INSIGHTSQUARED

HubSpot

Top Sales Management Secrets of HubSpot's Mark Roberge

Part 5: On Sales and Marketing Alignment

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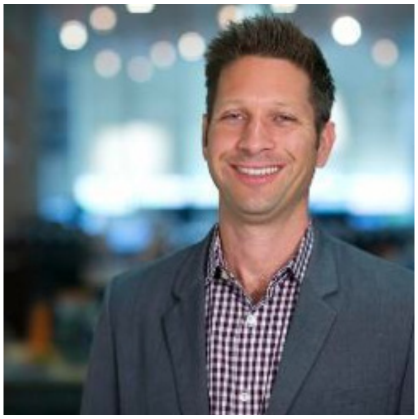

Mark Roberge

Mark is Chief Revenue Officer of the HubSpot Inbound Sales Division. Prior to this role, Mark served as HubSpot's SVP of Worldwide Sales and Services from 2007 to 2013, during which time he increased revenue over 6,000% and expanded the team from 1 to 450 employees. These results placed HubSpot #33 on the 2011 INC 500 Fastest Growing Companies list. Mark was also awarded the 2010 Salesperson of the Year at the MIT Sales Conference. Prior to HubSpot, Mark founded and/or held executive positions at start-ups in the social media and mobile sector. Mark started his career as a Technology Consultant with Accenture.

Mark holds an MBA from the MIT Sloan School of Management where he was a semi-finalist in the 2005 MIT $50K Business Plan competition and was awarded the Patrick McGovern award for his contributions to entrepreneurship at MIT. He holds a bachelor's degree in Mechanical Engineering from Lehigh University. Mark has been featured in the Wall Street Journal, Forbes Magazine, Inc Magazine, BostonGlobe, TechCrunch, Harvard Business Review, and other major publications for his entrepreneurial ventures.

"Great SLAs are specific and formalized in writing, quickly and easily measured and monitored regularly."

Meet the Authors

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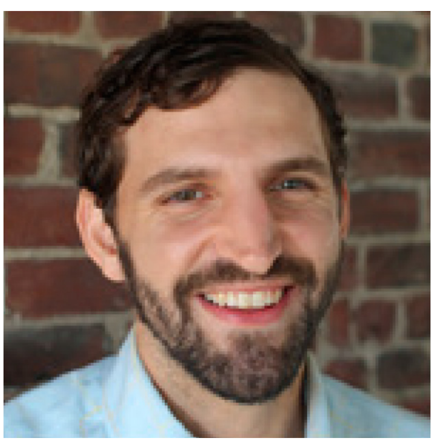
Zorian is a VP of Sales and Marketing at InsightSquared. He has been on management teams of several high-growth global software companies, ranging between $8 Million to $100 Million in sales, all growing over 100% annually. He was also the CEO of StarWind Software, a global software company with customers in over 50 countries. Zorian has been a speaker at a number of industry conferences and online events including the American Association of Inside Sales Professionals (AA-ISP), Inside Sales Summit, Chief Sales Officer (CSO) Insights, Mass Technology Leadership Council, The Conference Board, Heartland Technology Group, and B2BCamp among others. He has written for and contributed to The WSJ Accelerators Blog, Top Sales World, Salesforce.com blog, Revenue Marketing Podcast, DemandGen Marketing Report, OpenView Labs blog, and iMedia among others. Zorian has a degree in Finance and minors in Applied Mathematics and in Computer Science from Lehigh University and earned his MBA from Harvard Business School.



Mike Baker

Mike is a content writer and journalist who enjoys diving into complex issues and exploring the world of data-driven business intelligence. Before coming to InsightSquared, Mike earned an English degree from Oberlin College and wrote for several newspapers, websites and marketing firms around the country.

Introduction

The days of a heavy divide between Sales and Marketing are over. Today's most successful companies proactively create a collaborative environment in which Sales and Marketing communicate clearly and frequently about how they will collaborate to generate leads and grow revenue.

At HubSpot, this alignment is especially emphasized. In this part of our series, Mark talks about:

- When a company should start using inbound marketing to generate sales leads
- Tips for improving Sales and Marketing alignment
- The essential metrics for measuring alignment

When should you start marketing to generate leads?

A: **It's never too early to start marketing - especially blogging.** We began blogging 9-12 months before we even had a product. We didn't even know exactly what our product would look like; we just knew that we wanted to help small businesses reinvent their marketing. So we started writing about that, and we ended up with 1,000 people reading our blog before we even launched our product. And that helped us build a better product because we had been learning from our readers – asking them questions and getting feedback. By the time we launched our product, we had 100 people who told us they wanted it, and we ranked in #1 in Google for Internet marketing, which also helped us attract VC funding.

Another really powerful way we used marketing to generate leads was by running a **Survey Monkey** with 30 questions. We offered an iPod as a prize and tried to get as many people to answer the survey as possible, and **each one of those questions became a blog article.** At the end of the blog, we said, "Click here to download the whole report." They'd give us their name, title, phone number, and email address, and we'd give them the report. It's a huge lead generator, it's great blog content, and it's really simple.

How do Sales and Marketing work together to hit the bookings number?

A: We have great communication between Sales and Marketing about what is needed to reach the bookings number. We call this our SLA – or Service Level Agreement – which is essentially a "contract" between the two departments that defines following things:

For Marketing:

- How a lead needs to be **qualified** before it is ready to be handed from Marketing to Sales.
- The **number** of such qualified leads needed each month.

For Sales:

- **How quickly** sales reps must attempt to contact a lead.
- **How many** attempts each rep makes to contact that lead.

Maintaining a high quality of leads is essential for Sales and Marketing alignment, and it also helps us ensure that we are giving our reps the same quantity and quality of leads, which is one of the foundations of my sales philosophy.

How else do you ensure that Marketing provides Sales with a consistent quantity and quality of leads?

A: Well, in addition to a strong SLA, you have to develop an inbound marketing engine for this to work, which requires a lot of data and analysis. We have an amazing marketing team that generates leads in accordance with our SLA, which helps us ensure that all of our sales reps are getting the same quality of leads.

We also provide all our sales reps with background information about the leads they're going to call so that they can have productive conversations every time they make a call. When they call and leave voice messages or send emails, they can reference the lead's specific reason for reaching out — did they download an eBook? Attend a webinar? This stuff really affects how a sales conversation will play out. But this is only possible if you track how a lead came to you, and we do that well with Hubspot software, which helps us ensure that we're giving all of our reps similar leads.

Finally, we also make sure our sales reps are reaching out to leads who are exhibiting buyer behavior, which we can discern with our new **Hubspot Signals** product. And if they are tweeting about your company or visiting your page, you can use that information to help you sell to them. You should **make pitches based on the client info you learned prior to the call.** If your pitch is tailored enough, it is easier to engage with a prospect and get them to start a dialogue and even start asking questions. And our research has shown that if they ask a question, your chance of closing them has increased from about 0.5% to almost 10%.

So, once you train your reps the same way and make sure you're giving your reps the same quantity of leads, you're better able to maximize the results you get from them.

What metrics do you use to measure Sales and Marketing alignment?

A: Success comes from making **pre-defined agreements between the two departments that are based on specific metrics.** In a lot of companies, you still hear Sales say "these leads suck" and Marketing say "Sales doesn't understand, strategically, what business we need to be in." So at HubSpot, we work to eliminate that part of the equation. We use our SLA to help us take the subjectivity out of the Sales and Marketing discussion so we can be as clear and quantitative as possible about the expectations from each group.

So for Marketing: **How many leads and what quality of leads every month?** Not just demos requested or whitepapers downloaded, but really specific stuff: "B2B companies of a certain size or industry" and so on.

And Sales needs to **call those leads in a certain amount of time, with a certain amount of frequency** during each lead's lifecycle and convert a certain percentage of those leads into opportunities and so on.

After all of this, you should be left with a really specific agreement between Sales and Marketing. Marketing will deliver a certain number of sales-qualified leads every month and Sales will follow up a specific number of times in a given time period.

From there, you can get into some really interesting stuff. For example, you can start to assign qualified leads different values based on your agreement. So, for instance, we've found that if a VP of Marketing requests a demo, he's 4.2 times more likely to become a customer than if he attends a webinar. So, that lead is worth 4.2 times as much.

In other words, **by measuring the conversion rates for different lead sources and multiplying it by the average revenue per customer, you can create a lead value that properly weights different lead sources** — like webinars and demo requests. So now your SLA isn't 15,000 qualified leads, it's $100,000 of lead value and Marketing can choose how they want that value distributed — 30 leads from webinars, 60 from whitepapers, etc.

How can a company come up with its own SLA metrics?

A: Right, so as I said, it takes a lot of communication and a clear definition of all terms involved. And you have to **use data, not intuition**. One thing that really helps is analyzing a lot of different types of lead data.

First, there is **demographic data:** job title, company revenue and size, business location, etc.

But you should also analyze **behavioral data**: number of pages viewed and forms completed, time since last visit, whether they subscribed to the blog, and so on.

Once you have all this information, you can measure how much these variables affect the probability of a lead becoming a customer, which is a huge part of your SLA.

What does your SLA look like?

A: Here is an example of the SLA we use at HubSpot:

Computing the Marketing SLA

MQL Type	Average Revenue / Customer	MQL to Customer Close %	Value per MQL
Whitepaper	$160,000	1.0%	$1,600
Webinar	$100,000	1.5%	$3,000
Online Demo	$150,000	2.0%	$3,000
Tradeshow	$125,000	1.0%	$1,250
Contact Sales	$110,000	10.0%	$11,000

Source: HubSpot Presentation

What are your tips for improving Sales-Marketing Alignment?

A: It's all about building communication and creating one team, which we call "Smarketing". And within this team, I try to encourage a lot of interactions and overlap.

To do this, I use a few simple tactics. First, I make sure the teams **meet frequently**, not just at the top, but across all levels. Second, I **mix the desks** to encourage regular and spontaneous interactions.

Third, I make sure feedback goes in both directions and that we rely on a bunch of **different feedback formats**. I try to rely on data as much as possible for that communication.

Finally, I make sure **everybody agrees on terminology**. What is a lead? What is a sales-ready lead? What is an opportunity? Agreeing on these terms is the foundation of a strong Sales-Marketing Alignment, and using data to communicate helps people agree on the right terminology.

Great SLAs are specific, formalized in writing, quickly and easily measured, and monitored regularly.

How does an SLA help generate deals?

A: Having a great SLA and a refined process for evaluating leads is essential for closing deals. For one thing, it **improves the quality of leads** that Sales gets. And the leads that aren't as good can go back to Marketing for more nurturing. If you look at the demographic data or the behavioral data and determine that a lead isn't ready yet, Marketing can nurture it by sending more personalized messages and offers.

This process is a huge part of moving these leads closer to a sale by **educating them** and **building trust** with them. But it's important to do this with more than just emails. You should be using social media, blog subscriptions, blog comments, and one-on-one interactions to nurture these leads toward the finish line.

Finally, a great SLA helps you analyze the closed loop. Which Marketing programs are working? Which campaigns have the highest ROI? How should Sales prioritize its leads? What tactics should they use to convert leads? Only by following your SLA and analyzing the closed loop can you really answer these questions.

Conclusion

In the last decade or so, Sales has gone through a lot of big changes. The buyer has more control, salespeople have become more consultative, and Sales-Marketing alignment is paramount. The ever-shifting landscape can be scary to some. At HubSpot, Mark has been on the vanguard of this change, so he has an interesting perspective on what these changes mean for Sales. In the next, and final, installment of our 6-part interview series, Mark answers some of the most pressing questions about the New Sales, including:

1. How do you sell at HubSpot?
2. What are the challenges of the Inbound Model?
3. How does Inbound Marketing connect to Sales?
4. How do you recommend that reps work Inbound leads?
5. How do you figure out which leads to call?
6. Do all your leads go to the same place?
7. How long does the average sale take?
8. Why do you often have two people on a call?
9. How do you recommend that reps focus their time and energy?
10. How do you ask qualifying questions?
11. How do you get your reps to focus more on needs and strategy?
12. What is the future of Inbound Marketing?
13. How should you use social media to build a social selling machine?
14. What's your approach to customer retention?