Green Hat

# The ROI from B2B Sales & Marketing alignment

And what best practice looks like

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*In this e-book, Andrew Haussegger opens up the discussion on Sales and Marketing Alignment in B2B firms and provides a guideline to turning these two often disparate functions into a unified fighting force...*

**There is still a ‘chasm’ between most B2B Marketing and Sales teams.**

I spoke recently at a B2B Marketers Forum on Sales and Marketing (SaMa) Alignment. As part of my preparation, I referred to available market research as well as the Green Hat/ADMA annual B2B marketing research. I sought out the views of some leading CMOs to see how they felt about the state of their alignment. The one-line summary is… there has not been much improvement over recent years.

## Is that surprising? Yes and No.

Yes… because alignment is something internal to an organisation that the CXOs can actually control and it can have significant impact on financial performance. More on that below.

No… because B2B firms are sales-driven, not marketing-driven (like B2C). They tend to invest more in the sales function than the marketing function, and often are not aware of the revenue and pipeline benefits the Marketing team can deliver with a strategic approach.

The CMO can be leading the way by educating the CEO and Head of Sales on the opportunities presented by modern data-driven marketing, and aligning these to financial objectives. The Head of Sales needs to recognise that the ways buyers buy has changed and ideally is open to customer engagement strategies coming from Marketing.

# Defining Sales and Marketing Alignment

## What is ‘Sales and Marketing (SaMa) Alignment’?

I define it as: “Joining Sales and Marketing at the hip with shared goals, KPIs and pipeline development processes to grow revenue”.

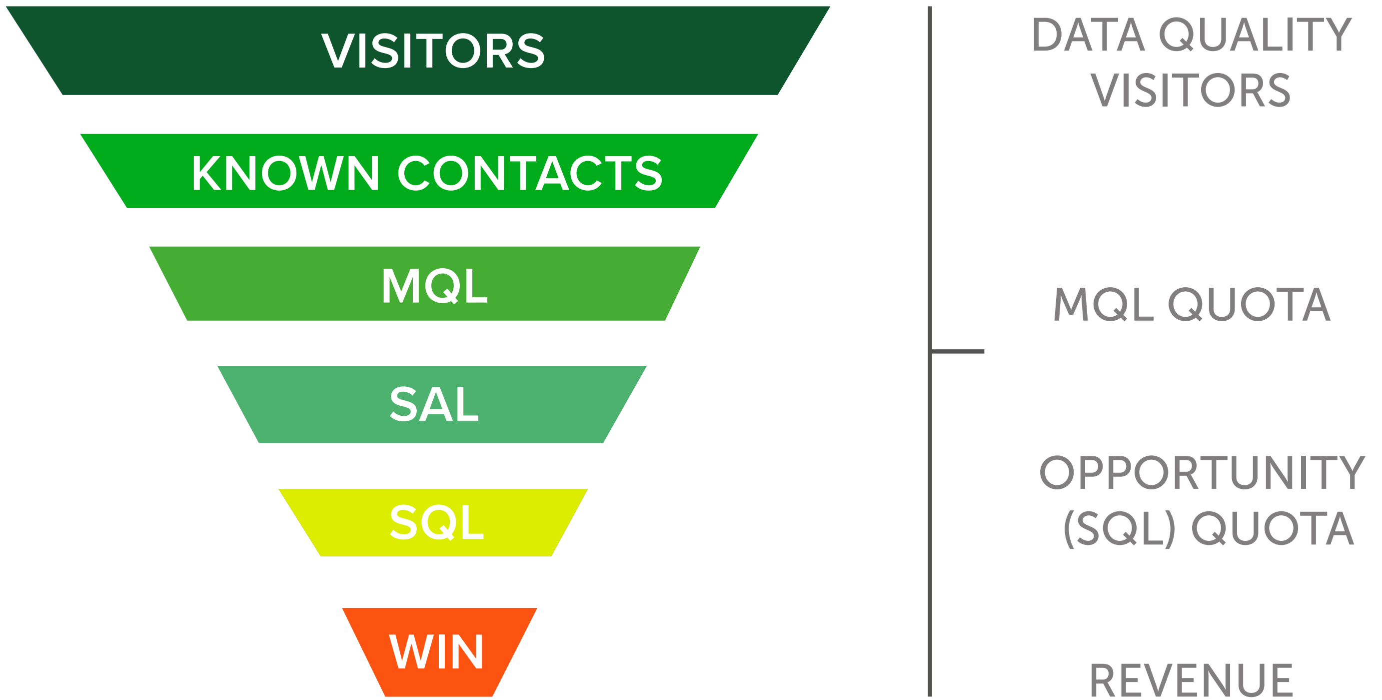
The keywords are ‘goals’ and ‘KPIs’. The CEO who assigns shared targets to the CMO/Head of Sales, with a strong recommendation to ‘align’, provides the impetus for success. These targets can cover a range of areas but ultimately pipeline metrics are key. Aligned SaMa executives share middle funnel and bottom funnel metrics. Usually the CMO will carry responsibility for upper funnel such as contact database quality and growth, website visitors and content engagement.

What might shared targets look like?

- CMO is accountable for generating leads for X% of revenue
- Both the Head of Sales and the CMO share the MQL-to-SQL conversion target (marketing qualified lead to sales qualified lead)
- Both share the total revenue result

Shared goals will drive behaviours you would expect from a high-performance SaMa team. In this year's B2B research report we found that only 44% of B2B marketers are getting satisfactory lead follow-up by sales. An aligned SaMa team will have an established lead management process with a 'closed loop' reporting and feedback mechanism.

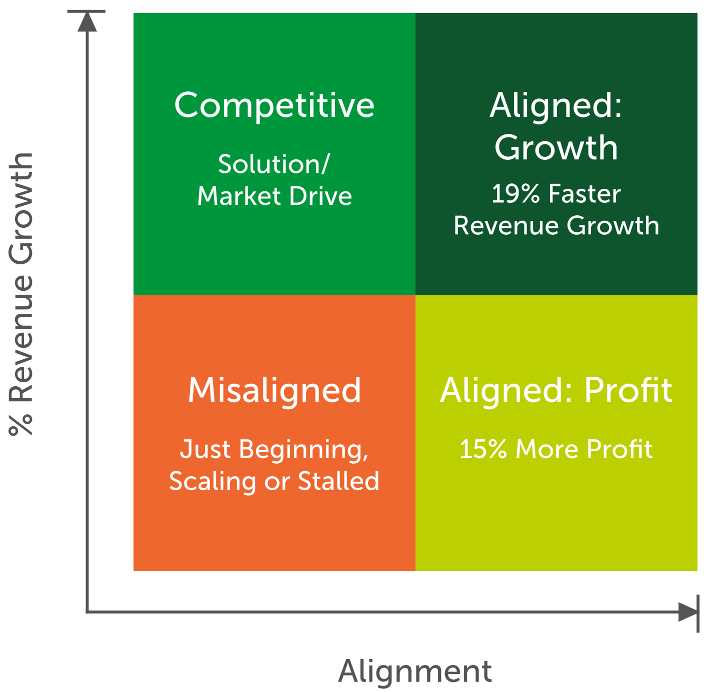
Just as the Head of Sales carries a revenue target, the CMO may carry a MQL quota. A useful shared metric is the percentage of MQLs that become Sales Accepted Leads (SAL), being the stage the 'lead baton' is passed from Marketing to Sales.



# Realising ROI for Sales and Marketing Alignment

Well-aligned teams are more strategic and organised around the generation and management of better quality lead and revenue outcomes. Research (and common sense) tells us that the more effective this is, the less wastage and the greater the ROI.

SiriusDecisions in their 2016 Sales Effectiveness research found that aligned firms had 19% faster revenue growth and 15% more profit, and noted that those firms better aligned have significant competitive advantage over those who are not.




*Source: SiriusDecisions 2016*

Aberdeen's 2016 research report 'Marketing and Sales Alignment: Who is Agile Enough To Win?' stated that, from their survey across 322 end-user firms, those that optimised their sales and marketing relationship grew revenue at a rate of 38% faster than those who did not – double that reported by SiriusDecisions. Regardless of the size of the number, this is a significant impact.

Another important point to highlight here is how misalignment may be experienced by your customers and prospects. It's an area harder to measure than pipeline and financial outcomes but clearly it will impact both.

## Aligned Sales and Marketing teams are more likely to:

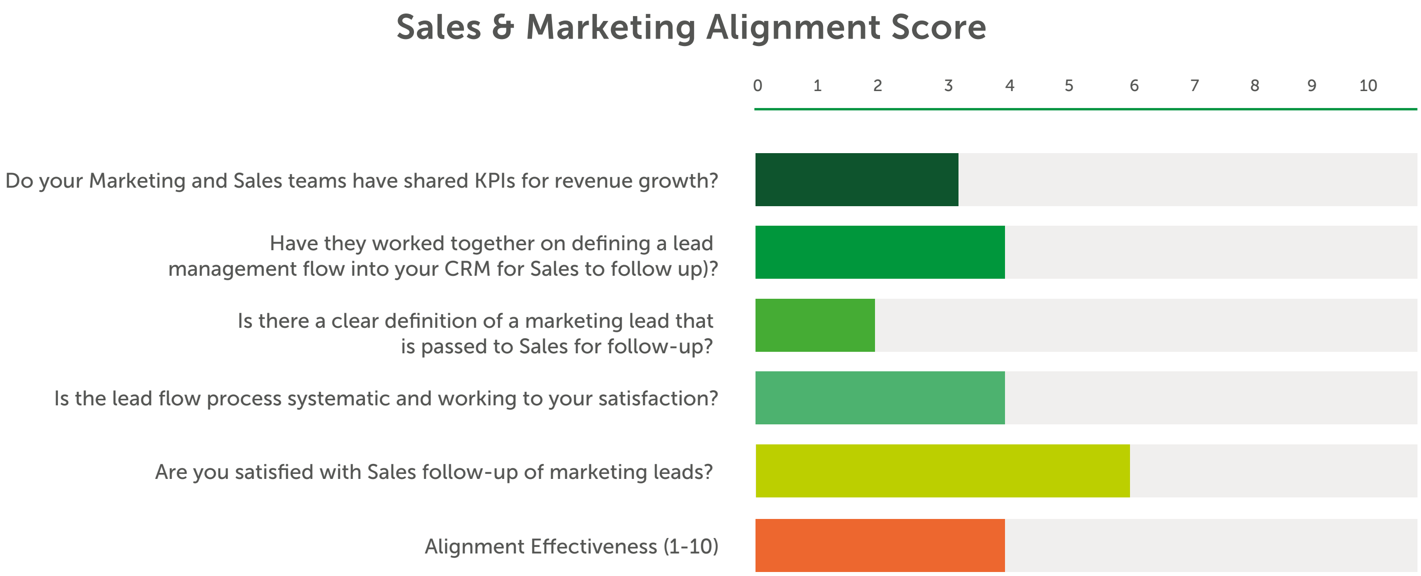
- Effectively engage the buyer, with no overlap or conflict across communications and messaging from both teams
- Provide the right insight content at the right time with the right offers through the end-to-end buying process
- Have more consultative and advisory Sales teams
- Provide thought leadership and insights personalised for the buyer segments
- Enable Sales to drive a consultative discussion when the time comes for face-to-face engagement.

A case study example of an effective SaMa 'team play' is a global HR services provider who produces regular content on the issues that 'keep their target customer up at night'. We refer to this as early-stage nurture content. Marketing curates and distributes the content using personalised email nurture streams and social channels, and transitions the type of content to position the capability of the firm as the buyer engages more deeply. Importantly, Sales is 'educated' on the content themes so that, when the buyer is ready to engage in-person, Sales can continue the theme of conversation. This enables consultative selling on business issues and impact.

# A Deep Dive with Five CMOs on Alignment

We had ‘deep-dive’ interviews with five experienced CMOs and asked them six key questions about their maturity of alignment with their Sales function. The firms represented were mid-large enterprises from the telecoms, financial services, professional services and IT sectors.

The table below shows the averaged responses with ratings out of 10.




*Source: Green Hat CMO Snapshot Survey, 2017*

So whilst this small sample was more satisfied with marketing lead follow-up than the broader research group referred to above (44%), this CMO group did not rate their alignment with Sales as effective. Some takeaways from the discussions were:

Surprisingly only one CMO has a mutually-agreed definition of an MQL with the Sales team

On shared goals for revenue growth, there was clearly some work to be done – one CMO stated ‘Marketing has a revenue achievement target but there is no real alignment with Sales. For example, we don’t meet with them to review progress against these goals.’

One CMO had impressive targets in place such as 15% of revenue being marketing-sourced and 50% being marketing-influenced, but still struggled to get the Sales team to embrace the lead management process within the CRM.

# Five Steps to Getting Alignment Right

Marketing does not work for Sales nor does Sales for Marketing. We now operate in a B2B environment where the buying process has changed (thanks to 'digital') and the buyer has the balance of power over the seller. So, the SaMa team must respond as a collective. The digital-savvy Marketing team has great value to add to the Sales team, and the Sales team's knowledge about the buyer and the buying process is invaluable for the marketer.

From our experience and research, we see five key steps for best practice SaMa alignment.

## 1. Shared Goals & Kpis

If goals, recognition and bonuses are aligned between the Head of Sales and CMO, both executives will be focussed on joint planning and structures to optimise their mutual success. Best practice teams will push these objectives downwards and promote cross-function planning to drive the right operational behaviour.

## 2. Bi-Directional Slas

There needs to be a 'contract' between both teams to commit to certain actions. Marketing needs to commit to metrics such as lead volume, quality and frequency, new contact acquisition rates and content assets. Sales needs to commit to metrics such as lead acceptance timeframes and lead outcome feedback.

## 3. Automated Lead Success Path

This is a key step and can become complex. Both teams should work together on defining the buyer's journey through the funnel and the relevant lead and opportunity stages. This lead lifecycle process needs to address many buying stages: contact acquisition, lead generation, lead nurturing, the MQL hand-off process from Marketing to Sales (ie the transfer of ownership of the lead), the Sales follow-up process and the close process.

Lead nurturing can often be the 'graveyard' phase when leads leak or stagnate in the funnel. Marketing needs to automate this process and then empower Sales to continue nurturing the prospect through sales-driven personalised communications. Sales need to also advise Marketing as to the information they need when the MQL is passed over.

## 4. Content Feedback Loop

We B2Bers are all doing 'content marketing' in one way or another. The best results are generated by those who get in the shoes of their customer and understand their strategic and operational challenges. Best-practice marketers appreciate the inherent knowledge that Sales have about the pain points of the customer and they tap into this as a key source of reference when building content, and do this is in two main ways:

Put processes in place for the Sales team to make recommendations for curatable content (from third parties) that can be used in customer nurturing

Put technology in place for Sales to easily get to content that helps them pitch and close (such as Highspot or Showpad)

## 5. Collaboration & Optimisation

The final step is to collaborate in order to systematically review and optimise. Set up a schedule for operational ‘stand-ups’ to check in on progress and for strategic stakeholder reviews to deep dive into performance against your agreed and shared targets. I recommend you formalise the SaMa Alignment within the business ensuring that the CEO, Sales and Marketing team members all understand the what/why/when/who/how of the initiative, the value to them personally and the business as a whole.

Brand your team internally, maybe The SaMa Performance Council, and create some buzz and energy around it.

# The Role of 'Integrated Automation'

To round off this discussion on alignment, I need to touch on automation and technology. A truly aligned B2B SaMa team is not possible without the right integrated tools in place. In its simplest form, this is (1) a CRM connected to a (2) Marketing Automation Platform (MAP). The MAP also should be connected to the website and social platforms.

## Why is this critical?

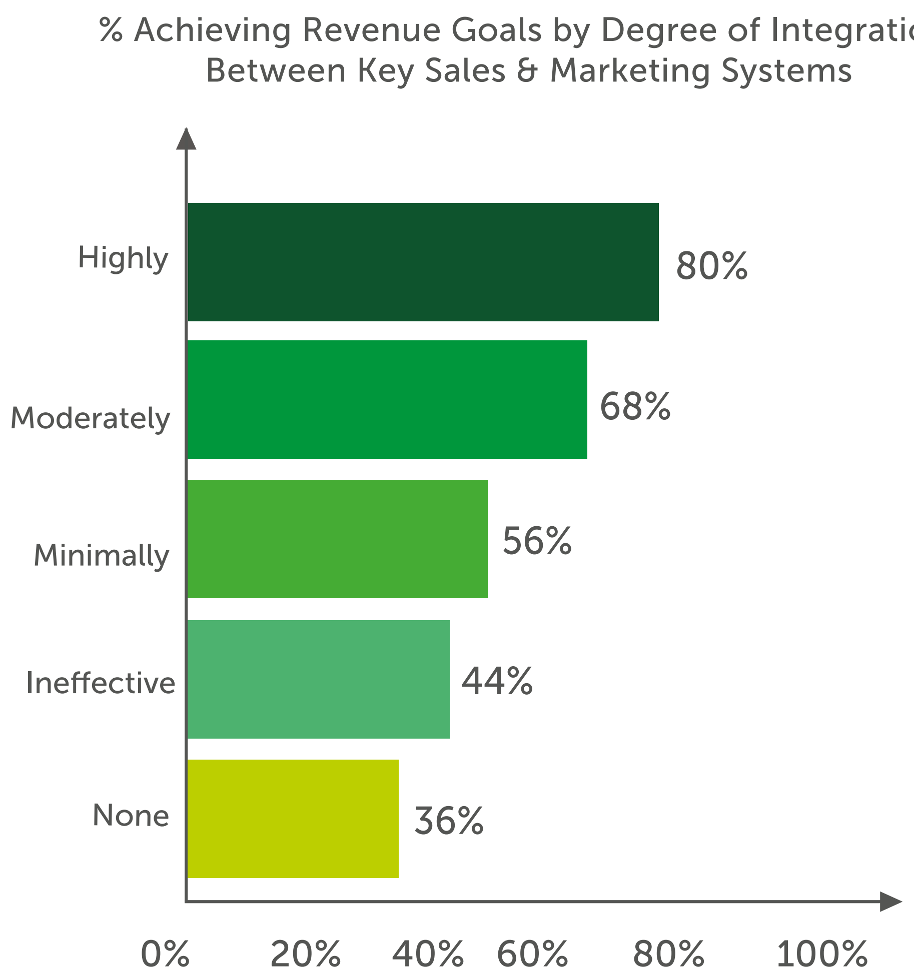
Lead generation, nurturing and management has become significantly more complex with the advent of digital. Leads can come from many channels such as a website visit, email, social media, organic search, an online advert – as well as the traditional mechanisms of events and telemarketing.

With so much data, it can feel like trying to drink from a fire hose! Marketing automation helps us get control of lead information in a systematic way. The SaMa team can define automated processes for lead scoring and lead routing to jointly develop a 'lead success path' – the pathway we would like our leads to follow – with provisions for all of those leads who take a detour.

The Marketing team can then empower their Sales counterparts in three key ways:

- Providing rich lead information pushed directly into the CRM, including data about the customer's online behaviour such as web pages visited and content topics they've shown interest in.
- Enabling the Sales rep to add the customer to 'nurture streams' that have been pre-set by Marketing but can be still be personalised on behalf of the Sales person.
- Delivering a range of alerts to the Sales rep so they can be ultra-responsive to customer activity.

Finally, on this point of systemising the alignment process, research tells us that there is a direct correlation between revenue success and the degree of integration between SaMa systems.




*Source: Demand Metric Research Corporation, Sales & Marketing Alignment Research Report 2013*

According to Demand Metric's research, organisations with highly integrated sales and marketing systems are 80% likely to achieve their revenue goals as opposed to a 36% success rate for those with no systems integration.

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likely to achieve their revenue goals.

# Summing Alignment Up

We live in a B2B business world where the CEO expectations of ‘more from less’ are unabating. The reaction of the Head of Sales and the CMO is usually to ‘look outwards’. Where can we find new markets? How can we grow wallet-share with current clients? What new products and services should be offer? What is our competition up to?

## All important questions. But how much improvement can be realised by ‘looking inwards’?

Ask yourself… How effectively are you processing leads? Are you aligned on the lead lifecycle process to minimise lead leakage and maximise MQLs through to Sales? Are your Sales and Marketing teams collaborating (I mean ‘really collaborating’ – not just paying lip service to working together)?

## What’s on offer is an uplift in revenue by being smarter internally.

‘Looking inwards’ is about optimising operational and alignment processes that are internal to the firm and, for many, this represents an untapped opportunity to drive incremental revenue through strategic planning from within.

For some more on SaMa alignment, check out this B2B panel discussion. Hear some insights into how Xero is addressing alignment in their organisation.

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Andrew is co-founder and managing director at Green Hat – a digital consulting agency specialising in B2B. He is the co-author of the annual Green Hat/ADMA B2B Marketing Research (BMR) report, Australia's most comprehensive study focusing on the state of the B2B marketing landscape in Australia. He developed the 3C3P Customer Lifecycle Marketing methodology – a B2B digital and pipeline marketing approach adopted by many blue-chip firms. He is passionate about the possibilities presented for improved Sales and Marketing alignment with strategic adoption of digital, automation and analytics.

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