

Bridging the Sales &

by **Gordon Wade**

Principal, EMM Group

At its worst, the conflict, or divide, between sales and marketing is diagnosed in disrespectful terms by both groups. Marketers see “Sales” as knuckle-dragging, troglodytes whose idea of strategy is scheduling a golf game with a buyer. Sales, for its part, regards “Marketing” as impractical, bottled-water-sipping academics dwelling out there “where the rubber meets the sky.”

At best, the two functions peacefully co-exist by building their own silos and then jealously protecting each from the other. Each agrees to stay out of the other’s territory, and by so doing diminishes the company’s effectiveness with customers and consumers.

CEOs should not tolerate this dysfunctional behavior. Shareholders certainly won’t. They will reward those who develop ways for these two functions to collaborate effectively for the common good. They will punish those who maintain the status quo.

The external environment is creating intense pressure for change. In the B2C world, power is shifting dramatically away from the traditional weaponry of the marketer—the mass channels of TV and print. At every venue where he speaks, Jim Stengel, the Global Marketing Officer for Procter & Gamble (the “marketer of the century,” according to *Ad Age*), decries the “collapse of the mass marketing model.” Mr. Stengel consistently points out three facts:

- ▶ The long-term rise in the cost-per-thousand customers reached by advertising and the concomitant decrease in ad ROI.
- ▶ The long-term drop in advertising recall and persuasion scores.
- ▶ The long-term drop in Brand Equity scores.

As if this weren’t enough, everybody in B2C businesses feels the inexorable increase in the power of the distribution channel. The response has ranged from the tactical to the strategic, including:

- ▶ The continuing increase in trade spending to the detriment of the consumer side.
- ▶ The re-allocation of personnel to the retail interface.

are moving to a new supplier or demanding re-bidding—because a cheaper supplier has created the perception that their product or service is a commodity that should be purchased on the basis of price alone.

The answer in both B2C and B2B is the same. Neither marketing nor sales can survive in their current forms unless they abandon the idea that winning the struggle with their internal adversaries is what’s important, to the detriment of

Business is suffering a serious global epidemic of organizational schizophrenia... the internal, dysfunctional, self-defeating backbiting between sales and marketing.

Unless executives from both disciplines find a way to collaborate productively, all patients in all sectors—B2C and B2B—will become infected.

- ▶ M&A consolidation to increase channel clout to balance retailer and distributor power.

None of this is working extremely well to get at the root cause of the problem, so both marketers and sales are under pressure in B2C to do something.

B2B is under the same pressure. The marketers feel it when the CFO asks them to prove the ROI of their latest campaign. Sales feels it when the CEO and the CFO ask them why old-and-honored customers

are moving to a new supplier or demanding re-bidding—because a cheaper supplier has created the perception that their product or service is a commodity that should be purchased on the basis of price alone.

Both can win if they understand they are allies who serve the shareholders. For the good of the shareholders to whom both functions are morally obligated, they must develop a belief set that enables them to work for the common good.

Here is the essence of that belief set:

- ▶ Both of you are in the business of changing attitudes to effect a sale.
- ▶ The technical name for this attitude changing activity is “Marketing.”

Marketing Divide

- ▶ Sales is a channel for changing attitudes; sometimes it is far and away the most important channel for changing attitudes, but it's a channel.
- ▶ Someone must interpret data to identify needs and benefits, target consumers and develop selling messages; that is the marketer's job. Sales delivers a message crafted by marketing.
- ▶ Sales owns the interface with the customer and therefore does a better job than marketing of collecting and delivering the real-time data that is critical to success in needs identification.
- ▶ Stop worrying about who is higher on the totem pole, because while you are trying to shinny higher up the pole to beat your opposite number internally, the competition is about to steal the whole damn pole.
- ▶ Instead, both marketing and sales must align around two key ideas:
 - ▶ The need to build brand equity.
 - ▶ The need to make the consumer/customer the "boss."
- ▶ To meet these needs you need a process.

Turn Insights Into Equity

That process starts with understanding the critical insights regarding the behavior of the common consumer/customer. Don't think for a moment that you really do have sufficient insight into your customer, because you probably don't. If you do it's probably not shared by everyone in the value creation stream—and if it is, it's probably changing hourly such that what was true yesterday is half true or less relevant tomorrow.

If you need proof of this, let's revisit Procter & Gamble for a moment. Here's a company that started the concept of con-

sumer research back in the 1920s. But two years ago, when P&G started focusing on the concept of "marketing through the retailer," it realized it knew virtually nothing about "shoppers" as opposed to "consumers." The company promptly spent \$20 million dollars to fill this hole below its intellectual water line.

If P&G realized that it knew virtually nothing about its shoppers after spending billions in research over the past century, how much do you think you know about your consumers/customers at all touch points?

Understanding isn't enough; you need a process for turning that understanding into brand equity—that unique set of beliefs that causes buyers to value your product or service more highly than the competition's. Both marketing and sales must share the belief that higher brand equity will solve most of the issues between you and consumers, you and retailers and you and your B2B customers. Margins will be higher, marketing ROI will be higher, shares and volume will increase.

Having said that, we are ceaselessly amazed that most companies—B2C or B2B—have no process for building brand equity. They may have a desire, a hope, or an intent, but no process.

This is unacceptable.

By the way, the failure of marketing to convince CEOs of the primacy of brand equity and the related failure to have a measurable process to build it is the reason marketing is held in such low esteem, especially in the B2B environment. If you could convince the CEO that brand equity was really important, that you owned it and that you had a process to enhance it, your budget might not get cut every year in the last quarter and you might get invited to fly on the corporate jet more often.

Gain CEO Support

But Marketers and the sales function have another very practical problem even when they want to collaborate to build brand equity and have a common process. It's called "management ignorance."

No CEO or COO is going to embark on the mission of curing the marketing-sales divide without understanding that it exists, that it needs to be fixed and that there's a sensible way to fix it. The inertia of management ignorance is massive. Change requires an active strategy of information and influence to overcome this inertia.

The problem that we have exists in two forms, both of which relate to the experience base of the CEO/COO. Each of us is in some ways a prisoner of our own experiences. Corporate leaders can be placed in one of two experience piles: 1) Those who rose to the top with no operational experience in either sales or marketing; or 2) Those who came up through either sales or marketing.

The former type (those with neither sales nor marketing experience), have little understanding of the importance of brand equity and no appreciation of a marketing process. To them, marketing is something that happens in the dark of the night, performed by exotic creative types huddled around steaming cauldrons brewing mind-altering substances. These people make "commercials."

CEOs do not see the outcome of this alchemy as amenable to process any more than herding cats. They believe that what these strange folk do is only tangentially related to something called "brand equity" which isn't even shown on the corporate metrics dashboard.

In a way, however, it is often easier to convince this type of executive that →

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← process and brand equity is the prescription for healing the marketing/sales wound and winning in the marketplace. That's because many of these CEOs have come up through finance, manufacturing or operations— where process is paramount and measurement is essential.

If you are trying to heal the divide with that type of CEO, wave the flag of process and metrics. Suggest that building brand equity may be amenable to a Six Sigma approach once you have a process in place. This will get the attention of the CEO and that of the CFO, because both want more out of marketing.

The problem with the other type of COOs/CEOs (those with some marketing and sales experience) is that they are still dealing with an old set of tapes. These tapes deny the existence of process and underestimate the importance of brand equity in the demand-creation side of the business. The prevailing attitude is: "I didn't need a process; I had no brand-equity building process; I rose to the top with social skills, goal setting and lots of sweat, why must I create massive change that will only upset the organization?"

This marketing-and-sales type of CEO instinctively realizes that healing the divide takes more than process. It takes metrics; it takes some new technology; and (God forbid!) a new organizational capability. It requires that the new orga-

nization must create *smarketers*—part marketers; part sales types. They understand that creating *smarketers* takes time and discipline.

Create a "Smarketing" Organization

The organization must hire different types of people, train them differently, and reward them differently. Most important, the company must develop and install new career pathing scenarios so that employees develop the holistic vision of the marketing process that will allow them to respond effectively to their real boss, "the customer."

In the B2C world, P&G started down this path over ten years ago. Other CPG companies began putting "marketing" people out on retail "sales" teams about five years ago. Most have failed because the marketers billeted to these assignments resisted furiously, thinking that such an assignment was an exile sure to ruin their real marketing career.

When they could be convinced that the future belonged to those who actually understood Wal-Mart or Tesco and could market their brand in concert with the retailer, they were frustrated by the limited financial backing given to their marketing activities at the retail interface.

Why? Because the internal brand-marketing function at headquarters regarded these retail interface activities as a "sales cost" that should come from the trade marketing budget, and sales regarded these same activities as a "marketing cost" that should come from the brand marketing budget.

This kind of shortsighted turf protection will continue as long as there are the old silos at the top, as long as there is no process for building brand equity and as long as ignorant or timid top management allows it to proceed.

In our book, *The New Marketing Mission*, we present a process that allows "sales" and "marketing" to work out their internal problems to solve their company's common problem. This process involves concepts such as the integrated market-

ing strategy, task identification, cascading choices and sufficiency.

These concepts are based upon the conviction that the long-term goal of marketing is to build brand equity; that building equity will lead customers and consumers along a brand commitment pathway which has both affective and rational mile posts; and that advancing from one mile post to another represents varying challenges, which require different solutions offered by various functions within the company.

If you could convince the CEO that brand equity was really important, that you owned it and that you had a process to enhance it, your budget might not get cut every year.

Establish an Integrated Marketing Strategy

The essence of this process is the "integrated marketing strategy"— the combining of the skills, capabilities and funds of "marketing" and "sales" in a zero-based approach. It looks at the imperatives of the business and identifies the initiatives that can deliver against those imperatives.

The process assumes that the optimal overall result can be achieved through the deliberate creation of powerful synergies rather than the "perfection" of a specific function. At this point, non-marketers may hear the echoes of the synergistic approach of Total Quality Manufacturing, where the super-ordinate goal was opti-

mizing total systems output—not the output of a single step within the process.

The process we advocate asks every function and every participant in the company's value creation stream to take a fresh, unbiased look at what task needs to be performed to achieve success. Tasks are defined as specific responses required from specific target audiences, whose short- and long-term value to the brand's franchise has been established by rigorous analysis.

For example, a specific target customer or set of customers can be moved from contributing X volume to X + Y volume by engendering a certain identified behavior (such as increased trial and conversion, increased usage, greater loyalty, etc.).

Once the desired response has been defined, the process uses a concept called "cascading choices" to help planners arrive at an action step. Cascading choices involves the identification of spending alternatives from across the marketing/sales "divide." The company team then arrays the alternatives from the one recognized as the most efficacious to the least. Ranking the choices presents real challenges to many marketers because they have failed to capture appropriate response analytics.

Some use this failure as a reason not to employ the cascading choices approach. The only problem with this rationalization is that the cascading choices approach is being very effectively used in

places such as China, where little data exists and sophisticated response analytics are extremely difficult to develop. In their place, successful marketers in China are using simple hypothetical models to discriminate among options and drive dramatic improvements in volume and share.

Focus Sufficient Resources

A necessary supplement to the cascading choices concept is "sufficiency"—that is, the focus of sufficient resources on each cascading choice to insure it has the desired result. This is similar to the concept of "effective reach" in media planning, where an audience appears to require a threshold level of frequency before any change in awareness or behavior occurs.

"Sufficiency" assumes that brand-owners must spend above some threshold level to change customer or customer attitudes irrespective of whether the activity is a "marketing" expense (such as advertising) or a "sales" expense (such as a sales call or a trade show).

The "sufficiency" principle often results in the complete elimination of lower ranking cascading choices to insure that the more important choice is adequately funded. Here again, brand-owners report that these complementary approaches of cascading choices and sufficiency are having an unexpectedly positive effect in the market place—at least in part because they force all members of the marketing team to align around basic options to realize a shared goal.

As in much else in life, a solution requires two things: the knowledge of what is right and the courage to fight for it.

In other words, this process-based approach can bridge the marketing and sales divide where management has the courage to apply it for the common good.

But the sales and marketing divide—this schizophrenia which paralyzes B2C and B2B marketers—will persist until top management realizes the answer is *smarketing* and not "sales or marketing"; that the goal of these *smarketers* is building brand equity; and that the way to build equity is to use process, metrics and technology, with a dash of organizational capability building.

As in much else in life, getting to this solution requires two things: the knowledge of what is right and the courage to fight for it.

If you're experiencing the problems of the sales and marketing divide at your company, sneak a copy of this article to your COO and CEO. Let's see if they can face up to the need to change. ■



Gordon Wade is founding partner of **EMM Group**, www.emmgroup.net, a world leader in enterprise marketing management. With more than 35 years of deep marketing experience, Gordon has worked with more than 75 major companies (including Procter & Gamble, DuPont, IBM, Citicorp, Johnson & Johnson, Unilever, BAT, Nestle, Gillette, Dollar General, Seven-11) in more than 100 categories.

EMM Group applies software tools to provide a comprehensive system of metrics and proven best practices. EMM Group's services range from addressing a single process to end-to-end transformation of the marketing function within the enterprise.

Gordon is co-author, with Hunter Hastings and Sat Duggal, of *The New Marketing Mission: How Process, Metrics and Technology Can Unleash Growth*, published by the Association of National Advertisers. He can be reached at gordonwade@emmgroup.net.