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Ending the Bitter Feud Between Sales and Marketing

By Kevin Clancy and Peter Krieg, Copernicus Marketing Consulting

Appalachia had the Hatfields and McCoys. Texas had the Regulators and the Moderators. Tennis had Connors and McEnroe. And business, too, has its own infamous bitter battle. "In too many companies, Sales and Marketing feud like Capulets and Monatgues," so begins a recent Harvard Business Review article by Phil Kotler, Neil Rackham, and Suj Krishnaswamy.

The impact of the raging conflict between sales and marketing on business performance is well-documented. Harvard Business School's Professor Benson Shapiro, a leading authority on sales management, contends the biggest problem in business today is that, "sales and marketing are in separate fiefdoms. They don't even talk to one another." A recent CSOInsights study compared two groups of firms, those who excelled at lead generation optimization (LGO) and those who were average or poor. The study found that LGO leaders—companies characterized by the close integration of sales and marketing teams—had higher win rates, a higher percentage of the sales force hitting quotas, and quicker learning cycles for new members of the sales team. Unfortunately, only about 9 percent of firms fall into this LGO group. Kotler, Rackham, and Krishnaswamy list higher market entry costs, longer sales cycles, and higher cost of sales as consequences of the strained relationship.

We've found the friction between the two departments harms an organization in two ways: it wastes resources and hobbles profitability. Resources are wasted when the marketing department produces research, collateral materials, and sales training that the salespeople cannot (or will not) use. Profit suffers when the sales people are not talking to those prospective customers who are likely to be the most receptive to the organization's products or services and who are likely to be the most profitable—information that comes (or at least should come) from the marketing department. Ultimately the effectiveness of the sales force and marketing programs are seriously compromised.

The root causes of the discord have also been thoroughly investigated down to the subconscious level. As a MarketingProfs.com article said of sales and marketing, "there seems to be an unbridgeable gulf between these teams—they have separate goals, separate cultures, and different fears and motivations." Businessweek reported in a three-part series on the topic: "Marketers routinely dismiss sales people as greedy and egotistical. And sales people, well, they're a little bit more blunt. They think marketers are fluffy and dumb."

At its heart, the sales department/marketing department conflict seems to be one of culture and of misunderstanding. Sales people—to make a sweeping generalization—tend to be independent, entrepreneurial, self-confident. Marketing people —to make more sweeping generalizations—tend to have more formal education and therefore tend to think they are more knowledgeable about the big picture. It's not too much of a stretch to see why sales folks see marketers as "ivory towered" employees, to quote Businessweek again, or see why marketing folks see sales as insubordinate mavericks.

The sales versus marketing conflict is not exactly a dirty little secret business keeps well hidden behind closed doors—the laundry's been out and aired for a while now. So why in heaven's name do company's let the war rage on and on when it's seriously impacting profitability?

As Businessweek speculated, "Some problems are so universal and so persistent that entire industries learn to accept them as the natural order of things, when, in fact, solutions are readily available. The breakdown between sales and marketing is one such problem." According to a survey from the magazine, CEOs don't put much stock in mandating collaboration between the two opposing camps. So who's going to broker the peace? Here's our plug for marketers to take the first step towards detente.

It's not exactly a secret that there are really only a handful of companies in the world that truly recognize and understand the role and value of marketing to the business. For the majority, marketing is something that's tolerated and not necessarily appreciated. We're saying this as marketers ourselves and have experienced corporate ambivalence towards our profession first hand. And it's given us a complex, too.

Copernicus Marketing Consulting and Brandweek recently completed a survey of 256 senior marketing executives who were queried about the role of marketing and sales in their organizations. We were surprised to discover how much importance our respondents—again, senior marketers—placed on the sales function. Forty-nine percent said they worked for a sales-oriented company in contrast to 31 percent who worked for a marketing-oriented company. Some 51 percent said that CEOs come from the ranks of sales departments, whereas only 22 percent said they come from marketing. Our conclusion: marketers need a shrink—they have poor self-image, low self-esteem, and see themselves as second-class managers.

But instead of bemoaning (and grudgingly accepting) their lowly lot, we say, "be a factor!" If sales is indeed king, then become his most loyal (i.e., helpful) subject. The strong survive, but the meek shall inherit the earth. Push the cause forward by taking four important steps to make friends with the VP of sales and the sales force:

1. Change your mindset.

Marketing should view sales as an internal client and recognize that the salespeople are the ones on the street or on the phone or on the Internet. Sales does have a point that they are in the trenches, out in the marketplace, talking to customers and prospects day in and day out. They are the ones touching customers with conversations and letters and presentations and the like, and they are clearly a key source of information that could make the marketing function stronger.

2. Identify targets for salespeople.

Now you may be thinking, "wait, we already do this." We've certainly heard this from clients. We've heard some say, for example, sales people are specialists in discount stores, some are specialists in chain drugstores, and some are specialists in independent stores. But this is the equivalent of saying you have segmented the market in terms of SIC codes or demographics—large, medium, small, for example. In other words, you have segmented the market in terms of variables that help you manage your business but don't necessarily help you improve your business.

When we say "identify targets" we mean segmenting the market into groups that are distinctly different in terms of their potential profitability for a firm, as well as other characteristics the sales force tells you will help them quickly and easily identify to which group a customer or prospect belongs. Ideally, marketing should be able to tell sales, you should go after buyers in segments A and B because they represent the greatest share of potential profitability. You can ignore segment E and place less emphasis on segments C and D.

3. Find key targets for the sales force using available databases.

Take it one step further and show sales where the folks in segments A and B live and work, along with what they watch, listen to, and read. Pharmaceutical companies, for example, can employ segmentation to identify the most profitable targets for sales calls. First the segmentation is done and the most profitable, responsive doctors are identified. Then a statistical model is built to predict who in a large universe of all physicians in that specialty are likely to fall into this segment. Finally, the names, addresses, and potential profitability of all these physicians are printed out and distributed to the sales force by geography.

An insurance company identified its most profitable targets and then profiled them demographically. A statistical algorithm was then developed to tie these insights to block level census data. Consequently, a list was generated for each agency and all their markets throughout the U.S. of likely prospects for their insurance services. The agents loved it.

4. Provide sales with a different script for different targets

Give them a customized selling message designed to build loyalty among current customers and move prospects towards your brand. To generalize once more, virtually all sales representatives believe they could sell more if the company just cut its price or at least let the sales rep negotiate—a nicer word than bargain. Yes, a price segment does exist in every category. These are customers who do not—within reason—care about delivery times, after-sale service, or company reputation; they just want the best price. But this isn't EVERYBODY.

Depending on the industry, price-sensitive customers may represent as much as 40 percent or as little as 20 percent of the total market. This means that 60 to 80 percent are not fixated on price and willing to pay more—not less—for a product or service that solves a major problem or addresses an unmet need. Enter marketing. With each of the segments, identify needs, problems, pains, and new product/service interests among segments and give sales different scripts to help market the brand, product, or service, and make the most profitable sale.

Remember that sales is driven by "making quota" and usually they make their money on commission. So very often this means in practice a sale is a sale. The business case marketing needs to make to get the sales force to use the outputs from the steps above is that they won't waste time overselling a Cadillac to customer A when customer A, as marketing has determined, is looking for a Kia. They won't spend time trying to sell a station wagon to customer B when customer B wants a sports car. Marketing is not telling them to sell less to fewer customers, but to sell smarter to more. Making sales more effective and efficient by giving them the information and tools to do it puts more money in their pockets, makes them happy, and will go along way to making them think, "Why did I think these marketing guys were fluffy and dumb?"

Making friends does make a difference. Marketers at Lafarge, for instance, one of the largest diversified suppliers of construction materials in North America, were charged by top management with the mission of branding cement. They segmented the firm's B2B base of customers to enable its sales force to quickly identify which package of products and services to offer to increase the likelihood and profitability of a sale. Marketers helped to package what the firm called, "currencies"—essentially product and service attributes and benefits—to ensure the sales script hit all the right notes based on the segment. Working together, sales and marketing devised a computerized tool a sales rep could use after consulting with a customer to devise a tailored offer quickly.

Jim Braselton, SVP of sales and marketing, and Bruce Blair, VP of product performance, at Lafarge says, "selling efficiency improved markedly as salespeople began to spend more time with customers on the right topics and less time on non-relevant currencies." Customer response has been widely positive, not to mention it helped improve the efficiency of marketing programs. When the company rolled out a pilot program to test the new marketing-enhance sales approach, pricing improved by 5 percent, operating margins increased 20 percent, and customer costs decreased by 10 percent. The new program is projected to contribute an incremental increase of 3-4 percent in gross margin over 2005 results.

The sales and the marketing departments' ultimate goals align closely—both, after all, want to find and retain customers—it's only the means to the end that differ. Taking the first step to ending the bitter—and dare we say, needless—feud between the sales and marketing will go along way to improving business performance. And let's be plain, the more evidence marketing has that it helps moves the organization forward, the more respect, credibility, status—all those things sales seems to have that we don't—the department earns.