

SALES AND MARKETING – THE ALIGNMENT IMPERATIVE



Year	2015	2016	Growth
Revenue	102,287	108,287	5.9%
Operating Profit	9,774	23,912	245%
Operating Profit Margin	9.5%	21.9%	231%
EBITDA	107,512	108,287	0.7%
EBITDA Margin	10.5%	10.0%	-5.0%
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Dublin Institute of Technology's Justine Emoe leads the International Selling Programme (ISP) on behalf of Enterprise Ireland. EI is Ireland's government agency with responsibility for supporting Irish businesses. Here Justine considers the question of sales and marketing alignment, in light of compelling evidence of the benefits experienced by businesses that improve collaboration and reduce conflict between these two customer facing functions.

Dublin Institute of Technology's partnership with Enterprise Ireland, in managing and delivering the International Selling Programme, has provided a unique perspective on the advances that have been made by Irish SME's involved in export selling. Since 2006 a cross-sectoral group of over 750 senior level executives from Enterprise Ireland client companies have completed the programme. During this time of Irish economic growth, expansion, recession and recovery, an appreciation of the value of sales professionalism, particularly for Irish businesses operating in challenging export markets, has continuously gained momentum.

While economic cycles have influenced broader business decisions, a multitude of other forces have shaped the ecosystems in which businesses operate. The changing dynamics that have principally effected sales organisations include;

- An increasingly competitive global marketplace that has created the need to drive efficiencies in business and create scalable, repeatable revenue machines.
- Technological advances that have revolutionised the way that businesses operate and engage with customers.
- Buying processes that have become far more complex, in order to drive cost savings and efficiencies. Sellers are engaging with buyer's much later in the decision making process and therefore have less opportunity to influence purchase decisions directly.

Unlocking Growth from Within

A business's strategic efforts to accelerate growth in this context are often informed by outward facing perspectives. For example, the concept of "customer centricity" has become synonymous with sales success. However valid, this emphasis may have downplayed the importance of internal processes, which support cross-functional interaction, as potential drivers of growth. Particularly in the context of the factors affecting sales organisations outlined above, the importance of achieving alignment between sales and marketing cannot be overemphasised. Numerous research studies have identified clear and compelling evidence of increases in sales performance where higher levels of collaboration and lower levels of conflict exist between internal sales and marketing functions. A 2017 study by Forrester found that aligned organisations achieved an average of 32% annual revenue growth while those that were less well aligned reported an average 7% decline in return. Another 2013 study by Aberdeen demonstrated clear performance gains for sales and marketing aligned companies across multiple measures including annual revenue, average deal size, brand awareness and team attainment of sales quotas.

DIT's undergraduate marketing programmes incorporate sales modules in an effort to facilitate a broader understanding, at graduate level, of the shared agendas of the sales and marketing functions and the need for collaboration to increase performance. However DIT's graduates often find that despite the compelling evidence, businesses tend to treat sales and marketing as two very distinct functions. This is reflected in a lack of interconnectivity between cross-functional colleagues and disparate performance measures for individuals and teams. In this context it is hardly surprising that sales and marketing functions have struggled to collaborate.

How to Align? The Burning Question

This begs the question, what are the most effective approaches to successfully integrating and aligning sales and marketing functions? An interesting piece of research by Le Meunier-FitzHugh (2007) considered six commonly referenced factors in achieving alignment, which had been previously proposed in academic research. These were;

- Cross-functional communications
- Structure of sales and marketing functions
- Co-location of sales and marketing personnel
- Opportunity for job rotation
- Cross-functional project teams
- Cross functional training

Le Meunier-FitzHugh's study tested their effectiveness in both improving collaboration and reducing conflict between functions. Both factors are considered in combination to improve alignment. The study revealed interesting results, in that not all integration methods were equally effective. Cross-functional communications had the biggest impact on promoting collaboration and reducing conflict. Where communications were open, benefits such as joint decision making, knowledge sharing and planning were heightened. The creation of cross functional project teams also scored well as they were found to be beneficial to sales and marketing collaboration, encouraging stakeholders to work closely together on achieving a shared objective. This facilitated an appreciation of the others' skills. Sales people were in a position to represent the voice of the customer, to broaden the understanding of marketing. Job rotation was also found to have positive benefits in allowing sales and marketing people to work together in each other's specialist domains. It allowed individuals from each functional area to gain a better understanding of the role of the other and the challenges faced.

Alignment in Top Performing Irish Businesses

In the context of the above findings, in-workshop discussions between International Selling Programme participants revealed interesting insights on the initiatives that Irish businesses have put in place to support better sales and marketing alignment. Some of their suggestions included;

“As CEO I knew that we needed to address alignment. Our sales and marketing teams began by meeting every week, after a couple of months they decided to reduce the frequency to monthly. On both sides that say they feel the benefits and performance has definitely improved.”

“One of our sales people wrote an article for our company blog which we used on our LinkedIn profile. She has a closer perspective on the needs of our customers than our marketing person. It has been a particularly popular article based on readership figures.”

“A lot of the time our sales people were complaining to me about our marketing people and visa versa. I suggested they stopped talking about each other and started to talk to each other instead, which they now do regularly.”

“Our marketing people regularly attend sales calls to understand the customer perspective. This was a suggestion from sales, marketing was very open to the idea.”

“We have set up a feedback process from sales to marketing as a lot of critical information was either not being reported to marketing or not being acted on. Sales now have a forum to share their insights and ideas on our customers and the competition. Before we introduced this process, marketing seemed to take a “finger in the air” approach to understanding customer needs.”

“The sales team needs to let marketing know about the types of objections and questions they are commonly encountering from prospects at sales meetings. They need to let marketing know where deals may be commonly getting stuck in the sales pipeline – perhaps by someone from marketing attending the weekly sales pipeline meeting. In this way marketing can provide support materials that are responsive and highly targeted to the needs of sales.”

It is in the context of the thought provoking and valuable discussions that I encounter during the International Selling Programme workshops that I often reflect on the benefits of sales strategy and management and its intrinsic importance to an organisation’s growth and prosperity whether in Ireland or Australia. Often in the face of business challenges that appear to be the most persistent and intractable, an intervention that involves a best practice approach to sales management can generate phenomenal results.

References;

K Le Meunier-FitzHugh and N F Piercy (2007), “Does Collaboration Between Sales and Marketing Affect Business Performance?” Journal of Personal Selling and Sales Management, 37 (3), 207-220.

Report: B2B Buyers Mandate A New Charter For Marketing And Sales. Forrester, Jan 10th 2017.

Report: Sales and Marketing Alignment: A Primer on Successful Collaboration. Aberdeen, March 2013.



www.leadingedgegroup.com

Leading Edge Group North America, 60 St Clair Ave E, Suite 805, Toronto, ON, M4T 1N5
Tel: +1 (416) 637 5074 | Fax: +1 (647) 748 3722

Charter House, Cobh, Cork, Ireland
Tel: +353 21 4855863 | Fax: +353 21 4855864