

*Avoid the Sales and Marketing Feud*

# The Ultimate Guide to Aligning Sales and Marketing



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# Introduction to Sales and Marketing Alignment.

## It's All About the Perspective

We call it the age old Hatfield-and-McCoy feud of the business world. It's not Coke vs. Pepsi. Or Microsoft vs. Apple. Or Apple vs. Samsung vs. Google (these days).

It's Sales vs. Marketing.

Since the dawn of time, Sales is on one side saying "there aren't enough leads," and if there is a high volume of leads, they come back with the classic "the leads suck."

On the other side of the fence is Marketing glaring back and saying "no they don't. Work them better."

An Harvard Business Review article cited that a shocking 87% of sales and marketing opinions on the other's department were negative\*.

This needs to stop.

## A Middle Ground

It is an old conflict, but absolutely unnecessary. The solution is to use analytics, metrics and service level agreements to defuse the feud.

Using metrics creates a mutual understanding of expectations from both parties. Share data easily and push each other's limits to close more deals together. Keep each other honest because at the end of the month, cooperation between the two teams is good for your team and company.

## In This Whitepaper...

- ✓ 5 Articles on Improving Relations
- ✓ Metrics to Set and Measure Expectations
- ✓ Additional Valuable Learning Resources



## Our Objective

We hope to transform your sales and marketing relationship from the Hatfield and McCoy feud to a healthy competitive relationship, where both teams work to hit the monthly sales quota.



# Accountability. It's Not as Scary as You Think.

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Metrics are a good place to start. They create accountability to the individual and team. Sales and Marketing must first set deliverable expectations.



## Framework for Defusing the Feud

A Service Level Agreement (SLA) is an old concept in business. It is a formal agreement between a service provider and the consumer that clearly defines with a metric how the service provider needs to perform. In this case, the primary service provider in the sales and marketing relationship is Marketing. Marketing is responsible for the service of providing leads to Sales.

Given this framework of using an SLA between Marketing and Sales, here are three methods for creating such an agreement (in order of increasing complexity).

## Basic Service Level Agreement

The natural response to Sales saying "there aren't enough leads" is to set a goal around the number of leads marketing will provide each month. So for those marketers without a lead goal, step one is to set a monthly lead goal. This lead goal is Marketing's commitment to the sales team, their service level agreement.

It is remarkable how many marketers out there don't have a specific lead goal.

**Putting the metrics to work:** Find your Lead-to-Opportunity conversion rate as well as your Opportunity-to-Deal conversion rate. Group that with your business' [bookings goal](#) and your average selling price for the year and you can determine what your raw lead goal

should be. This raw leads goal can act as a simple SLA between Sales and Marketing and start to defuse the conflict.

## Intermediate Service Level Agreement

There are lots of ways to create leads. And if you're being judged on a pure volume basis as a marketer, you have many options at your disposal that allow you to deliver a high volumes of leads, with low quality.

So once you start creating a high volume of leads, the sales-marketing relationship will grow and change. It is likely, with a high volume of leads, that sales will start to complain about the quality of those leads ("These leads suck!"). And with that, it is time to create a quality measurement for the leads that the marketing team is generating. Often, these might be called "Marketing Qualified Leads."

The agreement, i.e. the SLA, between sales and marketing needs to evolve. Instead of the pure leads goal, you create a goal for a number of "high quality" leads (a.k.a. Marketing Qualified Leads).

**Putting the metrics to work:** The key here is determining your own definition of a high quality lead. This is where a tight linkage between your Sales and Marketing data is critical. Examine metrics like your Lead-to-Opportunity conversion rate and your Opportunity-to-Deal conversion rates for all of your leads. In turn, it's time to slice and dice these leads. Explore your data. Are your conversion rates higher for specific lead sources or channels? (organic efforts vs. paid efforts vs. trade shows vs. list buys vs. cold calls). Are there specific offers or landing pages that convert from lead to opportunity more frequently (free consultation offers vs. white papers vs. demo requests)? It is imperative that you are able to explore your conversion rates to find the variables that leads to high conversion rates.



# Accountability. It's Not as Scary as You Think.



But you can't stop there. You need to validate that these higher converting leads actually deliver the kind of average selling price you need to meet your goals.

Beware! Sometimes the Sales team will think one source or offer is superior. Often times they're correct. But there are frequently hidden gems in the data. Don't stop at what the Sales team thinks is best. Validate with your data.

## Advanced Service Level Agreement

Which is better? High volume? High quality? It is hard to say for sure. Marketing needs some flexibility month-to-month to make these choices.

Why? Marketing can't always control the quality of the leads in a particular month. Month-to-month and week-to-week it can be difficult to always go after high quality leads. The budget might be limited, or previously reliable tactics might not be converting at the usual levels. Reality intervenes and Marketing will need to

balance their efforts between high volume tactics and tactics designed to bring in and nurture highly qualified leads.

In order to handle the messy reality of these tradeoffs, your Marketing team needs an agreement with Sales that provides them with tactical flexibility. To have this flexibility, the next evolution in the Sales and Marketing agreement should take into account leads of varying quality.

What's better, 100 leads that end up closing at a 2% rate or 4 leads that convert at 50%? At the end of the day, you end up with 2 customers in each scenario, though amount of effort obviously varies. So you can craft an agreement between Sales and Marketing that reflects this potential flexibility.

**Putting the Metrics to work:** To implement this advanced notion, don't just isolate which leads are high quality and which are not. Instead, assign a value to each type of lead. The expected monetary value of a lead is the best place to start.

Derive this value from your historical performance. How much have we booked from this particular lead source? From this particular offer? Divide that by the total number of leads garnered and you have a value per lead calculation. Do that for each of your sources, offers or other key variables





# Accountability. It's Not as Scary as You Think.

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to calculate a full range of lead values for each lead type applicable to your business.

Using your bookings goal, create a "total lead value" goal for Marketing. Now Marketing will have the tactical flexibility it needs to generate a mix of leads, if they can't deliver all high quality leads, all the time.

## What about Sales? Don't they have an obligation here?

Of course they do. Sales has its own end of the bargain to keep and they are just as measurable. That means giving real, concerted effort to *all* of the leads Marketing hands over and measuring that effort.

Sales needs to measure itself on metrics like:

1. The percentage of new leads it works compared to other activities
2. How quickly the team works each new lead
3. How many activities it executes for each lead before marking it dead.

Marketing will hand over leads of varying quality, but even lower quality leads will convert a certain percentage of the time. Its a matter of putting in a baseline of effort on every lead. Sales can have its own SLAs around these types of metrics.

If leads aren't worked, they have a 100% chance of not converting.

## Make the Data Accessible

If you have an agreed upon set of metrics and SLAs to help each other, then those need to be aggressively communicated via multiple channels, as different people consume and absorb information through different means. Some people love to get everything pushed to them in email. Some people learn best when the data is verbally delivered in a meeting. Some

people want to consume it on their own terms in a [reporting product](#) or on internal wiki. Cater to them all so that every preference is covered.

It's important to clearly communicate both teams' goals to each other and monitor progress towards these agreements with maximum transparency and accessibility for full accountability.

If you do, then peace may reign in your organization, just as the Hatfields and McCoys eventually found peace as well. They probably did not use an SLA to accomplish that peace though.



# Work Leads Quickly. Timing is Everything.

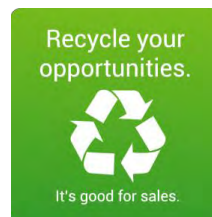
Sales and Marketing go hand in hand, like Brian and Stewie from Family Guy. Both teams should work leads together for a powerful 1-2 combo.



But what happens when leads slowly age over time, forgotten by both Marketing and Sales? It's likely they forgot about you and your company as well.

It's sad, but true.

But not all is lost. This is a similar concept to recycling your lost opportunities. A company's needs change. Heck, your company has probably changed in the last year, whether your product, sales pitch, or offering. Stay fresh in their mind!



But everyone is busy, so rocks are left unturned. Sales is concerned with meeting quota by the end of the month. Marketing is trying to generate content to engage prospects. Building the right communication lines is essential to successfully handing off lead responsibility.

## Transfer Leads Efficiently

It turns out that there is a [significant impact on your funnel](#) from inefficient lead transfer. Waiting more than just 60 minutes to follow up with a Marketing conversion decreases your odds of making contact by more than 10 times, and qualifying a lead by 6 times.

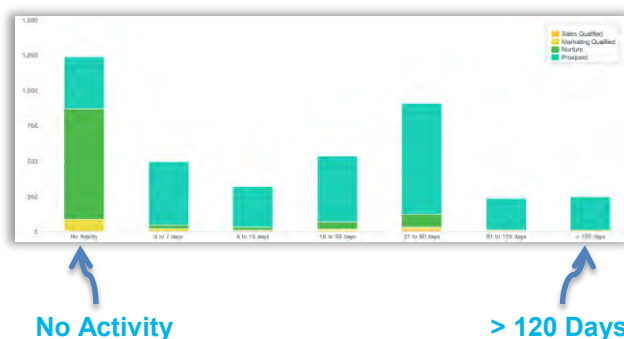
Far too many leads are left waiting way beyond that 60 minute time frame, essentially being tossed into the sales machine, but never touched by reps. These are wasted opportunities.

**Action:** Take an inventory of your leads in Salesforce.com that do not have sales activities logged in their profile. If you have leads that fit this profile, engage them immediately. Feel out their pain points and qualify them.

**Action:** Now that it is the beginning of the month, and you can breathe a sigh of relief for a few days, it's time to reengage these leads with a friendly call.

## Example: Trouble or Opportunity

Take a look at the chart and table below, slicing the lead aging data for the same company.



Name	No Activity	0 to 7 days	8 to 15 days	16 to 30 days	31 to 60 days	61 to 120 days	> 120 days	Total
<input checked="" type="checkbox"/> Henry Cavendish	561	2	6	62	292	68	208	1,199
<input checked="" type="checkbox"/> Johann Wolfgang Döbereiner	313	20	20	41	328	179	112	1,013
<input checked="" type="checkbox"/> Marie Curie	234	64	117	119	302	133	11	980
<input checked="" type="checkbox"/> Rene Descartes	121	128	100	183	186	3	4	725



# Work Leads Quickly. Timing is Everything.

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Three questions immediately come to mind.

- Why are there 1,235 leads sitting in the "No Activity" cohort?
- How are we reengaging the 247 leads that have fallen out of our daily workflow?
- What is Henry Cavendish's plan to work with the 561 leads that haven't been engaged?

Is the current situation an issue? Yes. Leads should never sit in "No Activity" for long. The ">120 Days" bucket will inherently grow over time, but that doesn't mean you can't reengage these leads, although some of these companies will never be a good fit. One way your team can minimize the number of leads in this profile is to set activity reminders in Salesforce.com to follow up in the future.

More importantly, is the current situation an opportunity? Very much so. You have 1,400+ leads in your sales pipeline that your team does not have to prospect. Have your team (especially Henry Cavendish!) reach out to them today.

Going forward is where the situation gets a little tricky. You need to address the question of how to improve communication between sales and marketing. Whether it is a weekly meeting between the two departments or automated dashboards like the two above, sales and marketing need to work leads together.





# Lead Sources. It's Not All About Marketing.

Modern Marketing preaches the ability to measure what's working on your company's website and what's not. Tracking where leads come from - like [LinkedIn](#), [Facebook](#), or Google AdWords - is easier than ever before with marketing automation tools that empower [Marketers to run their department by the numbers](#). But Sales teams are also ready to [build a data driven culture](#) with previously untracked data at their fingertips through CRM tools like Salesforce.com.

One of the most important metrics Marketing tracks is lead source. But lead source is not completely self-serving. Your Sales team can also gain valuable insight into which lead sources return the most bang for the time spent on the phone. The three metrics below give you an early indication of which leads are most likely to close and the value they bring to the table.

## Metric 1. Conversion Percentage for Leads to Opportunities

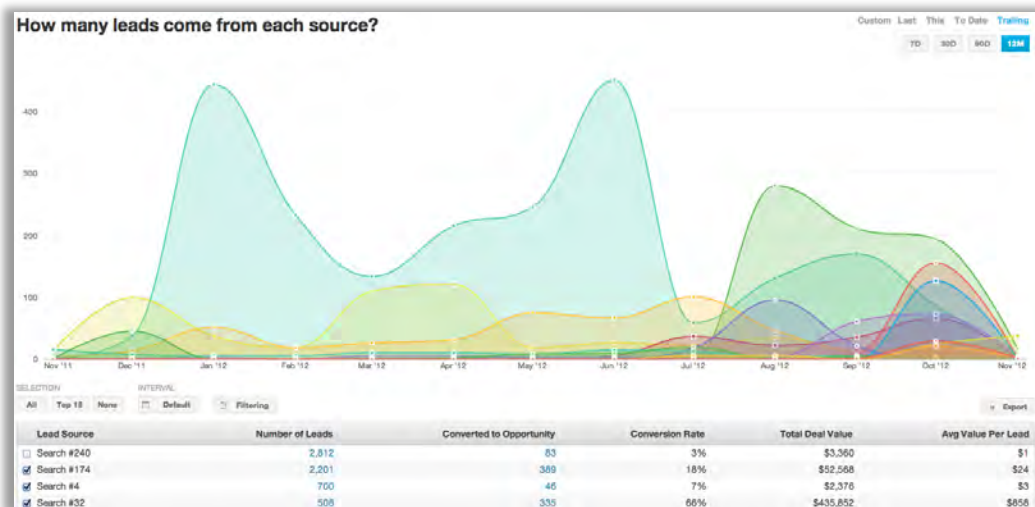
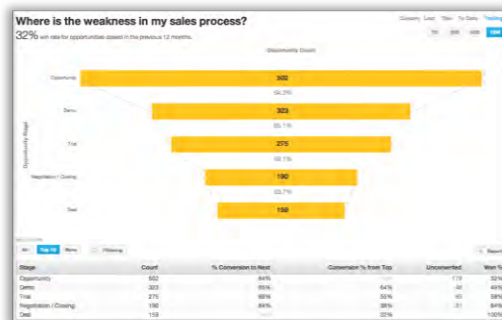
Just like you calculate conversion percentages in your sales funnel, your team can also look at which sources efficiently convert leads to opportunities. Calculating this ratio is simple:

$$\text{Conversion Percentage} = \frac{\text{Leads Converted to Opportunity}}{\text{Total Number of Leads}}$$

In the chart below, this calculation is coded by Maroon = Gray / Blue.

Lead Source	Number of Leads	Converted to Opportunity	Conversion Rate
Search #240	2,812	83	3%
Search #174	2,201	389	18%
Search #4	700	46	7%
Search #32	508	335	66%
Search #101	458	99	22%
Search #45	185	1	0.6%
Conference #158	154	25	16%
Twitter #5	157	33	10%
Twitter #225	137	22	9%

This powerful conversion rate allows you to prioritize leads sitting in your queue by their sources. Note though that for a holistic perspective, you must track leads that become opportunities through the sales funnel below.



# Lead Sources. It's Not All About Marketing.

Your Sales reps can dive deeper into this conversion percentage to identify which sources are simply not converting leads to opportunities. Two factors could be at work here. Either the lead source does not attract the right customers, or you are approaching leads from this source with the wrong message. If the problem is the former, work with Marketing to redirect lead generation resources to better channels. The second issue is a Sales problem that can be ironed out with a little [testing over the phone](#).

## Metric 2. Lead to Close Length

Does a particular lead source always take longer to close? This is probably the case for lower commitment lead sources, like Twitter. Each source brings leads to your company at different stages in the buy cycle.

For example, one end of the spectrum may be leads from a pre-conference attendance list, where the lead will most likely not convert to an opportunity until after the conference, not to mention your usual [sales cycle](#) to close the deal. On the other hand, a lead entering your Salesforce.com database from a branded Google AdWords search term (like "InsightSquared" for us) indicates your sales team can push a little harder on their first call as they are more likely to be interested.

Inbound leads that sought out your company will be more interested in hearing about your product, so take advantage of this lead source to close deals faster.

## Metric 3. Average Value Per Lead

What is your business model? Closing lots of small deals at a high velocity or a few big catches every month? Calculating the average deal value by source

Total Deal Value	Avg Value Per Lead
\$3,360	\$1
\$52,568	\$24
\$2,376	\$3
\$435,852	\$858
\$25,239	\$55
\$0	\$0
\$0	\$0
\$9,408	\$60
\$21,856	\$160

of which lead sources provide you with the best customer fit. Conversely if you have a couple of customers bucketed across many different channels, start devoting your Sales and Marketing resources towards lead sources where your best potential customers are active.

## Working Leads Together

Marketing has done their job of bringing in leads and tagging them by lead source. Now it is the Sales team's turn to use this valuable data to close deals efficiently. Each lead source should be approached with an appropriate sales message tailored to the customer base active in each channel. Aligning Sales and Marketing resources makes both teams more efficient at bringing in revenue for the company.



# Plug the Holes in Your Sale Funnel.

Sales and Marketing can team up to efficiently work opportunities to close.

Here is a method for increasing your conversion rate between stages, and ultimately your overall win rate via an e-mail nurturing campaign. It's a simple idea really, and very similar tactic to what we've recommend around recycling opportunities that lose interest.

Creating an effective e-mail nurturing campaign requires a joint effort from Sales and Marketing to plug the holes in your sales funnel. Here are four steps to kick off your first opportunity nurturing campaign.

## Step 1. Build Out Your Sales Funnel

Hopefully you have already built out a sales funnel to describe your current sales situation and measure how successfully your team moves opportunities through the pipeline. If not, read our [quick primer on the sales funnel](#). Your funnel should look something like the one at the bottom of the page.

For nurturing campaigns, focus on the conversion ratios between stages. This number gives you the percentage of opportunities that move from the stage above to the one below. An accurate number is key to identifying the strengths and weaknesses of your sales process.

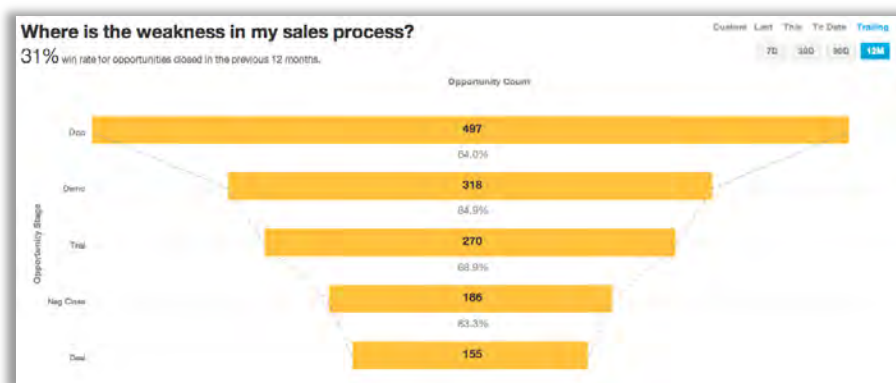
Using the sales funnel at the bottom of the page, the weakest stage occurs between opportunity and demo. Let's pause for a few quick calculations with the table below. **Increasing this conversion rate by just 6% will bring in an extra 15 deals.** That is certainly an achievable goal.

		Base Case	More Efficient
Opportunity		497	497
	Conversion %	64.00%	70%
Demo		318	348
	Conversion %	84.90%	84.90%
Trial		270	295
	Conversion %	68.90%	68.90%
Negotiation		186	204
	Conversion %	83.30%	83.30%
Deal		155	170

**Action:** Now it's your turn. Identify the opportunity stage that has the lowest conversion percentage for your team.

## Step 2. Think Like Your Opportunities

Once you find *where* your team is losing opportunities, try to understand *why* they are leaving. Is "the ask" too much? Do they understand how your product relieves their pain? Finally, if you were them, what would you want to hear? An informal introduction to the product? A hard sell on the demo? A softer, consultative discussion? This is a question you can only address by thinking from the opportunity's point of view. When you are listening to your prospects,



# Plug the Holes in Your Sale Funnel.

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what are they saying at this point in the sales cycle?

**Action:** Assess why your sales message isn't resonating with the opportunity. For instance, if the opportunity doesn't understand how the product solves a problem, reinforce how your product addresses this issue in the nurturing campaign.

Adjust your e-mail content based on open and click through metrics.

Once again Sales and Marketing can work together to close more deals. It should not be difficult to incrementally improve conversion percentages in your sales funnel when both teams work together to build meaningful e-mail nurturing campaigns.

## Step 3. Launch an E-mail Nurturing Campaign Through Marketing

Communicate to Marketing what you learned in Step 2. The more informed your Marketing team is on the issue, the better they will be able to segment the opportunities with targeted content.

Nearly [65% of the population learns visually](#), so an e-mail from Marketing can enhance an opportunity's understanding of the product, pre-demo. Mark Hunter of The Sales Hunter wrote an article ["Let Your Customer Read A Key Point of Your Presentation"](#) on building a two-way conversation with visual sales collateral. This is exactly what a nurturing e-mail campaign is – a new avenue to visually communicate your value proposition in an informal way.

**Action:** Explain the situation, pain points, and your hypothesis on what is causing the drop-off. Clear communication helps Marketing build an effective and targeted campaign.

## Step 4. Continuously Iterate

Build a lean, lightweight e-mail program so you can refine your messaging as you learn more about the opportunities. Rarely ever will you get an e-mail nurturing campaign or sales message right the first time, so maintain an awareness of what's working, and what isn't.

**Action:** Monitor the conversion rate you targeted with your e-mail nurturing campaign.



# Win Big with Recycled Lost Opportunities.

Every team has opportunities stumbling through the pipeline. Some deals make so much sense, but for some reason, they just won't close.



Should you cut these opportunities from the pipeline?

No. It's important that your team continues to build relationships with these lost opportunities through a marketing driven and scalable nurturing campaign.

Sales managers should follow these 3 steps to recycle opportunities.

## Step 1. Set up Salesforce for Opportunity Nurturing Success

Complete the following two steps to help your team track opportunities turned over to marketing.

Add "Assigned to Marketing" as a custom drop-down option under the field "Stage."

Create a queue in Salesforce.com called "Assigned to Marketing" to capture nurtured opportunities.

Now your Salesforce interface should be ready to go.

## Step 2. Marketing Automation

There are many different approaches to building an opportunity nurturing campaign, but no single e-mail is objectively correct - that is, before you test the results. These measures give you an idea of which campaigns convert the best, and why.

Two things to remind your Marketing team: first, opportunities "Assigned to Marketing" have

already touched a sales rep so content should cater to where they left the sales cycle. Second, the nurturing campaign should provide opportunities with a way to reconnect with the account executive they talked to previously.

## Step 3. Educate Your Sales Team

Although your team may balk at handing qualified opportunities back over to Marketing, this is beneficial to converting the lead as these potential customers will learn more about the product in a low touch environment. Marketing will encourage engagement, so the lost opportunities will choose your service on their own time. It follows then that when they eventually raise their hand to show their interest, the sell will be more of an on-boarding call than the traditional sales call.

It's important that your team understands that this marketing effort enhances their previous work. Any future contact over the phone should come exclusively from the account rep that first contacted the opportunity.

## Accurately Qualifying Lost Opportunities

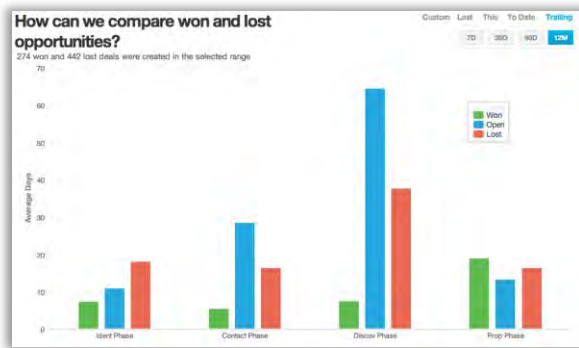
As strange as it sounds, you will need to start qualifying **when** an opportunity should be turned over to Marketing. But how do you determine the right time to cut your losses? This is a challenging question because every sale is unique. And while it may be easy to rely on intuition, historical measures from your Salesforce.com data gives you a foundation on which to base your actions.

The best way to infuse your decision with hard data is to compare the current opportunity's behavior through the sales pipeline against the [sales cycle broken down by wins and losses](#) of all former opportunities. Assuming you have a significant number of opportunities in the past, you can estimate how many days your wins and losses took to move through the pipeline.





# Win Big with Recycled Lost Opportunities.



If an opportunity is spending more time in the sales pipeline than a lost opportunity on average, this indicates that you should consider the "Assigned to Marketing" option.

Cleaning out deadwood from the sales pipeline is critical for an [agile sales team](#). Linger on an opportunity slows your progression towards the monthly quota. Let Marketing handle nurturing so your team recycles opportunities, moves through them quicker, and closes more deals with less effort.



# Alignment. Everyone's Doing It.

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## Your New Way To Work

Fully aligned Sales and Marketing is a new way to manage the relationship between your teams. Expectations in your service level agreement create a performance base to hold people accountable for their deliverables on both teams. Metrics driven Sales and Marketing teams build in transparency to the entire process.

We have compiled a list of blogs and white papers below that we either used as sources, or think you would find interesting for further reading.

InsightSquared builds transparency into your sales process so to create accountability on both ends. Starting a **14-day trial is free and easy**, just click the button below to get started.

[Try InsightSquared for Salesforce](#)

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## Don't believe us? Check out these third party resources.

HubSpot's eBook on advanced sales and marketing unification.

<http://www.hubspot.com/complete-guide-to-unifying-your-sales-and-marketing-efforts/>

Forbes' three key metrics to measure sales and marketing.

<http://www.forbes.com/sites/christinecrandell/2011/05/08/three-metrics-to-measure-sales-and-marketing-alignment/>

Harvard Business Review's four rules for successful alignment.

[http://blogs.hbr.org/cs/2011/11/how\\_the\\_rift\\_between\\_sales\\_and.html](http://blogs.hbr.org/cs/2011/11/how_the_rift_between_sales_and.html)

HubSpot's tips to building a smarketing team.

<http://blog.hubspot.com/blog/tabid/6307/bid/6577/6-Sales-and-Marketing-Communication-Tips-to-Build-Smarketing.aspx>

HubSpot's critical sales metrics for a marketer.

<http://blog.hubspot.com/blog/tabid/6307/bid/33659/12-Critical-Marketing-and-Sales-Metrics-You-BETTER-Be-Tracking.aspx>

Eloqua's 7 tips to improve sales and marketing relations.

<http://blog.eloqua.com/sales-and-marketing-alignment-world/>

