

MARKETING AND SALES ALIGNMENT

Why Solution-Sales and Marketing Need to Work Hand in Hand in Times of Digital Transformation

3 x 3 advice on how cooperation between Sales and Marketing can be improved

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Summary

It is undeniable that the internet has changed our lives in a very substantial way over the last two decades. Where originally only a few aspects and areas of life - like Media and Trade - were affected by the Digital Transformation, today nearly all are impacted, offering businesses and society as a whole - as well as individuals - big opportunities and at the same time imposing new challenges.

The internet strongly has changed a seller's work and the process of selling itself, changing requirements for sellers and marketing. Therefore, Solution-Selling often is marked as being "dead"¹; however, this is only partially correct, since the sales process is still the same from the perspective of the customer. The recently postulated triad of Awareness - Consideration - Decision goes back to Neil Rackham's formulation from the 1980s. Today, 60% of the sales process occurs without the influence of a seller: instead it ideally is accompanied by digital or inbound marketing.

Simple forms of Solution-Selling based on the AIDA approach (Attention, Interest, Desire, Action) are indeed obsolete. Still, complex selling projects with multiple parties involved and longer buying cycles will continue to follow the pattern of "Strategic Selling" or "Selling of Complex Solutions", as articulated by Miller-Heimann². It is important to consider necessary adaptations to these concepts which are becoming relevant in the age of digitalization.

The following aims/principles are therefore crucial to successfully market complex solutions (and others):

// Businesses need to clearly understand in which customer segments they are operating and how customers want to buy the solution. The example of the Cloud-Solution impressively demonstrates how buyer purchasing behaviour of solutions can change substantially and how this changes the

sales process as well. This implies that the go-to-market approach needs to be reimagined.

// Sales and marketing need to work together. Without a mutual understanding and cooperation, Solution-Selling cannot work, since today's customer receives information from multiple channels (ex. the Internet, mobile, chat) as well as from the seller. This means that the "Customer Journey" does not follow a linear trend and that the seller needs to understand at which point in the sales process the customer currently is situated.

Ideally, the seller should know the information the customer already has received, reacted to or researched. On the other hand, Marketing needs feedback from the sales department concerning the communication channel and stage at which the customer wants to engage. Marketing also needs to know which topics are still open or unclear so these issues can potentially be addressed at an early stage in the sales process. Last but not least: both parties need to know how to minimize risks in the decision process.

// The role of the seller transforms from a "generator or discoverer of needs" to a "trusted advisor". This implies that employees need to be educated and trained in this new role, taking modern approaches to the methods of complex Solution-Selling, Reference-Selling, Team-Selling. This still includes the analysis of the Buying-Center and the development of individual value propositions; however, aspects such as Insight Selling also need to be considered. Management shouldn't leave it up the individual seller to find these "insights" - these must be agreed upon in close cooperation between marketing and sales.

¹ "The End of Solution Sales", von Brent Adamson, Matthew Dixon, Nicholas Toman, HBR July/August 2012
² "Strategisches Verkaufen", von Robert B. Miller und Stephen E. Heimann, 1985

The Buying and Selling Process in Times of Digital Transformation

The buying process, originally defined by Neil Rackham, is shown in Figure 1. In the first phase the needs of the customer and potential costs are of primary concern ("Can I afford this?"); it is concerned about the Why. In addition, the evaluation considers different factors which relate to what the solution could look like in its final form. The second phase deals with the What. Here, the solution is evaluated at macro-level and within a wide range or bracket of options: customer's needs are pushed further to the back and costs tend to play less of a role. Concerns

about risk are increasing and some level of compromise is expected as options are evaluated, considered or discarded. In the last stage, the question of How to ... is posed; how to procure a solution, and from whom; how to design the project, and who will finance it, etc. In this last phase, the needs and solutions are less relevant and only two topics dominate this endgame: the costs and the risks involved!!

Comparing this with the new "Method" (Figure 2), one notices that the buying process has not changed, but that the customer now is independent of the seller and can use multiple channels – primarily the internet - for his/her source of information. Social media - the "word-of-mouth advertising on steroids" - serves as a supplement to the already existing channels of recommendation, such as peers, colleagues, business sector, relatives, friends and other individuals or groups which are perceived to be trustworthy advisors.

From the point of view of the seller the changes are drastic: as in the past he/she used to have the information monopoly, today approx. 60% of the decision process takes place without the involvement of Sales. The buyer only steps up to the seller, when he or she has already defined a personal "shortlist".

Furthermore, another crucial difference emerges: The potential customer will from now on structure the information search around his or her needs and preferences from the very beginning. The classical dilemma (especially with sales in technology) now continues between web marketing and the potential customer. On the one hand, the customer now bases the search on his/her needs, while, on

the other hand, businesses want to talk about their products and technologies in general. It remains the same dilemma, only that today the customer can switch and jump from website to website in less than a second. The seller, in contrast, is not as easily kicked from the doorstep.

„The buyers are now in full possession of limitless information, which makes online contents the driving forces of the sales process. Unfortunately, most businesses still use traditional sales and service models.“
- David Meerman Scott

„Today the buyer has the upper hand. But most of the businesses operate their sales department and customer service as if it was still the year of 1989. These sales and service models are obsolete.“

- David Meerman Scott
Here it is, where the role of "content marketing" becomes explicit: businesses provide the potential customer with the desired information directly via email, blog, website or social media post in order to win him or her over. Therefore, accurate knowledge about the customer journey is of essence. It is in the provider's interest to exchange valuable information for contact information (marketing qualified lead), to support the buying process with every possible (digital) means and to provide the customer with additional information, if needed (nurturing process). This enables the seller to inform the sales department at the right moment in time (sales qualified lead).

Another challenge facing the seller is ensuring the information presented by marketing and sales is consistent. Each phase, each touchpoint, (customer interaction) requires tailor-made or coordinated content. With today's inbound marketing processes, the customer acquires information mainly created or distributed by marketing and the sales person is only involved in the buying process at a later point in time. Therefore, it is critical for both groups (marketing and sales) to possess a shared understanding of the approach. A survey among today's customers suggests that in most cases there is a disconnect: sales and marketing don't align in understanding what information the client has already received and what they need to move forward in the sales process. This often is seen by potential clients as a lack of sales preparation in the first meeting³.

The Buyer's Journey

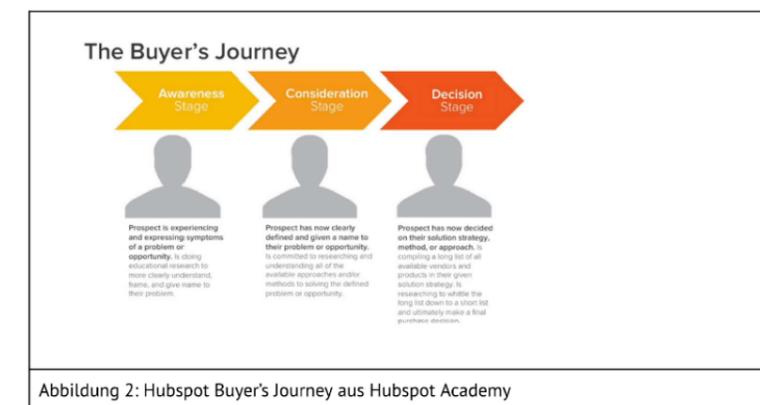
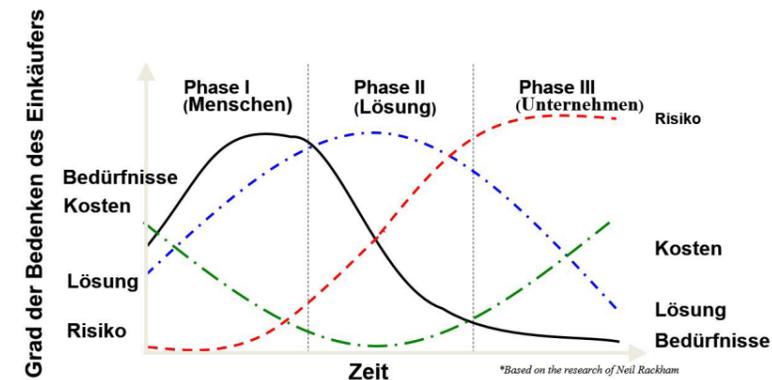


Abbildung 2: Hubspot Buyer's Journey aus Hubspot Academy

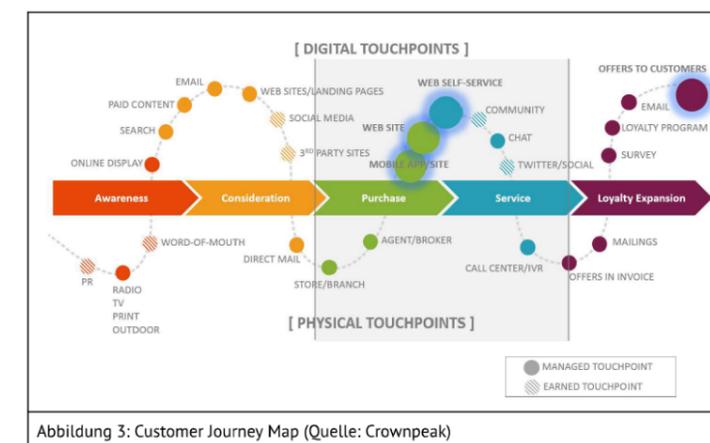


Abbildung 3: Customer Journey Map (Quelle: Crownpeak)

³ Nearly 57% of B2B prospects and customers feel that their sales teams are not prepared for the first meeting." [Quelle: IDC]

Rising Complexity Increases Risk Aversion

Like all of us, customers suffer from the increasing complexity. They know their problems and are more or less familiar with mainstream solutions; however, the greatest obstacle is the increasing aversion to risk (if there are a 100 different yoghurts in the supermarket, it is hard to choose the right one). This is reflected in consensus decisions⁴. Moreover, the number of decision-makers in a complex buying process has been steadily increasing over the last years⁵, which is a significant burden even to a successful sales person.

in a sustainable way. This is only successful if the insights are connected to their own solutions and unique selling points (USP). The detection or invention of appropriate ways to communicate insights, like storytelling, is not solely the task of the individual seller, but should be the responsibility of the whole organisation. This task will mostly be driven by marketing, but needs to take place in sync and close cooperation with sales and possibly other departments (product management, pre-sales, customer service).

The customer wants to be surprised by the seller with new insights and information (on the internet) about the seller's business. This is an opportunity for the sellers (and businesses, respectively) to differentiate themselves from the competition

The insights are crucial elements of content marketing and the sales process, and therefore of central meaning for a success story.

Solution- versus transactional business

Another important aspect concerns the nature of the business. It is critical to understand whether the sales approach should be transactional or consultative in nature. Problems will arise when providers are situated in the middle of these two poles or if different customer segments are demanding different treatment by the sales department. While big businesses might be willing to pay for a support-based solution, medium and small businesses are not.

(Fig. 4). Today, boundaries often blur (e.g. cloud approach) and frequently complex solutions evolve into standardized products or packaged solutions, suitable for a broad market. But the insight stays relevant: a position between the big hay bales is very uncomfortable. Businesses confronted with such a situation should rethink the direction of their business model.

Therefore, the challenge emerges out of the necessity to implement two different go-to-market models (e.g. by operating a partner sales for the SMEs and a direct sales for large customers).

For transactional business models a modified version of the above-mentioned holds true: since the trend leads towards online transactions, the relevance of marketing will further increase and sales will become virtual - from the inside out - due to costs. This necessitates that sales and marketing hold the same, harmonized and synchronised messages and insights so they can convincingly market their products and solutions.

For Geoffrey Moore (Fig. 4) there are two sweet spots of the IT industry: volume-oriented products/solutions and complex system solutions

4 Matthew Dixon and Brent Adamson: "The Challenger Sale", 2011
5 bei durchschnittlich 5,4 Entscheidern, sagten 78% der befragten Vertriebsleiter, dass sich die Anzahl der Entscheidungsträger in einem komplexen B2B Verkauf erhöht hat

Sales and marketing hand in hand

The most important reasons for lacking alignment - and the consequences

According to a survey⁶, a good coordination between sales and marketing departments of businesses will result in a 67% higher chance of closing the sales opportunity, in contrast to less coordinated organizations. Logic would dictate that appeal of cooperation and coordination are clear. Reality, however, suggests otherwise. There are at least three reasons why there is often a lack of alignment between marketing and sales:

1. Different definitions and understandings of the sales process

This phenomenon can repeatedly be observed in the process of transferring qualified leads. Either leads are left too long in the marketing department or they are handed over too early. As a consequence, the sales department does not trust the quality of the leads. According to a survey by HubSpot from the year 2016⁷, 59% of those surveyed marketers responded that leads generated via inbound marketing are the most valuable ones. In contrast to that 38% of the surveyed sales personnel responded that self-generated leads or referrals (36%) are the most valuable ones. No wonder why 79% of all marketing leads are not closed by the sales department successfully. There are only a handful of businesses where the lead-management process operates under mutual consent and based on the appropriate SLAs from both camps. This type of behaviour stringently assumes a mutual understanding beyond the customer journey.

a lack of exchange between sales and marketing results in unused collateral material and customer-focused content by the sales department. Even more important are the previously mentioned insights which can only be generated by marketing and sales working together to exchange ideas about what information is most important to the customer and how that information should be presented: effective information exchange between sales and marketing to create relevant content has an immensely positive impact on the chances of a successful outcome.

2. Insufficient exchange of knowledge and information between sales and marketing

While marketing knows the type of information a customer searches for in the early phases of the journey, sales is familiar with addressing the customer's questions in later stages. According to several studies⁸,

3. Incoherent content or inconsistent claims by marketing and sales

Another challenge is to create a synchronized message and consistent collateral material to avoid the impression an unprepared seller in the eyes of the customer. Due to different touch points, ineffective information exchange between marketing and CRM platforms and a lack of mutual understanding, the sales department often doesn't know the information the customer already possesses at various stages of the buying process. For example, sales may present data or unique selling points to the buyer during a presentation which conflicts with information the potential buyer received when listening to a webinar or reading a blog article.

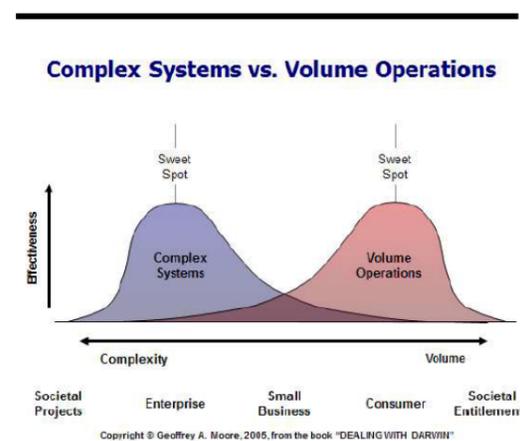


Abbildung 4: Quelle: Geoffrey Moore, 2005; Dealing with Darwin

6 "When sales and marketing teams are in sync, companies became 67% better at closing deals" [Source: Marketo]

7 "The State of Inbound", Hubspot 2016

8 "Nearly 57% of B2B prospects and customers feel that their sales teams are not prepared for the first meeting." [Quelle: IDC]

How can sales and marketing alignment be achieved - 3 x 3 Tips

Strategy

1. Mutual comprehension of the big picture:

What does success mean? How does our go-to-market strategy look like? What is the target customer segment? What are the customer's needs, the value proposition and respective approach, markets which should be served (partner, online, direct, etc.)? An ideal tool to coherently bring these concepts together is the Business Model Canvas⁹.

2. Joint creation of the ideal customer profile per customer segment, ideally including Buyer Personas.

Idealerweise inklusive Buyer Personas: Während das Idealkundenprofil oft nur die Charakteristik von Unternehmen (Industrie, >500 MA, usw.) enthält, hilft eine Buyer Persona (Michael, 39 Jahre, männlich, Single, IT Fachmann, Gadget-Freak, usw.) Sales & Marketing sich stärker in den Kunden hereinzusetzen und daher seine typischen Bedürfnisse zu verstehen.

3. Joint understanding of the customer journey in each customer segment

How and where does the customer receive their information? What are the driving forces

and needs that lead the customer to search for information in the first place? Which information does he/she require most urgently? What alternative solutions are there? Which competing solutions can he/she find? What other sources of information (third party) are available to the customer? What type of insights might change the customer's perspective on his/her business and how can they be used for differentiation?

Processes & systems

1. Joint definition of marketing qualified leads, as well as, sales qualified leads and the related lead management processes

2. Definition and measurement of joint and individual key performance indicators (goal attainment, number of leads, etc.), including reciprocal service level agreements between sales and marketing about the timing and treatment of leads.

3. Integrated marketing platforms and CRM systems

- this is a key success factor in aligning sales and marketing. Many CRM tools do not have native or robust digital marketing capabilities; conversely marketing automation platforms often have poorly defined lead handover processes or incompatible interfaces with the respective CRM system. This is a predetermined breaking point between marketing and sales departments.

Training, communication & cooperation

1. Regular and joint meetings between sales and marketing at field and management levels.

2. Definition and joint creation of content and processes which supports the buyer journey.

Both content and processes must be customer-centric: ie considering the customer's or prospect's feedback at every possible touch point so they align with the customer's way of thinking.

3. Regular, ongoing training of sales and marketing employees.

Training is valuable not only because employees are introduced to new concepts, tools and methodologies: training is also important when employees are able to evaluate and share new ideas

and real-world experiences with their colleagues. This increases their insights, knowledge and customer empathy - especially because today's customers scrutinize the added value that the seller can contribute. Marketing and sales need to understand the challenges the customer is facing and the potential options from which they can choose. Ideally they should not only possess knowledge of the industry and the business processes but also be able to propose improvements, provide additional resources and share best practices. In addition to showing a positive ROI, both teams need to know their own competition, the customer's business environment and drivers and the added value the customer can expect from the solution.

Finally, the same applies for marketing and sales today:

“Don't sell the value, be the value!”

⁹ Alexander Osterwalder: The Business Model Canvas, a 3-minute video introduction to the Business Model Canvas, 6 February 2012

¹⁰ "Connecting the Dots on Sales Performance - Leveraging the 2012 Sales Performance Optimization Study to Inform Sales Effectiveness Initiatives" Accenture