

# MISSING REVENUE TARGETS: IS IT A DISCONNECT BETWEEN SALES & MARKETING?

@ VALUE BASED INC.

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## THE PROBLEM OUTLINED:

Research indicates that over 80% of the leads that an organization produces receive no follow up.

**When asked why, sales and marketing departments tend to blame each other.** One points to poor lead quality, while the other points to poor follow-up.

This is common in many organizations and is a cause of frustration for those carrying revenue-generation responsibilities.

CEOs, COOs, and CROs are growing tired of the finger-pointing and resulting loss of revenues.

# INTRODUCTION

Research indicates that over 80% of the leads that an organization produces receive no follow up. **When asked why, sales and marketing departments tend to blame each other.** One says poor lead quality, while the other says poor followup. This is common in many organizations and is a cause of frustration for those carrying revenue generation responsibility. CEOs, COOs, and CROs (Chief Revenue Officer) are growing tired of the finger pointing and resulting loss of revenues.

Sales and marketing professionals have been at odds with each other for quite some time. Some have called this relationship "*the sales and marketing odd couple.*" Much like Felix and Oscar of the classic TV series "The Odd Couple," sales and marketing often struggle to coexist. Their personalities and perspectives are very different. In the show, Felix is less emotional, analytical, and organized in his approach to life, while Oscar's more emotional, creative, spontaneous, outside-the-box thinking can frustrate and even offend Felix. **Not a perfect metaphor, but you get the picture.**

The impact of these differences cannot be dismissed. Much is at stake. Not only are there soft costs (personal grudges, turf battles, and selfish ambition), but there are also hard costs (sales and revenue growth, expense control, margins, and organization profitability). Alternatively, a company whose sales and marketing teams are aligned and skilled at both cooperation and collaboration, can experience exponential sales and revenue growth.

IN THIS E-BOOK WE WILL EXPLORE :

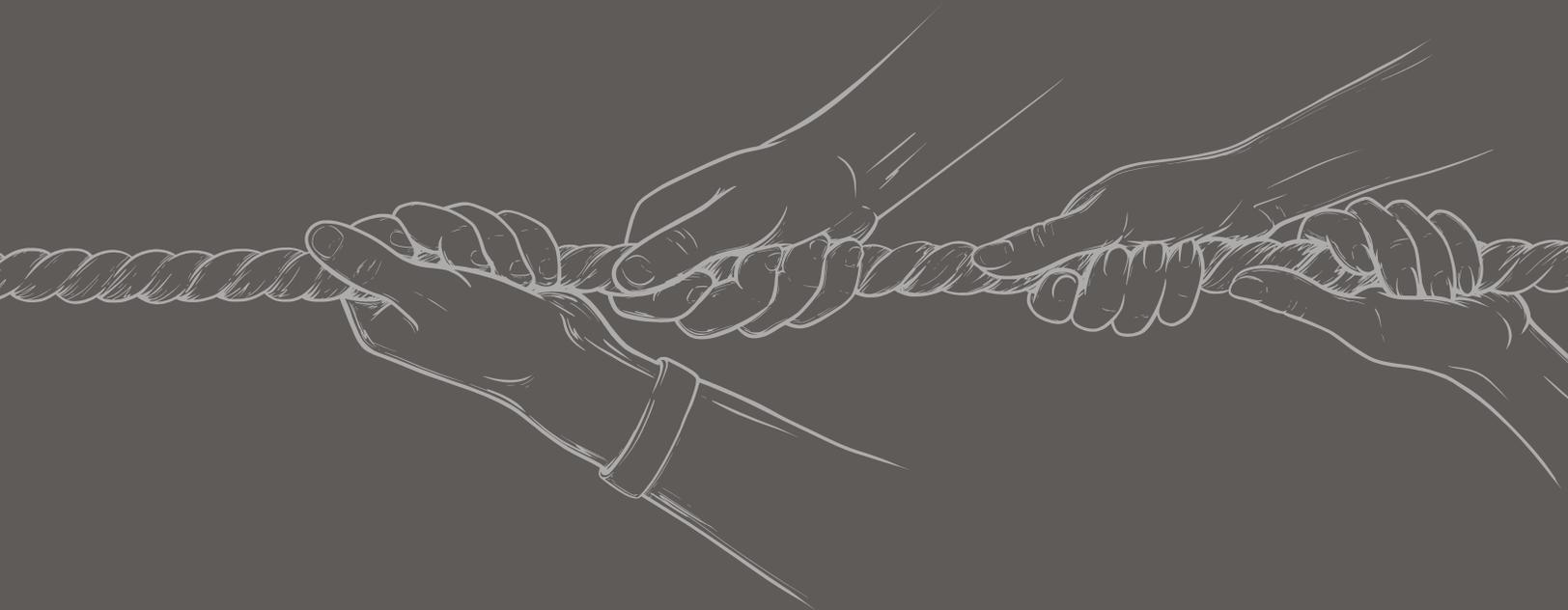
1. THE CAUSE OF THE DISCONNECT
2. SOME OPTIONS FOR CORRECTING IT
3. A NEW PERSPECTIVE OF HOW THEY CAN OPERATE
4. COMMON SALES AND MARKETING EFFECTIVENESS INITIATIVES
5. THE POTENTIAL OF A REALIGNED AND REVITALIZED SALES AND MARKETING PROGRAM

1

# THE DISCONNECT

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EXAMPLES OF THE DISCONNECT BETWEEN TEAMS



# THE DISCONNECT

While misalignment expresses itself uniquely in every organization, here are some of the common examples of the disconnect:

Sales believes that email and/or direct marketing creative themes are misaligned with the desired target markets, and as a result, fail to engage key buying influencers.

Marketing believes Sales lacks the necessary skills to gain access to, and have influence with, key prospect decision makers, and as a result, are ineffective in their lead follow up.

Sales thinks Marketing doesn't do the research on product, positioning, and pricing needs and as a result:

- New products lack innovation and do not meet the needs of prospects
- Their products are compared with dissimilar competitors
- Pricing is not competitive

Marketing faults Sales for not providing timely market and competitive product information in order for the company to design and produce products that sustain their innovative and competitive advantage.

Sales lacks confidence in the lists that marketing uses for direct marketing campaigns and as a result doesn't prioritize lead follow up.

Marketing accuses sales of poor and untimely lead follow-up, costing the company valuable sales- and market-share.

# THE DISCONNECT

Sales believes if Marketing better understood and articulated their product's value proposition in promotional literature and on the website there would be fewer price objections from prospects.

Marketing believes if the Sales team sold on *value*, instead of *price*, there would be less margin-eroding discounts and price concessions.

Sales thinks if Marketing produced more compelling case studies and solicited more client testimonials, the resulting increase in credibility would result in more sales.

Marketing thinks that Sales needs to do a better job of gathering the stories and communicating client successes to them so they can be published.

Do these examples sound familiar? Let's call them what they are: blame shifting, lack of confidence, poor communication, misunderstanding and/or mistrust.

**They are all symptomatic of misalignment between your marketing and sales teams.**

In addition to the above issues, there's another, perhaps more significant thing happening between sales and marketing. It's a shift in roles and responsibilities. Ever-changing technologies and the availability of information on the internet, mean that prospects no longer need a sales person to educate them. They can educate themselves before ever meeting or talking with a salesperson. This change requires a shift in determining at what point a lead becomes an *opportunity* for sales to pursue.

# THE DISCONNECT

Marketing's role now includes the education of the suspect/prospect. Once that's done, the lead is passed to sales and the sales process begins. So, this fundamental change in when the prospect is passed from marketing to sales must be defined and agreed upon. It's important that appropriate processes be established so suspects/prospects are found, nurtured properly, and passed along in a smooth and seamless way.

So, with these issues and problems identified the question becomes: "How do we deal with them?"

You need to address them through your people and processes. Obviously, people create and execute processes so, do you have the right people? If not, do you use existing staff, recruit new hires, or use an outsourced service to address these issues? Let's look at the pros and cons of using each.

# CORRECTING THE DISCONNECT

Before deciding if you have a people problem and what to do about it, three things must be considered:

1. Recognize and admit you have a disconnect problem
2. Be willing to face the challenges of the change-process
3. Be willing to make some tough decisions

Assuming the above is true, you can begin considering the upcoming changes and tough decisions. It may also include investing in marketing and sales programs or initiatives.

Your choice here, in part, depends upon your leadership, current staff levels, and available budget. Your options are: use existing staff or hire an outsourced provider. Let's look at using in-house resources first.

## IN-HOUSE RESOURCES

This is a good option if your existing sales and marketing leadership are compatible enough, willing to improve communication, and realign through new strategy and tactics.

If your sales and marketing leadership report to the same person (CEO, COO, CRO, or VP of Business Development) even better! If all leadership is in-house and share the same priorities, then your odds of success are good. Marketing and sales collaboration of all activities from generating a lead to closing a sale needs to have **satisfied clients** as a desired outcome.

# CORRECTING THE DISCONNECT

It's important that the left hand knows what the right hand is doing and both sides "buy in." Include, for example, identifying the viable target market segments, developing product/service value propositions and messaging, addressing competitive issues, lead-sourcing and tracking, developing campaigns, setting desired lead levels and closed sales objectives, and managing the pipeline.

The advantage of using in-house resources  
is obvious: there are no additional costs  
for hiring new staff.

There may be additional costs for new marketing and sales initiatives using new technologies and tools such as sales process reengineering and reinforcement, and best practice competency assessment/measurement efforts.

All these initiatives should be tracked with the expected ROMI (Return on Marketing Investment) and ROSI (Return on Sales Investment) determined before implementation. Another advantage of using in-house resources is the familiarity with the business and product as there is no ramp-up learning curve for new hires or outside service providers to deal with.

# CORRECTING THE DISCONNECT

The disadvantages of using in-house resources can be:

- Stale solutions: “This is how we’ve always done it” approach, offering nothing fresh, innovative, or compelling.
- Resistance to change: New technology requires focus, vigilance, and adaptation in using every available resource for reaching prospects, communicating the message, conducting marketing analytics, as well as improving and tracking sales performance.

## HIRING NEW BLOOD

If you’re considering hiring new staff to implement new initiatives, you can avoid the above in-house disadvantages but there could be a few negatives that come with this solution, including:

- The cost to recruit, ramp-up, and retain the specialized people capable of delivering the desired results can be extensive and expensive.
- Culture clash: The process of finding and integrating highly innovative and creative people into key positions can be disruptive to the company’s culture and team chemistry.
- Turnover costs: The cost of short-term employees including recruiting expenses, employment agency fees, lost production, and retraining costs can exceed 2 to 3 times the person’s annual salary.

# CORRECTING THE DISCONNECT

*(Hiring New Blood, Continued)*

- Equity expectations: If you need to bring in Vice President-level talent to create and execute strategic sales and marketing plans/initiatives, these high performing professionals often expect to be rewarded with equity opportunities. This can lead to positive partnership possibilities if the person lasts; however, if they don't, it can be an expensive and complicated proposition. (Not to mention demoralizing to loyal, long-term employees who do not receive the same equity opportunities.)

## SUMMARY

In summary, realignment and revitalization initiatives, using existing personnel and/or new hires has advantages and disadvantages, so be sure to weigh the cost(s) and ROI of each. A key to either of these alternatives is the involvement of an executive-level leader to whom both the sales and marketing leaders report. This person makes certain that both departments are involved and buy into the collaboration process. They also ensure the initiatives and processes designed and deployed belong to both departments.

# CORRECTING THE DISCONNECT

## Outsourced Service Providers :

If in-house personnel aren't in place, and a company wishes to streamline or tap into fresh resources for specific functions or initiatives, **outsourced providers** can be a great alternative. Outsourced providers can produce innovative results fast, and if they are on a variable cost contract, they can cost less.

Another advantage of outsourcing is flexibility. A company can contract for a single service, such as a specific demand-generation marketing campaign. Examples include: a one-time email offer of a white paper or e-book. Another might a longer-term integrated marketing and sales campaign designed to fill a pipeline with qualified prospects. An extended engagement like this normally begins with listening, diagnosing and strategizing with company leadership to develop a custom plan complete with performance timetables, deliverables, KPIs, and benchmarks.

This approach can avoid the marketing/sales disconnect because the outside team is fully integrated and works with whatever personnel and resources you have in place.

# CORRECTING THE DISCONNECT

The advantages of outsourcing services are:

- The availability of creative, innovative, agile specialists who bring a fresh perspective to your marketing and sales efforts.
- An expertise in, and use of, the latest technologies available to reach your target markets.
- The deployment of proven, predictable and measurable sales performance improvement programs that include accountability, coaching, competency level assessment.
- The ability to demonstrate and guarantee a significant ROI for each initiative deployed.

The disadvantages of outsourcing can be:

- Industry and/or product/service knowledge acquisition and assimilation
- A lack of control
- Sometimes the cost is higher. The control and cost disadvantages can be minimized if LOPs (Levels of Performance) are well defined and specified in contract deliverables.

# 2

## SECTION 2

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A NEW VIEW FOR SALES & MARKETING OPERATIONS



# A NEW VIEW

Ever changing market and economic challenges, increased product/service commoditization, increasing competition, as well as increased clutter and noise levels require innovative approaches to penetrating and gaining increased market-share for your company.

Whichever direction you go—in-house or outsourced—you will want to enlist agile specialists to design and deploy your revitalization and realignment initiatives. Due to advances in the following areas, there are more ways than ever before to successfully deliver compelling messages, generate leads, and execute best sales practices/processes to convert leads to customers. They include:

- Technology - SEO, SEP, email, marketing automation platforms, social media, CRM and PRM solutions, and cloud computing.
- Marketing - Integrated direct marketing campaigns, prospect nurturing initiatives, and closed loop marketing analytics.
- Sales - Increased accountability through personal sales coaching, sales cycle proficiency and lead-to-close ratings, best practices/processes competency level achievement, and sales certification curriculum and assessment.

Capitalizing on these advances, coordinating the resources, as well as designing and executing aligned strategies is more demanding—especially in a recovering economy—than traditional sales and marketing practices of the past. Companies that embrace, procure and execute these new tools, technologies, and techniques will reap their many benefits, including economies of scale, fresh creativity, greater utilization of resources, quicker ramp-up times, as well as predictable and measurable sales and marketing performance improvements.

# COMMON SALES & MARKETING EFFECTIVENESS INITIATIVES

Some common sales and marketing effectiveness initiatives to consider in future strategic and tactical plans include:

- **Themed, Demand Generation Marketing Campaigns** – Consider developing a series of creative high-touch/high-impact deliverables directed to specific target market niches. The theme, messaging and copywriting should all work to draw suspects/prospects to a landing page that captures valuable demographic data and delivers a piece of rich media or educational material.
- **Technology Based, Integrated Marketing** – Consider implementing various e-marketing technologies that include: SEO, SEP, Social Media channels, email, and vertical market microsites. These tools place the company and products in the path of “already shopping” prospects that are further along their buying cycle.
- **On-Demand Marketing Automation Platform** – Use marketing automation platform automation to design and deploy a completely automated “initial touch-to-qualified lead” process for the organization. Program components include:
  - a) Target market and list identification and procurement
  - b) Create value-based messaging
  - c) Email/landing page design and demographic data capture
  - d) Web-based and mobile suspect identification and nurturing
  - e) PRM and CRM data capture and distribution
  - f) Develop, track, report, and adjust strategy and how to fix on closed-loop marketing analytics
- **Develop/Articulate Product, Service & Corporate Value Propositions** – Working with both marketing and sales personnel, create a corporate knowledge-base of product/service solution and value statements. Train sales and marketing teams to consistently message, articulate, and prove these compelling statements.

## COMMON SALES & MARKETING EFFECTIVENESS INITIATIVES

(Continued)

- **Profile, Recruit and Motivate the Sales Team** – Using core values assessment tools, research and create a profile of your top sales producer(s). Recruit, train and manage new sales candidates that match your “ideal profile”. Provide periodic, personal coaching, competency assessments and certifications of new and existing sales people. Implement and reinforce a proven and predictable corporate sales process for all sales team members to follow.
- **Improve Distribution Channel Sales & Marketing Performance** – Build and deploy channel partner sales and marketing initiatives that ramp-up newly recruited partners fast and increase the sales levels of “middle-tier” performers

# 3

## SECTION 3

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RESULTS OF REALIGNMENT & REVITALIZATION



# EXAMINING THE RESULTS

## **Take A Look...**

So what's the potential of a realigned and revitalized sales and marketing program? Let's look at an example of a technology company that invested in a marketing and sales process improvement campaign.

# EXAMINING THE RESULTS

Let's look at an example of a technology company that invested in a marketing and sales process improvement campaign:

1

Both sales and marketing personnel participated in a collaborative process to design and create a multiple touch email/direct mail campaign with a cogent theme, offer, and call to action.

2

They collected, educated, and nurtured the campaign respondents using a permission-based marketing automation technology. In the meantime, marketing assisted the sales team to articulate and prove their product/service's value propositions as a new value-based sales process was being designed and deployed.

3

Once the prospect was educated and persuaded enough to want a sales conversation, the lead was passed along to the sales department. From that point, a sales professional further qualified the prospect and presented solutions in a newly-formulated presentation addressing discovered issues rather than a static, features/benefits demonstration.

▶

Leads and orders that resulted from this team effort resulted in closed sales exceeding \$600K. The cost of this aligned campaign was \$150K. The Marketing department incurred \$25k of the expense while Sales paid out \$125K in travel, entertainment, commissions and collateral expense. Doing the math we see the campaign produced a 24x return on the marketing investment and a 4x return if you add in the sales expenses.

This is one example of the opportunity that exists for profitable returns that result from a realigned and revitalized sales/marketing initiative. Further, both departments now have a predictable, measurable, and sustainable campaign in place resulting from their newly experienced collaborative process.

# ADDITIONALLY...

In addition to the previously listed measurements, leaders will want to define specific LOP's (Levels of Performance) analytics as a core component of any realignment and revitalization program. LOPs are promises of specific performance levels within expected guidelines. In order to properly enforce an LOP, there needs to be a means to measure performance which requires tracking sales and marketing metrics. Examples of metrics that are tracked include:

- Number of clickthroughs/conversion rates from digital lead-generation campaigns
- Number of unique visitors and page rankings for SEO projects
- Number of leads from a direct marketing campaign or trade show
- Target market-to-close ratios per salesperson per lead source
- Sales practice/process competency levels for each salesperson
- Creation, execution, and tracking of sales cycle proficiency ratings for each salesperson
- Certification ratings for each salesperson's knowledge and execution of the corporate sales practices/processes

**Lastly, and most importantly, we can't emphasize enough the need to involve both Sales and Marketing in the collaboration and design of all aspects of each campaign. Without complete buy-in and ownership by both groups, a return to finger-pointing and lost revenue opportunities is inevitable.**

**Ready to realign and revitalize? Contact us now.**