

Why Align?

What are the topics of conversation around your office? That most likely depends on whom you talk to.

From sales reps, you probably hear complaints about low-quality leads or those that take too much nurturing to move through the sales funnel. They likely also complain that the marketing department's content does not work or is not granular enough for the specific targets, situations, or markets the sales team encounters. For example, maybe your sales reps come back from an event griping that a competitor's booth was larger, had more of a crowd, or looked better. Maybe they argue that the organization's marketing message isn't differentiated or compelling enough for them to turn opportunities into action, or that marketing is simply out of touch with the customer's needs. Your sales reps might even wonder out loud why the organization is focused on one market instead of targeting the obvious opportunity in another market.

When you talk with marketers, you probably hear their dismay that the sales department doesn't appreciate the volume of leads marketing generates and that they are too slow to follow up on hot prospects. Your marketers might mention that the content they're creating isn't being used at the right times, or at all. Maybe they express their frustration with sales reps who are too aggressive in meetings or who get preferential treatment for hitting their numbers.

Maybe marketers complain there's never enough budgeted for them to keep up with competitors. Perhaps they talk about being frustrated by not having time to create the never-ending stream of content requested by sales, or to get out in the field to visit customers and really research the market.

Does any of this sound familiar?

Think about what you're hearing from other teams within your company, or worse, from your CEO. Have they commented about the high turnover of sales reps, the missed sales forecasts, the recent loss of a major opportunity, budgets that aren't covering what's needed to win, complaints from customers, or competitors who seem to close bigger deals or have more marketing impact?

There is likely a lot of truth behind all of these complaints and the common cause is sales and marketing misalignment. The consequences of this can be dire.

Misalignment Stalls Your Path to Growth

Misalignment between sales and marketing is holding back the growth of your company—and your career.

Think about the last opportunity your organization lost and how different departments could be considered accountable. Maybe the salespeople couldn't find the content they needed, couldn't quite get the value proposition right, or couldn't articulate exactly why the customer should buy from you instead of your competitor. Marketing may not have warmed up the prospect with relevant campaigns, or may have issues with lead processing leading to lack of timely follow-up. Critical definitions and handoff points may be full of friction.

Now think about how these issues and others combine to prevent your organization from closing more business. All of those barriers to growth are caused by misalignment. According to SiriusDecisions, misalignment is to blame for companies' missing out on 19 percent faster revenue growth and 15 percent higher profitability, as shown in Figure 1.1.

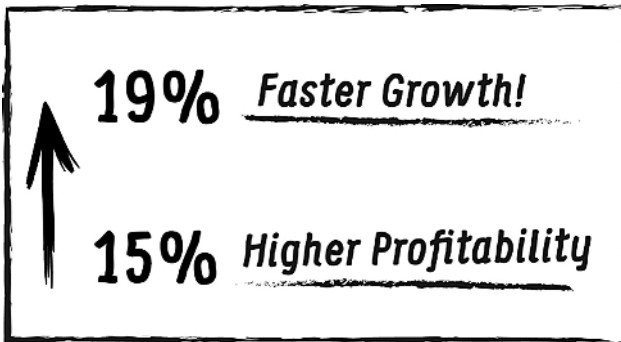


FIGURE 1.1 Aligned teams are higher-performing according to SiriusDecisions, who found that more aligned companies have significant strategic advantages over their competition.

Source: SiriusDecisions

Misalignment Leads to Mistrust and Hostility

Misalignment is rooted in the differences between how sales and marketing work, what it takes to be good at each, and how each department's success is measured. Marketers look at the big picture of markets and campaigns, while sales focuses on one deal at a time. Good sales reps are driven and aggressive, while good marketers are creative and analytical. Marketing success is based on awareness, impact, and quantities, while sales performance is measured by quota attainment.

In most organizations, sales drives revenue and marketing drives lead generation and awareness. Marketing looks at win rates and conversion rates across the sales funnel, takes the revenue target for the next quarter, and calculates how many leads are required for sales to hit their number. Sales uses the leads and content that marketing gives them and tries to close as many sales as possible.

The two departments are inherently different—from how they are compensated to how they are educated—and that's good, but it

can also make it hard for sales and marketing to work together. The two teams are frequently at odds over issues as small as how to score an individual lead or as large as which markets to target. That results in mistrust, avoidance, and outright hostility between the groups, some of which is even enabled by misguided CEOs.

Get It Right: Take Those First Steps Toward Alignment

Christelle Flahaux has been a pioneer in using data to bridge marketing and sales in her senior-level roles at MapR Technologies, Jive Software, Marketo, Taleo, and Ariba. Christelle's most recent role was to sit between sales and marketing and use data to bring them into alignment. What it takes, according to Christelle, is working together and relying on data to build agreement.

"In a previous company, I discovered early on the job that our lead scoring wasn't effective," Christelle explained. "Marketing thought we were doing great because we were delivering leads that scored well, but sales complained the leads were junk. It took us a while to figure out how to do it right so we weren't delivering 20,000 marginal leads, we were delivering 3,000 good ones."

It was more than just a revamp of the lead-scoring methodology. Instead, it started a deeper conversation between marketing and sales to discover what was really important.

"We walked the sales team through our scoring methodology and discussed each and every point," Christelle continued. "What firmographic information is important? Should a tradeshow lead get more points? No. Should a white paper download get more points? Maybe. Walking through the logic helped to flesh out the thought behind it and make it transparent. It really built trust between the teams."

As they figured out the appropriate lead-scoring models, it led to more conversations and more collaboration on different items, all of which brought the teams closer to alignment.

"Eventually we talked instead of getting angry at each other," she continued. "Marketing can ask for more budget

to get more leads to help sales meet their number, or we can jointly figure out how to increase close rates so sales can hire more reps. We ended up being a joint team figuring out how to meet the overall goals together.”

Not getting angry at each other doesn’t mean not having disagreements, however. Christelle relies on data as the key to finding a solution and avoiding lingering issues.

“If you’re upset, you tend to make blanket statements, like ‘We don’t have any leads,’” she added. “When we rely on data, we can turn it into a fact-based conversation. We can both see exactly what’s happening. Data takes the emotion out of it. It keeps you from getting defensive, especially if you approach it [by saying], ‘Let’s both sit down and look at the data.’ It also helps you figure out what the true issues are and points you in the right direction to fix them.”

Here’s What We’ve Seen—and Why We’re Devoted to Changing It

We’ve each been in leadership roles for more than 20 years, and we’ve seen our share of aligned and misaligned sales and marketing teams. We’ve worked under CEOs who understand the value of alignment and build a culture that fosters communication and collaboration, and we’ve worked under CEOs who encourage hostility between the teams, thinking that more tension yields better performance. We’ve also each worked with good and bad counterparts, and have learned that alignment takes commitment and work from both teams, especially their leadership.

Tracy experienced blatant misalignment firsthand when, as a newly hired SVP of marketing, she was introduced to her executive sales counterparts and they wouldn’t even shake her hand. Their behavior was rude, obviously, but after watching a revolving door of marketing leaders come and go, their reasoning was sound: “You won’t be around long, so why bother getting to know you?”

Andrea, as VP of sales, reached her misalignment breaking point while working with a counterpart in marketing who agreed again and again to help her out, but eventually did only what he wanted to do. When she encouraged him to work together with her on messaging improvements, he said they were just going to have to agree to disagree. What? Does that seem like reasonable progress towards alignment? No. Instead, it created a situation where marketing could take the blame if his messaging didn't work, but where he could say, "I told you so" if it did work. Andrea went about her business and found ways to work around marketing instead of *with* marketing. This undoubtedly took a toll on the company's performance, including revenue.

We've also both been exposed to the temperamental sales VPs who throw marketing under the bus every chance they get, and who always demand their way because they control the revenue. Similarly, we've all seen a weak CMO who thinks that branding is the only thing that is important. Or is myopically focused on lead-generation volumes and ignores the quality, messaging, and win rates.

Through it all, we've come to the obvious conclusion that aligned sales and marketing teams are more powerful and more productive, and create a more valuable company. Alignment also creates a more enjoyable workplace, one where marketing is challenged to perform at its best, where sales become easier, and where the entire company is aligned around one thing: growth. But alignment is hard. It's easier to live with the status quo, in the short term at least. We argue that, as a leader, you can't wait any longer. Here's why.

B2B Sales Has Changed Dramatically

Sales is difficult. First, salespeople travel—a lot. Hotels are their weekday homes, the club level is their dining room, and flight attendants know them by name.

Second, they are constantly rejected. It's not uncommon for people to hang up the phone before salespeople can get through the first sentence; that is, if anyone takes the call at all. Sales reps know that people rarely respond to their voicemails and emails. They've learned not to take it personally.

Finally, the pressure on salespeople is enormous. They're one missed quota away from unemployment. They're also responsible

when a deal is lost. But this also means they can never give up; they must draw on their reserves of tenacity and resilience to try again and again. That's what has always made a good salesperson.

Until very recently, there were also some perks. Being in sales meant access to expense accounts, steak dinners, and golf outings because wining and dining was the way to win deals. Relationships trumped almost everything else and relationship building was the key to winning business.

How deals are closed today, however, is much different. Sales reps are no longer trusted advisors who are there from the beginning of the purchasing process. Thanks to the amount of information available online, prospects have more control. They do their research and consider options before sales is ever directly involved. As a result, a salesperson's role is less about building relationships and more about providing information when asked, challenging a prospect's objections, and earning the right to become an advisor.

Technology has given customers the ability to know as much about our company, our offerings, and our competitors as we do. Products are more disposable. Services are more interchangeable. Customers no longer take our word for it, and everything we say in our pitch is verified or discounted within minutes.

On the inside, each sales rep is now responsible for many more deals. Everything they do is tracked by managers and rolled up into forecasts. Promotions and demotions, opportunities and targets, are all based on *the data*, the metrics a company uses to evaluate sales performance.

On the outside, competitors have an easier time looking more successful or bigger than they truly are. They can see where you've been, where you're heading, or who you're connected to. Launching a competing offering is as easy as creating a new webpage.

In other words, sales is hard and it's getting harder. Salespeople need help—and that can come from an alignment with marketing.

B2B Marketing Has Changed Dramatically

Marketers are responsible for providing customers with the answers to the questions: *Why do anything at all? Why now? And why this company?* Marketing has to create awareness campaigns and messages

that are broadly appealing yet still differentiated, and they need every customer to feel unique and special.

Until very recently, marketing was a creative role driven by gut feelings. Marketers designed advertisements, wrote brochure copy, and decided if the company logo should be printed on pens or coffee mugs. They planned events at luxury locations with big budgets. And it was easy to pump unqualified leads into the funnel simply by running another campaign.

How marketing works today, however, is much different. Data trumps gut feelings. Marketers send tens of thousands of emails in an instant, knowing only a few dozen will be opened. Pumping more leads into the pipeline doesn't matter if the lead quality is poor. Securing solid leads requires an understanding of keywords, social media, and streaming mobile video platforms.

On the inside, marketers are driven by data. They look at conversion rates and web referrals and followers and shares. They scrutinize analytics, reports, dashboards, pie charts, and traffic estimates. When they have time, they worry about the new social media sites a company does not use and the blogs where it wasn't mentioned.

On the outside, marketers find it harder to compete. Their voice is lost in a sea of noise. Bigger budgets aren't the answer to besting competitors who go viral. Existing budgets are spread across more channels and more technology, and competitors are younger, faster, and know more about us than ever before.

What remains true is that marketing exists to make sales easier. Again, it's a question of alignment.

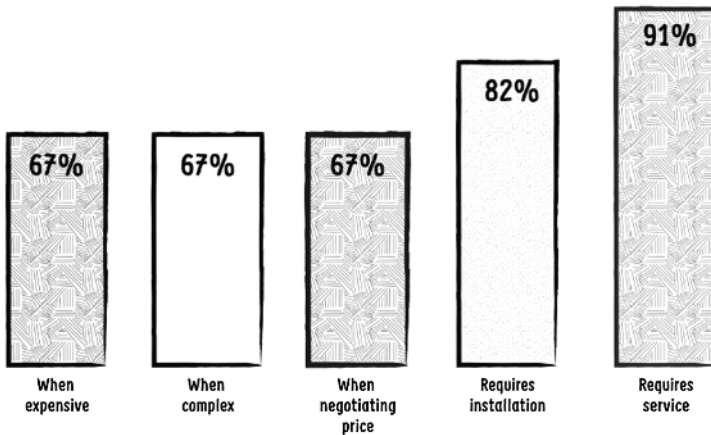
Your Customer Has More Power and Information than You

As mentioned before, customers have become increasingly powerful. Business-to-business (B2B) sales is now, as they say, a buyer's market. For example, consider when you purchased your last car. You probably built it online first, looked at customer reviews of the model and dealerships, read articles on quality and performance, and found the dealer's invoice price so you knew exactly how much to pay. And you did all that before you even left your house.

What we've come to expect in consumer shopping—nearly complete transparency—is what we're now expecting in business transactions as well. The entire Internet is at our disposal, making it easy to find company and product reviews, scrutiny from professional bloggers and analysts, recommendations from other customers, insights from news and social media, and more. A company website provides potential customers with only a sliver of the information they can find with their own research.

There is so much readily available content that, according to CEB, an executive advisory company, nearly 60 percent of the buying process is complete before a sales rep ever gets involved. What's more, as shown in Figure 1.2, up to a third of customers in certain types of purchases would prefer not to interact with a sales rep at all. Salespeople and marketers once relied on becoming trusted advisors to their customers, but they're being quickly replaced by websites, blogs, and tweets.

For what types of purchases do you prefer to interact with a sales rep?



Base: 224 US B2B buyers and sellers

FIGURE 1.2 Forrester Research found that, while B2B buyers are doing far more self-guided research than ever before, they still choose to work with sales reps as purchases become more complex.

Source: Forrester Research, Inc., "Death Of A (B2B) Salesman," April, 2015.

This pivotal shift in B2B commerce has profoundly changed how sales and marketing teams must perform their craft. The old ways of selling and marketing are quickly becoming obsolete. Sales happens less often on the golf course and more in a web meeting. Marketing has less punch on a billboard and more through a tweet.

This shift is also disrupting the relationship between internal sales and marketing divisions. Marketers have to think more like sales reps, and reps have to think more like marketers. Marketing can add a “buy now” button to a website as easily and quickly as a sales rep can send a message to thousands of opportunities.

Despite this, the customer’s increased ability to find information represents the critical rallying point around which sales and marketing must align. Recognizing that the customer has more power and information than ever is the first step. Sales and marketing uniting to deal with this new reality in the B2B world is the next step. This means working smarter and working together. To win, sales and marketing have to be tightly aligned in how they work, how they communicate, how they manage customers, and how they drive growth.

Misalignment Means Misunderstanding

Our marketing team at InsideView conducted an alignment survey of 1,000 B2B sales and marketing professionals (we’ll dive deeper into our findings in Chapter 7). We found that neither sales nor marketing really understand what the other does.

Sales perceives marketing as being full of people who spend too much time on branding and events, trying to attract lots of eyeballs without much consideration for how they translate into revenue. Most sales reps assume that this leaves marketers out of touch with the real needs of customers.

In a year, marketing talks to only a fraction of the customers that sales talks to every day, so sales resents marketing’s claim to truly know the industry and have accurate customer personas. Worse yet, marketing provides sales with their leads, but they aren’t responsible for, nor measured on, pipeline or closed deals.

When marketing looks at sales, they see a bunch of mavericks driven only by quota. A marketer’s perception of successful reps is that they can do whatever they want, go weeks without entering

information into their customer relationship management (CRM) or other systems, and spend lavishly on expense accounts. Often, marketing thinks sales are coin-operated wheeler-dealers who are driven to find easy opportunities to put money in their pockets.

The presumptions on both sides are wrong, which becomes instantly clear if we look at how each team is measured. In our survey, we found that sales is frequently measured on much more than quota attainment. They have goals for new accounts, renewals, and upsells. We also found that two-thirds of marketers are measured on pipeline, and more than half are measured on lead *quality*.

What's apparent here is that sales and marketing are made of strikingly different personalities who continue to misunderstand each other's real roles, which are closely intertwined. But miscommunication and misperceptions don't tell the whole story. In fact, they merely scratch the surface and point to deeper, systemic issues within both teams and within most companies—and the problems are getting worse.

Get It Right: Ask Questions that Can Only Be Answered by Aligned Sales and Marketing Teams

Elisabeth Hawkins is the director of demand generation and marketing operations at PagerDuty, an operations performance platform designed to make businesses more reliable. It's a unique role that wouldn't have been thinkable just a few years ago, and it puts Elisabeth at the nexus of sales and marketing alignment. This was especially true as her company transitioned to seeking a new type of customer.

"PagerDuty was focused on smaller companies but wanted to expand to larger enterprise customers," Elisabeth explained. "It totally changed how we went to market and how our sales teams interacted with customers. We went from relying on free trials as a lead generator to working with large purchasing teams that required different content, presence at events, and complex programs that we didn't have before."

That fundamental shift in target customer brought many of their misalignment issues to the forefront, and also made it

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clear that sales and marketing would need to work together if PagerDuty was going to succeed. A key decision to drive alignment was to have marketing take responsibility for revenue, not just leads.

“The strategic change in customer exacerbated all of our existing challenges,” Elisabeth said. “We quickly saw that alignment was critical if we were going to scale. We also saw that marketing should be held to 100 percent of the revenue goal. Every lead encounters some sort of marketing along the way. Sales might have initiated the deal, but they’ll get an email or look at some collateral eventually. Now that marketing has responsibility for revenue, they are taken more seriously by sales. It makes marketing more relevant in the eyes of the sales reps.”

Once alignment started happening, it became easier for sales and marketing to quickly move beyond blame when a roadblock appeared and jump right to a discussion of solutions. Like others, including us at InsideView, lead scoring became an instant focal point.

“We wanted to get back to the basics,” Elisabeth added. “We wanted a lead scoring model that everyone could understand and explain. It’s also the first critical handoff between sales and marketing, so it’s a great place to start working on alignment. Then it’s easier to start looking at the other handoff points and hold each other accountable.”

As Elisabeth and her colleagues became more aligned, data became the next obvious focus.

“We started to ask ourselves about the minimum amount of data we needed to achieve our goals,” she continued. “Did we need a lead’s industry and number of employees? If so, where was it going to come from? Should we automate it with a service or rely on sales to research it? These were questions that both sales and marketing had to agree upon since we were going to be heavily relying on that data. But then we started thinking about targeting, and we knew based on experience that a great lead for us was a company who was ‘tech forward.’

You can't just buy that data. It's not a typical attribute you enter into a lead form."

Since the teams at PagerDuty were already well aligned by this point, it was easier to work together with the common goal of growing the business.

"It became a great conversation starter, just asking ourselves who are our best customers and why," Elisabeth added. "Having those discussions, figuring it out together, and deciding how to make it happen really brought out teams closer together."

Misalignment Is Getting Worse and Here's Why

Most sales and marketing teams are so wrapped up in their internal goals and metrics that the "customer" becomes this external, almost imaginary, entity. Sales and marketing think about generating more leads and closing more deals more often than they consider what customers want. This inward focus creates blinders that mask the real, external forces that are causing further fractures and divergence in how sales and marketing work together.

Technology Broke Down Silos and They Grew Back

In the 2000s, enterprise software was the end all, be all to your B2B ills. One of the key benefits, according to software vendors, was the elimination of silos of data created by legacy systems. The promise: Put all of your data into our system and finance can see sales forecasts, customer service can see billing issues, and sales can see marketing touch points. It was a great concept and it worked. But now, with cloud-based tools and new channels popping up, it's easier than ever to add new software tools as you attempt to keep pace.

In a nutshell, here's what has happened: You have too much technology, you have too much data, and everything is constantly changing. It creates distractions and silos, which exacerbate misalignment. We'll dive deeper into this in Chapters 5 and 6.

The Boundary Between Sales and Marketing Is Blurry

Largely due to technology, sales reps and marketers are stepping into each other's role more and more and their tasks are converging. Add to this the extreme level of miscommunication or lack of communication entirely and you have *both* sales and marketing doing what's best for themselves instead of collaborating on what's best for the customer and the company's growth.

For instance, if a sales rep wants to invite 25 prospects to an event to find more opportunities, they do it without including marketing. Meanwhile, if marketing wants to start working on the automotive market to get more prospects, they do it without any input from sales. Sure, they each might give the other a heads-up, but the focus on remaining independent keeps both groups from considering the full impact of what they're doing and how it affects the other—or the customer.

Your Current Success Shouldn't Fool You

Right now you may be thinking something like, “Well, things are going pretty well at my company without all of this alignment stuff.” Think again. Industry analyst IDC claims that a lack of sales and marketing alignment can cost you 10 percent of your revenue. *Ten percent!* Think about what an extra 10 percent in revenue could mean for your company. A study by marketing automation provider Marketo found that well-aligned teams have win rates 30 percent higher. *Thirty percent!* What would a 30 percent higher win rate have meant for your company last quarter?

You might be perfectly content to stick with your current business process, keeping sales focused on closing deals and marketing focused on filling the funnel. But before you decide to take no action, consider the benefits of sales and marketing alignment: You could increase revenue, profitability, win rates, and more. Why wouldn't you align? Compared to the performance of an aligned organization, your current success isn't actually all that great. We asked Jim Dickie, former managing partner at CSO Insights, a sales and marketing effectiveness research firm, why all companies aren't jumping on the alignment bandwagon.

“I honestly don’t know,” Jim says. “This should be a boardroom-level discussion. It’s that important. Our research is showing that B2B win rates are steadily declining and are now around 47 percent, on average. That’s terrible. The odds of winning at the craps tables in Las Vegas are 49 percent, so companies would be better off gambling!”

Jim says that companies think too much about how much it costs to drive alignment and not enough about the price they pay for resisting change. “The cost of doing nothing is magnitudes higher than of doing something,” Jim added. “When I see companies doing nothing, it makes me cringe.”

What It Takes to Align

Let us define alignment by pointing to a metric of *misalignment*. In our survey of 1,000 sales and marketing professionals, we asked them this question: How often do you meet with the other team to discuss pipeline? As you can see in Figure 1.3, nearly two-thirds of sales said *quarterly or less*. More than three-quarters of marketing said *monthly or more*. That’s quite a discrepancy. We can’t imagine anyone is lying, so how can they be so out of sync?

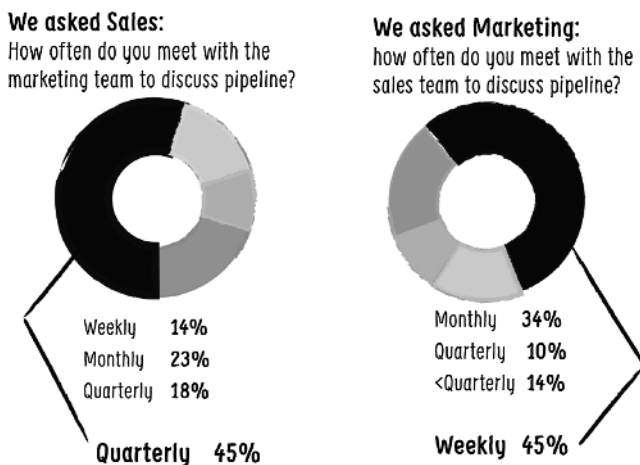


FIGURE 1.3 Simply meeting to discuss pipeline resulted in widely different answers from sales and marketing teams.

Source: Demand Gen Report and InsideView Inc., “Cracking the Code of Sales & Marketing Alignment,” February, 2016

The roots of misalignment stem from such fundamental issues as communication and perceptions, but it's so much more than that.

Alignment means creating a common focus and putting everything behind it. In this book, we'll make the case for why pipeline must be the focal point, why data must be the foundation for alignment, and why growth must be the common thread.

We're not advocating for the end of marketing and sales as we know it. We believe they are two distinct teams with two distinct roles that require two very distinct skill sets. We see alignment as turning these two teams into a collaborative, focused unit racing towards the same goal.

Sales and marketing alignment isn't easy. But putting growth at the center of your efforts gets everyone focused on the same point. It becomes the central goal around which an aligned company can be built.

Face It: You're Codependent

InsideView's CEO, Umberto Milletti, likes to say that the sales and marketing relationship is a codependency. Both teams need each other to succeed.

It's almost expected for sales to market and marketing to stay engaged closer to the contract signing. Buyers are choosing their own paths, so they interact on a whim and follow their own process, not the one your company has set. Alignment helps organizations adapt because there will be more collaboration, more handoffs, and more blurring of lines between the two teams.

"CMOs have to understand much more about the entire revenue process than ever before," Umberto explains. "Much more than just lead flow, but even into the granular challenges sales reps have in converting pipeline into revenue. In the other direction, sales VPs have to think about and understand the marketing activity that moves deals through the funnel."

The aligned organization means that both teams are reliant on each other, so those with combative approaches are going to have a difficult time. If sales thinks they are in charge, they will get less collaboration from marketing.

“Sales is more dependent on marketing, so they have to have less of a cowboy mentality,” Umberto continues. “That won’t work long term. Sales absolutely needs marketing to be successful.” But just as with any modern relationship, if it’s not working out, both teams are often more willing to call it quits than try to work out a cooperative solution.

“I’ve seen sales executives be much quicker to say, ‘This CMO isn’t working,’” added Umberto. “They used to just write marketing off, stop working with them. Now they will push for a change in leadership. Marketing does the same if they see that their hard work isn’t turning into revenue or they don’t see the necessary talent downstream in sales. Those CMOs are pushing harder because they are measured on pipeline.”

Alignment takes a good deal of understanding of each other’s roles, challenges, and actions. Both sales and marketing rely on the other for high performance. Both teams have to be willing to work together, and they also have to realize that they’re ultimately accountable. If your people are not holding up their end of the relationship, their days may be numbered.

To be clear, aligning sales and marketing isn’t some feel-good effort. Tight alignment pays tangible, higher-value dividends. Operationally, we’re talking about things like improving prospecting results, higher lead-conversation and sales-win rates, lower customer-acquisition costs, and increased productivity among marketing and sales teams. Strategically, it gets even better: faster close rates, improved customer retention and expansion, better understanding and targeting of a company’s best customers, and a widening of total addressable market.

Ultimately, we believe sales and marketing alignment opens the door for a new and shared vision that represents a better way forward. It also means getting back to the basics and working together to set shared goals and move toward common outcomes.

What to Expect from This Book

In this book we'll show you how to prepare your company for alignment, how to get the leadership behind it, and how to get both sales and marketing on board. We'll detail why data must be the foundation of any successful alignment initiative, and we'll explain how to use the four pillars of alignment (leadership, culture, process, and technology; see Figure 1.4) to your advantage.

We'll also show you how to overcome objections and avoid mistakes along the way. Throughout the book you will find case studies from companies who have taken on the challenge of alignment.

As preparation to write this book, we interviewed over 50 respected sales and marketing thought leaders and pored over hundreds of articles and analyst reports on sales and marketing alignment. In addition to *our* thoughts and research, we'll also share tips from these leaders and insights from noted experts and analysts.

Let's go!

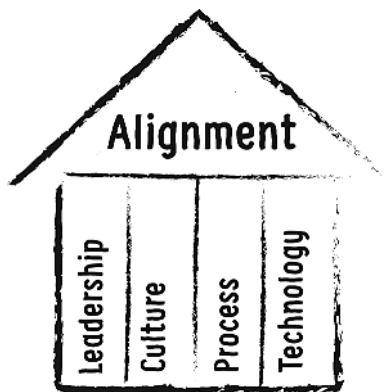


FIGURE 1.4 Alignment is built only with the support of great culture, process, leadership, and technology.