

Are Sales and Marketing Working Together to Drive Revenue Growth?

“ If you
don't
drive your
business,
you will be
driven
out of
business.”

–B. C. Forbes



Driving your business takes a highly tuned revenue engine: your Sales and Marketing team. How is it functioning? Is it running smoothly or is it in need of a tune up? When you look at the numbers and sit in meetings with the two departments do you have a sense they are in sync? Energized? Speaking the same language? Do they share the same views of the strategy, market and customer?

Have Sales and Marketing changed their strategies and tactics to address the fact that buyers are buying much differently than they did just five years ago?

Multiple research studies are providing a compass. The studies indicate that over 60 percent of the buying process for many business products or services is concluded before the buyer contacts a sales person. In some product categories the percentages is a lot higher. The roles of Marketing and Sales have to adjust to how the buyer is buying.

While volumes have been written and continue to be written about Sales and Marketing alignment, Cerius tapped the knowledge of its marketing and sales executives for this paper to give CEOs a priority list of questions to start the assessment of their organization.



“ Profit in business comes from repeat customers, customers that boast about your project or service, and that bring friends with them.”

– W. Edwards Deming

Do Sales and Marketing agree on what constitutes a qualified lead for your company?

Leads are names and telephone numbers; qualified leads have met basic criteria and gone through a lead-scoring process.

Lead scoring typically involves explicit demographic criteria, such as company size, industry, job title, location, and the prospect's budget. Implicit criteria monitor the prospect's behaviors. How many times have they visited the website, or downloaded white papers or demos? Did they tune into a webinar? Click-through a link in email marketing?

Marketing and Sales have to agree on the scoring criteria, as well as what point a lead, often referred to as a marketing qualified lead, is turned over to sales for final qualification and acceptance.

Why it's important and what it suggests: This is the first step to answering several other important questions. It dictates whether time is spent on immediate follow-up; affects sales forecasts and performance; and helps determine what Marketing must do to nurture leads, and what content needs to be created for that process. You need to know what qualifies a lead before it gets sent for a more costly Sales follow-up.

How many qualified leads does it take to generate a sale?

If you choose just one question to spend time on, make it this one. This is the one that tells you how much gas you need to put in your engine and how far it will take you. With a glance at your dashboard metrics, you should get critical information: average deal size; the revenue target; and the number of deals it takes to reach that target. Your Sales and Marketing team should be able to instantly provide you with the conversion rates for each stage of your Sales and Marketing funnel, telling you the time it takes for a buyer to move through their research and decision-making process. This is your “funnel math,” and it requires a sophisticated funnel calculator to calculate the algorithm consisting of these variables.

Why it's important and what it suggests:

Knowing the conversion and time delay metrics for each stage of your funnel is the only way to know how many names have to be put into the top of the funnel every period, and how effectively the company needs to process the buyers through the funnel stages.



Do you know if there's a bottleneck in your revenue generation process?

If Sales and Marketing have aligned their respective processes to the stages of the buying process, and if the funnel metrics are providing a way to model and report on the progress, you will be able to see where the bottlenecks are. Marketing needs to listen to the customer to understand their purchasing process. This, in turn, needs to be communicated to the sales team, which then must align its process to the buying process stages. Finally, using the funnel math, they'll be able to see that leads are not progressing from stage 2 to stage 3, for example. They can then determine the reason, and take the targeted and correct action.

Why it's important and what it suggests: If there's a bottleneck in your process, it needs to be identified and solved before you can produce more output: closed sales. Throwing more money into the lead generation pipeline may not solve the bottleneck. Making product modifications or hiring additional sales staff may not solve the bottleneck. Without this visibility and transparency when revenue lags the usual explanations arise: Sales isn't closing enough, Marketing isn't generating good enough leads. The truth can only be found using more sophisticated funnel metrics.

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Does everyone on your marketing team listen to prospects and customers every week?

If you want to sell more widgets to more people, you need to understand those people. Marketing does a good job defining target audiences for planning purposes, but communication – listening – needs to happen on an ongoing basis. Companies who do this are at the top of the revenue pyramid – they create online user groups; do online surveys with rewards such as gift cards; invite customers and prospects onsite; and create and use customer advisory panels. These are just examples of several activities designed to capture and then use feedback.

Why it's important and what it suggests:

Marketing needs to understand what information prospects want in order to help them through a buying process. How can they design a marketing tool, such as a webinar, if they don't know what will resonate with the prospect? Why would you not solicit opinions from current customers who have already demonstrated that they are willing to give you their money? You may be missing out on critical incremental revenue opportunities if you don't take the time to listen to customers and see what they might be willing to pay you (more) for!

Are you involved in two-way conversations with prospects and customers online?

No company can afford to ignore the realities of the Internet and social media. Where your customers are, is where you need to be. If you do not have a highly visible presence, your competitor is there, taking your place. This includes monitoring what people are saying about you.

Why it's important and what it suggests:

Remember that the buying process has changed for all customers, whether B2B or B2C. Internet content and social media are where your customers are getting information to make their purchasing decisions. Sales and Marketing teams need to be proactive with online information, and be prepared to respond quickly if the situation warrants. Treat it as a sales or marketing telephone call that everyone is listening in on; an unreturned call is unacceptable and now everyone will know about it.

Is there a gap between company strategy and the action plans produced by Sales and Marketing?

It's not just crucial that Sales and Marketing be aligned with one another – it's also crucial that Sales and Marketing be aligned with company strategy and goals. Ideally, Marketing and Sales develop a plan together, tying it closely to the product strategy or company strategy. The plan should clearly depict how Sales and Marketing will work together to generate demand and revenue, as well as include key performance metrics.

Why it's important and what it suggests:

Involvement in company planning keeps everyone on the same page. The Sales and Marketing action plan needs to speak to and support the company strategic plan. You cannot establish accountability if Sales and Marketing metrics don't make sense for the overall company strategy.





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Additional Observations

- Look closely at your sales and marketing structure. It's common to have a VP of Sales and Marketing, but finding one executive with equal strengths in both those areas is uncommon. In certain situations this executive may be tempted to spend a disproportionate amount of time and energy on sales because of the pressure and requirement of hitting specific revenue goals. Make sure any weaknesses in his/her skill set and experience are balanced by a strong director of marketing. Conversely, a VP with a strong marketing skill set should be balanced with a strong director of sales.
- Review your compensation structure. Well-aligned, high-growth companies have found success tying sales compensation in part to how efficiently they move leads through the mid-stages of the funnel, and in part compensating marketing on the number of wins, or win-ratio. The reason you want to pay attention to this is these are the companies that tend to outperform their competitors!
- Pay attention to nuances in your sales and marketing reports – not just numbers. For example, if you utilize the funnel concept for your sales and marketing process, does your sales and marketing team see itself working with one funnel, or two? If they see themselves working with a marketing funnel, and then a separate sales funnel, that is a sign they are not working in alignment!
- Support your sales and marketing team with technology tools and training. This applies to everything from a dynamic website, to the latest CRM and marketing automation systems. Technology is key to full alignment and measuring what matters. Make sure marketing has access to the CRM system and that all demand generation and nurturing programs are integrated with the CRM system.

Overall, as stated by one of our interim executives, "Enlightened companies are generating revenue growth by Sales and Marketing working seamlessly together." Your answers to these questions can help you assess whether your revenue engine needs merely a tune-up, or a major overhaul.

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