



Aligning Sales and Marketing Over Agreed-Upon Metrics

Inside ™

Success in 2023 Will Require Sales and Marketing Alignment – Why and How?

Technology vendors are facing challenging economic conditions, reduced quarterly income due to longer sales cycles, and larger selection committees due to hesitancy in choosing new technology.

The average sales cycle has increased 22% over the past 5 years due to more decision makers being involved in the buying process. Soon customers will manage 85% of their relationships without talking to a human source.

Additionally, a reduction in operational cost structures has necessitated a re-shuffling of internal work assignments, and IT resources have been re-prioritized to maintaining the integrity of existing applications versus completing new tool implementations and integrations.

Responding to this “perfect storm” requires bringing all sales and marketing hands on deck to focus on winning new business with the resources at hand.

But sales and marketing alignment continues to be a challenge for many organizations, for several reasons.

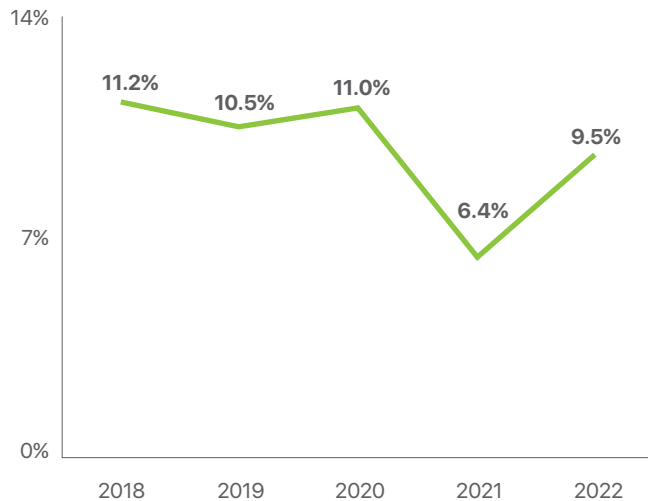
“

Organizations with tightly aligned sales and marketing teams saw 27 percent faster profit growth, and 36 percent higher customer retention. What’s more, 56 percent of these companies met revenue goals and 19 percent exceeded them.”

— HubSpot

As you can see, the percentage of company annual revenue allocated to the marketing function has recovered somewhat from where it was during the depths of the pandemic, but if year-over-year revenue growth is flat, the marketing budget is as well.

Marketing Budgets as Percentage of Total Revenue



With these limitations closing in, the top challenges become even more difficult to overcome. And proving the ROI of marketing activities is a key concern.

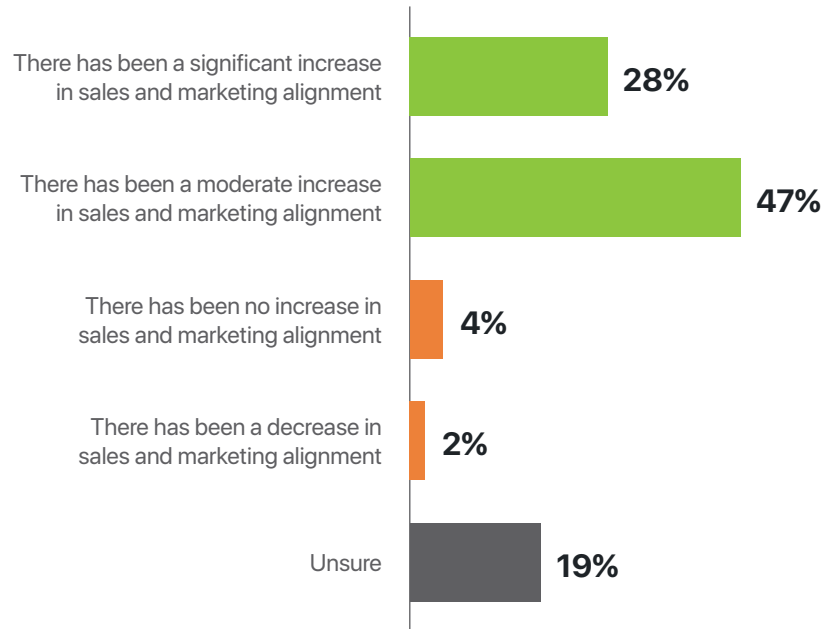
What are your company's top marketing challenges?



A common belief is that implementing an ABM strategy, the favored program of a more focused marketing spend, is the best way to create alignment between the two teams. For some companies, that's true.

Impact of ABM in Sales and Marketing Alignment

“Since executing ABM, have you seen an increase in sales and marketing alignment?”



Published on MarketingCharts.com in September 2022
Data Source: Demand Spring

Based on a survey of 100 B2B marketers in North America

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While ABM is the poster child for sales and marketing alignment, the truth is that whenever sales and marketing teams work closely together, companies see shorter sales cycles and increased revenue.”

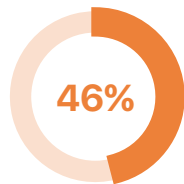
— SALES HACKER

However, the need for improvement is larger than that.

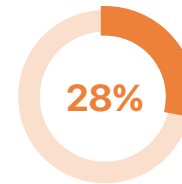
Here are a few more compelling reasons to not leave alignment between the two teams in your company to chance.



Cross-functional data visibility impacts performance



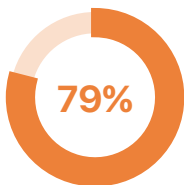
46% of marketers report that data quality and accuracy negatively impact marketing optimization.



28% say data is siloed and difficult to access.



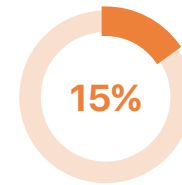
Marketing-generated leads are frequently getting lost



79% of marketing leads never convert due to a failure to nurture those connections.



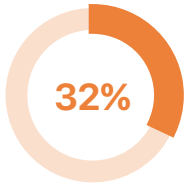
Better alignment drives bigger profits



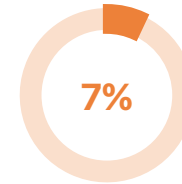
Highly-aligned companies are an average of 15% more profitable than competitors in their same industry.



Alignment drives growth



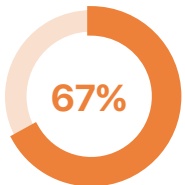
Highly-aligned organizations see an average of 32% year-over-year revenue growth



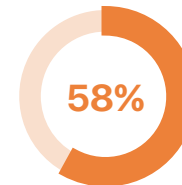
while less aligned competitors saw a 7% decrease in revenue.



Aligned teams close more business and churn less



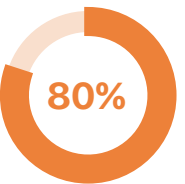
Highly-aligned companies are an average of 67% more effective at closing deals



and 58% better at retaining customers.



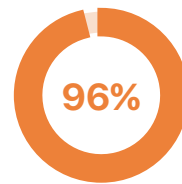
Culture isn't always the problem



Over 80% of sales and marketing executives describe each other's departments positively.



Sharing data and using an integrated technology platform is key



96% of companies that report being well-aligned organizationally are aligned on their sales and marketing technology, too.

And then there's the revenue impact:

Highly aligned teams drive an average of 208% more revenue as a result of their marketing efforts.

(Source: Invoca)

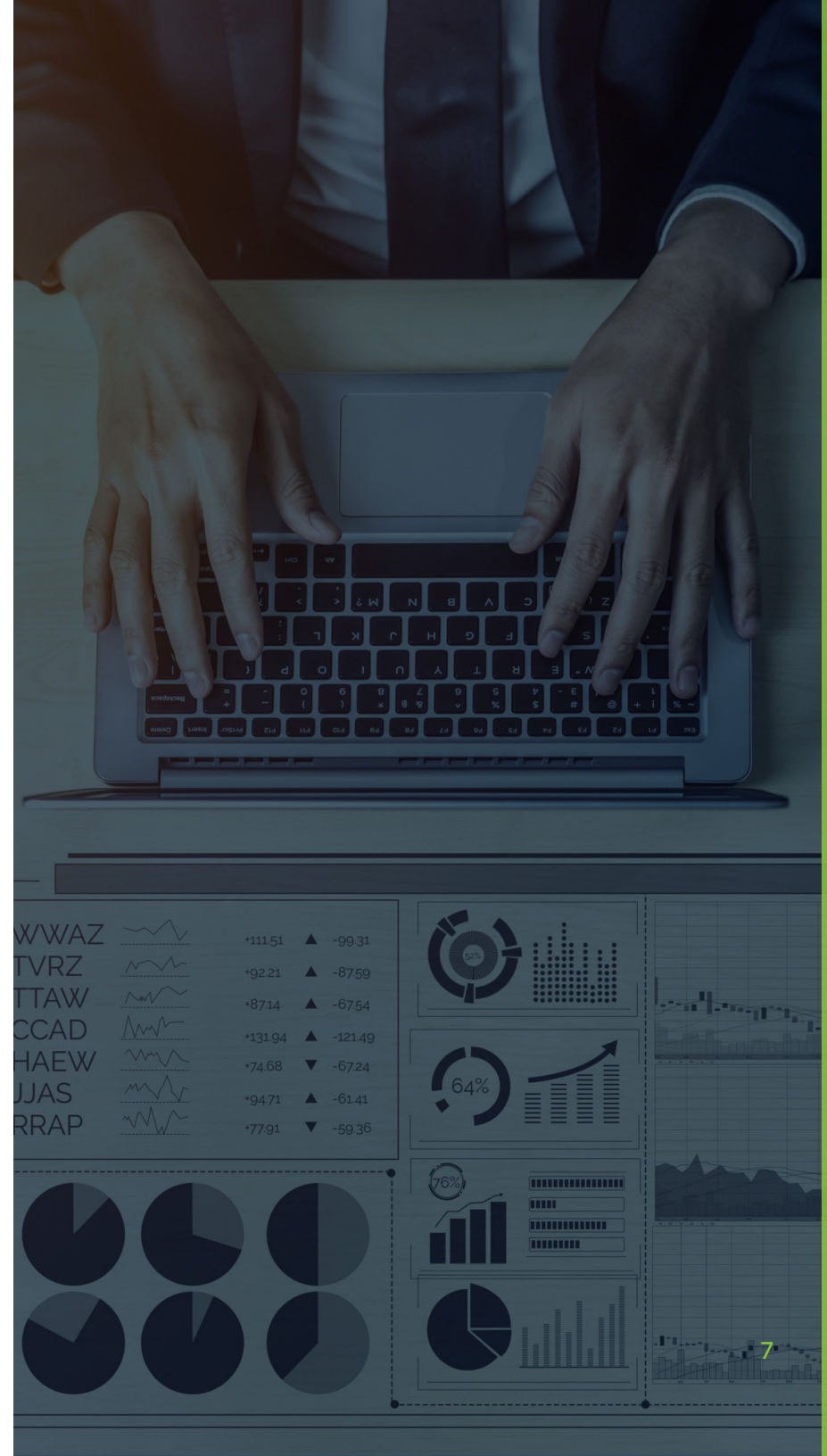
Success Using a Data-Driven Approach

Even in situations where a formal ABM strategy is not in place, companies are finding ways to make alignment happen. [A case in point](#) is how SYSPRO achieved success with an integrated marketing funnel, and aligned their team using a “smarketing” approach.

Using shared metrics like net new revenue, number of leads converted and marketing contribution to pipeline, this marketing team has implemented a data-driven approach to serving their sales team.

The two functions meet regularly to review campaign progress and strategize on new opportunities.

This approach is used to constantly refine processes and programs. The marketing team evaluates conversion rates from MQLs to SQLs and to opportunities, attends weekly sales pipeline reviews, and sits in on QBRs with the sales team and partners.



A Look at Potential Roadblocks to Alignment

A top roadblock to alignment, according to Salesforce:



of marketers are empowered to collaborate with the sales department.

55%

of marketers don't know which assets are most useful for their sales colleagues.

(Source: Kapost)

61%

of marketers send all leads to sales but only 27% of those leads are qualified.

Only

56%

of B2B marketers verify business leads before they pass them to the sales department.

76%

of content marketers don't consider sales enablement in their marketing efforts.

59%

of marketers believe they know what kind of content sales teams need them to create. On the other hand, only 35% of sales reps agree with that.

68%

of marketers believe sales teams don't take advantage of the marketing content's full potential.

One-third of B2B sales and marketing teams don't have a standing meeting.

(Source: Invoca)

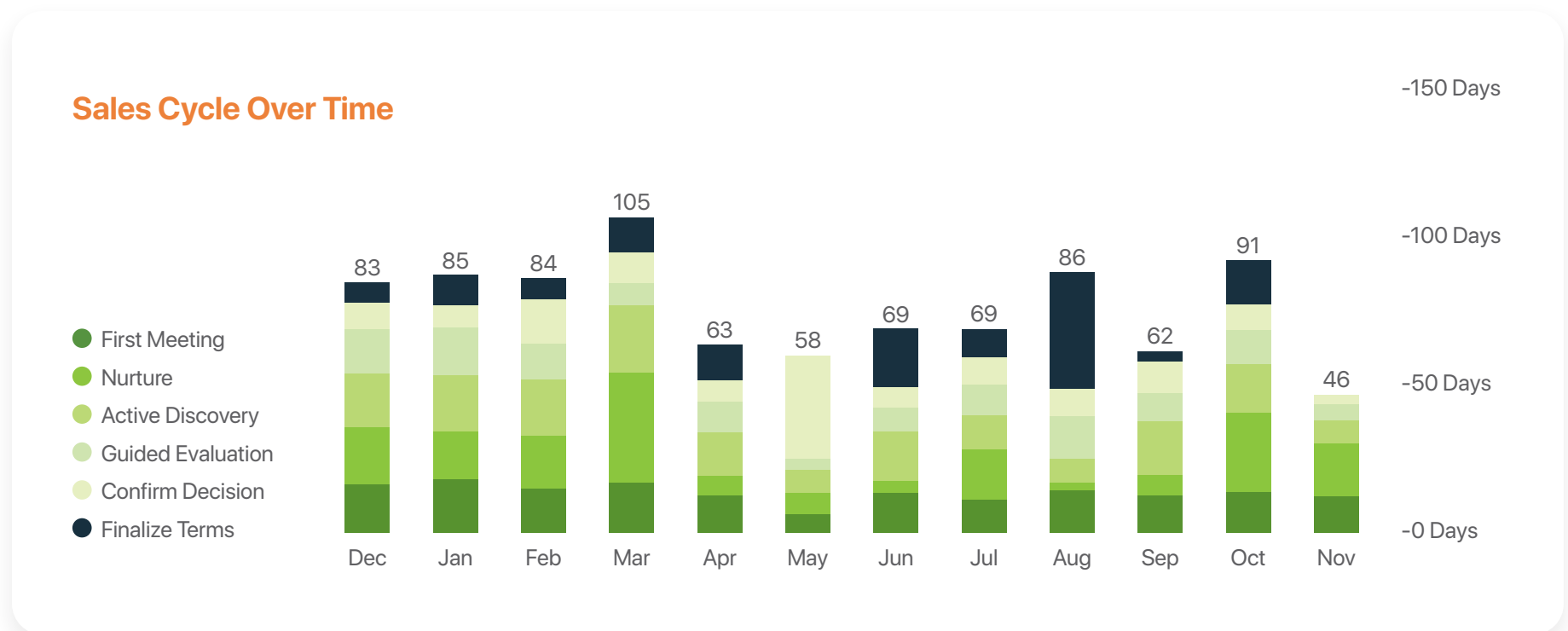
Maintain Alignment Throughout the Buyer Journey

B2B buyer behavior has changed to the point where marketing must support sales right through each stage of the sales cycle.

As selling situations grow more complex, with an average of 5.4 stakeholders involved in any one deal, sales teams are relying on high quality, marketing-produced content to help them tell the story that resonates and closes deals.

“13% of leads convert to opportunities, which takes on average 84 days. 6% of opportunities convert to deals which takes an additional 18 days.”

(Source: Implit)



Implications for Vendors

Starting with the right organizational structure is another key to better alignment between the sales and marketing functions. When a Business Development Representative (BDR) team reports to marketing instead of sales, it becomes a resource to finish the qualification process instead of acting as a filtering mechanism to identify contacts with questionable intent.

There's mounting pressure being placed on sales teams that have not seen quota relief this year. More and more enterprise software is presented to the market as SaaS-based, which clients typically phase in, delaying recognition of revenue and ARR by software providers.

Companies need a method for sales to place new contacts who are employed by a qualified account on a nurturing campaign instead of immediately disqualifying them because they are not ready to buy.

To better assess the return on marketing spend, conversion rate metrics must reflect longer sales cycles using a 90-day rolling window approach. Also, consider alternative financial incentives that pay, not for activities, but based on outcomes such as booked meetings. Of course, it's important to be sure that these outcomes are ones that the marketing team (including BDRs) can reasonably be expected to impact.



Better Alignment is Possible – Even in These Current Headwinds

Sales reps are typically challenged trying to find the right content to send to prospects. This is the most common complaint cited by sales teams. Sales enablement, which should be the main goal of content creation, is often not considered or not given priority when creating marketing content.

This can translate into situations where adequately qualified marketing leads never get through the qualification process conducted by your business development staff because they are not able to properly match content assets with the use cases they encounter.

Key Characteristic of Alignment

In well-aligned organizations, the top rated source of leads (according to sales) comes from marketing (39%) versus those generated solely by the sales team (30%).

In unaligned organizations, sales teams generate 44% of top-rated leads and marketing contributes a mere 16%.

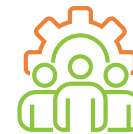
Top 3 steps to take now to achieve better alignment of your sales and marketing functions.



Both teams should collaborate in creating the ideal customer profile (ICP) and mapping the various stages of the customer journey. When the buyer persona is tested and verified by both teams, the best approach to reaching them at the right time and with the right content will follow more naturally and intuitively.



Agree on the most relevant and measurable KPIs for both teams. While each team's KPIs will differ, when both teams select KPIs that also support the work of their counterparts, the result will be a win for both teams. For instance, defining a measurable lead conversion goal for marketing campaigns (with an agreed upon criteria for lead qualification) will make it more likely that sales will meet their target % of closed-won deals. Some organizations have gone so far as to establish a Chief Revenue Officer (CRO) position whose charter includes the development and tracking of cross-functional metrics.



Work together on the creation of content assets of all types. Marketing can tap the wealth of knowledge the sales team gains from speaking to prospects, learning first-hand about their pain points and the most common questions they want answered. These insights can then be used to create content (including customer testimonials, case studies and videos) that is much more relevant to potential buyers.

Here are some additional ideas from Hubspot:



Rather than adopting all of these new habits at once, select two or three that you believe will show immediate results, and gradually add more. You may find you're already implementing some of them, so give yourself and your team kudos for what you're doing right.



At InsideUp, we've seen success with having at least two collaborative meetings each week where both teams attend. Ideas are shared and discussed, metrics are reviewed, and actions are decided upon. Regular brainstorming sessions with both teams contributing have resulted in some of our best performing strategies.

Collaborating on content has also proven very helpful. Creators on the marketing team listen to feedback from sales agents, resulting in content that is more useful to the agents and the potential customer they engage with.



In a recent interview with Pat Oldenburg, VP of Demand Generation for ServiceMax (as part of our marketing study), we gained some useful insights on what has contributed to the organization's success in aligning sales and marketing.

Here are the takeaways:

1. Sales and marketing alignment is optimized with team-based planning and programs.
2. Orchestrated campaigns coordinate sales and marketing teams around key accounts.
3. Constant monitoring of shared metrics is one part of the success formula at ServiceMax; consistent execution is the other.
4. Dual funnels are employed to measure and assess success at the macro and micro level of campaigns, territories, industries and accounts.
5. Former industry practitioners provide thought leadership to drive differentiation and foster customer interactions in a rapidly changing environment.

The demand generation team concerns itself with building the sales pipeline and working with the enterprise and teams devoted to sales development strategies to source additional opportunities. Oldenburg explained that "whether marketing sources it (as pipeline) or sales sources – it doesn't matter to us as long as we get it in the (opportunity) funnel. Then we influence it through digital, orchestrated efforts and in-person activities."

Marketing meets one-on-one with each sales region every week, looking at territory needs at the "rep" level. They assess metrics and discuss issues such as current bookings, coverage, quota, if a ramp-up is required, and a snapshot of pipeline value.

Then, with these assessments in hand, they partner with sales to develop a marketing plan for each territory.

“

Our field marketers are considered an extension of the selling team. It's really a partnership that will run through pre-opportunity and throughout the funnel, said Oldenburg.

Conclusion

The impending post-pandemic economic storm has been forecasted for months and now corporate finance managers have brought the reality of operational cost restructuring to marketing's door.

Meanwhile, the impetus for the sales team to win orders with net new customers has never been greater because it's all too easy for a vendor's installed base to delay further roll-outs as their operational budget increases flatten out over the next two quarters.

Only by working together can these two teams emerge stronger and ready to produce even better results in the coming year.

Resources

<https://www.insideup.com/how-technology-buying-committees-make-faster-decisions/>

<https://abm.report/articles/conversational-abm-bolstering-revenue-through-engagement>

<https://swzd.com/resources/cloud-buying-collective/>

https://www.hubspot.com/hubfs/2022_State-of-Inbound-Marketing-Trends_V08122022.pdf

<https://www.zendesk.com/blog/sales-performance-metrics/>

https://www.salesforce.com/content/dam/web/en_us/www/documents/reports/salesforce-research-seventh-state-of-marketing-V2.pdf

<https://abm.report/articles/increasing-abm-engagement-through-sales-empowerment>

<https://trustmary.com/conversion-rate/what-is-a-good-conversion-rate-in-sales-and-how-to-improve-it/>

Want to Learn More?

InsideUp is a demand generation agency like no other. With the power of our InCapture demand generation platform, supported by an experienced team, we consistently deliver accurate data, engaged contacts, and qualified prospects to our clients.

Over the past decade, we have helped enterprise brands and growth-minded companies to increase pipeline revenue and meet diverse customer acquisition goals. In so doing, we have helped hundreds of thousands of companies find better Cloud Technology solutions to address their business critical needs.

We are not only data-driven but also process-driven with strict adherence to best practices in information security. We maintain steadfast compliance with applicable data privacy regulations (e.g., CCPA, GDPR, Privacy Shield) around the world.

To learn more, contact us (we like phone calls) at (858) 397-5735 or email us at sales@insideup.com

