Cracking the Code on Marketing and Sales Alignment

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The dynamics of the 21st Century are forcing businesses of all sizes and types to be able to react quickly and decisively to rapidly changing business and competitive conditions and changing customer demands. The more agile a company, the faster it can respond to market dynamics and develop new products and processes, recognize new opportunities, and redeploy resources accordingly. The degree of agility may be the difference between being a market leader instead of an also-ran. Agility requires proactive planning, business intelligence, alignment and collaboration among all the key functions to make the right decisions and turn opportunities into a competitive advantage. One of the key alignment issues facing many companies is the alignment between Marketing and Sales.

Marketing and Sales Alignment Remains Elusive

At the recent Red Herring CMO Summit, the results of their CMO survey revealed that marketing and sales alignment is one the study participants top five strategic issues for 2007 with 42% of the respondents giving it a nine or ten in terms of being a crucial issue to address. The issue of marketing and sales alignment isn't new. Most marketing and sales people have been in organizations where marketing has been known to accuse sales of not following up on leads and refusing to track leads through the sales cycle and sales has been known to accuse marketing of not providing viable qualified leads. This misalignment is often attributed to a variety of factors, such as different goals, different timelines, and different psychologies. Market dynamics such as commoditization, the Internet, mobility and virtualization and changing business models only compound the problem. Companies attempting to resolve the issue often approach the problem by trying to tighten the alignment of marketing activities within the sales cycle, improving coordination around lead generation, and increasing sales force participation in the marketing process. Sadly these attempts often fail. Regardless of various approaches taken by companies to address this issue, the lack of alignment and collaboration between marketing and sales persists. Both organizations need to change for the organization to succeed.

From Transactional to Customer Centricity

To achieve greater alignment, both organizations need to decide together which market segments offer the best opportunities and deserve the highest priority. Today's buyers are more sophisticated and today's buying processes are more complex. The transactional approach of marketing generating qualified leads that sales then brings to a close is an outdated view. The transactional approach is what permits marketing and sales to operate as independent silos. This results in Sales immersing itself in the latest training, engaging in calling on customers and focusing on post-sale efforts and Marketing focusing on implementing various campaigns and coordinating a variety of tactics.

A customer-centric approach offers hope. Customer Centricity requires a company to look at the world through the eyes of the customer, what they want from you, what they expect from you, what they can count on from you. One way to become more customer-centric is to move from looking at the world from a selling perspective to taking a customer relationship lifecycle perspective. Taking a customer relationship lifecycle approach provides an avenue for alignment by focusing both organizations on the same set of outcomes – creating, keeping and growing the value of customers. The customer relationship lifecycle begins the moment a customer appears on the radar screen, moves into the lead-sales funnel, emerges as a customer and engages in a variety of experiences that result in them becoming an advocate. The customer relationship lifecycle provides insight into which customers provide the greatest values to your company. As result, the company can create a set of common metrics for both organizations which will help ensure alignment. Customer relationship management metrics include buying related metrics such as recency frequency and quantity; cost related metrics such as gross amount of money spent on acquiring and retaining the customer through marketing dollars, resources spent generating each sale, and post sales service and support; and customer value related metrics such as the duration or longevity of that customer's relationship with your business, the referral rate, and share of wallet. Establishing a common set of customer-centric metrics facilitates alignment and collaboration and provides both organization with customer-oriented vocabulary and set of priorities.

Does Alignment Matter?

While no one can offer any guarantees, aligning Marketing and Sales makes good business sense and ultimately impacts the bottom line. A study conducted by Aberdeen on sales effectiveness with more than 200 executives from the executive, sales, marketing and IT management functions study found that companies that had strong collaboration between these two functions achieve a higher sales effectiveness. For many companies, this additional boom in sales more than justifies making the effort.