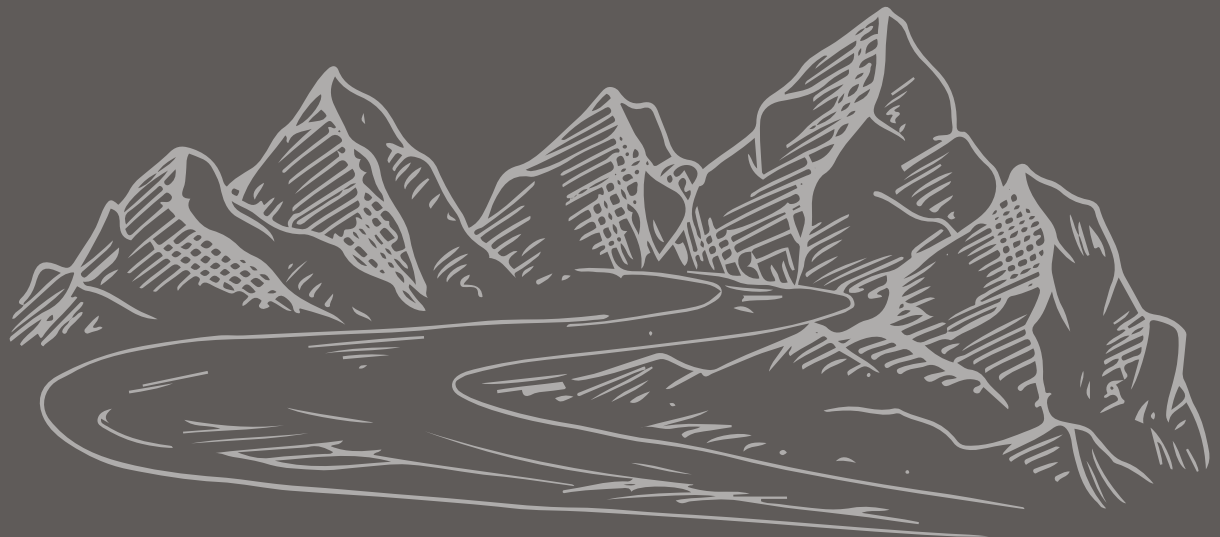
The disadvantages of outsourcing can be:

- The industry and/or product/service knowledge ramp-up time.
- A lack of control.
- Sometimes the cost is higher. The control and cost disadvantages can be minimized if LOPs (Levels of Performance) are well defined and you solicit proposals from a few quality service providers.

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SECTION 2

A NEW VIEW FOR SALES & MARKETING OPERATIONS



A NEW VIEW

Ever changing market and economic challenges, increased product/service commoditization, increasing competition, as well as increased clutter and noise levels require innovative approaches to penetrating and gaining increased market-share for your company.

Whichever direction you go—in-house or outsourced—you will want to enlist agile specialists to design and deploy your revitalization and realignment initiatives. Due to advances in the following areas, there are more ways than ever before to successfully deliver compelling messages, generate leads, and execute best sales practices/processes to convert suspects to customers.

- Technology - SEO, SEP, email, marketing automation platforms, social media, CRM and PRM solutions, and cloud computing.
- Marketing - Integrated direct marketing campaigns, prospect nurturing initiatives, and closed loop marketing analytics.
- Sales - Increased accountability through personal sales coaching, sales cycle proficiency and lead-to-close ratings, best practices/processes competency level achievement, and sales certification curriculum and assessment.

Capitalizing on these advances, coordinating the resources, as well as designing and executing aligned strategies is more demanding—especially in a recovering economy—than traditional sales and marketing practices of the past. Companies that embrace, procure and execute these new tools, technologies, and techniques will reap their many benefits, including economies of scale, fresh creativity, greater utilization of resources, quicker ramp-up times, as well as predictable and measurable sales and marketing performance improvements.

COMMON SALES & MARKETING EFFECTIVENESS INITIATIVES

Some common sales and marketing effectiveness initiatives to consider in future strategic and tactical plans include:

- **Themed, Demand Generation Marketing Campaigns** – Consider developing a series of creative high-touch/high-impact deliverables directed to specific target market niches. The theme, messaging and copywriting should all work to draw suspects/prospects to a landing page that captures valuable demographic data and delivers a piece of rich media or educational material.
- **Technology Based, Integrated Marketing** – Consider implementing various e-marketing technologies that include: SEO, SEP, Social Media channels, email, and vertical market microsites. These tools place the company and products in the path of “already shopping” prospects that are further along their buying cycle.
- **On-Demand Marketing Automation Platform** – Use marketing automation platform automation technology to design and deploy a completely automated “initial touch-to-qualified lead” process for the organization. Program components include:
 - a) Target market and list identification
 - b) Suspect messaging
 - c) Email/landing page design and demographic data capture
 - d) Web-based and mobile suspect notification and nurturing
 - e) PRM and CRM data capture and distribution
 - f) Closed-loop marketing analytics
- **Develop/Articulate Product, Service & Corporate Value Propositions** – Working with both marketing and sales personnel, create a corporate knowledge-base of product/service solution and value statements. Train sales and marketing teams to consistently message, articulate, and prove these compelling statements.

COMMON SALES & MARKETING EFFECTIVENESS INITIATIVES

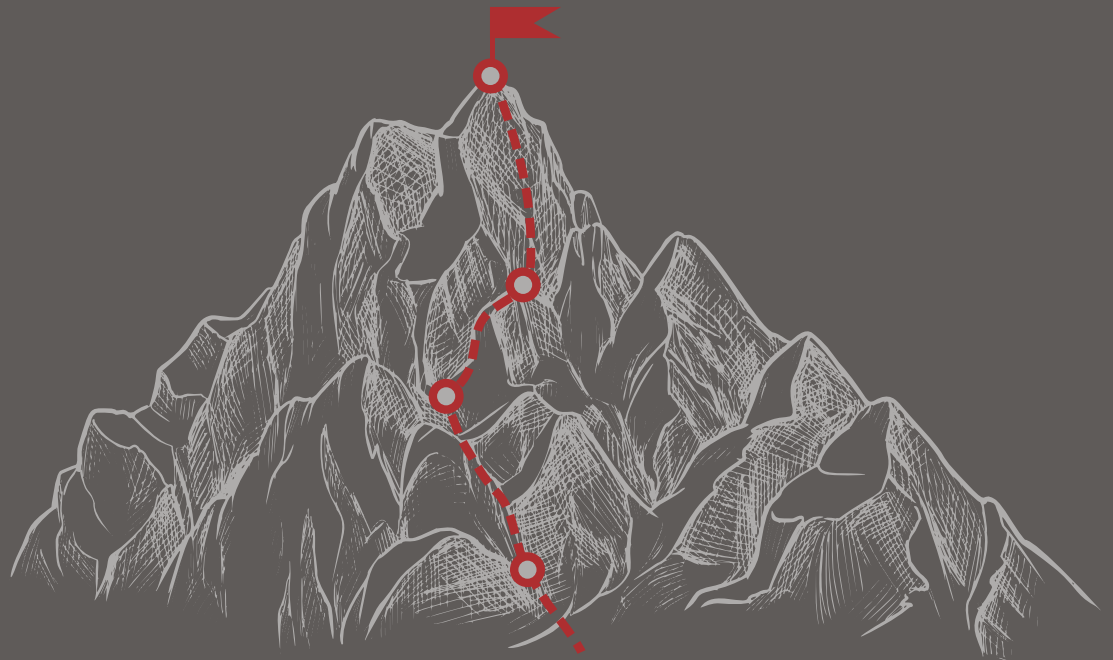
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- **Profile, Recruit and Motivate the Sales Team** – Using core values assessment tools, research and create a profile of your top sales producer(s). Recruit, train and manage new sales candidates that match your “ideal profile”. Provide personal coaching, competency assessments and certifications of new and existing sales people. Proven & Predictable Corporate Sales Process Design & deploy customized corporate sales processes that measure and report sales cycle proficiency and lead-to-close rates.
- **Improve Distribution Channel Sales & Marketing Performance** – Build and deploy channel partner sales and marketing initiatives that ramp-up newly recruited partners fast and increase the sales levels of “middle-tier” performers

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SECTION 3

RESULTS OF REALIGNMENT & REVITALIZATION



EXAMINING THE RESULTS

Take A Look...

So what's the potential of a realigned and revitalized sales and marketing program? Let's look at an example of a technology company that invested in a marketing and sales process improvement campaign.

EXAMINING THE RESULTS

Let's look at an example of a technology company that invested in a marketing and sales process improvement campaign:

1

Both sales and marketing personnel participated in a collaborative process to design and create a multiple touch email/direct mail campaign with a cogent theme, offer, and call to action.

2

They collected, educated, and nurtured the campaign respondents using a permission-based marketing automation technology. In the meantime, marketing assisted the sales team to articulate and prove their product/service's value propositions as a new value-based sales process was being designed and deployed.

3

Once the prospect was educated and persuaded enough to want a sales conversation, the lead was passed along to the sales department. From that point, a sales professional further qualified the prospect and presented solutions in a newly-formulated presentation addressing discovered issues rather than a static, features/benefits demonstration.

4

Leads and orders that resulted from this team effort resulted in closed sales exceeding \$600K. The cost of this aligned campaign was \$150K. The Marketing department incurred \$25k of the expense while Sales paid out \$125K in travel, entertainment, commissions and collateral expense. Doing the math we see the campaign produced a 24x return on the marketing investment and a 4x return if you add in the sales expenses.

In conclusion, the opportunity for profitable returns that result from a realigned and revitalized sales and marketing initiative can be significant. Further, both departments now have a predictable, measurable, and sustainable campaign in place resulting from their newly experienced collaborative process.

ADDITIONALLY...

In addition to the previously listed measurements, leaders will want to define specific LOP's (Levels of Performance) analytics as a core component of any realignment and revitalization program. LOPs are promises of specific performance levels within expected guidelines. In order to properly enforce an LOP, there needs to be a means to measure performance which requires tracking sales and marketing metrics. Examples of metrics that are tracked include:

- Number of clickthroughs and conversion rates for lead generation campaigns
- Number of unique visitors and page rankings for SEO projects
- Number of leads from a direct marketing campaign or trade show
- Target market-to-close ratios per salesperson per lead source
- Sales practice/process competency levels for each salesperson
- Sales cycle proficiency ratings for each salesperson
- Certification ratings for each salesperson's knowledge and execution of the corporate sales practices/processes

Lastly, and most importantly, we can't emphasize enough the need to involve both Sales and Marketing in the collaboration and design of all aspects of each campaign. Without complete buy-in and ownership by both groups, a return to finger-pointing and lost revenue opportunities is inevitable.

Ready to realign and revitalize? Contact us now.