What the CEO Can Do to Put Sales and Marketing on the Same Revenue Page

Spend a day inside most business-to-business organizations and you'll come to the conclusion that Sales is from Venus and Marketing is from Mars. They just don't seem to get along.

The source of frequent friction and open-conflict between the two revenue-generating departments is almost invariably traceable to the topic of "sales leads." Ask the Sales Manager and he'll complain that Marketing isn't providing enough high-quality leads. Spend a few minutes around the water cooler with the Marketing Manager and you'll hear tales of how Sales practices lackadaisical lead follow-up and poor record keeping.

This situation is widespread and extremely detrimental to the profitability of organizations both large and small. Serious money is being spent every quarter on lead generation programs and headcount within Sales and Marketing departments. The financial health of the organization depends on these two organizations working together productively.

So, what is a CEO to do?

First, ask your Sales Manager if he/she knows how many deals need to be closed in order to reach the revenue objectives for the next two quarters. Odds are pretty high that the Sales department isn't thinking of number of deals, so they don't have a solid handle on the amount of effort necessary to generate the required level of deals. (Many companies, sadly, don't even know the average selling price of their products).

Next, you should stop by the Marketing Manager's office and ask him/her how many contacts their programs need to generate to deliver a closed order. Chances are good your Marketing ace can pull statistics on conversion of impressions to leads, but statistics on converting leads to prospects and prospects to contracts are missing. So, the Marketing department won't be able to say how much effort (lead generation) is required to get a deal either.

It's time for the CEO to insist that Sales and Marketing integrate the lead pipeline with the sales pipeline into a "buying pipeline", a customer-centric planning and management tool. CEOs are encouraged to use the pipeline as a dashboard for measuring marketing and sales progress toward revenue goals. Here are some guidelines on this important process.

Fine-tuning the Buying Pipeline

A buying pipeline keeps the company steadily focused on the customer at every stage of the cycle. Such a tool tracks how many targets must be touched by the marketing process and then moved through that process to become a bona fide prospect--and ultimately a customer. The buying pipeline tracks the entire course from target to contact, to suspect, to lead, to qualified lead, to prospect and, finally, to customer. A solid pipeline tool also details the many steps and the consequent time involved in each phase.

This tool encourages marketing and sales to work together to understand where each opportunity is in the pipeline and who has the primary responsibility to move it forward. A useful guideline is for Marketing to own the processes from target to qualified lead; and sales to own the processes from qualified lead to customer. Ownership does not mean that the two functions work in isolation. Unfettered communication between the functions is essential for both developing and honing the pipeline.

By starting the buying pipeline as far back as the target, rather than later with a qualified lead, the company can gauge which programs are most effective in reaching viable targets. Beginning the analysis at the qualified lead stage reveals only half of the story.

Each stage of the pipeline has different demands for the company and product. For example, at the target and contact stage marketing must create awareness for the company and product. After all, people buy from people they know. At the suspect and lead stage, marketing is focuses on getting the audience more familiar with the company and product. People buy from people they like. At the lead stage, marketing and sales collaborate to determine which leads are qualified so that the best opportunities can be pursued. It is at this transition stage that sales takes the helm while marketing takes a support role in getting these key prospects to consider and ultimately purchase the product.

At each stage along the way a smart company monitors its progress. How many people/companies populated each stage and how many advanced to the next stage? The conversion ratio is a compelling by-product of the pipeline process. With a little history, a company can assess its conversion ratio and begin to fine-tune its efforts, propelling more opportunities to conversion faster.

In addition to promoting better, faster, more abundant sales, the buying pipeline can be a valuable tool to align marketing and sales. It helps define each function's responsibilities, provides a common focus and promotes an ongoing information exchange. Over time, employing a buying pipeline provides a consistent way for both small and large companies to track conversion ratios, identify bottlenecks, and monitor the sales cycle. Most important of all, a buying pipeline enhances a company's ability to win new customers--and thrive.

Eight Steps to Creating a Buying Pipeline

1. Define the target audience.
2. Delineate the opportunity stages -- such as target, contact, suspect, lead, qualified lead, prospect, customer.
3. Establish the criteria, or definition, for each opportunity stage.
4. Identify the behavioral steps for each stage -- both for the Marketing and Sales teams, as well as for the audience. For example, the behavioral steps from prospect to customer may focus on the specific behaviors that indicate that the prospect is moving from consideration to purchase. On the company side, if the first step is scheduling an appointment, the second step is a sales call and the final step is a contract or purchase, what are the steps in between?
5. For each of the steps, determine which tools the sales team will need -- presentations, demos, samples, price lists, promotions, trials, etc.
6. Establish the number of deals and at what price the company must have at the end to achieve the profitable revenue goal.
7. Establish a measurement process to determine the ratio of contacts to sales, as well as the conversion ratios between each of the stages.
8. Review all relevant company and industry information to estimate how many "people" will be needed in each opportunity step.