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Case Study #CS31806:

Getting Sales and Marketing into the Same Room: Marketing automation implementation spurs successful integration process

SUMMARY: We've often discussed the importance of Sales-Marketing alignment, but rarely have we received a perspective from both sides of the fence. So, when we had the chance to speak with one company's Sales and Marketing teams together, we jumped at the opportunity.

MarketingSherpa spoke with both Marketing and Sales at Compendium, a company that successfully implemented a process to align the two departments while training for a new marketing automation system. Read this with your sales team and see how they integrated the departments, and how it has impacted their business.

by David Kirkpatrick, Reporter

CHALLENGE

Historically, there has been a disconnect between Sales and Marketing that, depending on the company, could be described anywhere from a slight misunderstanding to a complete meltdown in communication.

When Marketing and Sales are able to get into alignment, good things generally happen. The quality of leads handed over to Sales improves. Communication between the two departments creates more informed, and better, marketing efforts because of feedback from Sales, and both of these improvements will lead to higher revenue for the company.

By becoming fully invested in the revenue-generation process, Marketing can more easily prove its value within the company to both Sales and to leadership. Marketing automation tools can help achieve this integration by offering data and feedback that both Marketing and Sales can see and use to improve the entire lead generation and development process.

Even though marketing automation tools can help to facilitate this process, it is ultimately up to marketers and sales leaders to make it happen. Read on for the unique opportunity to hear from both camps about a process that helped improve Marketing-Sales integration.

Getting Sales and Marketing in the same room

Isaac Pellerin, Marketing Design Manager, Compendium, and Ken Moorhead, Sales Operations Manager, Compendium, are a success story of aligning Sales and Marketing. How successful? One piece of evidence is we interviewed both at the same time.

Compendium creates software that makes it easy for marketers to publish social content to blogs, landing pages, Facebook, Twitter and LinkedIn for the purpose of acquiring new customers.

Here are details on Compendium's sales process:

o Team of 10 inside sales representatives
o Efforts are focused in the US and Canada
o No formal territories are defined for the team
o Fifty percent of business comes from a 45+ day sales cycle
o Most deals fall in the 45-90 day range
o The remaining 50% close around a month after the lead being generated by Marketing

Moorhead says, "In terms of lead generation, we do a little bit of prospecting but largely rely on Marketing to do lead gen for us. Since we're a smaller sales force, we really like to focus our efforts in telequalification toward prospects that take action via nurturing emails or our website -- this accounts for maybe about 65% of a rep's day. The remainder is spent with opportunities and progressing them through our pipeline."

Representing each side, Pellerin and Moorhead realized there was a disconnect. Sales didn't trust that Marketing was providing sales-ready leads, and Marketing was wondering why all the leads they were generating weren't being converted.

They also both understood there had to be a way to improve the marketing/sales process. A Vice President of Operations at Compendium proposed the company look into marketing automation, and during the time spent adopting the new system, Pellerin and Moorhead developed a process that found Marketing and Sales becoming more and more integrated into a seamless whole rather than two departments that were somewhat at odds.

CAMPAIGN

Step 1. Recognize the disconnect

Compendium's Marketing and Sales teams faced two disconnects:

o Each side had a different idea of what defined a qualified contact o Each department wasn't using the same data sources or doing analysis in the same way.

And to compound the problem, each side wasn't even aware of these inconsistencies.For the qualified lead issue, Marketing and Sales had set different definitions of who their customers were.

Marketing was marketing to, and qualifying leads based on, one definition while Sales was following up on those leads based on its own definition.

The data and analysis problem exposed an ever wider gulf between the teams. Sales was looking at revenue analysis and Moorhead felt he was seeing inflated lead source figures. The problem was Sales was interested in quarterly numbers while Marketing was looking at all-time opportunities generated.

This discrepancy created a great deal of disconnect and miscommunication. Pellerin admits Marketing could be faulted for being loose with what defined a success. He says, "When you don't have a clear definition of what you're measuring, then both sides will choose to measure it through what's important to them."

In an effort to fix these issues both teams would get into a room and discuss the problems, but these meetings did not provide usable actions or results. In fact, the sales manager says after the meeting each team would go back to their offices and complain about one another.

Step 2. Develop an integration process

"It seemed like we were only ever meeting to point the finger before, and now we're meeting to figure out what we can do to help one another," states Moorhead, about the difference in corporate culture before, and after,
Marketing and Sales became more integrated.

The change in the meetings between each team now is that Compendium developed a process that brought Sales and Marketing into alignment after the company decided to begin using marketing automation. Once the VP of Operations suggested the company look into marketing automation, Pellerin and Moorhead found themselves together doing course work on the system and had an "a-ha" moment.

The presentation was on analyzing the entire lifecycle of a customer from prospect to close. They had recently undergone a painful process trying to manually solve that problem together and mutually realized the marketing automation could help bridge the gap between Marketing and Sales.

After this realization the two teams began collaborating and defining each of their processes and where those processes intersected. And determining the steps between when a lead is generated to actual conversion. Working together, Marketing and Sales were able to define what a marketing-ready lead was compared to a sales-ready lead. Marketing automation helped integrate the departments by simplifying the process of understanding the customer lifecycle.

Step 3. Increase alignment with communication

"Isaac (the marketing manager) will look at things and occasionally shoot off an email to sales reps and say, 'Hey, I sent this prospect to you on the second and now it's the fifth and you've only sent an email," says Moorhead, the sales manager. "Isaac's just as interested in that as I am now."

Pellerin, the Marketing Design Manager, says that the marketing automation system allows him to create feedback loops for himself that trigger email to him based on the sales team's activity so he knows if they are following up with customers he thinks need a touch. This helps put pressure on the salesperson, but at the same time, if Pellerin finds out the lead wasn't sales-ready, he can talk to the salesperson and determine if they need to adjust the definition of a sales-ready lead or if that customer was an outlier.

These conversations between Marketing and Sales build trust on both sides. And the Pellerin's feedback loop shows Sales that he is genuinely interested the entire process, and that he carries certain expectations on the outcome of qualified leads.

Moorhead, the sales manager, explains, "I think the sales numbers are more important to Marketing now because we are working more closely and we do have a more solid agreement on what's expected to occur."

The alignment of Marketing and Sales facilitates, and even encourages, a deep level of communication between the two departments. Instead of each manager talking about what's going on in their respective departments at higher-level meetings, at Compendium each can communicate directly within the other department on a day-to-day basis.

Step 4. Understand value with data

As part of this process of alignment, Pellerin and Moorhead coordinated with each other to determine exactly which metrics are needed to benchmark success. This change is dramatic because before the two departments were integrated, each team had its own definition of a qualified lead, its own set of numbers that were tracked, and even when the same data was analyzed, each team analyzed in its own way. Now both teams are working with the same set of numbers and analyzing them in the same way. Revenue is a focus for both Marketing and Sales, and that bottom line figure helps both departments prove their worth to the company.

Pellerin, the marketing manager, says the number he looks most closely at is opportunity conversions for each campaign. The system allows him to quickly see the conversion rate and how many leads are creating meetings for the sales team. With these figures, total number of leads generated becomes less important, and generating a high percentage of qualified leads with the campaign becomes the goal.

Moorhead, the Sales Operations Manager, also is interested in opportunity conversion, but demographically qualified prospects are also important to him. Both teams are interested in continually refining the definitions for marketing-qualified leads and sales-qualified leads.

Moorhead uses the marketing automation system to visualize the sales qualification and sales pipeline simultaneously. This way he can look at the overall workload and, if it is high, he can revert some prospects back to marketing-qualified and keep those leads active with an email campaign. And if the forecast looks light, he can work with Marketing to start generating leads out of the current database. Combining the sales forecast with the marketing automation system, he can help Sales meet its number each quarter while accurately measuring the workload for each sales rep.

Step 5. Change the business culture

The process of integrating Marketing and Sales occurred simultaneously with the adoption of a marketing automation system. All these factors led to both teams interacting with Compendium's CRM.

Initially the sales team was intimidated by the marketing automation system, but once they realized it reacted to their activities in the CRM, they became more diligent in data record keeping and process compliance because they realized better efforts in both areas led to better results. The big shift for Sales was learning they didn't have to drink through a fire hose of leads anymore.

Pellerin, the marketing manager, says his day-to-day activities have changed dramatically. Before marketing automation and the tight integration of Marketing and Sales, he would start each day thinking about the next creative campaign. He now opens the business day with 15 minutes of reports to look over from the day before.

The new system has created openness between the two departments because each has more respect for the other, and Sales understands Marketing values its feedback. When Pellerin wants to create a campaign to target a segmented group of leads, he'll grab a room and some of the sales team and ask them what sort of email he should send to that particular list.

Both Pellerin and Moorhead say adopting a marketing automation system created the spark that led to process of aligning Marketing and Sales.

Pellerin says, "When you decide to look into the [marketing automation] system, you realize how much work it's going to take, but it's all the right kind of work. It forces you to have the conversations between the teams that need to happen."

For Compendium, those conversations led to the alignment of the Marketing and Sales teams. Good for Marketing, good for Sales and good for Compendium.

RESULTS

The first result of the alignment between Marketing and Sales is the company now has benchmark data to define future success. Before the marketing automation system was implemented, the two teams did not keep track of the same metrics, so there was no basis for comparison.

o Both teams collaborated to define "marketing-ready lead" and "sales-ready lead," and they continue to refine those definitions based on measurable results.

o Marketing now uses feedback loops from Sales activity to track leads even after they are handed-off to the sales team.

o Before the alignment of the departments, Marketing looked at volume of leads produced to define a successful campaign. After alignment the metric is now percentage of highly qualified leads. Marketing defines success for a campaign as one generating 40 to 50 percent highly qualified leads as defined by Marketing and Sales.

o This result is very qualitative, but it's probably the most significant result of the entire alignment process. There is genuine trust and open communication between Marketing and Sales. One proof point of that is the camaraderie they exhibited when this reporter interviewed them together.

The marketing automation system that sparked the process to align Sales with Marketing at Compendium was adopted in June 2010. Here are some results at the company since that time.

These results are from August 1 to October 31, before Compendium fully implemented the marketing automation system:

o 53% of all leads generated by marketing were passed to sales

o 62% of those transitioned leads were subsequently disqualified or indicated as not-yet sales-ready

For November 1 to today, these results come from full implementation of marketing automation, and both Sales and Marketing buying into the full integration of the departments:

o 66% of leads generated were accepted by marketing. The new rules have the company filtering out who they actively market to, predominantly by country of origin. Before the integration of Marketing and Sales, all leads generated were accepted by Marketing

o 50% of leads accepted by Marketing were transitioned to Sales

o Only 22% of leads transitioned to Sales were subsequently disqualified or indicated not-sales-ready

At Compendium, Sales is very pleased with the close alignment with Marketing.

"By looking at simple things like 'What types of prospects should a rep never even receive?' and 'How engaged should a prospect be with our marketing efforts to transition them to sales?' we were able to make decisions in automation about who to eliminate from our marketing efforts entirely and help our reps spend more time calling qualified prospects," says Moorhead.

He continues, "The impact on our sales team is really significant. By letting 40 percent of the disqualification happen further upstream with leads we know will never be viable, we've gained 40 percent more time from each rep.

"We're seeing faster follow-up times, reps staying current with their queues of new leads and better efforts to stay engaged with their prospects who are active in our nurturing segments.

"Additionally, we did several targeted email campaigns over the course of two weeks in September aimed specifically at helping our reps set meetings. We were thrilled that on average each rep set five additional meetings as a direct result of our efforts there."

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CREATIVE SAMPLE
1. Sales rep email

Members Library -- Fostering Sales-Marketing Alignment: A 5-Step Lead Management Process

Members Library -- Bridging the Gap: 5 Objectives for Improving Relations between Sales and Marketing (Part 1)

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