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Focused on product, not customer

Technology disrupts the balance

Internal drivers of change

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Can marketing automation be the glue that helps align sales and marketing?

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Abstract

Marketing is constantly challenged by sales to generate high-quality leads. This can turn into a focus on internal needs and processes, such as new marketing automation solutions, rather than understanding what prospects need and how this can be used to turn them into customers. This article discusses the role that technology can play in business transformation and concludes with an interview with a client, Sophos, that has successfully introduced marketing automation while keeping its eye on the marketplace.

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Towards the customer-centric B2B organization

For many years, business-to-business (B2B) organizations have been dominated by sales-led cultures.¹ Marketing was — and in some cases is still — seen as purely a support function to sales, unlike in business-to-consumer (B2C) organizations where marketing ‘owns’ the customer relationship. Many B2B organizations have struggled to align marketing and sales best to deliver the business strategy, with tension over the volume and quality of ‘leads’ that marketing delivers to sales.² This tension is exacerbated by increased revenue pressures and the need for more accurate forecasting to the board. B2B organizations are also often heavily product-focused and have been slower to move to a customer-centric model than B2C companies.

Technologies such as customer relationship management (CRM) tools, especially Salesforce, began to disrupt the balance 10 years ago, and the pace of change has accelerated with the arrival of more tools, such as marketing automation, and the shift to digital marketing. Why the shift towards a more equal partnership between sales and marketing? CRM software has allowed the sales pipeline to be more visible and provide more accurate forecasting.

In addition, two key trends have helped drive increased budget to marketing: the need to reduce costs (salespeople are expensive), and the new marketing tools providing more cost-effective scaling for growth and allowing return on marketing investment (ROMI) to be reported to the board in more detail than before, which provides more visibility of demand higher up the lead funnel. In my opinion, these internal factors,³ not the

desire to reorganize the business around the customer, have been the main drivers for change. (This argument has previously been made by Kasabov and Warlow, who describe this internal focus as a ‘customer compliance’ business model.)

Blurred lines

Some confusion appears to exist over the terms ‘CRM’ and ‘marketing automation’. Initially, CRM was all about systems that allowed a business to identify, acquire and retain customers, with a database at their heart. Marketing automation software, on the other hand, grew out of email systems that provided automated segmented campaigns triggered by customer behaviour, but not always based on the single customer view that a CRM system could provide, based on diverse data sets from across the business. Today, the two categories are blurred, partly because many of the vendors in each category have expanded their functionality — or simply bought competitors — to provide a more integrated offering.⁴ So, today, Gartner defines the sector increasingly as technology that provides a sales and marketing hub: ‘CRM is the top-level category: within CRM, Gartner includes marketing automation, sales force automation, customer support and service, e-commerce, and social CRM — among others.’⁵

Technology driving customer alignment

It is my opinion that CRM/marketing automation, if implemented well, can provide the glue that helps align sales and marketing in B2B organizations and provide a more customer-focused business. Evidence of this is difficult to find in academic papers, and this is perhaps another area where research lags behind the real world. Working as a consultant across a wide range of B2B organizations, I have been struck by the competitive advantage gained by B2B organizations that have understood the opportunity provided by the business process change of implementing new sales and marketing systems. That is not to say that all have been successful, or gained the promised ROMI set out in the business case. The reason for this lack of success has been identified by Merlin Stone, who refers to the paradox in the new and ever-evolving direct and digital ecosystem, in that humans, who are the only ones who aware of these ecosystems, may not be very good at maintaining and developing them.⁶

Interview

External and internal benefits

The following mini-case study, based on an interview with Andrea Collins, head of marketing, United Kingdom and Ireland (UKI), for IT security business Sophos,⁷ demonstrates that the benefits to an organization can be both external, with an improved customer experience, and internal, in helping a business to align its sales and marketing department to serve the customer better and improve performance.

Passion for sales and marketing

Andrea Collins has a passion for both sales and marketing, with over 15 years’ experience working in B2B technology companies. She has held roles in international business development, marketing and sales. Collins has experience in both direct and channel marketing encompassing all elements of the marketing mix. She enjoys leadership roles where she can really make a difference to ROI.

Finding ‘sales-ready’ leads

Redding: *How has sales and marketing changed over the 3.5 years that you have been at Sophos?*

Collins: 'In the past, marketing ended at the hand-off to sales of leads. But, today, it is possible for marketing to own a lead all the way to full budget, authority, needs and timeline (BANT) qualification. The main issue was seen as marketing generating "too many leads", when actually leads were being passed over to sales far too early and were not sales-ready leads at all. Due to the volume of leads being sent to sales, it was hard to find and target the high-value "sales-ready" leads. Today, every lead goes through the marketing qualification process before being passed to sales'.

Common business goals

Redding: *How have you achieved this?*

Collins: 'In a number of ways. Firstly, by working together with sales to understand what we were trying to achieve, enabling effective feedback to IT/marketing operations of decisions around the implementation in UKI of marketing automation. Only by working together on common business goals could we build the trust needed to make such a fundamental change to the way the business worked. Secondly, by using best practice change management processes (which you would expect in an IT security software business), we took the pilot approach using the UK as a test bed to integrate Neolane (which we already had) with Salesforce in 2011'.

Redding: *What was the main cultural change required by the business?*

Collins: 'A shift in emphasis from volume of leads to value of pipeline'.

Mutually agreed rules

Redding: *How did you achieve this shift?*

Collins: 'By working together to re-define leads, based around clearly understood and mutually agreed rules using database information (from Salesforce, eg, size of business, vertical sector), integrated with a robust scoring model based on prospect interactions with us (using Neolane). We regularly meet to review the rules around lead routing, scoring and follow-up and adjust to meet business needs. As a result, we all better understand the subtle nuances that can make a positive change to the scoring and subsequent customer journey. In addition, marketing is part of the sales reporting meetings, showing the waterfall of leads, allowing us to report more accurately and allocate resource correctly'.

Scoring models and content

Redding: *Were there any problems with this approach?*

Collins: 'We learnt that we needed to adjust the scoring model by region to account for local market variations. An example of this is that whitepapers are scored differently — a prospect who downloads a buyer's guide-style whitepaper is scored as a hot lead and will be followed up by phone, whereas a prospect who downloads a generic threat report will be a colder lead and nurtured. Also, sales teams are structured differently internationally, so the scoring has to meet their needs. In the UK, enterprise is defined as above 1,000 users but, in the US, enterprise means greater than 2,500 users'.

Supporting the partner base

Redding: *What have been the benefits to your customers of sales and marketing automation?*

Collins: 'Sophos now genuinely gives the customer the information they want, in the way they want it. Previously, all leads were treated as ready to buy when, in reality, a prospect was selecting a long list of suppliers. Now, our marketing communications (marcoms) push activity is driven by the customer's behaviour. The biggest benefit has been in the way that we are able to support our partner channel. We have a very strong UK partner

base, which is able to use its own unique referral ID when executing marketing activity, so if a prospect accesses content like evaluations or whitepapers through our main website, the leads generated are sent directly to the partner and don't enter Sophos's CRM system. This encourages partners to use our centrally created collateral and they run their own marcoms programmes to prospects and customers, encouraging them to consume Sophos content. This flagging allows us to be customer- and partner-first, and partners can be sure that leads they generate remain with them and don't get followed up by Sophos sales'.

Tips for technology integration

Redding: *Do you have any top tips for sales and marketing integration based on new tools?*

Collins: 'Yes quite a few!

- Fully understand requirements and document them;
- Ensure a good skills mix on the project team from across all functions that will use it;
- Get IT to understand marketing's requirements;
- Be strategically driven to think about future needs, eg, partner recruitment — this was missed in our initial systems specification as the focus was on the end-user;
- Create robust data categorization, eg, we don't want a whole load of partner activity appearing in end-user statistics as this will destroy the integrity of our reporting as partners will never show up in our directly attributable revenue figures;
- Never assume that because new tools have been turned on, they are working! Check and check again that leads are routing as you would expect'.

Correct scoring of leads

Redding: *What can go wrong?*

Collins: 'Not thinking things through in enough detail. When we first included event leads in the scoring model, we were not rigorous enough in our lead definitions, treating all event leads as equal. Of course they are not! So a badge scan now gets a lower score and it goes into a nurture programme and does not move into the campaign pot until that prospect takes a higher-value action, such as requesting a product evaluation, thereby increasing the lead score. However, all stand conversations should be BANT-qualified to marketing qualified lead (MQL) status and therefore are eligible to go straight to sales follow-up. This approach has significantly improved our conversions from expensive tradeshows. It seems obvious, but we weren't doing it!'

Improving channel conversion

Redding: *What has been the biggest impact of the work you have done to integrate your systems and align sales and marketing?*

Collins: 'Simply, the biggest benefit has been the ability to report accurately at a much earlier stage of the lead waterfall. Robust and accurate reporting has allowed us to identify better opportunities, earlier in the pipeline. A good example of this was in the sub-100 user category — in the old model, these leads were all passed directly to channel partners. However, due to them not being fully qualified partners, they were not as engaged with them, often having to filter through a list to sort good leads

from poor ones. Now, scoring and follow-up by our in-house telemarketing team allows us to understand which sub-100 prospects are interested in high-value solutions and could be worth an outbound call. As a result, the channel is now sent fully qualified opportunities rather than leads, leading to higher conversion rates and a more engaged partner community. Overall, lead conversions have tripled in number from the second quarter of financial year 2014 to the second quarter of financial year 2015’.

Shifting basis of rewards

Redding: *What has closer working with sales meant in practice?*

Collins: ‘As I mentioned earlier, I attend the UKI quarterly billing report meetings, where I report on the value and conversion of leads at each stage of the waterfall. I have recruited an in-house telesales team (SDR) that works for me within the marketing department as its main role is to qualify scored leads to BANT. Reward has shifted from number of leads to moving a prospect along the customer journey. Sales can reject leads from telesales and this means no additional reward payment is triggered to SDR as it provides a quality check by sales. This reinforces the ROMI, as both teams need to be the UK sales “winning team”’.

Staff, content and customers

Redding: *What are the main challenges you face today?*

Collins: ‘The main challenges include:

- The constant need to get and keep good, skilled staff who understand this way of working!
- It’s not always a good thing to focus too much on one metric — and if we see volume of leads going down, it’s not bad as long as it means that quality (value) is going up;
- To strive for high-value leads entering the top of the funnel, we have chosen to un-gate some of the early buying cycle content on the website. We have greater freedom to do this as the functionality in our tools allows us still to identify prospects without asking them to input their data. This approach is not without its challenges to ensure we still have enough data to score. As mentioned before, it is better to do this and increase quality than increase the number of leads if they are not ready to enter the funnel.
- Going at the customer’s pace, not ours, challenges us to inject more personality into our communications. We need truly to understand what is of value to them and then deliver the right stuff at the right time’.

Constant evolution

Redding: *How would you summarize your role?*

Collins: ‘Marketing at Sophos is a central part of a much bigger business transformation. The company is dynamic and constantly evolving, making it a really exciting and rewarding place to work’.

Hands that apply the glue

Conclusion

So, to answer the original question, ‘Can CRM and marketing automation be the glue that helps align sales and marketing to help B2B organizations become more customer-centric?’ I believe the answer is yes, but with some important caveats. Technology alone is not the answer, but it can provide a

framework that people can use to build best practice sales and marketing alignment. Clear vision and leadership and excellent collaboration skills are the ‘hands’ that make sure the glue is applied correctly. In my opinion, these are more important than the technology — or glue — in achieving a customer-centric B2B organization.

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