

December, 2010

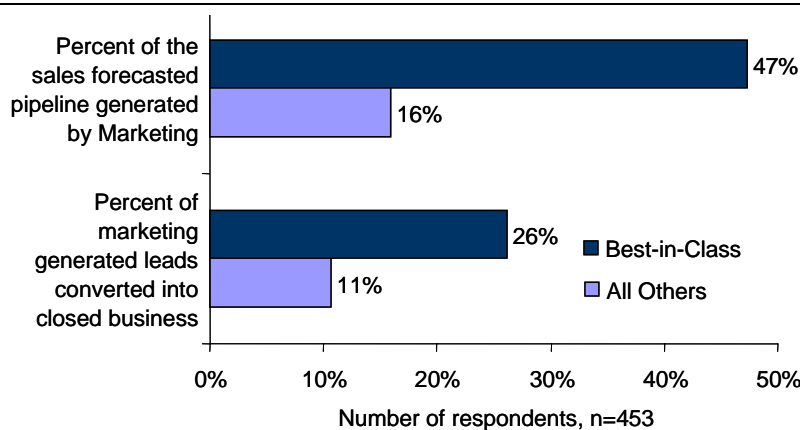
Results Speak Louder than Words: Using Marketing to Improve Sales Effectiveness

Enterprises today are challenged to maximize business results with fewer resources. In this battle, many organizations struggle to realize their full potential, because their sales and marketing organizations are not in step with one another. In June and August of 2010, Aberdeen surveyed 453 companies to assess the state of sales and marketing alignment and its impact on their business results. The research findings indicate that aligning sales and marketing is no longer an option but a critical requirement to improve sales effectiveness. This Research Brief will review the key factors used by Best-in-Class organizations to optimize sales effectiveness by streamlining marketing processes and improving marketing's contribution to sales efforts throughout the whole sales funnel.

Why Sales and Marketing Alignment Matters?

Aberdeen's *Sales & Marketing Alignment: Collaboration + Cooperation = Peak Performance* report found that marketing organizations today are struggling to adapt to today's rapidly changing, on-demand business environment to maximize every opportunity initiated by marketing and taken by sales. Research shows that companies with Best-in-Class status, ones that successfully adapt to this new environment and achieve strong results, have a common denominator: they align marketing activities with sales objectives and goals. In fact, top performing companies are 43% more likely than Industry Average and Laggard companies (all others) to adopt this key strategy. This strategy enables them to achieve stronger performance across a number of Key Performance Indicators (KPIs), Figure 1.

Figure 1: Getting the Strategy Right Delivers Top Results



Source: Aberdeen Group, December 2010

Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

Maturity Class Definitions

The following Key Performance Indicators were used to determine the Best-in-Class for the *Sales & Marketing Alignment* report:

- ✓ Year-over-year change in annual revenue
- ✓ Percent of the sales forecasted pipeline generated by Marketing

Best-in-Class: top 20% of aggregate performance scorers

Industry Average: middle 50% of aggregate performance scorers

Laggards: bottom 30% of aggregate performance scorers

Why are these particular KPI's the most relevant to businesses? Between September 2010 and January 2011 Aberdeen collected data from more than 1,600 executives around the globe to determine the top metrics used to help sales and marketing achieve common goals. The majority of respondents indicated marketing's contribution to the sales pipeline (63%) and marketing generated leads converted into closed business (51%) as the most important metrics to measure sales and marketing success in achieving common goals. This affirms that marketing organizations need to have a clear focus and dedication towards managing the whole sales funnel; from establishing programs and technologies that deliver leads to the sales pipeline to improving conversions to closed business. The results of these efforts will enable marketing to achieve common goals with their peers in the sales team.

In addition to the performance results indicated in Figure 1, all Best-in-Class companies, without an exception, achieved year-over-year improvement in annual company revenue. The average improvement was 20%, compared to a mere 3% improvement by other companies.

Get It Right - Align Your Goals and Results

The data collected between September 2010 and January 2011 from 1,600 companies reveals an interesting finding. For all the respondents surveyed, 26% of their marketing team's variable/incentive compensation is based on achievement of sales goals. At the same time, 74% of respondents indicated that the business and performance goals of sales are well-understood by marketing leaders. These findings show that while the majority of organizations today are focusing on communicating sales goals with their marketing teams, only 26% tie marketing results/compensation with sales results. Based on Best-in-Class performance, the next step is clear: align these two traditionally disparate functions by establishing common goals and integrate marketing's compensation structure with achievement of these common goals. The most widely adopted metrics by the Best-in-Class to assess marketing performance are marketing's contribution to the sales pipeline and to lead conversions. This indicates that the use of common objectives as a part of marketing's compensation criteria should include these two KPIs.

Manage Your Pipeline with the Right Capabilities

Aberdeen Group's research demonstrates that executing a sales and marketing alignment strategy requires a combination of supporting capabilities in order to achieve success. Many companies fail to achieve desired results as they don't have these supporting pillars in place. Let's have a closer look at these key process, organizational, performance and knowledge management capabilities:

- **Ready access to the marketing strategy.** Providing ready access to marketing's business plan and campaign strategies is invaluable to the entire organization but specifically benefits sales.

"The primary factor pushing us to pursue establishing an alignment between marketing and sales is the potential to generate greater revenue and have increased visibility into the sales forecasted pipeline while also managing our limited marketing budget wisely."

~Scott Berenson,
Marketing Manager, Aqua
Leisure Industries Inc.

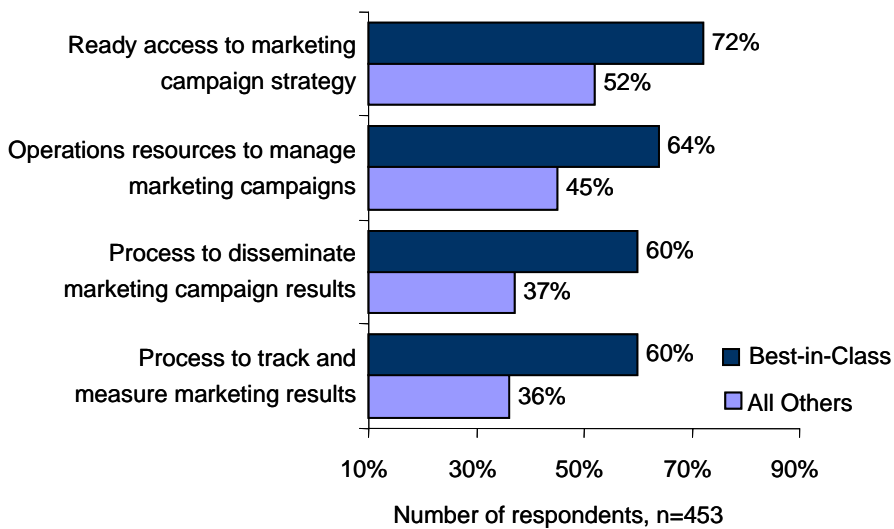
Fast Fact

Survey data collected between September 2010 and January 2011 indicates that the average frequency of communication between sales and marketing leaders to discuss common goals and results is 27 times per year

Indeed, Best-in-Class organizations understand that to leverage campaigns, sales must understand marketing program plans and associated strategies. This is done regularly by 72% of the top performers (Figure 2) contrasted with other organizations that lack such a holistic view by simply delivering a program's leads and not providing the contextual knowledge that enables sales to respond or follow up more effectively.

- Appoint operations resources to manage marketing campaigns.** Regardless of their marketing strategy, automated or manual, this capability is crucial to supporting the marketing organization with a greater ability to communicate campaign results with sales. In fact, Aberdeen's January 2010 report [Crossing the Chasm with Automated Lead Management](#) found that top-performing companies were 50% more likely than bottom-performers (62% vs. 41%) to have a lead administrator or an individual accountable for communicating between sales and marketing for pipeline, forecast, and closure data. Data collected between September 2010 and January 2011 further affirms this finding. Of the 1,600+ respondents, 58% indicate that having clearly defined lead management roles and responsibilities is very important to successfully establish sales and marketing alignment.

Figure 2: Key Capabilities



“With marketing resources being constrained after the recession, we are still looking to measure and understand the results of our marketing campaigns; specifically their impact on leads generated that resulted in closed business.”

~ Gary Breininger,
Director of Marketing, Kelron Logistics

Source: Aberdeen Group, December 2010

- Process to disseminate marketing campaign results.** Establishing a process to monitor specific KPIs (i.e. marketing's contribution to sales pipeline and lead conversion) from each marketing campaign facilitates visibility into the results of these campaigns. Sharing of these results/insights with relevant organizational stakeholders is crucial as they provide a concrete overview on marketing's impact on the business, help to identify

activities in the sales pipeline (i.e. demand generation or lead nurturing programs) that work while also clarifying expectations and requirements from future programs. Companies utilizing this process are 63% more likely than non-users to achieve Best-in-Class results.

- **Measuring results.** As the saying goes; "You can't manage what you don't measure!" Processes to measure and track may seem like "basic blocking and tackling" for many organizations, but failure to have visibility into results has a direct negative impact on operations. Aberdeen's data indicates that the primary factor propelling top-performing enterprises to deliver superior KPI results involves building programs that can be measured, and accurately capturing and disseminating those results. The ability to gather and share these insights also supports marketing with relevant information to follow-up with net-new and existing leads within the sales pipeline. This reduces leakage in the pipeline while increasing conversions to closed business, thus improving company revenue. In fact, businesses that measure their marketing campaign results and disseminate those results to key stakeholders achieve 34% greater improvement in annual company revenue, compared to ones without these capabilities in place.

Key Technologies

Use of technology solutions is a key ingredient of Best-in-Class companies' success in improving process and performance management capabilities, increasing knowledge acquisition and enhancing the organization's structure. Research shows that coupling the internal capabilities outlined above with technology furthers effective sales and marketing alignment throughout the whole sales pipeline. The following highlights the value of technology enablers deployed by top-performing companies (Figure 3):

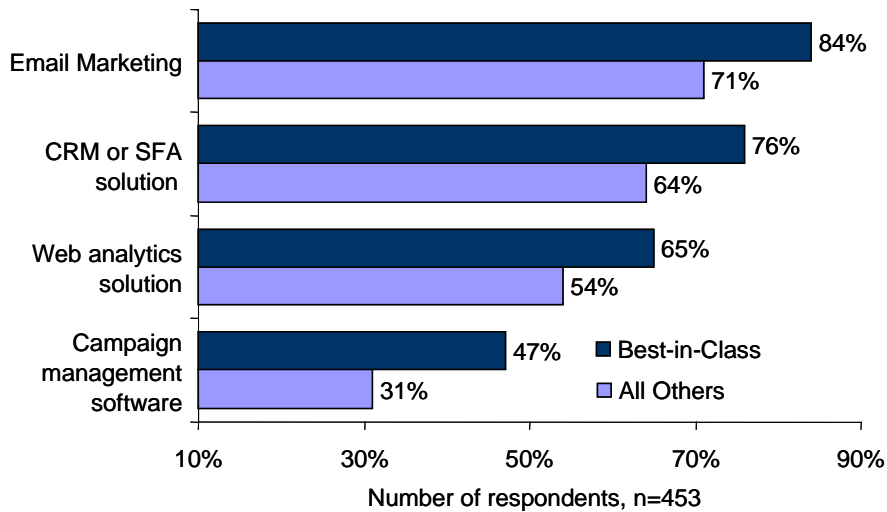
- **Email solutions integrated with lead management activities.** Considering the scarce financial and human resources available for marketers, the ability to reach a broad audience with general and/or personalized marketing messages is clearly valuable. Driven by such challenges, 74% of all the companies in this research are utilizing this technology as a part of their marketing initiatives. Effective use of email marketing enables the marketing organization to generate net-new leads and nurture existing ones within the sales pipeline to reduce pipeline leakage and improve conversions into closed business – thus better managing the sales pipeline from the top to the bottom. Research shows that users of this key enabler outperform non-users in both marketing's contribution to the sales pipeline and closed business by 82% and 51% respectively.
- **Customer Relationship Management (CRM) and Sales Force Automation (SFA) solutions.** CRM and SFA solutions provide valuable insight into customer behavior which improves planning and execution of marketing and sales activities. Aberdeen's

“You have to use supporting technologies. They are crucial to effectively monitor and manage your marketing and sales efforts.”

~ Marketing Manager, Mid-size Chemicals Company in the US

research demonstrates that the best performing companies create alignment by empowering marketing organizations with access to CRM. Data collected from 1,600+ executives between September 2010 and January 2011 validates this finding. Of all the respondents surveyed, 64% indicated that it is critical to provide marketing with access to CRM or SFA systems used by sales. Also, 91% of top performing companies with CRM or SFA systems allow marketing to have full editing authority compared to only 70% of all others. Providing marketing with access to CRM or SFA systems, especially with editing authority, allows the organization to identify the precise number of leads generated from each marketing campaign as an edit made by marketing is reflected throughout the entire system. It also enables sales and marketing to manage new and existing opportunities within the pipeline more easily.

Figure 3: Technology is Key to Managing the Sales Pipeline



Source: Aberdeen Group, December 2010

- **Web analytics solutions.** Besides the conventional belief that online channel provides a cost effective marketing method, organizations remain challenged with deriving actionable insights from this medium. This technology enables users to determine which products or services are being considered, and use this information to drive sales follow-up activities with the right product or service at the right time. Integrating these insights into lead management activities supports marketing and sales activities throughout the sales pipeline. Marketing uses this information to generate net-new leads and feed the sales pipeline as well as nurture existing leads to reduce leakage from the pipeline and improve conversions. Sales, on the other hand, use these insights to support their selling activities in order to close more business and improve company revenue. Best-in-Class organizations in this research are

20% more likely than all others to adopt this technology, compared to all others.

- **Campaign management software.** The advent of new technologies and evolving consumer preferences, especially over the past decade, allows marketers to reach to a broader audience than ever before. However, besides its numerous benefits, this change also brings new complexities into the existing marketing programs. In order to achieve desired results from multi-channel and/or cross-channel marketing campaigns, marketing organizations today need to increase their focus on management of these programs. Campaign management technology addresses these challenges by incorporating prospect/account data with centralized decision making and integrated marketing operations to execute cross-channel campaigns throughout multiple mediums such as email or social media. This technology also provides users with the ability to launch and execute marketing campaigns specifically aimed at managing/reducing leakage in "middle of the sales pipeline" to support sales by nurturing existing leads. Best-in-Class performance illustrated in Figure 1 reflects the impact of campaign management in building and supporting the sales pipeline.

Recommended Actions

While most organizations struggle with pressures dictated by the economic downturn, lack of marketing resources, or the need to demonstrate a return from marketing campaigns, Best-in-Class enterprises rise to the top by adopting sales and marketing alignment as a key business strategy. The performance results of top-performing companies in improving sales effectiveness delivers a clear message: sales and marketing alignment is no longer an option! Aberdeen recommends companies the following actions to align their sales and marketing efforts throughout the sales pipeline and spur potential improvements in sales effectiveness:

- **Align and articulate the business and organizational goals of both sales and marketing.** Nearly half of all organizations don't ensure this basic blocking tackling step. Outlining goals and objectives by function at all levels of the organization is crucial to success. It's imperative that everyone, not just executive management, knows and understands the objectives. Furthermore, integrate a part of the marketing team's compensation to achievement of these common objectives.
- **Define roles and responsibilities for lead management activities.** Don't assume everyone in both your sales and marketing roles knows what to do and when to do it. There are many actions, roles and assignments in lead management from the point of capture to the point of close. Ensure your organization is clear on the steps to be taken and who is responsible for executing them. Then inspect what you expect to make sure they are completed. To

solidify the results of this action, provide marketing with access to your CRM or SFA system so sales can have easier and timely access to marketing campaign results through these systems.

- **Enhance the lead management process and adopt technologies that support pipeline management.** Top-performing companies have a strong process to manage leads through the marketing and sales cycle. However improvements can always be made. Having the sales discipline to reject leads is an invaluable tool for the marketing organization, which examines program success / failure by monitoring lead conversions. Now take this to the next level by establishing a formal protocol for sales to reject leads that require further nurturing by marketing. This will put even greater emphasis and importance on your efforts to reduce leakages within the pipeline in order to minimize lost business opportunities and improve lead conversions. Utilize the capabilities and technology enablers highlighted in this research paper to support and improve your efforts to better manage the sales pipeline.
- **Marketing meets and talks with customers frequently.** This recommendation cannot be stressed enough. While half of top-performers engage with customers regularly, the other half still are not. There may be no better source for customer information and no single action that drives greater sales and marketing alignment.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[Sales and Marketing Alignment: Collaboration + Cooperation = Peak Performance; September 2010](#)

[The 2011 Marketer's Agenda: Accessing and Understanding Customer Experience Data Is Life or Death; July 2010](#)

[Crossing the Chasm: with Automated Lead Management; January 2010](#)

[Offer Optimization: Using Customer Analytics to Improve Marketing Performance; October 2009](#)

[Web Analytics: Actionable Insights for Unlocking the Hidden Potential of Online Data; September 2009](#)

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