Sales and Marketing Integration:

How You Can Improve the Close Rates of Your Early-Stage Pipeline Opportunities

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Executive Summary

Let's put this topic in perspective. Several years ago, I was working with a large Sales Team. An overwhelmingly large number of opportunities in the top of their pipeline were not moving – going nowhere. The vast majority never made it past the first stage in the pipeline. On the other hand, the opportunities that flowed the best through the pipeline and concluded in 90% of the revenue were the ones that came directly from the Sales Team.

Why were these two things happening simultaneously? No one really knew. We just knew that we had to fix it because:

- We were wasting millions in Marketing investments
- Countless hours of Salespeople's time was put on the wrong efforts
- We were having a hard time forecasting the pipeline

Tens of millions of dollars were leaking from the pipeline, and Sales and Marketing had no idea why.

Both Sales and Marketing need to work together to turn responders into leads and leads into opportunities. This might be an overworked, clichéd statement, but its meaning is true and its importance is overlooked. Without a unified effort, the sales just don't materialize and investments in Sales and Marketing will struggle to be returned.

In a March 2009 CUSP Strategies Survey, "Understanding the Hidden Costs of Ineffective Sales and Marketing Teamwork" that went to 2,700 Sales and Marketing Executives, CUSP found that 47% said that Sales and Marketing were doing at least a good job of marketing and selling to existing customers. When comparing this to how companies were marketing and selling to new customers, the score plummeted to only 19%.

What does this data tell us? That there are major improvements needed in demand generation for existing customers and that net new demand generation is in considerable trouble in most of the surveyed companies.

Additionally, the survey found inconsistencies in performance, process, and general knowledge. Nearly 29% of Sales Executives responded that Marketing delivered enough leads. When Marketing was asked the same question, 42% of the respondents felt that enough leads were being delivered. A second inconsistency was found when Sales was asked if Marketing "produced enough high-quality leads." The Sales Executives responded by saying that only 26% hit the quality mark. Marketing had a different view, with 62% of the respondents feeling as though their quality was indeed at a suitable level.

It gets even worse. When everyone was asked to comment if sales processes were ill-defined or documented, a whopping 71% agreed. When asked if leads were well-defined or understood, the participants responded with a 48% agreement.

Clearly, this data points to the fact that the majority of the companies surveyed have Sales and Marketing Teams that are not in alignment.

In this document, you will learn about how aligning Marketing and Sales efforts into a revenue-generation factory will equal better relations between your Business Development Professionals and ultimately result in increased Sales and Marketing ROI.

The Root of Pipeline Leakage

Are any of the following statements made by Sales and Marketing Team Members familiar to you:

Why does Sales not follow up on leads?
Most of the leads that Marketing sends to us are not any good.
It's the Sales Team's fault that leads don't turn into revenue.
Why does Marketing not consult Sales before making investments?

So who is right? Everyone? No one? The fact is, many companies don't really know. But what we do know is the result. It's the blame game, and it causes the root of our main problem – a crisis of trust and confidence between Sales and Marketing Teams. And this creates poor pipeline management that results in leakage and ultimately lost revenue.

Many Sales Professionals believe they can only trust the leads they generate themselves. The belief is if they built it they can trust that it's a good lead. A common sales trend shows that field-generated leads have a higher rate of closing, as compared to the closure rate of demand-generated leads that result from marketing campaigns. This creates the notion that Salespeople prefer, or are much more comfortable with, the leads they generate.

Overall, Marketing Professionals feel tremendous responsibility to generate leads that will result in significant ROI. They study industry trends, mine through existing clients, brainstorm, and ultimately create campaigns they believe will bring in qualified leads. Direct mail, e-mail blasts, newsletters, and article placements are just some of the strategies implemented, all with the goal of attracting new business. Those campaigns come with a cost, however, and it's often up to Marketing Departments to justify the expense. Marketing spending is scrutinized now more than ever, and the department needs to prove the value of their investments.

Those of you who are already aligning Sales and Marketing Teams know that it's not a blame game, but rather a key opportunity to work together. Today's aggressive and successful companies are using the tools and the data available to move from blame to opportunity. They are finding ways to develop top-down alignment and teaming Marketing and Sales together as "one revenue-generating unit" to improve their pipeline performance. They are creating new nurture and pipeline processes, finding the leakage points, and attacking them with creative training, new tactics, and efficient management tools.

It Begins with Alignment

Alignment and pipeline management needs to start with a shared vision and view – from the CEO down. Without this support, your success will be short-lived and ultimately limited in its impact. Start with agreements on problems. What is most important and what are we trying to do as a company? Gain accountability on deliverables. No accountability means no action – this puts you back to the crisis of blame and lack of trust.

Align agreements and accountabilities all the way to the bottom of Sales and Marketing. Team Members need to know you are serious and that the message comes from the top. Every Executive involved in demand generation has to sign off on the agreement. Keep it simple – keep Executives out of the details like processes, performance indicators, and compensation plans. Leave those to the Implementation Team Members. Your goal is to get a shared vision and a common direction.

Once you have alignment at the top, it now needs to be fostered in the field. A best practice is to have a Service Level Agreement, fondly known as an SLA. The SLA creates a partnership – it's a teamwork document. It is a contract that Marketing and Sales develop together that holds each other accountable. It gets everyone on the same page. It defines key items like: team communication, nurture processes, sales processes, lead and opportunity definitions, key performance indicators, and reporting. If I was to point out one tactic that should not be skipped under any circumstances, it would be the SLA. Would you go into business with a partner without having a contract? Always have an SLA – review it between Sales and Marketing every quarter, and make it part of your Joint Business Planning.

Once you have your SLA in place, you need a plan – how you are going to implement the SLA. A best practice that I've employed over the years is called the "Joint Business Plan." Just like the SLA, it also has an acronym – the JBP. The JBP puts the SLA in motion. It's how the Marketing and Sales Teams create their synergy. It's a series of meetings with resulting actionable plans. Starting with the "annual planning session" where the Teams jointly develop the annual Sales and Marketing plans – how your company is going to generate demand – it ensures agreed upon direction (product, message, revenue). Executives meet to develop overall direction, and the field then creates the meat of the plan. Hold bi-annual meetings to review first-half and then full-year performance. This allows for mid-year changes to the plan and roll-up reporting to the executive level. Quarterly sessions should be held to review key performance indicators and to ensure that the Teams are still in agreement on the core objectives. Hold monthly meetings – at the Manager level – where the hands get dirty – where the Teams work on upcoming month tactics, review immediate needs, and share kudos for jobs well done. The point here is that this is a living and breathing document and process. It never stops. The big takeaway is that the SLA is just a piece of paper without the JBP – the process is only as good as the implementation!

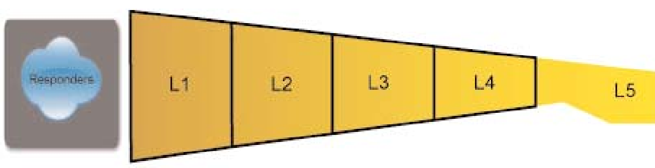
Where's the Leak?

Generating demand is a three-step shared ecosystem. I say shared because both Sales and Marketing need to participate in all three steps – but not necessarily own each step.

Step 1:
Find the leads – whether you are a B-2-C or B-2-B company, you need to get people interested in buying your goods and services. I think that we would generally agree that this is Marketing's role.

Step 2:
Nurture those people that are interested in your goods and services. A best-practice five-step nurture process is recommended (see Example 1). It's where you leverage tele-response, e-mail, and other nurture tactics to engage your leads, score them based on a quality scale, and convert to Sales when they have a specific score. A best practice scoring model is to use the BanTT process. BanTT stands for: budget, authority, need, time frame, and trust. By using BanTT, you weigh each lead based on the quality of information you collect and send the lead to Sales once it hits an agreed upon threshold – like 75 out of 100 available points. This scoring should be outlined in your SLA, and the threshold score should be agreed upon. This is a major part of the SLA. It's the quality check. If Sales agrees to follow up on all leads that score above a threshold and then do not and complain that they are not really opportunities – Sales is in breach of the SLA, and research needs to be performed to find out why.

Example 1: A Five-Step Nurture Process



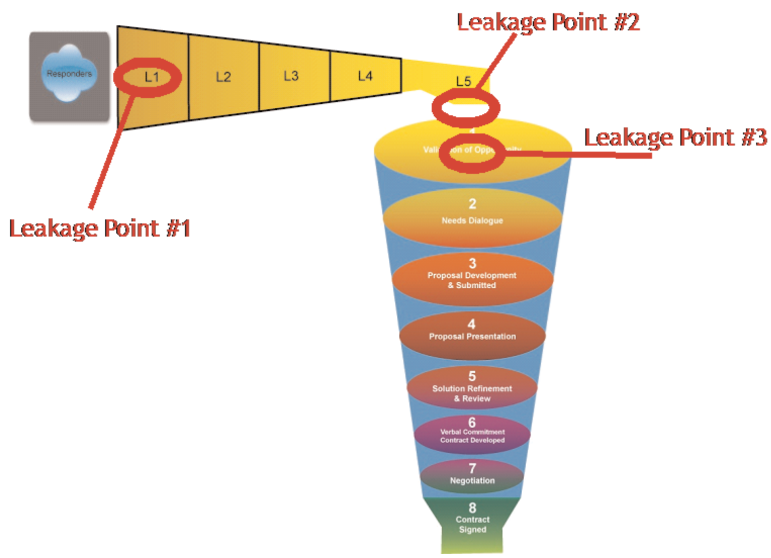
Step 3:
Convert the qualified leads into opportunities. This is your pipeline and ensures that you have developed a best practice sales process. What goes in at Stage 1 are validated opportunities and we all know the game – get them to close in revenue. Marketing should be well-versed on the process and it should also be documented in the SLA.

The key to understanding these steps is to make sure you have a valid, documented, and reported nurture and pipeline process. Measure and report to ensure that you are capturing data at all steps of the ecosystem. This is vastly important – it's how you find out about your leaks.

What is a leakage point? It's an area in your nurture phase and pipeline where deals get stuck or there is a large amount of discontinued or lost opportunities. In this paper, we will only be focusing on the nurture and top-of-the-funnel leakage points.

The first common location is when a responder becomes a lead (see Example 2). For example, let's say your Marketing Team just returned from a tradeshow. One hundred people stopped by your booth. Ten of the people expressed interest in your products and services, and you decide to give these to your Internal Sales Team to call. They pick up the phone and start calling. The dialogues go poorly. Only two of ten get converted to Stage 1. What happened to the other eight? Did they leak out of the nurture phase?

Example 2: The Three Leakage Points



The second common leakage point happens when a Marketing-qualified lead gets converted or handed off to the Sales Team as a Stage 1 opportunity. It is the top of your pipeline. Here's an example. Marketing nurtures leads from an e-mail campaign and they develop 16 qualified leads with BanTT scores over the threshold agreed upon in the SLA. They convert or hand off all of them to Stage 1 in the pipeline and assign to Sales Reps. After two weeks, Marketing finds that not one opportunity was acted upon by a Salesperson. What happened? There can be many reasons, possibly including the following:

- Poor communication to the Sales Team – did they know the history of the opportunities – what campaign created the initial response? what product was being promoted?
- Were they provided with a strategy on how to follow up? The goal of the follow up? A possible dialogue example with specific goals and action items?
- Did they even have the skills necessary to do the follow up or the tools to help them be more productive?

Without having these three issues covered, you will continue to have confusion and your crisis of trust and confidence will continue.

The third leakage location is all of Stage 1. Here's an example – in the last quarter, there were one hundred opportunities entered into Stage 1. 50% were from Marketing and 50% were from Sales. The fifty opportunities from Marketing had a perfect handoff. When it came time to review the pipeline performance of the Marketing-generated opportunities, it was uncovered that only 8% of them concluded in revenue. When compared to the Sales-generated opportunities, nearly 40% of those opportunities generated revenue. Why the 32% difference? Upon further study, nearly all of the Marketing-generated opportunities never made it out of Stage 1. What's happening here? Were all opportunities treated the same?

Well, all opportunities are not the same. It's critical that everyone understand this. What if opportunities were fruit? They would provide nutrition, possibly both grow on trees and be good for you – but still be very, very different. This is the case with opportunities. There are actually two types – at first glance, they look similar, but in reality are very, very different.

Sales-generated Opportunities:

- Are known to the Salesperson
- A time investment has been made
- Are focused – possibly from a specific sales-driven campaign
- Are warm in temperature – already a nearly full BanTT
- Have a specific "trust" level – they know where they came from
- Sales is responsible for them - accountability is apparent

Marketing-generated Opportunities:

- The opportunity is unknown to the Salesperson
- There's no investment made by Sales
- It may not be in focus – not what the Rep needs at this time or in line with Sales demands
- Is cold or possibly warm – deemed to need more qualification
- They come with a low trust level – they have historical baggage
- Marketing is responsible – Sales Rep has little or no accountability

Sales Teams need to be skilled to handle both. They need coaching to handle both. They need tools to handle both. If there is any part of this paper where we need to be on the same page, it's this point. If you do one thing after reading this paper today, you will immediately review your types of opportunities and find out how you can improve the follow up.

When you jump right into understanding your leakage points, it would be helpful to have a set of questions to start from. Here are my best-practice questions that are great starting points for each part of the nurture and upper pipeline leakage points:

Leakage Point #1

- What % of my responders convert to nurture phase?
- What % velocity rate do I have in each nurture phase?
- Where are most of the leads discontinued?
- Why are they discontinued?
- How long do leads stay in each nurture stage?
- What is my cost per lead nurtured?
- How many attempts does it take to BanTT a lead?

Leakage Point #2

- What is the average follow-up time for an opportunity?
- What is the opportunity volume?
- What % are immediately discontinued?
- Why are they immediately discontinued?
- What are the immediate follow-up costs per opportunity?

Leakage Point #3

- What is the conversion rate from Stage 1 to Stage 2?
- What is the age of the average opportunity in Stage 1?
- What is the quality score of an opportunity in Stage 1?
- Why are opportunities discontinued?
- What is the average opportunity size?
- How many opportunities are in Stage 1 with no value?
- What is the forecast accuracy?

Once you have many of the answers to the above questions, then compare the results between Sales-generated opportunities and Marketing-generated opportunities. I think that you will immediately see some very interesting reasons for your leakages.

Training the Skills

It's safe to say that your responders may not be jumping for joy to hear from you. When your Inside Sales Team or your designated Nurture Group picks up the phone to contact the responders and begin the nurture process, they need skills, they need tools, and they need the will to make the calls! Let's take a look at how you can improve leakage point #1.

Let's start with the dialogue. There are six critical skills where they need training.
Presence – Relating – Questioning – Listening – Positioning – Checking

Second, they need to be able to overcome objections. Objection training is critical because they will get every possible objection thrown at them. If they do not learn how to successfully react to the objections, their dialogues will be short and the only leads they will advance will be the lucky ones that they stumble upon. The following objection skills should be trained:
Acknowledgement/Empathy, Questioning, Positioning, and Checking.

And the last step is to train every Team Member how to BanTT. There are best practice questions and a particular flow to determining a BanTT score. Every member of your Nurture Team should know the questions, be trained on how to ask the questions, and leverage their objection training to ensure successful BanTT performance.

The training to improve leakage points 2 and 3 should happen at the same time. They have the same goal to be "sales ready". Sales ready means being equipped with the skills, knowledge, and processes at a point of interaction with a client or prospect that drives an effective dialogue. It is my experience that there are four major tactics that need to be employed to improve these leakage points.

First, we have skills training. Understand the current skill levels of your Sales Team. Perform diagnostics on your Team to understand core strength and weaknesses. Develop skills training and implement the training in accordance with the results from your diagnostics. Make sure you cover the same fundamental six skills that we discussed in the first leakage point – presence, relating, questioning, listening, positioning, and checking.

Second, teach follow-up fundamentals. This is critical. Getting ready to follow up on a lead is like painting a room, 80% is preparation and the remaining 20% is the actual phone call or live meeting.

Start with teaching the Sales Team how to do Research:

- Provide them with information to understand the opportunity history, the person, the problem, the company, and the industry. The goal is to find a "hinge" that will create a meaningful call. Leverage tools like LinkedIn, Facebook, and other popular social networking sites.

- Plan for the call. A best practice is to use a call planner to map out or visualize the dialogue, collaborate with Team Members before the call, and ultimately archive the planning for future coaching and learning.

The third item on our sales readiness list is to lower the barriers to making the actual call. The goal is to improve the Will of the Sales Representatives who don't like this work.

- Examine existing processes – streamline for efficiency and productivity – make sure everyone knows the flow and has adopted the process

- Improve touch tactics – Marketing needs to help here with items like personalized and integrated e-mail, point of contact notifications, spiffs, and leader boards to promote responder success

- Leverage web intelligence tools that can aggregate information and mash-up social networking sites. This can speed up the research process greatly.

The final training is to ensure that Salespeople are capturing and recording data. CRM training on critical CRM data fields and adoption reporting is critical. Without Sales capturing data points like recording contact attempts and why opportunities are discontinued, there will be no way for

Marketing and Sales to have insight in to how the top of the pipeline is performing. Sales Management will also be lacking critical data that will allow them to coach each Sales Rep on how to improve their individual performance.

Coaching to the Pipeline

Coaching plays an important role in ensuring adoption of the processes, knowledge, and skills required to be successful at the top of the pipeline.

First, coach as early in your funnel as possible. Right at the top - at the handoff when opportunities enter Stage 1. Management should be reviewing these opportunities every other week with each Sales Representative.

Second, spend more time motivating individual Team Members. Set pipeline goals. If your close rate is 50% and quarterly quotas per Salesperson are $100,000, Salespeople need a constant $200,000 in pipeline. Use these goals to motivate and provide individual focus to each Team Member.

Third, lead by example. Sales Managers need to know pipeline details all of the time. Speak to the numbers and ensure that their teams know they are focused on it.

Forth, Managers should know the critical indicators of pipeline health. The answers to all of the questions that were noted earlier in this paper for each of the pipeline leakage points should be reported and reviewed with Sales Management during every JBP call.

Fifth, partner with Salespeople on key accounts at the TOP of the funnel. Don't wait to coach deal-to-deal when or if they get to the final stages. Show the Salespeople that you are focused at the top of the pipeline.

Sixth, influence other departments. Show the Team that you mean business by leveraging the indicator data to get other groups in alignment. Groups like Product, Finance, Sales Operations and Marketing should be driven by your involvement.

Seventh, communicate often. Every two weeks, report pipeline status and health to the Team. Call out successes, failures, and repairs that have been engaged.

These seven steps will maintain engagement with your Sales Team Members and ensure that they remained just as focused at the top of the funnel as they are at the bottom.

Your Immediate Action Steps

Now that you have invested a good chunk of time reading this paper, it would be a shame if I did not call out the action items that you should take the moment you conclude reading this document. Here are the action steps broken down by role.

Marketing Leadership

- Ensure you have an SLA and JBP with Sales
- Review your nurture leakage points
- Train to improve leakage
- Offer tools to sales to improve "will"
- If needed, invest in sales training for Sales

Sales Leadership

- Ensure you have an SLA and JBP with Marketing
- Demonstrate your support of the SLA
- Train all of your Team to improve follow-up
- Coach to the top of the pipeline
- Drive balanced feedback to the Marketing Team

L&D Leadership

- Take action by asking questions
- Make recommendations
- Be the facilitator when necessary

What Results Can You Expect?

When all else fails, try something new. We covered many new ideas in this paper. I encourage you to try a few. What results can you expect if you engage in a sales and marketing integration project? CUSP asked that same question. On average, their survey respondents are looking for the following goals:

- 12% increase in revenues
- 16% shorter sales cycles
- 20% lower lead generation expenses
- 17% increase in profitability

At Richardson, we have employed most, if not all, of the strategies and tactics outlined in this paper. They have greatly improved our insight into our pipeline, provided valuable data to our Financial Team that has improved their forecasting, and our Marketing has line-of-sight into what is happening in our nurture phase and at the top of the pipeline. I encourage you to reach for that same success.