

Sales and Marketing Alignment

Collaboration + Cooperation = Peak Performance

September 2010

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~ Underwritten, in Part, by ~



Executive Summary

Organizations in 2010 remain under economic pressure to accomplish more with less, as companies endeavor to achieve and sustain recessionary profitability through top-line revenue growth. Sales and marketing alignment is critical for this growth as it encompasses the areas of common goal identification, defined responsibilities, and established workflows that are essential in producing optimal results. Yet, many companies continue to struggle to realize their full potential, because their sales and marketing organizations are not in step with one another.

In August of 2010, Aberdeen Group's marketing strategy and effectiveness research practice surveyed 453 companies to assess the state of sales and marketing alignment. This report will review the common processes, capabilities, technologies, and metrics used by top-performing organizations to ensure sales and marketing alignment as well as tight operational synergy that, in turn, delivers greater top line revenue growth.

Best-in-Class Performance

Two key performance criteria were used to distinguish Best-in-Class companies in sales and marketing alignment. On average, these top-performing organizations achieved the following:

- 20% average growth (increase) in company annual revenue, as compared to a 4% average decrease among Laggard organizations
- 47% of sales forecasted pipeline is generated by marketing, as compared to an average 5% among Laggard organizations

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics to support strong alignment between their sales and marketing functions, including:

- Workflows between sales and marketing are well defined
- Mutual understanding of lead management activities

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Utilize systems and solutions that improve the collaborative collecting and sharing of customer/prospect information
- Include marketing in sales' prospecting activities and communications
- Marketing regularly meets and communicates with customers through a formalized process

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

How Does Your Performance Compare to the Best-in-Class?



- Compare your processes
- Receive a free, personal PDF scorecard
- Benefit from custom recommendations to improve your performance, based on the research

Take the Assessment

Receive Your Free Scorecard

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Chapter One: Benchmarking the Best-in-Class

Business Context of Sales and Marketing Alignment

In August of 2010 Aberdeen Group completed an online survey of 453 business executives as part of its *2011 Marketing Executive's Agenda* research. That survey revealed that almost two-thirds of sales and marketing functions report to different senior executives within the organization. The disconnect between these two key revenue-generating functions begins with this operational separation. The divide expands by failing to deploy common agreed-upon definitions, establishing adequate processes and workflows between sales and marketing, and creating common goals that measure success.

Sales and marketing organizations must adapt to today's rapidly changing, on-demand business environment to maximize every opportunity initiated by marketing and taken by sales. Utilizing operational efficiencies to maximize prospect engagement and profitability requires ongoing attention to the processes, and technologies that assure the highest degree of alignment throughout the marketing and sales cycle. To this end, a well-defined map of workflows, including a wide variety of automation tools and solutions are being deployed by companies' sales and marketing groups to ensure collaboration, increase lead conversion, and measure marketing's contribution to the business. In support of this, Aberdeen's conducted research in July 2010 about accessing and understanding customer experience data, and found that 57% of top performing companies had defined workflows between sales and marketing to handle leads, and these organizations were twice as likely as bottom-performers to have that in place.

This particular benchmark research on sales and marketing alignment is based on survey data from 453 organizations around the globe; including the 270 originally surveyed in June 2010, and an additional 183 who took the same survey in August 2010. This research reveals the processes, capabilities, technologies, and metrics used by top-performing organizations to ensure tight alignment between these critical functions, as well as strong operational synergy that, in turn, delivers greater top line revenue growth.

Business Pressures Driving Sales and Marketing Alignment

The single greatest pressure facing organizations is, and will continue to be, the global economy, according to Aberdeen's data. In fact, in survey data collected by Aberdeen for its *Quarterly Business Review* (August 2010), 43% of more than 1,600 executives from cross-functional business disciplines indicated that they believe we will not see economic recovery until 2011, or beyond.

Fast Facts

- √ 58% of the Best-in-Class have marketing collateral available for sales on-demand
- √ 56% of the Best-in-Class include sales in obtaining Voice of the Customer input

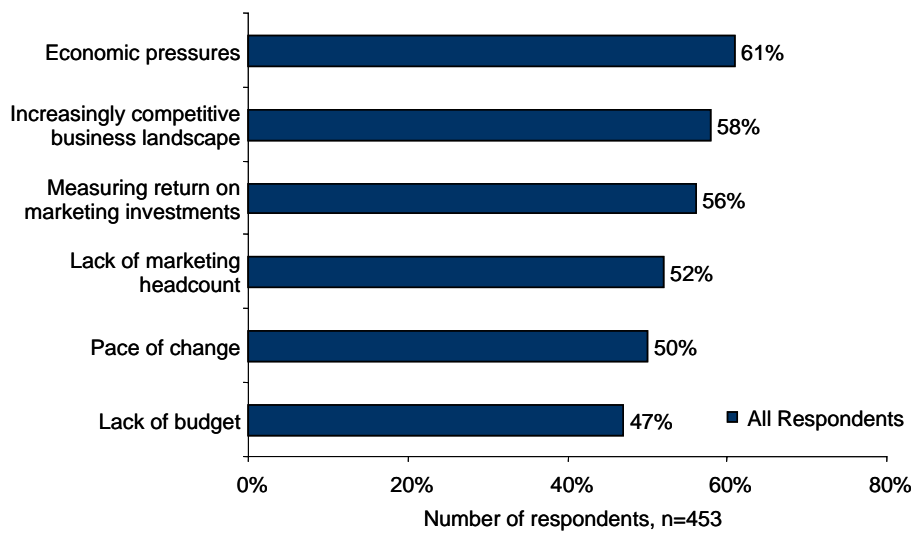
“The primary factor pushing us to pursue establishing an alignment between marketing and sales is the potential to generate greater revenue and have increased visibility into the sales forecasted pipeline while also managing our limited marketing budget wisely.”

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

The economic environment is creating significant internal challenges for companies above all other pressures, but is straining organizations internally in conflicting ways. A dichotomy exists for marketers given the economic climate means delivering programs with fewer headcount (52%) and reduced budgets (47%). However, marketing executives must meet these difficulties while still managing toward Return on Marketing Investments (ROMI) which a majority of firms continue to acknowledge is among the primary internal challenges.

However, the sheer number of competitors facing organizations (regardless of the size, industry or geography), continues to burden marketing and sales organizations. And understanding the myriad of vehicles and mediums available, given an ever changing landscape, makes it more difficult to manage the daily business activities of both functions. Figure 1 illustrates the percentage of respondents who rated the following internal challenges and external pressures a "4" or "5" on an increasing scale (where "1" equals significant and "5" equals most significant).

Figure 1: Pressures and Challenges Affecting Marketing Strategy



Source: Aberdeen Group, September 2010

In facing economic hardship that reduced human and financial resources, marketing executives must deal with the ever present challenge to demonstrate a return on their efforts. You will see in the next section that Best-in-Class companies are developing strategies and measuring their performance in direct response to the economic pressures, and they are confronting the internal challenges they face.

The Maturity Class Framework

While common business objectives and goals are not shared by many sales and marketing organizations (as will be expounded upon in Chapter Two of

this report), two metrics stand out as key indicators of synergy between these two functional areas:

- Percent of the sales forecasted pipeline generated by marketing
- Growth (increase or decrease) in company revenue

These are also the measures that have the greatest impact on business growth. In fact, 48% of respondents to Aberdeen's August 2010 *Quarterly Business Review* indicated *organic revenue growth* is their organization's top goal. And, while some marketers continue to live in a world dominated by click through figures, response rates, exposures and 'touches' to measure performance, the "art" of marketing is rapidly becoming a "science" that demands concrete, demonstrable value delivered to the business.

With organic business growth being paramount, no metric connotes greater alignment between sales and marketing than marketing's contribution to the sales forecasted pipeline. This captures not only the leads that have been produced but also what has been converted and accepted by sales as a valid opportunity forecasted in their pipeline. And no other measure provides a more meaningful metric to address the pressure to demonstrate a Return on Marketing Investment (ROMI).

Organizations with top performance based on these two criteria earned Best-in-Class status, as described in Table I. For additional details on the Aberdeen Maturity Class Framework, see The Competitive Framework Key in Appendix A.

“The primary reason driving our company to integrate sales and marketing efforts is to have marketing determine who our target customers should be so we can empower and direct our sales team to focus their attention on those opportunities.”

~Curtis Fisher, CEO,
 ProContent

Table I: Top Performers Earn Best-in-Class Status

| Definition of Maturity Class | Mean Class Performance |
|---|---|
| Best-in-Class: Top 20% of aggregate performance scorers | <ul style="list-style-type: none"> ▪ 20% average growth (increase) in company annual revenue ▪ 47% of sales' forecasted pipeline generated by marketing |
| Industry Average: Middle 50% of aggregate performance scorers | <ul style="list-style-type: none"> ▪ 7% average growth (increase) in company annual revenue ▪ 22% of sales' forecasted pipeline generated by marketing |
| Laggard: Bottom 30% of aggregate performance scorers | <ul style="list-style-type: none"> ▪ 4% average <u>decline</u> (decrease) in company annual revenue ▪ 5% of sales' forecasted pipeline generated by marketing |

Source: Aberdeen Group, September 2010

Sales converted leads from marketing generated programs and top line revenue growth shine a stark light on an organizations ability to have sales and marketing work effectively together. If there is any doubt organizations

with tightly aligned marketing and sales functions out perform all others, consider this:

- 100% of the best performing companies experienced an increase in year over year revenue growth compared with only 11% of Laggards
- One in four deals (26%) of all closed business came from marketing generated leads at Best-in-Class organizations, while the Industry Average could only claim 15% and Laggards report a dismal one in 20 (5%) of closed business as a result of marketing generated leads

The Best-in-Class PACE Model

Focusing on sales and marketing alignment to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that are summarized in Table 2. There is little doubt the economy continues to wreak havoc on companies large and small. However, Best-in-Class companies are laser focused on improving and maintaining sales and marketing alignment as the key strategy to not only weather the difficult economic environment, but to thrive in it.

Table 2: The Best-in-Class PACE Framework

| Pressures | Actions | Capabilities | Enablers |
|--|--|---|---|
| <ul style="list-style-type: none"> ▪ Economic Pressures | <ul style="list-style-type: none"> ▪ Tightly align marketing activities to specific sales goals and objectives ▪ Enhance sales and marketing collaboration | <ul style="list-style-type: none"> ▪ Work flows between sales and marketing are well defined ▪ Well defined process for tracking and measuring results ▪ Process for disseminating results from marketing campaigns to key decision-makers ▪ Clear Understanding of which marketing channels are most effective | <ul style="list-style-type: none"> ▪ Social media monitoring and measuring tools - 41% adoption by the Best-in-Class ▪ Lead management tools and dashboards (including lead generation, lead nurturing and lead scoring) - 47% adoption by the Best-in-Class ▪ Campaign management and marketing automation system - 47% adoption by the Best-in-Class ▪ Web analytics solutions - 65% adoption by the Best-in-Class ▪ Customer Relationship Management or Sales Force Automation - 76% adoption by the Best-in-Class ▪ Email marketing tools - 84% adoption by the Best-in-Class |

Source: Aberdeen Group, September 2010

Best-in-Class Strategies

It makes perfect sense that in difficult economic times, every opportunity produced must be maximized to ensure a positive outcome. No other strategy can hurdle economic challenges or have a more substantive impact on top line revenue growth. However, many organizations indicate that they

prioritize sales and marketing alignment as a key strategy to address this pressure, but then fail to include tactical steps to ensure its achievement.

Best-in-Class companies, like all other organizations surveyed, are actively implementing or refining lead management processes and focusing their organizations to utilize customer data across the enterprise. However, these are not strategic initiatives that improve sales and marketing alignment or directly support organic revenue growth. Tightly aligning marketing activities to specific sales goals and objectives is the primary strategy cited by 50% of Best-in-Class companies to attack the pressures being faced in the global economy.

And whereas nearly a majority of all other organizations are focused on developing a formal marketing strategy to execute against, the majority of Best-in-Class companies aren't simply talking about alignment, they are taking clear actions that ensure what marketing delivers will support the organization's sales goals. When both functions (marketing and sales) start with this strategy in place, producing greater top line revenue growth is achieved.

Fast Facts

- ✓ 46% of all companies plan to deploy analytics resources devoted to leveraging customer data
- ✓ 42% of all companies plan to define performance metrics for tracking revenue and incremental sales lift

Figure 2: Less Talk and More Action



Source: Aberdeen Group, September 2010

Ensuring Alignment via Collaboration and Integration

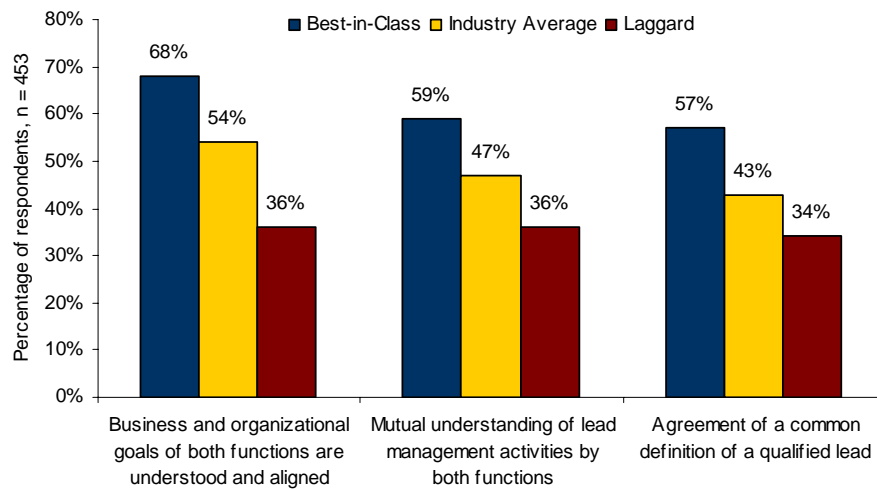
Best-in-Class organizations "land and expand" this alignment strategy by creating and enhancing their capabilities to further the cause that many companies haven't even started to address. Figure 3 illustrates how the top performing companies develop specific, focused capabilities to turn an alignment strategy into operational skills.

- **Sharing a common definition for a lead** is at the core of sales and marketing alignment. The degree to which a lead is "qualified"

becomes irrelevant when sales and marketing agree on what constitutes a lead. Despite the importance of the capability to define a lead, Aberdeen found that Best-in-Class companies are 63% more likely to achieve an agreed upon definition than Laggards.

- **Ensuring that both marketing and sales understand what is expected of each function** lays a foundation to ensure that no lead is left behind. However, once again top performing companies engage in this practice 68% more often than Laggards. While this may appear to be a 'common sense' element, the delta between the Best-in-Class and all others clearly demonstrates most aren't following through and their results suffer because of it.

Figure 3: Achieving Optimum Sales and Marketing Alignment



“We are heavily focused on creating and managing marketing assets. We are aware that we need to change this to position marketing as a strategic function that has a direct impact on the sales forecasted pipeline.”

~ Director of Marketing, Mid-size Publishing Company in the U.S.

Source: Aberdeen Group, September 2010

To ensure their alignment strategies produce meaningful results, Best-in-Class organizations also implement clear, tactical steps to support the objective (Table 3). With top performing companies twice as likely as Laggards to develop and follow a formal planning process between sales and marketing, their ability to achieve alignment is far greater as a result. Engaging in meaningful, tangible steps to foster synergy is clearly evident at Best-in-Class sales organizations. No stronger evidence exists than joint collaboration on primary selling activities. Two thirds of top performing sales organizations have a formal process to bring their marketing counterparts into active prospecting and selling situations. Only one third of the Laggards have this in place which limits the ability to gain first hand knowledge and information from prospects directly for use in future marketing efforts.

Table 3: Making Alignment Takes Work

| Value of Collaboration | Best-in-Class | Laggards |
|--|---------------|----------|
| There is a formal planning process between sales and marketing | 50% | 27% |
| Sales involves marketing in prospect activities and communications | 57% | 31% |

Source: Aberdeen Group, September 2010

Aberdeen Insights — Marketer's Need to Get In Step

With organic revenue growth as a top business goal, Best-in-Class marketing organizations are dynamically adjusting how they measure and report their own success. Aberdeen's research doesn't indicate that Best-in-Class organizations minimize the value of customer retention and satisfaction. The research does show that these top-performing organizations place the highest value on clearly defined supportive metrics that expose the effectiveness of their alignment and, ultimately, their performance against revenue growth. Industry Average and Laggards on the other hand undervalue the performance measures that drive alignment and support organic revenue growth (Table 4).

Table 4: Measuring Marketing's Contribution to the Business

| Measuring Marketing's Contribution to the Business (Scale of 1 - 5: "1" is least valuable and "5" is most valuable) | Best-in-Class | All Others |
|--|---------------|------------|
| Company revenue growth | 4.15 | 3.87 |
| Addition of net-new customers | 4.07 | 3.53 |
| Percent of marketing generated leads that result in closed sales | 3.84 | 3.36 |
| Customer retention | 3.76 | 3.59 |
| Conversion of marketing-generated leads to sales-forecasted opportunities | 3.76 | 3.15 |
| Customer satisfaction | 3.72 | 3.47 |

Source: Aberdeen Group, September 2010

continued

Aberdeen Insights — Marketer's Need to Get In Step

Marketers need to get with the times and stop employing performance measures that don't adequately support the business or build trust within the sales team. Aberdeen's research reveals that Best-in-Class companies recognize the most meaningful Key Performance Indicators (KPIs) – and the KPIs are those that measure marketing's ROI as it relates directly to the health of the business. How marketing measures their value to the company's revenue growth, forecasted pipeline and closed business are the indicators that matter. Marketers who fundamentally fail to comprehend this dynamic shift and focus on less optimum indicators like year over year lead production, campaign response rates or other dated metrics to demonstrate their value to senior management will find themselves organizationally marginalized.

Chapter Two: Benchmarking Requirements for Success

The selection of technology solutions that support the integration of business intelligence and business process management play a crucial role in an organization's ability to turn alignment strategies into revenue growth.

Case Study — BakeMark: It Takes the Right Recipe

BakeMark is a national manufacturer and distributor of bakery ingredients (i.e. bakery mixes, icings and fillings, chocolate, frozen products, packaging and commodities) and operates 25 distribution centers within the US and Canada. Significant acquisitions, the pace of change within the marketplace, combined with the economic environment's impact on their overall business drove the company to implement initiatives to align its sales and marketing programs. "Volatility in the commodities market and the ever-changing consumer preferences in the food scene deeply affect our business, and in order to excel in this environment we need to support our sales reps with timely and accurate information about the market," says Shanshan He, Director of Marketing, BakeMark.

BakeMark has a long and successful business legacy from a series of acquisitions. How to best align marketing with sales to leverage the rich institutional knowledge it had acquired was a significant issue. The goal of aligning sales and marketing was to regenerate BakeMark's marketing capabilities to implement new programs that supported the sales effort. Sales needed marketing's information on new and existing products as well as industry data to formulate strategies, account plans, and sales call scripts. At the same time, the volume of information and an expanded product line meant sales had to be trained on how best to utilize these marketing programs, product information and industry data in their selling efforts.

While sales and marketing alignment was intuitive for years, formal actions were developed to institutionalize the capability. A web based technology solution was deployed that enabled sales to access crucial marketing information at any time from any location. Even more valuable was that the solution guided a sales person through the knowledge acquisition process and trained them on new products, categories and vertical market segments. The sales force is able to benefit from marketing's knowledge to sell more effectively while marketing simultaneously delivers meaningful programs and content with greater efficiency.

continued

Fast Facts

- √ 40% of all other respondents (Industry Average and Laggards) plan to implement a process for tracking marketing results
- √ 36% of all companies plan to establish a process for disseminating marketing campaign results.

"Marketing needs to provide strategic direction to the overall business, but the strategies that were provided by marketing were different from the realities faced day to day by our sales reps."

~ Shanshan He, Director of Marketing, BakeMark

Case Study — BakeMark: It Takes the Right Recipe

“Marketing needs to provide strategic direction to the overall business, and clear tactics to the sales force who face real issues on the front line,” said Shanshan He. By leveraging support from senior management the company now integrates marketing activities into existing sales processes that focus on improving the performance of the sales force. This allows the company to translate marketing’s broad, high-level strategic direction into simple day-to-day operational tactics for its sales reps.

As a result of its initiatives to align these traditionally disparate functions, BakeMark is improving its sales effectiveness and changing the marketing organization from a supporting function to a value added strategic partner to the sales organization. “There is no other way but to align sales and marketing, they have to go hand in hand to succeed in today’s marketplace,” concluded Shanshan He.

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of 453 surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches organizations take to execute daily operations); (2) **organization** (corporate focus and collaboration among various stakeholders and functions); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics, identified in Table 5, serve as a guideline for best practices and correlate directly with Best-in-Class performance across the key metrics.

Table 5: The Competitive Framework

| | Best-in-Class | Average | Laggards |
|---------------------|---|---------|----------|
| Process | Well-defined process for tracking and measuring marketing results | | |
| | 60% | 42% | 26% |
| Organization | Process for disseminating results from marketing campaigns to key decision-makers | | |
| | 62% | 48% | 38% |
| Organization | Operations resources devoted to managing marketing campaigns | | |
| | 64% | 49% | 38% |

| | Best-in-Class | Average | Laggards |
|-------------------------------|---|---|---|
| Knowledge Management | Ready access to marketing campaign strategy / business plan information | | |
| | 72% | 58% | 41% |
| | Defined performance metrics for tracking revenue and incremental sales lift | | |
| | 47% | 28% | 24% |
| Technology | Key technologies enabling sales and marketing Alignment | | |
| | <ul style="list-style-type: none"> ▪ 84% Email Marketing ▪ 76% Customer Relationship Management or Sales Force Automation ▪ 65% Web Analytics Solution ▪ 47% Campaign Management Software ▪ 40% Marketing Performance Management Tools | <ul style="list-style-type: none"> ▪ 72% Email Marketing ▪ 67% Customer Relationship Management or Sales Force Automation ▪ 54% Web Analytics Solution ▪ 34% Campaign Management Software ▪ 24% Marketing Performance Management Tools | <ul style="list-style-type: none"> ▪ 69% Email Marketing ▪ 59% Customer Relationship Management or Sales Force Automation ▪ 54% Web Analytics Solution ▪ 26% Campaign Management Software ▪ 19% Marketing Performance Management Tools |
| Performance Management | Business measurements supporting alignment | | |
| | <ul style="list-style-type: none"> ▪ 19% average improvement (decrease) cost per lead ▪ 26% of marketing generated leads resulting in closed business | <ul style="list-style-type: none"> ▪ 11% average improvement (decrease) cost per lead ▪ 15% of marketing generated leads resulting in closed business | <ul style="list-style-type: none"> ▪ 6% average improvement (decrease) cost per lead ▪ 5% of marketing generated leads resulting in closed business |

Source: Aberdeen Group, September 2010

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class demonstrates that a highly identifiable set of corporate capabilities and technology led to measurable business success. This research demonstrates that the deployment of management-oriented marketing and sales alignment processes and technologies are the common ingredients for producing superior business results.

Process

Organizations can talk about the importance of aligning marketing to sales activities and many even claim to have mastered the task. However, there is

more to walking the walk than simply talking the talk. Clear, concrete processes must be established to manage on-going daily activities that ensure these critical functions work collaboratively together.

The most valuable activities to support marketing and sales alignment relate to lead delivery. Best-in-Class organizations realize that to establish a trusting business relationship between sales and marketing, information flow is critical. Processes to measure and track as well as disseminate marketing campaign results may seem like "basic block and tackling" for many organizations, but failure to have these fundamental alignment building blocks in place is driving ineffective operations.

For example, one area that delivers substantive synergy for Best-in-Class companies and, angst for all others, relates to lead delivery. The crucial aspect of lead hand-off is too often bungled and dropped. It starts with the most basic common denominator of what qualifies as a lead. Aberdeen's research demonstrates that having lead scoring capabilities is essential to driving lead conversion and connecting marketing to sales. Best-in-Class firms rated this process "4" or "5" on an increasing scale (where "1" equals no value and "5" equals highly valued) 63% higher. Don't be confused or diverted by claims that the length of the sales cycle, cost to produce a lead, or level of qualification has a greater impact on sales and marketing alignment. If the sales and marketing organization establish a clear lead definition of a lead qualified, conversion to the sales forecasted pipeline will naturally follow irrespective of cost or time.

Equally important is how rapidly leads are being delivered once they have been captured. Strong performing marketing and sales teams recognize that a lead doesn't simply appear and that prospects need rapid engagement to stay viable. Yet while Best-in-Class companies are 36% more likely to have real-time notification to sales when a lead becomes qualified, this crucial process is missing at many organizations.

Organization

Aligning sales and marketing is not a simple task and is one made more complicated given that each function reports to different individuals 56% of the time based on this research. Even when the same individual manages both areas, differences based on roles and responsibilities easily create operational silos. The best performing companies understand this separation and drive their organizations to have greater organizational knowledge to manage this structure effectively.

Best-in-Class firms are 64% more likely than Laggard organizations to have established workflows between sales and marketing that are well defined and clearly understood. This organizational discipline ensures that during the heat of battle everyone knows their role in the attack plan and can rely on their counterparts to execute against it. However, the acquisition of knowledge does not start and end with just producing or following up on leads. Top performing companies are 29% more likely to ensure their sales and marketing functions are together once a lead is disposed by executing a

formal win/loss debriefing. This allows both functions to understand why leads are won or lost which, in turn, positions both groups to perform better in the future. While reviewing lost sales may not be enjoyable for sales people, building an organization that can share this information freely and in a positive manner clearly produces better results.

It is important to highlight that optimum sales and marketing alignment doesn't require individual staff assigned solely to specific roles or workflows. Rather, the research does indicate that having existing marketing staff responsible for functions that need to be executed regularly is a key organizational capability. Consider the January 2010 research entitled [*Crossing the Chasm: with Automated Lead Management*](#). This research found that top-performing companies were 50% more likely than bottom-performers (62% vs. 41%) to have a lead administrator or individual accountable for communicating between sales and marketing for pipeline, forecast, and closure data. Best-in-Class companies don't simply expect things to happen but inspect what is expected by ensuring staff follow up on crucial alignment processes.

It is the synergy of building programs that can be measured, providing ready access to the data combined with assigned staff responsible for capturing and promptly disseminating those results that propels top performers to deliver superior KPI results. All other companies, on the other hand, do not have the processes or assigned staff to mine marketing program results and they are paying for it with dramatically lower results from their marketing programs and against KPI measurements.

Knowledge Management

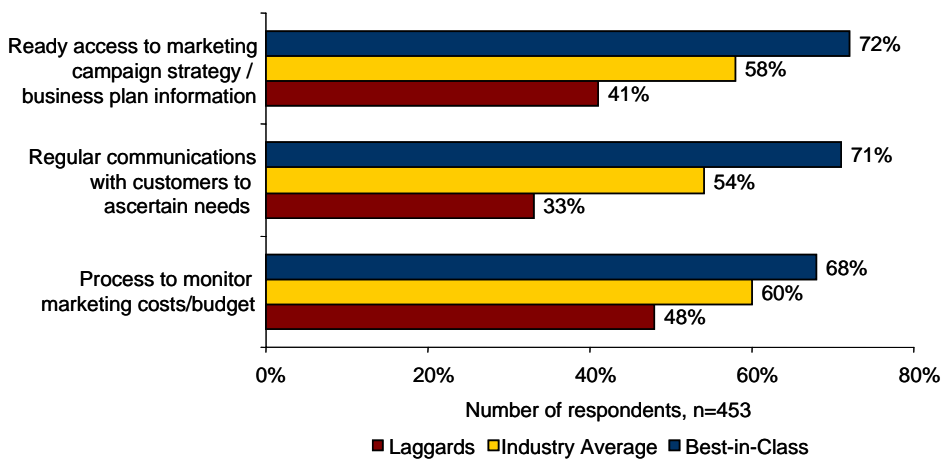
Having effective processes and the right organizational assignments alone won't drive sales and marketing alignment. However, utilizing the information these capabilities produce to improve business knowledge further narrows the gap between marketing and sales. Providing ready access to marketing's business plan and campaign strategies is invaluable to the entire organization but specifically benefits sales. 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 4) contrasted with Industry Average and Laggards organizations that simply deliver a program's leads and do not provide the contextual knowledge that enables sales to respond or follow up more effectively.

Even more shocking and disappointing is that too many organizations fail to speak directly with their customers on a regular, formalized basis. Top performing companies are more than twice as likely as Laggards to employ this common sense step to gather accurate market knowledge (Figure 4) and are rewarded for these efforts with far superior KPI results. No knowledge source is more easily accessed or for a minimal cost than a company's existing customer base, yet a vast majority of companies simply don't do it.

Fast Facts

- √ 84% of the Best-In-Class marketing organizations have access to the CRM solution used by sales
- √ 53% of the Best-In-Class firms indicated they value social media very highly for its ability to produce high quality leads

Figure 4: Availability and Use of Information Drives Results



Source: Aberdeen Group, September 2010

Technology

The technologies solutions Best-in-Class companies deploy are enhancing the organization's structure, improving processes capabilities and increasing knowledge acquisition. Coupling the internal capabilities outlined in this report with technology furthers effective sales and marketing alignment that, in turn, increases KPI results by speeding marketing/sales cycles and driving effective decisions.

In fact, top performers are implementing solutions at a rate 120% to 150% more than Laggards (Figure 5). Top performing companies understand that technology solutions improve an organization's processes and boost knowledge while simultaneously seeking to support their alignment. It is easy to see given almost half of the Best-in-Class companies are using an automated system to track and report lead generation or execute nurturing sales activities to be more effective.

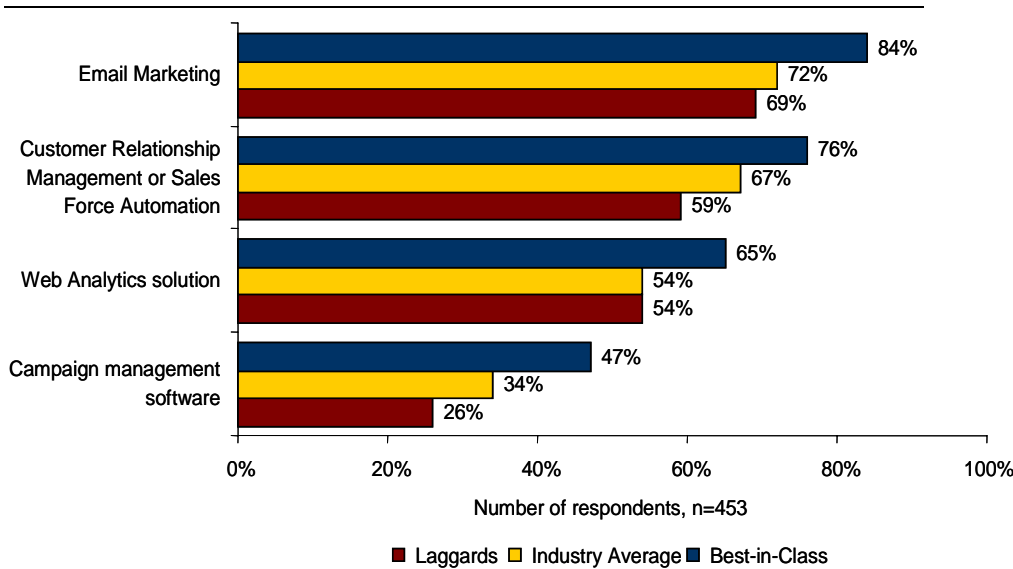
These companies are targeting technologies that deliver better prospect data through monitoring and analytics. For instance, CRM and SFA solutions provide valuable insight into customer behavior that improves marketing and sales activities. Aberdeen's research demonstrates that the best performing companies also create alignment by empowering marketing organizations with access to CRM. An impressive 84% of the Best-in-Class provide their marketing organization with access to the CRM/SFA, compared to only 65% of all others. The research also found that 20% of all companies don't use a CRM or SFA system at all. Clearly access to information is important but the ability to act upon it is invaluable. Of those companies that have access to CRM or SFA systems, 91% of top performing companies allow marketing to have full editing authority compared to only 70% of all others. In fact all other organizations are three times more likely than Best-in-Class companies to restrict marketing's access to read-only mode.

"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 U.S.

Other systems like marketing automation and campaign management solutions further leverage marketing strategies and campaign results by enabling rapid dissemination of results to key decision makers. Interestingly Best-in-Class firms are leveraging email solutions more readily with 84% using this technology in conjunction with their programs. Given the pressures to demonstrate an ROI with reduced headcount and budget, this technology provides a consistent vehicle to effectively deliver marketing campaigns.

Figure 5: Technologies that Support Sales and Marketing Performance



Source: Aberdeen Group, September 2010

Performance Management

Finally, no company can win the game if it doesn't know the score. This research demonstrates that Best-in-Class companies are keenly aware of utilizing both fundamental and innovative performance management measures to advance sales and marketing alignment.

For instance, Aberdeen's research demonstrates that many companies aren't monitoring their marketing program costs or budgets. Why is that an important capability for aligning sales and marketing? How many times has a sales organization requested marketing to support a new segment, geography, industry vertical, or event but are told "sorry, we don't have the budget." Marketing organizations that plan their budgetary spend and monitor the associated expenses can be more flexible and fluid. This allows adjustments given changing conditions and opportunistic exploitation of tactics that sales believes will be successful. With the top performing companies 42% more likely to acquire this knowledge, they clearly understand it will drive better synergy throughout their sales and marketing efforts.

Aligning Marketing's Compensation to Sales Indicators

Top performing companies are taking more innovative steps to assure sales and marketing alignment through compensation. While sales has been compensated based on their own production, having marketing incentives directly tied to performance results is a recent development. In fact, nearly one-third (32%) of all other organizations indicate that none of their marketing leader's variable compensation is tied to the company's top-line (revenue growth), as compared to one-quarter (25%) of the Best-in-Class.

However, among Best-in-Class organizations, the average percentage of a marketing leader's variable compensation that is aligned to a key organizational driver like revenue attainment is twice that of all others (22% vs. 11%) and more than two times as much pertaining to key marketing activity such as the number of qualified leads generated by marketing (Table 6).

Table 6: Average Marketing Leader's Variable Compensation

| Key Performance Indicator | Best-in-Class | All Others |
|---|---------------|------------|
| Top-line revenue growth | 22% | 11% |
| Bottom-line margin improvement | 21% | 14% |
| Marketing activity goals (i.e. number of qualified leads generated, etc.) | 21% | 9% |

Source: Aberdeen Group, September 2010

In addition, top performing marketers are 33% more likely to be compensated based on marketing specific metrics than those of Laggards. These compensation factors are crucial differentiators. Best-in-Class companies not only have their marketing groups focused on producing results but also ensure greater alignment by tying their compensation to sales production. The Best-in-Class know that to realize marketing and sales synergy, marketing's rewards must be tied to those of sales. And considering that marketing-generated leads account for one in four closed deals at Best-in-Class organizations as opposed to only one in 20 closed deals at Laggard firms, the marketing leaders at these top-performing companies should be amply rewarded.

Aberdeen Insights — Technology

Despite the lack of processes and knowledge capabilities that lead to better sales and marketing alignment, a majority of organizations realize its importance and are planning to spend money on technology solutions that improve their prospects for success in this crucial area. However, once again the top performing companies are outpacing all other organizations in both the amount of dollars spent on technology that supports alignment as well as the speed at which they are investing (Figure 6).

continued

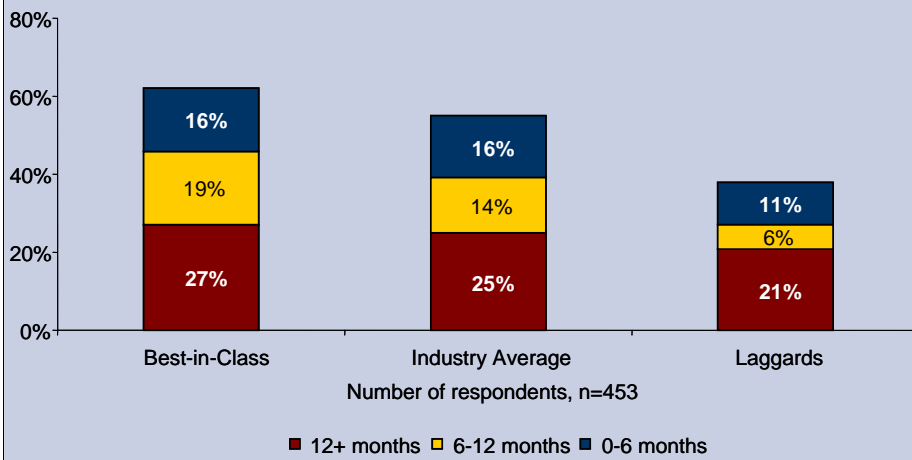
Fast Facts

- √ Marketing compensation tied to company achievement of top-line revenue is 210% higher at Best-in-Class firms versus Laggard companies
- √ Marketing compensation tied to team achievement of activity goals (number of qualified leads, etc.) is 250% higher at Best-in-Class organizations versus Laggards firms
- √ Marketing-generated leads at Best-in-Class organizations accounted for 26% of all closed deals, as compared to only 15% among Industry Average and a mere 5% of closed deals among Laggards

Aberdeen Insights — Technology

Few executives doubt the valuable role technology exerts on their business. In fact, 23% of those surveyed plan to institute a technology refresh and update of key systems like CRM within the next 12 months. However, history continues to prove that failing to establish the organizational structure and capabilities necessary to leverage technology investments will result in a failure to realize the full benefit of those solutions. If an organization doesn't have the staff and processes established, technology simply helps organizations make the same mistakes faster.

Figure 6: Spending on Sales and Marketing Alignment Solutions



Source: Aberdeen Group, September 2010

It is extremely valuable to understand that Best-in-Class firms do not focus on technology implementation and use in isolation. In fact, top performing companies view technology investment in combination with program spending. For instance, these organizations plan increased program spending in web analytics as well as email marketing and lead nurturing campaigns. To compliment this, top companies also are investing more in supporting technologies with 22% more spending for email marketing and 20% greater spending on microsites and landing pages than Laggards. Creating synergy between their technology investments and program spending enables the best companies to realize greater KPI performance.

Chapter Three: Required Actions

Whether a company is trying to move its performance through better sales and marketing alignment from Laggard to Industry Average or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Develop a common definition of a lead.** It doesn't matter if the selling cycle is 10 days or 10 months. It is irrelevant if a prospect is able to fog a mirror or ready to engage in a request for proposal. The factor that continues to haunt marketing and sales is their mutual failure to have an agreed upon definition of what constitutes a lead. Sales and marketing must have a common definition of a qualified lead to drive effective marketing and sales alignment. Given 66% of Laggards don't have such a definition in place now; there is ample room for improvement.
- **Establish a formal planning process between sales and marketing.** You can't be on the same play if you don't use the same play book. Marketing and sales organizations should not underestimate the power of sitting at the table with one another to plan activities jointly to ensure success. The chasm between sales and marketing is large with 73% of Laggards not doing this today.
- **Involve marketing in prospecting activities and communication.** Sales can't expect marketing to 'speak their language' if they never allow them to participate in sales calls. Listening to prospects is an invaluable tool for marketing to create compelling messages and content that empowers the sales function. Too many sales organizations, including 70% of the Laggards surveyed, block marketing's participation in their selling activities which only perpetuates the gap between the two functions.

Industry Average Steps to Success

- **Align and articulate business and organization goals of both sales and marketing.** Nearly one-half of Industry Average 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.
- **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. Understanding and establishing clear

Fast Facts

- √ 66% of Best-in-Class organizations plan to increase spending on social media
- √ 55% of Best-in-Class organizations plan to increase spending on Search Engine Optimization
- √ 52% of Best-in-Class organizations plan to increase spending on in-person conferences

"We are making incremental improvements in our use of technology to both automate and measure our lead process."

~ Jonathan Goodman, EVP,
Business Development, Media
and Publishing

responsibilities along the entire spectrum of the process to advance a lead isn't being done by 53% of the Industry Average organizations. 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.

- **Marketing meets and talks with customers frequently.** This recommendation cannot be stressed enough. While half of the 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!

Best-in-Class Steps to Success

- **Enhance the lead management process.** 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. With only 42% of Best-in-Class companies ranking this activity as highly valuable, more leads can be uncovered and advanced by eliminating those that aren't viable.
- **Marketing involves sales in acquiring the voice of customer input.** The reverse, and more advanced, aspect of speaking to customers is including sales in these marketing activities. Having both functions listen to customer feedback drives a mutual understanding of the messages and content that resonates and is most valuable. With only 56% of the Best-in-Class class taking this step, greater sales and marketing alignment can be achieved.
- **Establish a formal debriefing process.** Again, you can't win the game if you don't know the score. Just like any sports organization, marketing and sales need to develop a formal process between them to debrief on wins and losses. While sales teams often resist talking about what didn't close and don't want to share the accounts they lost, that same information is crucial for marketing to use when targeting programs or refining messages. Even though Best-in-Class organizations are performing well, 62% don't engage in this essential step for improving their mutual effectiveness.

How Does Your Performance Compare to the Best-in-Class?



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Aberdeen Insights — Summary

Sales and marketing alignment is a constant and continuous topic. It is on the agenda of many functional meetings, annual company kick-offs, as well as the budget planning processes. However, too many individuals in both marketing and sales still scoff at the concept of sales and marketing alignment. Inevitably the lip services given to this crucial area turns to the tried and true rhetoric that both groups can never change and synergy is a fantasy state of Nirvana.

However, Aberdeen research clearly reveals that Best-in-Class organizations not only understand the value of alignment but are taking concrete actions that improve processes, leverage technology and increase their knowledge to achieve greater operational synergy within the marketing and sales organizations. For top performing companies sales and marketing alignment isn't an elusive state of mind but a tangible reality that is achieved through time, effort and focus.

Scoff if you'd like, but the research is clear: the companies that are growing revenue and experiencing the largest marketing contribution to the sales forecasted pipeline are the ones with the greatest alignment between these critical functional areas - and they show no signs of diminishing this key collaboration.

Appendix A: Research Methodology

In June and August of 2010, Aberdeen examined the use, the experiences, and the intentions of more than 450 enterprises regarding the alignment of their sales and marketing organization.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on sales and marketing Alignment strategies, experiences, and results.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: CEO / President / Owner / Principal (33%); Manager (19%); EVP / SVP / VP (16%); Director (18%); Consultant (4%); and other C-level (2%), other (8%).
- *Department / function:* The research sample included respondents from the following departments or functions: Corporate Management (15%), Marketing (43%), Sales / Business Development (21%), procurement, supply chain, or logistics manager (2%), IT (2%), Finance (2%); Procurement (2%), Operations (2%), Human Resources (1%), Product Engineering (1), and other (5%).
- *Classification:* The research sample included respondents from both Business to Business and Business to Consumer industries. Business to Business (B2B) was the larger segment with 75% of the sample.
- *Geography:* The majority of respondents (73%) were from North America which includes Mexico and Canada. Remaining respondents were from Europe (18%), the Asia-Pacific region (6%), Middle East & Africa (2%) and South/Central Americas & Caribbean (1%)
- *Company size:* 12% of respondents were from large enterprises (annual revenues above US \$1 billion); 27% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 61% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* 21% of respondents were from large enterprises (headcount greater than 1,000 employees); 23% were from midsize enterprises (headcount between 100 and 999 employees); and 56% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ Providing ready access to customer and prospect information throughout the organization
- √ Deploying technologies to capture multi-channel interaction from web activities, social media interactions, and marketing campaigns
- √ Utilizing an automated system to track/report lead generation and sales activities to both Sales and Marketing

The study aimed to identify emerging best practices for Sales and Marketing Alignment and to provide a framework by which readers could assess their own management capabilities in this area.

Table 7: The PACE Framework Key

| Overview |
|--|
| <p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p> |

Source: Aberdeen Group, September 2010

Table 8: The Competitive Framework Key

| Overview | |
|--|---|
| <p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p> | <p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p> |

Source: Aberdeen Group, September 2010

Table 9: The Relationship Between PACE and the Competitive Framework

| PACE and the Competitive Framework – How They Interact |
|--|
| <p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p> |

Source: Aberdeen Group, September 2010

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [Restocking The Marketer's Tool Box In The Digital Age](#); June 2010
- [Optimizing Lead-To-Win: Shrinking the Sales Cycle and Focusing Closers on Sealing More Deals](#); May 2010
- [Providing a 360° View of the Customer: Better Service - Higher Sales](#); March 2010
- [Sales Intelligence: Preparing for Smarter Selling](#); February 2010
- [Unified Communications: Unleashing Transformation, Efficiency, Collaboration, and Compliance](#); March 2010
- [The ROI of Social Media Monitoring: Why it Pays to Listen to Online Conversation](#); October 2009
- [Data Driven Marketing](#); October 2009

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

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Since 1988, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.2 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

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