



CLOSING THE GAP

The Sales & Marketing Alignment Imperative

EXECUTIVE SUMMARY



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INTRODUCTION

Global businesses continue to suffer from a seemingly unbridgeable divide between their marketing and sales teams—a gap which undermines two of the most important competencies necessary to generate demand, capture revenue and gain competitive advantage. The traditional relationship between sales, marketing and channel groups tends to be more antagonistic than synergistic. Even in those enterprises where sales and marketing staff are merged into one department with one management structure, the adversarial dynamic is frequently both institutional and cultural. While management perceives cooperation and peaceful co-existence on the organizational chart, there is typically still mistrust, misunderstanding of function, and a lack of alignment and singularity of purpose.

The performance potential of many organizations is still inhibited by lack of integration among channel, sales, marketing and customer service groups. Strategies and programs are developed in isolation, customer and prospect information is often siloed and not shared. Leads frequently languish, or are not properly qualified or acted upon as they lay buried or dormant in underutilized CRM systems. Findings from the CMO Council's recent Channel Performance Outlook audit for 2008 certainly underscore this. Less than seven percent of more than 500 resellers (across six industry sectors) surveyed by the CMO Council said vendors were their most valuable source of leads, and only 19 percent report vendor leads were highly actionable. Nearly 40 percent of resellers report some form of conflict or competition with vendor sales organizations, and a whopping 70 percent state that vendor marketing campaigns are ineffective or somewhat ineffective in driving their business.

PERVASIVE PERCEPTIONS ARE HARD TO CHANGE

Marketers see themselves as lacking influence and credibility within sales organizations, and they see sales teams as self-serving and short-sighted. Marketers believe sales groups and channels often undermine the effectiveness of cohesive branding and consistent messaging, and that they fail to leverage the prospect pipeline created by integrated, demand generation campaigns. Sales organizations view themselves as indispensable, and they see marketers as ivory-tower strategists who are out of touch with the real world of customer thinking, acquisition and revenue generation. Sales teams believe that marketers don't understand the customer, the market environment or how to effectively support sales efforts. In many ways, and in many companies, they're both right.

From the Chief Marketing Officer (CMO) Council's perspective, there is an urgent need for marketing, sales and channel management to align and embrace technologies, processes and programs that enable wider and deeper customer conversations, as well as leverage the knowledge, influence and access of the channel and continuously refine the delivery of products and services in the most painless, seamless and satisfying way. The opportunity for marketing to contribute greater value to both sales and channel groups has never been greater.

New demand generation platforms, channels and hosted services make lead acquisition and qualification more efficient, scalable and adaptive worldwide. Customer listening and behavior tracking systems provide for a comprehensive, real-time view of the customer experience and the delivery of more relevant and contextual offers. Data integration, mining and customer analytics capabilities are making marketing investments more targeted and business outcome-driven. Marketing analytics are also helping sales and channel teams identify the most profitable customers and market segments, as well as increase the penetration of key accounts

and further monetize relationships. Similarly, smarter authority leadership marketing approaches are helping to condition and predispose decision makers so sales and channel groups can do more value-selling, better contextual presentation and reduce the selling cycle.

GENESIS OF THE DIVIDE

So many literary and pop-culture references have been leveraged to describe this epic relationship: “A Tale of Two Cities,” “Sales is from Mars, Marketing is from Venus.” But when (and where) did this relationship fall so out of synch? Back in an age when marketing was the strategy director and sales was tasked with taking out the message and closing the deal, the relationship seemed simple. Where one function left off, the other picked up: once the message and strategy was defined by marketing, sales would run with it and close the business that started with the marketing message. However, this perfect circle – that started with brand and ended with close – was disrupted by reality, especially in times of economic downturn when the contentious relationships over resource allocation, budget and power separated the process into functional silos.

Earlier research by the Business Performance Management (BPM) Forum and the CMO Council has highlighted some of the challenges. In their cooperative study, “Gauging the Cost of What’s Lost,” 66.4 percent of respondents (which included a cross section of the C-suite) said customer acquisition was very important to the growth of their business, but 43.6 percent said they were dissatisfied with the way their company generated new business. Specific to the two functions that hold the keys to new customer growth, sales and marketing, nearly 53 percent of respondents said sales and marketing functions had close and collaborative relationships, only seven percent said that the two groups worked together very effectively to harvest business prospects.

In Glen Petersen’s book, “The Profit Maximization Paradox,” the changes in the competitive landscape between the 1950s and today are so dramatic that the complexity of choice, price and opportunities for the customer forced this seemingly simple and integrated relationship between sales and marketing to change forever. Today, customers are bombarded with choice as mass and niche media channels deliver new opportunity in an instant, and globalization adds fuel to the price wars. Sales must work harder to close and marketing must work smarter to generate sales-ready leads, while everyone grows resentful in the interim.

In his book, Peterson combines research from the CMO Council, the American Marketing Association and Booz Allen Hamilton to create a list of facts to level-set the reality of the relationship:

- Salespeople are spending approximately 40 percent of their time preparing customer-facing deliverables while leveraging less than 50 percent of the materials created by marketing.
- Only 10–20 percent of salespeople are creating deliverables that are both compelling to their customers and consistent with their corporate messaging.
- Almost 85 percent of a company’s brand image is determined by the direct interaction between the sales force and its customers. Eighty five percent of the purchase decision is impacted by the direct interaction between the sales force and the customers.

WHERE THE RUBBER HITS THE ROAD: THE BUSINESS PERFORMANCE IMPACT

A recent study of UK-based business-to-business firms also confirmed a long-held belief: companies that enjoyed positive collaboration between sales and marketing performed better than those that did not have good collaboration. The study went on to outline how high levels of conflict between the groups negatively

impacted collaboration, and by extension performance. Issues that arose as being divisive and disruptive included the lack of common language between both groups, with identical needs and functions often bearing different (and confusing) monikers between departments.

In the CMO Council study, “Profitability from Customer Affinity,” customers in the IT market stated, quite definitively, that vendor relationships which exist today will likely not be the relationships of tomorrow if vendors do not embrace them in collaboration, co-innovation and communication. Customers want to be heard and they need to trust their vendors as strategic business partners. In fact, over 60 percent of those customers surveyed indicated that if a company failed to gain their trust, they would scale back the engagement or stop the relationship all together.

As the economic times point to speed bumps in growth, companies must look inside their own walls to see where and how operations can optimize productivity, efficacy, opportunity and performance. Again, we arrive back at the customer.

MOVING FORWARD TO MAP THE GAP

To truly benchmark the state of alignment and integration, and to develop global best practices, we must first understand the needs and requirements that both functions require of the other. The CMO Council set out to benchmark the global state of sales and marketing alignment. Over 506 sales and marketing executives representing 30 industry sectors, whose companies operate in global regions including Europe, Middle East, Africa, Latin America, Asia Pacific and North America, provided their insights, and voiced their needs and requirements.

CLOSING THE GAP: THE SALES & MARKETING ALIGNMENT IMPERATIVE shows that many companies worldwide still fall short of realizing aligned sales goals and marketing activities. And while many companies recognize the benefits of better partnering across these key demand-generating functions, they are being stymied by lack of processes and systems, siloed operations, insufficient management mandate, and ineffective reporting and organizational structures.

Marketing must power both the go-to-market process and every step of the lead generation, qualification, closing and account reactivation cycle in order to truly be an effective partner with sales to drive growth and performance. This tightly coupled sales and marketing function should drive business performance, improve lead quality and conversion rates, and acquire higher value, more profitable customers through better analytics — not struggle for common ground and battling for power.

This report will also highlight the technology and data shortcomings and solutions that will help bind sales and marketing. Respondents point out that neither sales or marketing is effectively leveraging customer data and insight to form deeper, more connected relationships with the customer. While solutions like CRM systems tend to be mandated and adopted across the sales organization, they tend to be more selectively embraced by marketing teams in business units and departments. This leaves marketing in the dark, disconnected from sales, and even worse, blind to the interactions of the customer.

It is quite simple: partner or perish. **CLOSING THE GAP** looks to start a conversation for worldwide sales and marketing professionals seeking to further their effectiveness through knowledge exchange, peer-to-peer networking and best practice studies. At this important inflection point, neither group can afford to indulge these random acts of marketing or maverick sales cycles.

Donovan Neale-May
Executive Director
CMO Council

INTERPRETIVE COMMENTARY ON QUANTITATIVE RESEARCH

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Despite awareness within the business community of the significant benefits yielded through integration of sales goals and marketing activities, many companies continue to lag in their ability to implement this critical alignment—and continue to underperform as a result.

However, awareness is the first step in progress, and the CMO Council’s survey of 506 sales, marketing and channel management professionals, provides ample evidence that those on the front lines are keenly attuned to the opportunities for improved growth and profitability that remain untapped when their functions are insufficiently integrated.

Well over half (56%) of sales, marketing and channel management professionals surveyed earlier this year report that their companies do not yet have any formal programs, systems or processes for unifying sales and marketing. Furthermore, just 16% describe their sales and marketing functions as being extremely collaborative. Instead, most view these key relationships as being either “relatively good” (40%) or consisting of “intermittent” relations and interactions (35%).

“ We try to talk and meet all the time, but are too rushed, cash-strapped, etc. to do any of the ground work so we didn’t really have anything constructive to talk about. ”

– CEO, Advertising & Marketing Solution Software Company

At the same time, virtually all identify multiple, performance-enhancing dynamics that can or could be achieved as a direct result of alignment between their disciplines. Synchronized go-to-market campaigns is the most-cited advantage, closely followed by consistent, unified messaging; a more strategically focused and empowered sales team; improved acquisition and retention; higher-quality, better-qualified prospects; and better allocation and use of marketing dollars. In addition, approximately one-quarter cite shorter, more successful selling cycles; bigger, more valuable and profitable deals; and greater sell-in/sell-through effectiveness as key benefits.

When asked what should be done to improve the yield and effectiveness of the sales organization, “better integration and alignment with marketing” was by far the most-cited initiative. Similarly, when it comes to how sales could best enhance marketing, “working collaboratively and interactively with marketing” was ranked among the top three factors.

Among those whose companies that do have Sales and marketing integration programs and systems in place, nearly half report that these have been successful.

Given the clear agreement between sales and marketing on the pressing need for and value of partnering between these key business demand-generating functions, what is standing in the way? According to respondents, a lack of adequate processes and systems is clearly the most common unresolved challenge.

Very few sales and marketing professionals (12%) say that they have access to a well-integrated, real-time view of all customer interactions and under 40% report “good” visibility into prospects, pipeline, deal flow and conversion rates. One-fifth report that marketing hands off leads to sales and has no insight into conversion

and close processes. Smaller but nevertheless significant numbers say that most leads are never captured, qualified or acted upon. Additionally, over 20% report that there is as yet no CRM system or on-demand service whatsoever in place.

Sales and marketing professionals confirm that they see significant core benefits resulting from functional CRM solutions, including improved lead management and tracking, an accurate view into the pipeline and a 360-degree view of the customer.

“ Vision in what CRM is for, is a challenge—that CRM is not just about touching the customer, it’s about intelligence, driving revenue and providing sales opportunities that the customer is interested in. ”

– SVP Sales & Marketing, Consumer Products Company

On the other hand, it is also clear that adoption and use of existing CRM solutions is far from universal within sales, and even less common within marketing. Moreover, both groups experience significant levels of frustration in employing these tools. In short, CRM applications that are “highly valued and widely deployed” are the exception rather than the rule.

Other key obstacles to greater integration between the two functions include insufficient organizational and reporting structures; siloed operations; lack of management mandating of unification; lack of shared, real-time data; and internal politics and power-plays.

Company culture and orientation contribute to the inability to overcome integration hurdles. While most companies recognize on some level that success in today’s customer-driven environment lies in understanding and aligning with customer needs and employing whatever channels are most effective for this purpose, instilling this core philosophy throughout the organization and implementing the best practices that support it continue to be a struggle for many.

The encouraging news is that very few respondents view their companies as channel-dependent. However, only about one-third consider their companies to be customer relationship-based. Most consider their orientations to be sales-driven, while about one-third describe the orientation as product-centered. Further, only one-quarter say that their companies are marketing-minded.

Internal perceptions of sales and marketing reflect the integration gap, and also appear to play a role in perpetuating the divide. Fully, 40% of respondents feel that, while sales has some outstanding performers, the sales organization could definitely perform better as a whole, and just 7% describe sales as highly competent and predictable in its performance. On the flip side, instead of viewing marketers as integral to strategic planning, customer advocacy and overall organizational performance, sales professionals tend to view marketing from a highly tactical perspective, emphasizing the effectiveness of content and sales-support materials.

However, on the whole, sales and marketing groups seem to be rated equally when it comes to effectiveness. About half of respondents view marketing as somewhat effective in supporting sales, and about half view sales as somewhat effective.

Respondents also agree that the top three factors in maximizing sales performance and productivity are lead quality and ROI, conversion and close rates, and level of action on opportunities; and that marketing’s contribution to sales results and business outcomes are best gauged through pipeline/prospect flow, volume/ caliber of leads and impact on selling cycles and close rates.

The study also delved more deeply into how the two areas could best work together for mutual performance enhancement.

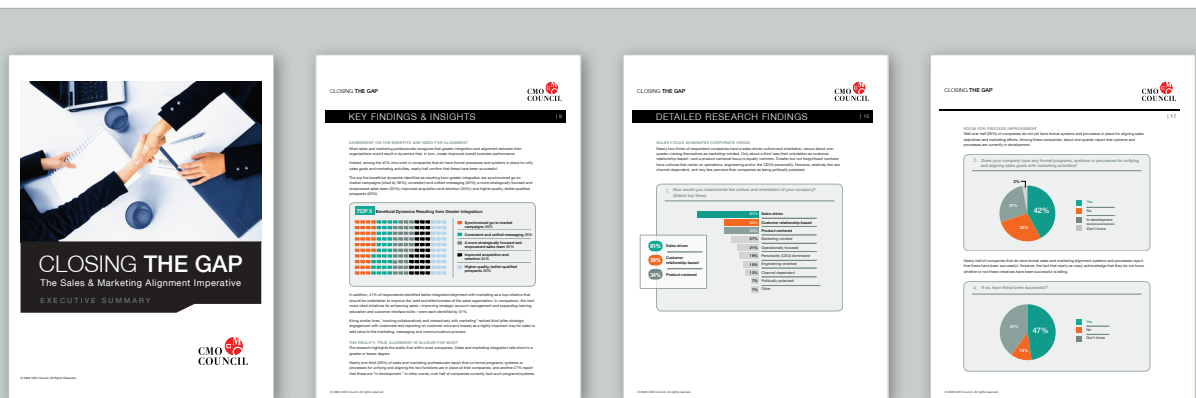
“ The goal is to have a mutually beneficial improving plan to connect the customer into the sales and marketing process in an individually relevant basis. Creating a true “customer-driven process” will align sales with marketing. We just need to follow through with action! ”

– VP of Sales and Marketing, a BtoB 100+ million dollar technology company

In regard to how sales could best add value to the marketing, messaging and communications process, the contribution cited as most important is strategically engaging with customers to better understand issues and needs. Reporting on both customer wins and losses and — as noted above — working collaboratively and interactively with marketing are also viewed as critical sales-side contributions.

In comparison, looking at what roles marketing should play in optimizing sales performance, the tactical role of providing customized, value-selling content and presentation materials ranked highest, followed by fielding campaigns that generate and nurture leads and opportunities.

The information that follows provides greater detail on the key findings of this study by the CMO Council.



Download the full CLOSING THE GAP report to see detailed findings and in-depth commentary on the views and insights of sales and marketing executives. This complete 50 page report includes breakdowns of what sales and marketing expect and need from each other in order to optimize performance and maximize business growth.

ABOUT THE CMO COUNCIL



The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 3,500 members control more than \$100 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 6,000 global executives across 57 countries in multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), Brand Management Institute, and the Forum to Advance the Mobile Experience (FAME). More information on the CMO Council is available at www.cmocouncil.org



Operations of the Chief Marketing Officer (CMO) Council are managed by **GlobalFluency, Inc.**, an affinity network marketing firm specializing in developing, managing and growing trusted business communities and channels of insight, access and influence. Headquartered in Silicon Valley, GlobalFluency also has a major presence in the SOHO section of Manhattan in New York City. Regional operations are based in London, Singapore and Sao Paulo.

GlobalFluency's affinity groups include the CMO Council, Business Performance Management (BPM) Forum, Forum to Advance the Mobile Experience (FAME), Coalition to Leverage & Optimize Sales Effectiveness (CLOSE), Channel Performance Board, Competitive Strategy Roundtable, Decision ROI Institute and the Software Economics Council.

Through its network of 70 offices in 40 countries, GlobalFluency delivers multi-channel, multilevel member engagement programs that drive peer interaction, intellectual capital building, market advocacy, media prominence and knowledge transfer among key decision makers in enterprises and public sector organizations.

GlobalFluency employs a unique methodology of Intelligent Market Engagement™, which combines authority leadership marketing, strategic agenda setting and integrated, multichannel communications to create a more predisposed and receptive selling environment. IME campaigns enable underwriters to accent market issues and imperatives, enable customer and prospect conversations, condition and predispose the market, and empower the channel and sales organizations with leads and opportunities.

Key competencies essential to IME success include authority leadership platform building, advocacy agenda setting, shared interest group formation, “surround sound” coalition creation, online research fielding, email campaign management, database marketing, web site development and analytics, rich media production, report writing, content publication and syndication, search optimization, blogging, podcasting, online and offline event production, community network optimization, as well as media and analyst relations worldwide.

Companies that have funded IME campaigns run by GlobalFluency include IBM, Oracle, Symantec, Borland, Cognos, Nokia, Hyperion, Cognizant, Palm, Boston Consulting Group, Deloitte Consulting LLP, CSC, A.T. Kearney, BearingPoint, Xerox, Pitney Bowes, Sybase, WebMethods, Unica, Marketo, Vistaar, Google, Yahoo!, Avaya, AXS-One, BlueArc, Dow Jones Media Solutions, CMP Technology, The Wall Street Journal, and The Economist.

More information on GlobalFluency’s IME expertise and affinity network building practice can be obtained from www.globalfluency.com.

PARTNERS AND AFFILIATES

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Emergence Marketing

Francois Gossieaux blogs about the fundamental forces that are transforming marketing as we know it — changing buying behavior, social media, word of mouth and the impact of technology on the democratization of participation. www.emergencemarketing.com



The Healthcare Communication & Marketing Association, Inc. (HCMA)

The Healthcare Communication & Marketing Association, Inc. (HCMA) is a non-profit, national association of healthcare marketing, communications and education professionals dedicated to enhancing and optimizing the careers of its members. The HCMA recognizes excellence in marketing, communications and education that impacts and improves health. www.thehcma.org



Mac McIntosh Inc.

Put the Business-to-Business Sales Lead Experts™ to work helping you design, implement or improve your lead generation programs. Generate more high-quality sales leads. Convert more leads into new business sales and revenue. Track and measure your lead generation results and ROI. www.sales-lead-experts.com



Marketing Association of Australia and New Zealand (MAANZ)

MAANZ is a leading international professional marketing institute focusing on marketing education and training; marketing information; and practical marketing tools and resources for marketing and business development. MAANZ is an international, independent, non-profit, educational and professional body concerned with: The on-going improvement of professional standards and personal development for marketing practitioners, students and academics and the representation of marketing subjects and views in business, government and the broader community. www.marketing.org.au



Marketing Interactions

Marketing Interactions helps companies increase their marketing momentum by generating more and better leads for their sales organizations. Our clients perfect their ability to catch the attention of website visitors and target markets, and move them through the buying cycle with high value content until they are “sales ready.” If you’re not getting optimal value from your marketing automation software or sales conversations, we’ll assist you to develop content strategies that work hand-in-glove with overall corporate and product positioning. Marketing Interactions delivers hard hitting e-marketing programs and tools that compel customers to buy. CEO Ardath Albee’s blog is referred to often by other industry leaders and her articles have been used for university e-zines, published in CRM Today, Selling Power, Rain Today and Enterprise CRM News. www.marketinginteractions.com



Sales 2.0 LLC

Sales 2.0 (LLC) improves companies' revenue and market value by bringing a science to the way they sell. We provide companies a range of services and products to enable them to make their sales forces more effective. Our sales improvement services are built on scientific research and hard data that identifies best practices and brings predictability to sales force improvement. Companies including HP, Novell, Sun, CA, Adobe and NEC have benefited from working with our tenured team of sales and marketing experts who have come together to reinvent sales.

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Sales & Marketing Executives International (SMEI)

Sales & Marketing Executives International (SMEI) is the worldwide organization professional association dedicated to ethical standards, continuing professional development, knowledge sharing, mentoring students and advancing free enterprise. SMEI offers the only professional certification programs in sales management, marketing management and sales that are recognized worldwide. Developed by academic and business leaders, these certification programs offer designations to individuals who meet established prerequisites and pass an exam. SMEI offers self study preparatory programs as well as articulated courses at leading universities for exam preparation. www.smei.org



Sales & Marketing Institute (SMI)

The Sales and Marketing Institute is a firm that focuses on the integration of sales and database/direct marketing that helps to create a new total sales coverage model that aims to improve overall sales and marketing productivity. The firm's mission is to research and develop information, knowledge and best practices in B2B sales and marketing through consulting services, partner referrals, public seminars, in-house training seminars, speaking and keynotes, white papers and research articles. www.b2bmarketing.com



Sales & Marketing Institute of New Zealand

The Sales and Marketing Institute of New Zealand (formerly known as 'SMEI' Auckland) was originally established in Auckland in 1947. It is a non profit professional association for anyone involved or interested in sales and marketing. Our core activities revolve around business networking, professional development and enhancing the standards and standing of sales and marketing through monthly events that include the Sales Breakfasts, Marketing Lunches Leadership Afternoons and a members After 5 Networking event. At each of these events, members attend and are encouraged to bring along business associates to hear great speakers, strategies that work, ideas for increasing professionalism and also network with other members in the profession. We operate in Auckland and are linked with the American Marketing Association, Australian Marketing Association and a number of other international bodies so that our marketing members can extend their personal development and also attend international events in over 80 countries. Our aim is to promote professionalism in all facets of sales and marketing in New Zealand and to keep members fully informed on sales and marketing matters that will help them in their jobs and businesses and enable them to compete in this increasingly global marketplace. www.salesmarketing.org.nz



Sales SheBang

The Sales SheBang is the web's #1 resource for women in B2B sales. Join us for our annual Big SheBang conference, featuring top female sales experts & saleswomen from across North America. Check out the hot reads, cool resources, community & learning events. Sales Shebang empowers women who sell to succeed beyond their wildest imagination – earning good money, in a job they love, with a bunch of people cheering them on. Of equal importance, Sales Shebang spotlights women sales experts to increase their visibility, impact and earning power.

www.saleshebang.com; www.saleshebang.ning.com



Sales Lead Management Association (SLMA)

The SLMA is an association with the mission of helping companies become more successful in the critical business process of Managing Sales Leads. www.salesleadmgmtassn.com



Selling to Big Companies

Are your salespeople struggling to crack into corporate accounts, speed up their sales cycle or win big contracts? If so, they'll want to visit Selling to Big Companies, the information-rich website developed by sales strategist Jill Konrath, author of the bestselling book by the same name. Provocative articles, podcasts, blogs, & seminars. A real wake-up call for sellers. www.sellingtobigcompanies.com; sellingtobigcompanies.blogs.com



Web Marketing Association

The Web Marketing Association (WMA) is made up of marketing, advertising, public relations and web design professionals who have helped set a high standard for Internet marketing and web development. The primary method used to raise the standard of excellence in the Internet is through professional competitions, as the WMA's main competition is the WebAward Competition, which is the leading showcase for Web site development in more than 96 industry categories. www.webmarketingassociation.org



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