

# **The State of Smarketing**

**Sales and marketing alignment and its strategic importance in chosen B2B companies**

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<p>Abstract</p> <p>A Finnish national report "Siksi markkinointia", suggests that marketing is merely seen as a support function in Finnish B2B companies. Regrettably often, marketing does not have its own seat in the company board. The emergence of new digital and social platforms has fundamentally disrupted the customer buying process. Typically, sales and marketing work as separate functions in B2B companies, although numerous different sources have been discussing the importance of sales and marketing alignment, i.e. "smarketing". Harvard Business Review suggested already ten years ago that aligning sales and marketing would boost both top-line and bottom-line growth.</p> <p>The aim of the study was to examine what the state and strategic importance of sales and marketing alignment was in the chosen B2B companies. Another aim was to understand the challenges and contributing factors in achieving the alignment. A qualitative approach was chosen for the study, and empirical data was collected through semi-structured interviews. Additionally, a short online test was sent to all interviewees to obtain a general analysis of the state of smarketing on a more mutual scale.</p> <p>According to the results, the state of smarketing was on the "defined" level in the chosen companies. Strategic importance was not at a high level yet, but most of the companies had identified steps to improve the alignment. The contributing factors and challenges in aligning sales and marketing were mostly cultural, in which three factors emerged particularly: management's attitudes toward marketing, interdepartmental culture, and the company's orientation and power relations. Moreover, the type and life-cycle stage of the product and market seemed to be the main contributing factor to the roles and focus of sales and marketing functions.</p> <p>Recommendations were made to encourage the companies to re-evaluate the roles of sales and marketing against the changing market conditions so that they would view them as one unit instead of separate functions. Most importantly, they should analyze the most cost-efficient way of executing each stage of the sales funnel. Training about marketing was also recommended for the company boards in order to better succeed in the overall analysis.</p>		
Keywords/tags ( <a href="#">subjects</a> ) Sales and marketing alignment, sales and marketing integration, sales and marketing relationship, smarketing, sales funnel, B2B, buyer behavior.		
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Tiivistelmä <p>Suomalaisen ”Siksi markkinointia” -selvityksen mukaan markkinointi nähdään ainoastaan tukitoimintona suomalaisissa B2B-yrityksissä. Valitettavan usein markkinointi ei myöskään ole yrityksen johtoryhmässä edustettuna. Uudet digitaaliset ja sosiaaliset kanavat ovat perusteellisesti muuttaneet asiakkaiden ostokäyttäytymistä. Tyypillisesti myynti ja markkinointi toimivat erillisinä toimintoina B2B-yrityksissä, vaikka lukuisat eri lähteet ovat painottaneet myynnin ja markkinoinnin yhteen suuntaamista. Harvard Business Review esitti jo yli 10 vuotta sitten, että myynnin ja markkinoinnin yhteen suuntaaminen eli ”smarketing” lisää sekä yrityksen liikevaihtoa että tulosta.</p> <p>Tutkimuksen tavoitteena oli selvittää, mikä on myynnin ja markkinoinnin yhteen suuntaamisen tila ja strateginen tärkeys valituissa B2B-yrityksissä. Lisäksi tavoitteena oli saada ymmärrys yhteen suuntaamiseen vaikuttavista tekijöistä ja haasteista. Tutkimusmenetelmäksi valittiin kvalitatiivinen semistrukturoitu haastattelu. Kaikille haastatelluille lähetettiin lisäksi lyhyt nettitesti, joka mahdollisti vastausten analysoinnin yhtenäisemmällä asteikolla.</p> <p>Tutkimuksen tulokset osoittavat, että myynnin ja markkinoinnin yhteen suuntaaminen oli ”määritellyllä” tasolla valituissa yrityksissä. Strateginen tärkeys ei ollut kovin korkealla, mutta suurin osa yrityksistä oli määritellyt selkeitä toimenpiteitä parantaakseen myynnin ja markkinoinnin yhteispeliä. Yhteen suuntaamiseen vaikuttavat tekijät olivat pääosin yrityskulttuuriin ja ihmisiin liittyviä. Niistä kolme tekijää nousivat erityisesti esiin: johdon suhtautuminen markkinointiin, osastojen yhteispelin välinen kulttuuri sekä yrityksen orientaatio ja valtasuhteet. Lisäksi tuotteen ja markkinan tyyppi ja elinkaaren vaihe vaikuttivat suuresti siihen, millainen rooli ja painotus myynnin ja markkinoinnin funktioilla oli yrityksessä.</p> <p>Tutkimustulosten perusteella yritysten tulisi arvioida uudelleen myynnin ja markkinoinnin roolit muuttuneessa markkinatilanteessa, nähdä ne yhtenä toimintona ja analysoida kustannustehokkain toimintamalli myyntiputken jokaiselle eri vaiheelle. Myös koulutusta markkinoinnin työkaluista ja mahdollisuuksista suositeltiin yritysjohdolle analysoinnin helpottamiseksi ja parantamiseksi.</p>		
Avainsanat (asiasanat) Myynnin ja markkinoinnin yhteispeli, myynnin ja markkinoinnin yhteen suuntaaminen, myynnin ja markkinoinnin suhde, myyntiputki, B2B, yritysmyynti, ostokäyttäytyminen		
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# 1 Introduction

*“Marketers are from Mars, salespeople are from Venus”*

*Sarah Lorge, 1999*

This study focused on the relationship between sales and marketing; the alignment or integration between these two functions and the strategic importance of this alignment. The topic is of great current interest during any period of time, because it strongly relates to ways of improving a company's or organization's business performance, customer satisfaction and most importantly, sales. The topic is even more current and evident in B2B markets. Therefore, this study explored how Finnish B2B companies perceive the importance of sales and marketing alignment and what the strategic importance of it is on their company board level.

## 1.1 Background

In today's economy, many companies are struggling with sales. Markets are becoming saturated, and competition is fierce and often focused solely on prices. In addition, the customers' buying process has changed drastically with the emergence of new digital and social platforms (Coe 2004; Grossberg 2016; Martin 2013). Customers are smarter and information is easily available. Moreover, technology has become a way of life, which has fundamentally disrupted the buying process. The Internet allows customers to research products, prices and opinions whenever and where ever (Martin 2013).

As an example of this change in buying behavior, according to a Forrester study in 2014, 70-90% of purchase cycles are completed before the buyer even considers contacting the vendor (Newman 2014). An article in Forbes from 2013 discusses the results of a survey, according to which customers are through the sales process to the extent of 57% before engaging a sales person, regardless of the price point. Moreover, the same study shows that many customers feel very comfortable with going through 70% of the process by themselves before contacting the vendor. In other words, the sales force no longer is the sole source or gatekeeper of information (Gillum 2013).

The way businesses are buying and selling to each other is changing. Customers have become more demanding. They want simple, fast, and inexpensive transactions and on the other hand they want highly complex solutions designed by experienced teams. As a result, B2B companies are simultaneously overinvesting in or underdelivering to customers because these changing needs outpace their capabilities (Davie, Stephenson & Valdivieso de Uster 2010). In other words, the cost of selling has increased.

Increase in the cost of selling can be seen in basic selling actions too. Statistics from a recent survey in 2016 show that connecting with a prospect takes now 18 or more phone calls, callback rates are less than 1% and only 24% of outbound sales emails are ever opened. At the same time, 84% of B2B buyers are now starting the purchase process with a referral, and more than 90% of all B2B buying decisions are influenced by peer recommendations (Minsky & Quesenberry 2016).

There is a clear shift to the social media platforms when looking for information. According to a recent B2B buyers' survey, 75% of B2B buyers rely on the social media to engage with peers about buying decisions and over 50% of the respondents reported that social media played a role in assessing tools and technologies when making a final selection. Additionally, 82% of the B2B buyers said that the winning vendor's social content had a significant impact on their buying decision (Minsky & Quesenberry 2016).

Social media, company websites and blogs, in other words platforms that buyers use nowadays for finding more information, are traditionally considered part of marketing's domain, not sales. As described further in Figure 1, today the customer is, actually, more in contact with the marketing department than with the sales department during his or her buying process (Cespedes & Bova 2015; Gillum 2013; Newman 2103).



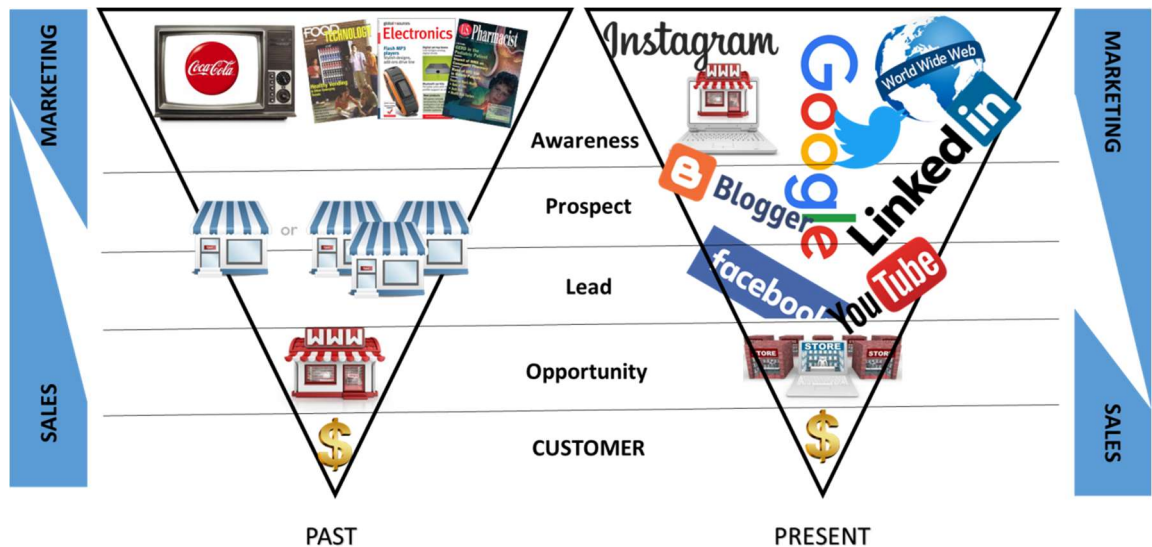


Figure 1. Changing buying behavior reflected in the sales and marketing funnel

According to a 2015 survey of more than 5000 stakeholders involved in B2B purchases, on average 5.4 people must now formally sign off on each purchase. Moreover, the variety of jobs, functions, and geographies of these people is much wider than it used to be. The survey found that B2B buyers found group decision making the most difficult. Achieving customer consensus may present a problem for sales but also an opportunity for marketing, since they have the tools that can reach the customers more effectively than sales can, and they can combine customer knowledge from sales with their own market research, which can be transformed into scalable marketing approaches and materials (Schmidt, Adamson & Bird 2015).

For many years, business-to business (B2B) companies have been dominated by sales-led cultures. Marketing has been, and still is, seen as a support function to sales, where as in most business-to-consumer (B2C) companies, marketing “owns” the customer relationship (Redding 2015, 260). The marketing and sales departments are still acting as separate units in many companies. Instead of working towards a mutual goal, they are finger-pointing at each other for lagging sales and missed deals. According to Kotler, Racjhamand and Krishnaswamy (2006), as a rule, sales and marketing are separate functions within a B2B company, and when they do work together, they do not always get along.

According to a study conducted in 2014 by Demand Metric, around 75% of B2B marketing people believed that marketing assets were somewhat or very effective. However, only 46% of B2B salespeople agreed. In addition, only 25% of sales respondents felt that their collaboration with marketing on asset development succeeded very or quite well. Both groups were asked to rank 8 reasons why marketing failures lead to bad sales meetings, and both teams ranked marketing's lack of alignment with the sales as the 3<sup>rd</sup> (Marketing Charts 2014).

Harvard Business Review suggested already ten years ago that the lack of alignment will eventually hurt the company's performance. When companies' sales and marketing work well together, the sales cycles are shorter, market-entry costs go down, and the cost of sales is lower. More importantly, aligning sales and marketing will boost both top-line and bottom-line growth (Kotler, Rackham & Krishnaswamy 2006).

Over the past two decades, numerous different sources have been discussing the importance of sales and marketing alignment, i.e. "**smarketing**", as HubSpot calls it. According to HubSpot, a global marketing automation system supplier, companies with good smarketing practices in place saw a 36% higher customer retention and 38% higher sales win rates and generated 208% more sales revenue from their marketing efforts (Ye 2015).

Another study by App Data Room and Marketo, another global marketing automation system supplier, found that sales and marketing alignment can improve the success of sales efforts in closing deals by 67% and help marketing generate 209% more value from these efforts (Cespedes & Bova 2015). According to Aberdeen Group, the lack of sales and marketing integration causes the biggest gap between top sales performers and underachievers. Sirius Decisions research reveals that less than 10% of B2B companies report good alignment between sales and marketing (Balasubramanian 2015).

## 1.2 Motivation for the research

HubSpot surveyed over 4500 marketing and sales professionals in 2016. The respondents represented both B2C and B2B companies, across all levels and

industries all around the world. Their “State of Inbound 2016” report revealed that the average lead-to-customer conversion rate was below 20% for almost half of the respondents. Additionally, 63% of the respondents indicated that prospects were “somewhat” or “not at all” knowledgeable about their companies before the sales people’s first contact. The study also revealed that over 70% of the respondents felt that prospecting was hard when their lead was “somewhat” or “not at all” knowledgeable about their company. Moreover, only 19% of buyers relied on salespeople for purchase decisions (State of Inbound 2016). This indicates an increased emphasis and importance for the role of marketing.

When asked about the relationship between sales and marketing in the respondent’s company, 66% of respondents characterized it as “tightly aligned” (22%) or “generally aligned” (44%). 82% of those respondents who described their company’s marketing strategy as “effective”, also characterized their sales and marketing relationship as “tightly aligned” (State of Inbound 2016).

Globally there seems to be a growing interest and even a specific strategy in place to invest in sales and marketing alignment. It is, therefore, fair to ask how this is mirrored in the Finnish B2B companies. This is an important matter, since the success of B2B companies is the foundation for the economic wellbeing of our whole country. According to a Finnish national report “Siksi markkinointia”, the majority of our export business, for example, is comprised of B2B products and services (Laaksonen 2016).

The same report also suggests that marketing is merely seen as a support function in the Finnish B2B companies. The study refers to another study by the Marketing Clinic which found that only 24% of the Finnish B2B companies see marketing as having a very important strategic role in the general development of the business. Generally, there are very few CEOs in the Finnish companies who have a marketing background. Moreover, it is regrettably often evident that marketing does not have its own seat in the company board room. Marketing is often placed on the lower operating level in the company (Salo 2016).

Based on all these findings it seems that sales and marketing alignment is far from being integrated in the Finnish B2B companies. That is also the author’s personal

experience after working in several different B2B companies for the past 15 years and, hence, her personal motivation for this research as well. The author's professional career has been in both B2B sales and marketing. Marketing has been considered more of a support function in all the organizations that she has worked in.

Since the "hype" around "smarketing" is so strong at the moment, at least internationally, the author was curious to find out what the state of smarketing really was in the Finnish companies at the moment. Was Finland ten years behind all other countries, as we tend to be in other areas, or had there been an improvement in the way companies see marketing and its contribution to sales? Had the author simply been unlucky to have ended up working in those few companies who viewed smarketing in such an old-fashioned way?

### 1.3 Research questions

Even though there is plenty of information and research to support the alignment and integration of sales and marketing functions in an organization, still today sales and marketing are managed as separate functions in many B2B companies, especially in Finland (Laaksonen 2016). The aim of this study was to examine what the current state of sales and marketing alignment, i.e. "smarketing" was in chosen B2B companies.

In addition, the study sought to understand the possible influencing factors and challenges related to aligning sales and marketing in a company. The study also aimed to form an understanding of the strategic importance of aligning sales and marketing in the company board level. This study attempted to find out if "smarketing" had been identified as a critical factor in the company strategy and how it was then executed.

In summary, the main research question was: **What is the state of "smarketing" in chosen B2B companies?**

The three defining sub-questions were:

1) How is "smarketing" currently applied in organizations?

- 2) What are the challenges of aligning sales and marketing?
- 3) How is the strategic importance of “smarketing” perceived and executed?

For this study, a qualitative approach was selected, since it is best suited for finding out people’s experiences, feelings, views and attitudes on the chosen topic (Kvale & Brinkmann 2009, 1). Additionally, for determining the motives behind the given answers, asking for clarifications and further information, and because the direction of the answers was unknown beforehand, an interview was chosen as the primary research method (Hirsjärvi & Hurme 2009, 34-35). Furthermore, since a free flow of conversation was desired, a semi-structured interview was chosen (Hirsjärvi & Hurme 2009, 47).

The case company in this study, Zeeland Family, was interested in studying their existing customers, which was why purposive sampling was used to gather a sample size of eight in the end. In addition to the semi-structured interviews, a short online questionnaire / test was sent to the interviewees via e-mail after the interview. The methodology of the study is further discussed in Chapter 3.

#### 1.4 Structure of the Thesis

This thesis begins with an overall introduction to the topic of sales and marketing alignment and how sales and marketing fields have changed due to the changes in consumer behavior. The literature review in Chapter 2 takes a theoretical look at areas, such as changes in the sales and marketing processes, changes in buying behavior and their effect on sales and marketing funnels, as well as theories and other research results on sales and marketing alignment. Chapter 2 is followed by research methodology in Chapter 3, which focuses on describing the research content and strategy, data analysis process and limitations of the study. Chapter 4 presents the results of the empirical study and Chapter 5 includes the final discussion and conclusions of the research process.

## 2 Literature Review

In this literature review the aim was to describe how B2B sales and marketing fields have changed and what the current stage is. The chapter also discusses the changes

in the buying behavior and how they have affected the sales and marketing funnels. Finally, the chapter concludes with a literature review of sales and marketing alignment and how its importance is seen in today's business world.

Since the challenge of sales and marketing alignment is more evident in companies operating in the business-to-business (B2B) markets, this study focused solely on B2B companies. In other words, the focus was on businesses marketing and selling to other businesses or organizations (Jobber & Lancaster 2009, 10).

Digitalization has changed the field and process of both sales and marketing drastically. To understand whether or not sales and marketing alignment is crucial for any business, one needs to comprehend the background factors and the evolution of both the sales and marketing processes. Since digitalization has marked the biggest change in both fields, this part reviews B2B sales and marketing from both pre and post digitalization perspectives. These factors will help in explaining the current process of how sales and marketing teams operate in practice nowadays and how all of this affects the marketing and sales funnels.

This chapter concludes with a review of previous research on the sales and marketing alignment and collaboration. A new term for sales and marketing alignment, "smarketing" is also introduced at the end of this chapter.

## 2.1 Key Concepts

The key concepts covered in the literature review are the business to business (B2B) sales process and B2B marketing. This is important for understanding what they used to stand for and how they are defined today. To understand these concepts in a larger scale, marketing and sales funnels are also introduced as key concepts. In addition, it is important to understand the present-day buyers' decision-making process or the buying process, as well as the effect it has had on the B2B sales and marketing funnel. Finally, the concepts of sales and marketing alignment as well as smarketing are discussed.

*Marketing.* The American Marketing Association defines marketing as: "the activities, set of institutions and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at

large” (Definition of Marketing 2013). Dr. Augustine Fou from the Marketing Science Consulting Group defines it as “the process of exposing target customers to a product through appropriate tactics and channels, gauging their reaction and feedback, and ultimately facilitating their path to purchase” (Cohen 2011).

Kotler and Keller (2012, 27) suggest that marketing is about identifying and meeting human and social needs profitably. Since the aspect of sales and marketing alignment is the primary focus of this research, and the benefits that it brings, Dr. Augustine Fou’s definition fits best the purpose of this study. Therefore, the adopted definition of marketing in this report is that proposed by Cohen (2011): “The process of exposing target customers to a product through appropriate tactics and channels, gauging their reaction and feedback, and ultimately facilitating their path to purchase in a profitable way”.

*Sales process.* HubSpot, one of the leading marketing automation system suppliers, defines a sales process as a repeatable set of steps that a sales team takes with a prospect to move them from an early stage to a permanent customer (Sales Process 2016). Jobber and Lancaster (2009, 238) define sales process as the “steps between first contact with a customer and the placing of the actual order and the amount of time it takes”. The common steps of the sales process are discussed in further detail in Chapter 2.3.

Dixon and Tanner (2012, 10) suggest however, that a broader definition is required to capture the transition toward the multiperson, technology-enabled engagement phenomena of today. They argue that technology- or search-enabled customers today no longer rely on a salesperson for learning about products or services. They provide a new definition of selling as “the phenomenon of human-driven interaction between and within individuals / organizations in order to bring about economic exchange within a value-creating context” (Dixon & Tanner 2012, 10). Since digitalization has changed the role and field of sales, definition by Dixon and Tanner is best suited for this study.

*Marketing and sales funnel.* A sales funnel is a sequence of activities that leads customers toward purchasing as well as towards an ongoing relationship (Kotler et al. 2006). It is a way to track potential customers through the sales process. It helps

in analyzing the projected sales by looking at sales funnel information, such as how and how fast customers move through the sales funnel and how many customers are at each step (Davies 2010; Kotler et al. 2006).

Kotler and Keller (2012, G5) propose that the “marketing funnel identifies the percentage of the potential target market at each stage in the decision process, from merely aware to highly loyal”. The marketing funnel looks graphically quite the same as the sales funnel and the earlier understanding of it was that the customers start with a pool of many choices and then start narrowing them down to one. After the mid-2000s, the concept of separate sales and marketing funnels evolved into an integrated model, where marketing is responsible for the first few steps and sales takes over at a certain point to manage the end of the funnel (Kotler et al. 2006). This is discussed in more detail in Chapter 2.5.

One popular alternative to the funnel is the *Customer Decision Journey*, also known as the *decision-making process* or *buying process*. McKinsey’s report (2009) suggests that customers do not move in a linear way through the funnel but rather in a circular way, in other words, they move through an ongoing set of touchpoints before, during and after a purchase (Bonchek & France 2014).

According to Manning and colleagues (2014, 180), the decision-making process or buying process is a “systematic series of actions, or a series of defined, repeatable steps intended to achieve a result”. As already stated earlier, today the customer no longer moves down a straight buying path. The increasing number of decision makers and influencers has made the buying process more complex (Coe 2004, 64). A Forrester study in 2014 states that 70-90% of the buyer’s decision journey is complete prior to engaging a sales representative in the process (Newman 2014).

Since the role of marketing has increased notably in the funnel, we conclude that the definition used in this study for decision making process is: the customer’s movement through an ongoing set of touchpoints before, during and after a purchase (Manning et al. 2014, 180).

*Sales and marketing alignment.* Sales and marketing alignment is often viewed as the cooperation or collaboration of sales and marketing teams. The focus is often pointed at enhanced communication between these two teams or different



organizational structures. There are many factors that influence the alignment between these two, as well as many different levels of alignment. These are all discussed in more detail in Chapter 2.6.

In the beginning of the 2010s, one of the biggest marketing automation technology providers, HubSpot, introduced the term “smarketing”. It refers to the alignment between sales and marketing teams created through frequent and direct communication between the two, as well as through mutual goals and accountability (Kusnitz, 2014).

Since the aim in this study was to study the strategic importance and the positive business effects of smarketing, the definition of sales and marketing in this study is as follows: the process of integrating business processes of sales and marketing with the objective of having a common integrated approach and goals, and with the aim of reaching annual revenue growth.

## 2.2 B2B marketing

The era of marketing began in the 1950s. In 1964, Neil H. Borden introduced the concept of the marketing mix, which today is known as the 4 Ps of marketing: Product, Price, Place and Promotion. In this concept, promotion was further subdivided into advertising, public relations, sales promotion, and personal selling. In other words, originally sales work was considered a sub-category to marketing (Friel 2014; Manning et al. 2014; Jobber & Lancaster 2009).

Later in the 1980s, the 4 Ps model evolved into a new 7 Ps model to broaden the vision of marketers and to meet all the modern-day customer and market requirements. In addition to the traditional 4 Ps, three new dimensions were added: People, Process and Physical evidence (Friel 2014; Manning et al. 2014; Jobber & Lancaster 2009).

An analysis of the evolution of marketing can be first done by studying the different approaches that marketing scholars and academia have taken over the last few decades. Before the emergence of digital marketing, the marketing thought and practice were focused on themes, such as assessing the market mix impact,

uncovering buyer behavior, crafting marketing strategy, and identifying market / marketing contingencies (Kumar 2015).

After 1996, major developments in database technology suddenly enabled marketers to capture individual customer data and analyses. By 2005, the further development of technological advancements created a transition from a product-centric view to a customer-centric approach. In other words, there was a transition from product and brand management to customer management, and a migration from product portfolio management to customer portfolio management. Additionally, due to the change of focus from product to customer, marketing also moved from being seen simply as an expense item to an investment variable (Kumar 2015).

After 2010, major changes in media usage patterns resulted in a new approach, which still pertains today: the integrative approach. This approach focuses on marketing at the core of the company, as well as the influence of the new media. Marketing now, is seen more as an integral part of the organization and an integral part of the organization's decision-making framework. This all requires a complete integration of marketing activities with the other business functions, such as sales, among others (Coe 2004; Kumar 2015). The father of business consulting, Peter Drucker stated already long ago that marketing is so basic and therefore cannot be considered a separate function (Trout 2006; Grossberg 2016).

Before 1998 when Google launched its search engine, the term "marketing communications mix" was defined as the mixed use of direct mail, radio, TV and print advertising. In other words, this was the mix of options marketing teams could use when promoting their products or services. After the start of the new millennium, the fast acceptance and use of search engines and internet advertising, as well as later social media applications, have forced companies to start integrating digital presence into their traditional marketing strategy (Kalyanam & McIntyre 2002; Villar 2014).

Media usage patterns have gone through significant changes over the last decade. Particularly the customer preferences toward different media channels have increased. In other words, people are spending more time on interactive media

(interactive TV, mobile services, pure-play Internet and video games) than on traditional media (radio and print) (Kumar 2015).

Social media has particularly become a game changer in many different industries (Kumar 2015). Social media, in general, is defined as a set of Internet-based applications that enable the exchange and creation of user-generated content (Moore, Raymond & Hopkins 2015, 1). Media channels, such as Facebook, Twitter, YouTube, LinkedIn and Instagram enable companies and individuals to communicate with one another and influence one another's purchase decisions. Social media sites also enable companies to gain more information on customer behavior, preferences, as well as product penetration and branding (Kumar 2015).

Because of vigorous social media usage and the idea of marketing as an investment, the emerging thought now, according to Kumar (2015), seems to be that customer engagement leads to continuous profits. In other words, in addition to merely encouraging customers to buy more, it is important to also encourage them to refer more people to buy the company's products / services, talk to other customers and prospects about the company, and to provide customer feedback to the company, i.e. perform customer engagement. According to Kumar (2015), when this type of customer engagement is effectively tracked and managed, firms will increase their profits.

Another result of seeing marketing as an investment has been that marketing accountability has increased considerably. Company boards require more and more specific return on investment (ROI) figures from their marketing departments. Thus, the marketing metrics are nowadays more linked to financial metrics and to the "bottom-line" (Mintz & Currim 2013; Kumar 2015).

Edelman (2010) argues that marketing should act as an *orchestrator* in a company. Most customer touch points are owned-media channels, such as company websites, and product development, customer service and sales functions. These areas are usually managed by organizations other than marketing. To create a coherent customer experience, these channels should be run by or at least coordinated by the marketing department.

Since the emergence of various social media channels and mobile channels, among others, it has become more and more challenging for marketing departments to keep track of their campaigns and to receive adequate analyses of their efforts. It has also become evident that all these new digital channels offer a great opportunity to gain more leads. In fact, the problem has been the abundance of new potential sales leads. Marketing and sales teams have found themselves wasting too much time on trying to find the best leads out of a pool of leads. For these needs, marketing automation (MA) software was developed (Press Release 2015; Grossberg 2016).

Frost and Sullivan (Press Release 2015) define marketing automation as tools that automate marketing and sales activities to improve lead quality, automate marketing campaigns, monitor and measure marketing efforts and improve data-driven decisions. In other words, marketing automation enables tracking potential customers' behavior after they click on a website offering and then afterwards building a follow-up campaign based on that behavior, by analyzing all the sites and pages that the prospect/customer has visited. All this information allows the marketer to customize the messages better and to predict what the customer would want to see or do next (Grossberg 2016).

According to Frost and Sullivan, marketing automation is one of the fastest growing technologies currently and it has already evolved into a true cross-channel automation platform, which is very tightly integrated with social media, mobile, search channels and display advertising. They expect the MA industry to grow at a 74% annual growth rate from 2015 to 2020 (Press Release 2015).

### 2.3 B2B sales process

In the late 19<sup>th</sup> century, business went through various eras, starting with the production era, followed by the sales era from 1920s until 1950s and the marketing era from 1950s until early 1960s. In the late 1960s and 1970s there was an era of consultative selling, which was followed by the strategic selling era from early 1980s until the beginning of 1990s, which marked the start of the present era of partnering (Dawson 1970; Manning, Ahearne & Reece 2014).

Since the selling era, dating back to the 1920s, the steps in a selling process have remained almost the same (Dawson 1970). It is the tasks that comprise the steps that have changed along the way. For example, in the early days, one of the main tasks of a sales person - order processing - has nowadays been highly automated (Sharma & Sheth 2010). Additionally, information is the key nowadays, and thus, making personal contact less important (Albers et al. 2015).

The National Association of Sales Professionals defines sales process as “a systematic approach involving a series of steps that enables a sales force to close more deals, increase margins and make sales through referrals” (Dvorak 2016). One of the oldest and most widely used models of the sales process is “seven steps of selling” from the 1920s sales literature. According to Moncrief and Marshall (2005), these seven steps traditionally are comprised of the following: 1) prospecting, 2) pre-approach, 3) approach, 4) presentation, 5) over-coming objections, 6) close, and 7) follow-up. Most textbooks either follow the principal of these seven steps or are at least organized somehow around these themes (Donaldson 2007; Jobber & Lancaster 2009; Manning et al. 2014)

In the 1970s, Shapiro and Posner (1976) suggested an updated model of the steps. Overall, the steps were very similar to the old model, but for the first time, the focus was more on nurturing the customer relationship (Shapiro & Posner 1976; Åge 2011). According to Moncrief and Marshall (2005), several factors, such as technology, new selling tools, globalization, and increased buyer knowledge and sophistication, have influenced the seven steps of selling. Thus, they proposed a new set of seven steps of selling, which is largely nonsequential as opposed to the old one and gives more focus on problem solving, customer nurturing and management.

In 2010, Sharma and Sheth (2010) also introduced a new set of steps for the sales process. The main contributor to the change according to them was the technology-mediated environment. As technology facilitates a faster and easier sales process, it leaves room for the sales person to act more as a problem solver (Sharma & Sheth 2010).

In 2011, based on his study, Lars-Johan Åge proposed a completely new type of selling process. His study argued that previous linear models of the selling process

were inadequate in capturing the dynamic nature of the modern-day sales process and that they failed to recognize that several dimensions coexist at the same time (Åge 2011). Andzulis, Pangopoulos and Rapp (2012) argued that the most significant contributor in the sales process transformation had been the social media. They proposed that social media had a new role at every step of the sales process (understanding the customer, approach, needs discovery, presentation, close, and follow-up).

Technology has contributed to the change in the business environment and sales work from early days. Beginning with the emergence of computers and laptops, followed by the influence of the Internet, customer relationship management (CRM) and sales force automation (SFA) systems, as well as mobile devices, the impact has been significant in every aspect of sales and marketing. The most recent technological transformation has been the result of interactive nature of many different social media platforms, which have transformed particularly the role of sales (Albers, Raman & Lee 2015; Andzulis, Panagopoulos & Rapp 2012; Jobber & Lancaster 2009; Sharma & Sheth 2010).

Customer Relationship Management (CRM), according to Donaldson (2007, 111) is “the integration of technology and process in the acquiring, retaining and growing your profitable customers”. CRM software systems particularly help the interaction between customer and company, enabling the company to unify all its messages and communications to the customer (Jobber & Lancaster 2009, 361). Above all, CRM is a business strategy for using customer information to maximize the long-term value and profitability of customers (Donaldson 2007, 112).

Sales Force Automation (SFA) is the automated integration of front and back office activities to facilitate an information-empowered sales team that can improve the sales process and enhance the relationships with the customers (Donaldson 2007, 111). SFA systems are usually a part of a company’s CRM system and specifically help the sales person to track individual customer sales processes and the sales funnel (Jobber & Lancaster 2009).

Next, we will look at each step and how they have transformed over the last two decades and with the emergence of digital media and technology.

### 2.3.1 Prospecting

Prospecting is the process of searching new and potential customers. Earlier methods of prospecting included referrals, networking, cold calling, and door-to-door selling, among others. Prospecting usually included a discussion, which was to qualify the prospect, and a development of some sort of screening procedure. After the start of the 21<sup>st</sup> century and the introduction of digital marketing and social media, the prospecting stage has not been necessarily performed by the sales person at all any longer. One option for companies is to use telemarketers who will either attempt a sale or pass the sales lead to a sales person, depending on the company structure. Another option, which has been enabled by the Internet and social media particularly, is for the potential customer to approach the company themselves first via a company website, blog or an online store or through social media channels, such as Facebook or Twitter (Moncrief & Marshall 2005; Andzulis et al. 2012).

Technological advancements have enabled the sales organizations to operate more cost efficiently and more effectively in the prospecting stage. New sales tools, such as CRM (Customer Relationship Management) systems and database marketing have enhanced marketing's ability to start more actively participating in prospecting. Thus, the prospecting step is now less and less the sales person's responsibility and hence, more and more the responsibility of the marketing organization (Moncrief & Marshall 2005).

Today, resources are directed more towards providing more and better service, as well as value-adding assets to company's key customers. In fact, for many modern sales organizations, this step is the opposite of the traditional prospecting step. Instead of aiming to acquire as many new customers as possible, the sales people are focusing on customer profitability and managing the current customer relationships and only acquiring new ones when the benefits outweigh the costs of doing business with them (Moncrief & Marshall 2005; Sharma & Sheth 2010). Hence, Moncrief and Marshall (2005) renamed this step of the selling process as *customer retention and deletion* step.

Stephen Davies (2010) argued that this step is initially started by the marketing team who generate qualified leads to the sales team. The actual sales process starts when

the sales person receives this identified potential prospect. The sales person's goal is to discover and analyze the customer demand. Many other authors as well (Manning et al. 2014; Riddleberger 2015) have deleted this step completely from the selling process, transforming the process into six steps of selling instead.

### 2.3.2 Pre-approaching

During this step, the sales person does all the activities to prepare for the actual visit. In other words, the sales people would do their research on the prospect / customer and their organization, familiarizing themselves with the customer's needs, going through previous correspondence and finding any relevant and new material that might be helpful during the visit. Previously, this meant that the sales person would only have a telephone and hard copy customer records as tools of executing this step (Moncrief & Marshall 2005).

Today, this step has evolved into more of a *database and knowledge management* step, according to Moncrief and Marshall (2005). The sales person has all the needed information readily available and because of the CRM systems, the Internet, and social media channels, the sales person is not only provided with the customer's sales history but also with any information at any customer touch point, in other words, all the places where the customer comes in contact with the selling company. Often the sales people are assisted by in-house organizations, such as marketing departments, in having more in-depth knowledge on the past and present needs, as well as attitudes of the customer and even anticipate the future needs (Moncrief & Marshall 2005; Andzulis et al. 2012).

### 2.3.3 Approach

The approach usually means the first two minutes of the encounter with the customer, i.e. building the foundation with the customer. The approach earlier was based on what tactics the salesperson would use once he/she was first approaching the customer. Today, the sales person has already developed the foundation of an interpersonal network within the customer's organization, and the goal is to provide a solution to a problem (Moncrief & Marshall 2005).



Today, the goal of this step is not to think what line to use when first approaching the customer, but rather to provide the best long-term customer service. This means that the relationship with the customer needs to be established already before-hand and thus, the whole step today is less consequential. Moncrief and Marshall (2005) call this evolved step of approaching as *nurturing the relationship*.

Today, social media offers multiple new ways of approaching the customer. In addition to the traditional cold calling or emailing, the sales person can now establish his / her credibility, build rapport and gain the customer's attention by setting up LinkedIn surveys or discussions on industry specific topics or posting news stories on Facebook (Andzulis et al. 2012).

#### 2.3.4 Presentation

The presentation is the main part of the actual sales meeting. This step can be one or multiple presentations over a period of time. During the presentation, previously, the sales person would give sufficient information to the customer about the attributes and emphasize the selling points, in other words through a "features-advantages-benefits" type of presentation method. Today, these presentations are usually conducted over several meetings, with the sales person often listening more than talking. Additionally, the sales person usually needs to make several calls or presentations to find out the true customer needs, before even attempting to make a sale (Moncrief & Marshall 2005).

Moncrief and Marshall (2005) have renamed this step as *marketing the product step*. Today, the customer can find the basic information and selling points of the products and services on the company website or through advertising or social media channels, among others. The sales person's role has therefore expanded more towards participating in marketing activities and doing sales activities that complement or support certain marketing activities. Social media today offers perhaps in some cases the best channel for educating the customers on products or services. Social media enhances engagement, collaboration and co-creation, as well as co-learning (Leigh & Marshall 2001; Andzulis et al. 2012).

### 2.3.5 Overcoming objections

Objections mean the customer questions and hesitations about the product or the company. The traditional sales person would earlier attempt to overcome any doubt or reason the customer might have for not buying the product. Today, the sales person attempts to predetermine at an earlier stage and more precisely, what the customer requires from the product. In other words, the sales person's goal is to find a solution to a problem. Therefore, Moncrief and Marshall (2005), as well as many other authors (Davies 2010) have renamed this step as the *problem-solving* step.

Social media has a very important role to play at this step of the sales process. Social media channels offer a sound platform for customer testimonials or question and answer forums, for example, which are a very valuable tool in overcoming and preventing any objections. Another way of overcoming objections would be addressing issues raised by competitors or unhappy customers on blogs or on LinkedIn (Andzulis et al. 2012).

### 2.3.6 Close

Closing means the successful completion of sales presentation resulting in a commitment from the customer to buy the product or service. Traditionally, this meant that the goal for the sales person was to ask for the order and to either receive a yes or no for an answer. Today, companies focus more on the lifetime value of the customer. The goals must be mutually beneficial between the seller and the buyer and the emphasis is on creating long-term beneficial customer relationships. Another word to describe this stage is *adding value / satisfying needs* (Moncrief & Marshall 2005).

Engaging the customer through social media channels, strengthens the relationship between the customer and the buyer. Asking for the sale is much easier, when the customer collaborates on the product or service and has been enriched and received added value at each of the previous steps before closing the deal. In other words, using social media at each step of the sales process results in increased sales figures (Andzulis 2012).

### 2.3.7 Follow-up

The follow-up step was the final addition to the previous, older version of the selling steps. It means that the sales person will not assume that the sale is over when the customer accepts an order. Instead, plenty of work still goes into making sure the product or service is delivered to the customer as promised and that the customer is happy with it. Previously, this meant that the customer was sent a thank-you letter or was given at least a follow-up phone call to ensure the customer was happy (Moncrief & Marshall 2005).

In the era of relationship selling and customer relationship maintenance, more focus and importance is nowadays placed on the follow-up step of the selling process. Digital marketing and social media have provided several new tools for sales people to better execute this step. These tools enable the sales person to do more cross- and up-selling, gain access to referrals for future sales, as well as interact or share information with customers (Moncrief & Marshall 2005; Andzulis 2012).

## 2.4 Buyer's journey

Sales and marketing departments need to understand how their customers buy, i.e. what their decision-making process is (Manning et al. 2014). According to Manning and others (2014, 180), the decision-making process or buying process is a “systematic series of actions, or a series of defined, repeatable steps intended to achieve a result”.

The typical steps in a traditional buying process are as follows: 1) Need/problem awareness, 2) Information gathering, 3) Evaluation of alternatives and selection, 4) Purchase, 5) Implementation / Post-purchase (Jobber & Lancaster 2009; Manning et al. 2014). *Needs awareness* is born when the buyer recognizes that something is imperfect or incomplete. After experiencing need awareness, the buyer starts *gathering information* that will help in evaluating possible solutions to the problem (Manning et al. 2014).

During the third stage of *evaluation of alternatives and selection* the customer has evaluated the possible solutions and usually has narrowed them down to a few

possible ones. However, the customer usually has some concerns or issues that need to be resolved before moving forward with a decision. After all the customer's obstacles have been removed, the *purchase* decision is made. The first sale is the beginning of a longer relationship if the customer's needs and expectations are fulfilled and everything is delivered as promised during the final stage of *post-purchase* (Manning et al. 2014).

Today, the customer no longer moves down a straight buying path. The increasing number of decision makers and influencers has made the buying process more complex (Coe 2004, 64). The multitude of different channels has made the customer jumping from one channel to another and frequently changing the device and location too (Grossberg 2016). Customers also increasingly turn to the Internet and social media to obtain more information about products and companies (Coe 2004; Edelman & Singer 2015; Sharma & Sheth 2010). In fact, according to Forbes article in 2013, customers are 57% through the sales process before engaging a sales person, regardless of the price point. This means that 57% of the traditional sales process has disappeared (Gillum 2013). A Forrester study in 2014 states that 70-90% of the buyer's decision journey is complete prior to engaging a sales representative in the process (Newman 2014).

The evolution of the Internet and the emergence of digital media have transformed the customer and the company contact radically. The early days of the Internet, also known as the Web 1.0, was about computers talking to computers, webpages and forms, and mostly read-only content. The next phase, Web 2.0, started with the birth of Google and blogging platforms in the late 1990s, which meant that the content was now in a read and write form, meant to be shared instead of owned and the focus shifted from companies to communities. Another major influence during the web 2.0 era has been the emergence of social media, such as Facebook, Twitter and YouTube, which have changed the communication into an interactive form for good (Bonchek & Choudary 2013; Berthon et al. 2010; Farrell 2008).

In 2009, McKinsey report proposed a completely new, less linear consumer decision journey model. This model, shown in Figure 1, is a circular journey, with four primary phases: initial consideration, active evaluation / information gathering, purchase and post-purchase. As figure 2 shows, these phases form a circular model with an extra

circular loyalty loop after the final stage of post-purchase. The loop describes the on-going process of customer decision journey, and the possibility to eliminate the evaluation and consideration stages completely at the time of re-purchase if customer loyalty has been managed to create (Court, Elzinga, Mulder & Vetvik 2009).

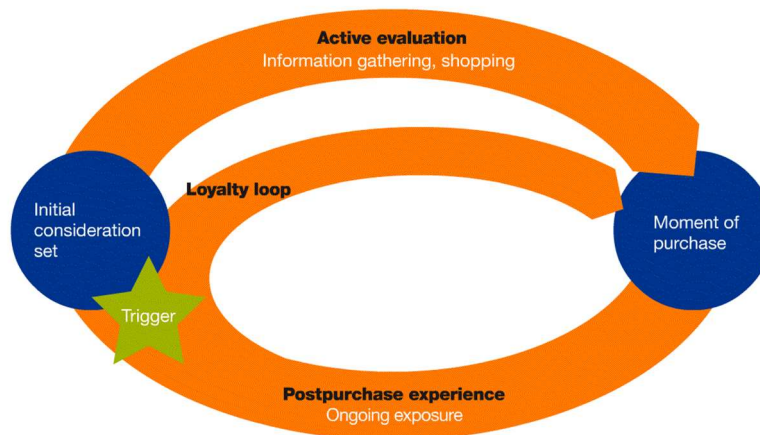


Figure 2. Consumer Decision Journey (Court, Elzinga, Mulder & Vetvik 2009)

Marketo, one of the leading marketing automation software providers, states that there has been a transformation from information scarcity to abundance of information, which has changed the buying behavior greatly. As figure 3 shows, buyers are overwhelmed by the noise, so they have learned to ignore some of the messages and focus on independently researching what they do want to know. From the sales and marketing point of view, this means that there has also been a transformation in the business power: the role of sales is decreasing as the business power of marketing is increasing (Marketo 2014).

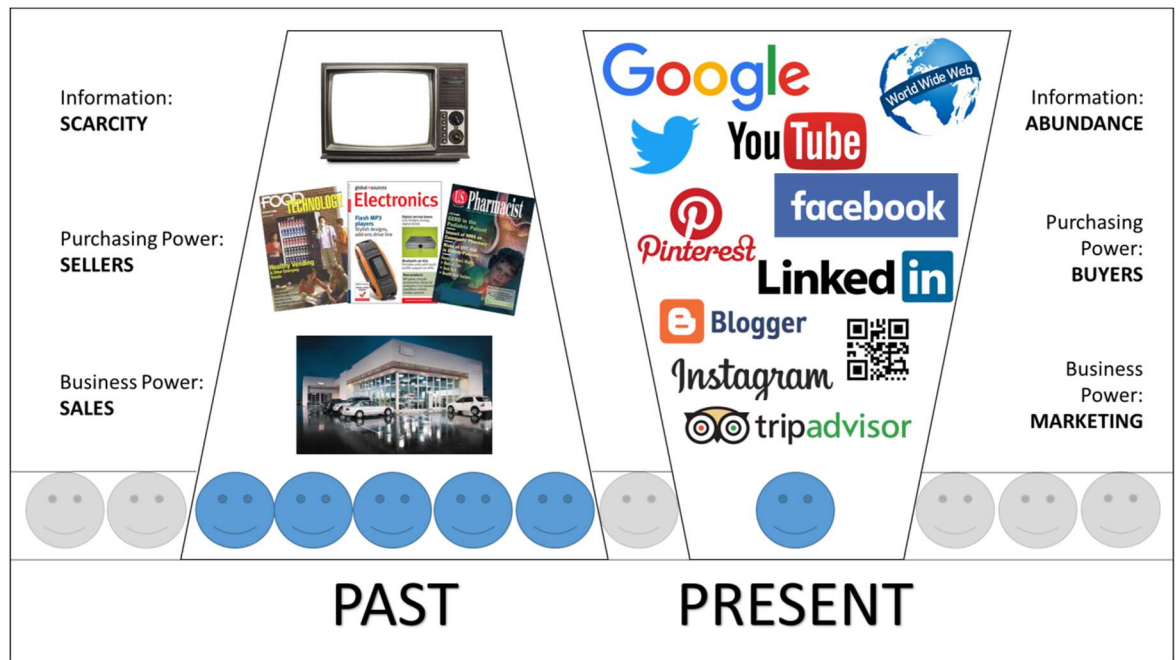


Figure 3. Unprecedented changes in buying (adopted from Marketo 2014)

## 2.5 Marketing and sales funnel

The sales process is the evolution of one sales deal. However, in a company there might be several deals in progress at the same time and at different stages. A sales funnel is a sequence of activities that leads customers toward purchasing, as well as towards an ongoing relationship (Kotler et al. 2006). It is a way to track potential customers through the sales process. It helps in analyzing the projected sales by looking at the sales funnel information, such as how and how fast do customers move through the sales funnel and how many customers are at each step (Davies 2010; Kotler et al. 2006).

The funnel metaphor comes from the gradual narrowing of potential customers into actual sales deals. Figure 4 describes graphically the basic elements of a pre digitalization sales funnel. The funnel itself has remained the same throughout the last decades, but the elements and responsibilities in it have transformed especially after the era of digitalization.



Figure 4. Sales Funnel (Internet marketing sales funnel 101 2015)

The marketing funnel looks graphically quite the same as the sales funnel and the earlier understanding of it was, that the customers start with a pool of many choices and then start narrowing them down to one, as shown in Figure 5. After mid-2000s, the concept of separate sales and marketing funnels evolved into an integrated model (Figure 6), where marketing is responsible for the first few steps and sales takes over at a certain point to manage the end of the funnel (Kotler et al. 2006).



Figure 5. Traditional marketing funnel (Edelman 2010)

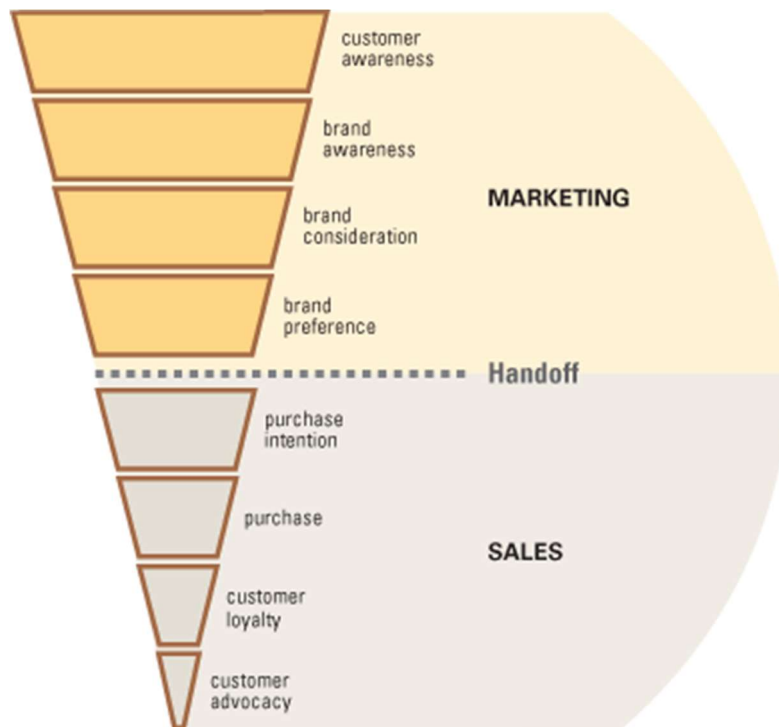


Figure 6. Sales and marketing funnel according to Kotler (Kotler et al. 2006)

Today, the consumer decision process is different. McKinsey study in 2009 revealed for example, that instead of systematically narrowing their choices down to one, the customer instead, goes through a much more continual and less reductive process of four stages: consider, evaluate, buy, and enjoy, advocate and bond (Court, Elzinga, Mulder & Vetvik 2009; Edelman 2010).

According to McKinsey Report in 2009, the buyer decision journey starts with the customer's consideration set, which is the result of various stimuli, such as exposure to ads, store displays or an encounter with a friend. In the old funnel model this stage contains the largest number of options, but today's buyer has often already reduced the number of products that they consider in the beginning. The number of options might expand in the evaluation stage where buyers search for information from their peers, retailers, from the brand itself or from its competitors. The buyer adds more options to the set and discards some of the originals that do not match their criteria (Court, Elzinga, Mulder & Vetvik 2009; Edelman 2010).

The buying stage is a powerful touch point and during that time, the buying decision can be influenced with many marketing efforts. After the purchase, the customer



starts a deeper connection with the product. When customers are happy with their purchase, they will argue for it via word-of-mouth, and if the bond becomes strong enough, the customer will skip entirely the first part of the decision journey (consider and evaluate) and move directly to an enjoy-advocate-buy loop for a longer time (Court, Elzinga, Mulder & Vetvik 2009; Edelman 2010).

According to Forrester research, 74% of business buyers conduct more than half of their research online before making an offline purchase. This changes the role of B2B marketing in a fundamental way, since marketing now needs to take responsibility for engaging with the customer through a bigger part of the sales funnel and decision making process (Wizdo 2015).

HubSpot and Marketo, global sales and marketing software providers, both support the statement of marketing taking a bigger role in the funnel. Both companies have introduced similar concepts of the new sales and marketing funnel, in which marketing's responsibility is the top of the funnel (TOFU) and sales' responsibility is the bottom of the funnel (BOFU) and the middle of the funnel (MOFU) is the shared responsibility of both groups, as illustrated in figures 7 and 8 (Dykson 2016; Radu 2015).



Figure 7. Marketing & sales funnel according to HubSpot (Dykson 2016)

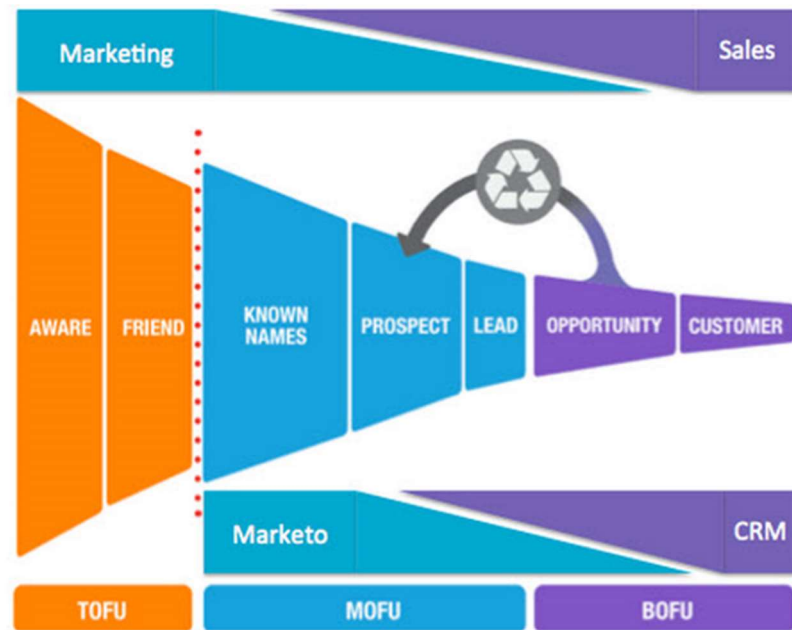


Figure 8. Sales and marketing funnel according to Marketo (Radu 2015)

## 2.6 Sales and marketing alignment

In most companies, sales and marketing have for decades been managed as separate but complementary activities. Before the 1990s, the marketing department's function was to increase awareness of the brand among customers and pull consumers toward a preferred brand. In turn, this consumer preference became the key element in sales person's negotiations with the buyers (Cespedes 1993; Coe 2004). In the early 2000s, the role of marketing evolved into lead generation, and even today, the traditional role of marketing in many companies is generating qualified leads for the sales people to contact in addition to creating brand awareness (Coe 2004; Donath 1999).

The biggest challenge during the last decade between sales and marketing has been the sales complaining about poor leads handed from the marketing, while the marketing team is frustrated with leads disappearing in the sales department, as well as the general undervaluing of each other's contributions (Donath 1999; Kotler, Rackham & Krishnaswamy 2006). The concept of sales and marketing coordination, integration and alignment were first introduced in the 1990s. The first publications (Cespedes 1993; Donath 1999; Homburg, Workman & Krohmer 1999; Webster 1992)

focused on integrating sales and marketing from an *organizational* point of view. The focus was on linking more efficiently the knowledge and information between these two functions with the final goal on *customer satisfaction* rather than profit.

According to multiple studies between 2000 and 2010, it became evident that sales and marketing alignment indeed has a positive effect on business performance (Coe 2004; Dewsnap & Jobber 2000; Kotler et al. 2006; Le Meunier-FitzHugh & Piercy 2007). The study by Le Meunier-FitzHugh and Piercy (2007) produced the first empirical evidence confirming that collaboration between sales and marketing was in fact positively related to *enhanced business performance* (214).

During the 2000s, sales and marketing text book authors also added statements to their publications that emphasized the importance of sales and marketing coordination and alignment (Donaldson 2007; Jobber & Lancaster 2009). Jobber and Lancaster (2009) argued that there is a general move towards marketing orientation in selling and sales management. Additionally, sales efforts influence, and are influenced by, decisions that are taken on the company's marketing mix. Therefore, it is essential that sales and marketing be fully integrated (36).

In 2004, John Coe (2004) proposed a new sales coverage model, according to which marketing and sales share not only accountability for sales results but also responsibility of the customer life cycle, i.e. acquiring, growing and retaining customers. He argued that some of the sales calls during the sales cycle could be replaced with direct marketing techniques (71-73). Coe (2004, 74) proposed that by integration of sales and marketing functions across the entire customer life cycle, companies can sell more by spending less. His argument for sales and marketing integration was therefore more from an *operational efficiency* perspective.

Within many companies there is very little alignment between marketing and sales. Usually the reasons are *economic and cultural*. Senior management usually needs to allocate budget amounts between these two teams, which causes conflicts between them. Also, different types of people tend to work in the sales and marketing teams (Kotler et al. 2006; Manning et al. 2014). According to Manning and colleagues (2014), one way to end the conflicts between sales and marketing is to encourage

more mutual planning and sharing of information, because research indicates that better collaboration between these two, will lead to better business performance.

One of the reasons why companies face challenges in aligning sales and marketing departments is that there is a fundamental difference in the thought-worlds of these two (Cespedes 1995; Homburg & Jensen 2007; Lorge 1999). The sales department's orientation is more customer-focused and short-term, whereas marketing's orientation is more product-focused and long-term (Cespedes 1995; Homburg & Jensen 2007).

The concept of differing thought worlds was further studied by Homburg, Jensen and Krohmer (2008) and they proposed that sales and marketing have different time and goal orientations. They define customer orientation as "the extent to which the activities of marketing/sales are guided by customer-related rather than product-related strategies, plans, and performance evaluations" (2008, 139). Additionally, they define the short-term orientation of sales/marketing as "the extent to which activities of marketing/sales are guided by immediate action rather than by extensive planning" (2008, 139).

Homburg, Jensen and Krohmer (2008) proposed that interfaces between sales and marketing are composed of five different conceptual categories. The first one is *information sharing*, which means the sharing of knowledge and cross-functional spreading of intelligence. The second category encompasses *structural linkages*, which refer to the extent to which formal horizontal interaction channels are established for interdepartmental activities. The third category is *power*. It reflects how the influence over market-related activities is divided among sales and marketing, in other words, which unit is more dominant in a company. The fourth conceptual category groups different types of *orientations*, i.e. time horizon (short-term versus long-term) and objects (customer-focus versus product-focus). The fifth category is *knowledge*, which refers to the level of expertise in an organizational unit.

Le Meunier-FitzHugh and Piercy (2010) made similar findings in their own study. They suggested that there are two types of factors that affect the collaboration between marketing and sales: external and internal factors. External factors, i.e. factors that are outside the influence of sales and marketing people, include management

attitudes to coordination, interdepartmental culture, structure and orientation.

Internal factors include inter-functional conflict, communications, market intelligence and learning. These factors have more to do with the capabilities and understanding of the sales and marketing people rather than directly under the control of senior management. The interrelations of these factors are shown in figure 9.

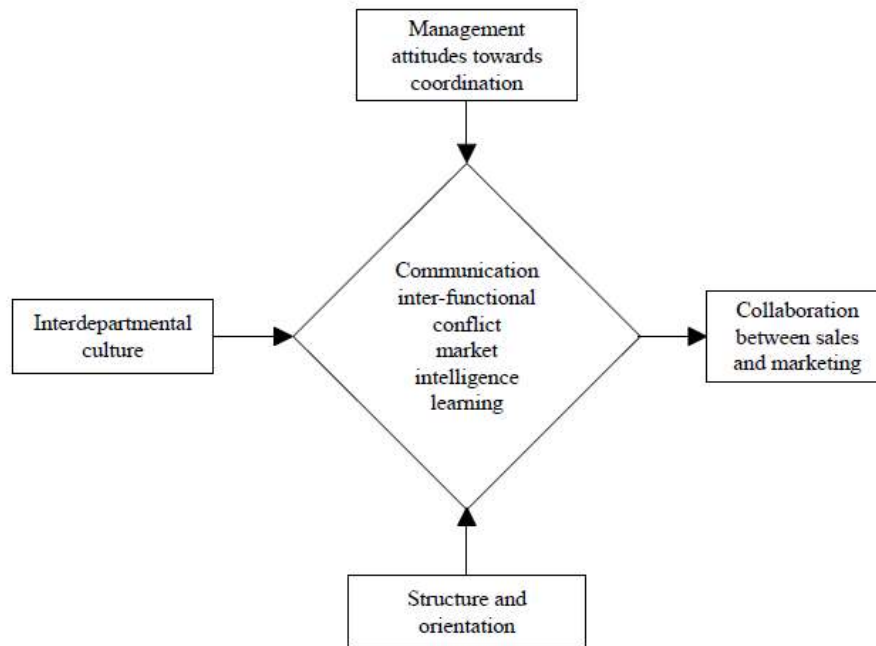


Figure 9. Factors affecting the collaboration between sales and marketing (Le Meunier-FitzHugh & Piercy 2010)

Kotler, Racjham and Krishnaswamy (2006) proposed in their study that marketing takes different forms in different companies at different product life-cycle stages. This deeply affects the relationship between marketing and sales. According to their study, the challenges in sales and marketing alignment fall into two main categories: economic and cultural.

Kotler and colleagues (2006) proposed that there are four types of relationships between sales and marketing. As shown in Figure 10, first one is “undefined”, which means that sales and marketing have grown independently and each group is largely preoccupied with its own tasks and agendas. In the second “defined” type of relationship, sales and marketing set up processes and rules to prevent conflicts. The

two groups work together largely on bigger events, for example. The third type, “aligned”, means that the groups engage in joint planning and training. Sales people understand and use the terms “brand image” and “value proposition”, whereas marketers discuss with sales on important accounts. Finally, there is the fourth type of “integrated” relationship, in which boundaries become blurred. Both groups share structures, systems, and rewards. Marketers are deeply immersed in key account management, and the two groups share the same metrics (Kotler et al. 2006).

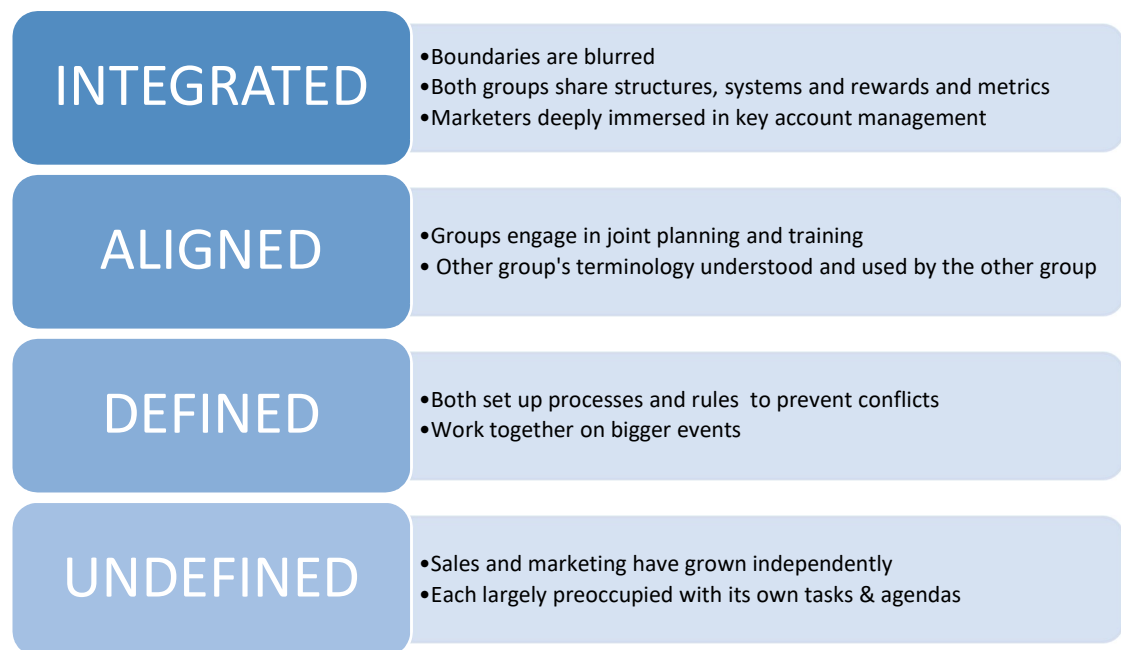


Figure 10. Smarketing utilization in B2B companies (adopted from Kotler et al. 2006)

Kotler & Co. (2006) were one of the first ones to propose that as the sales play more active role in marketing and as marketing becomes more involved in the sales process, sales and marketing should have common metrics. They also argued that having a shared sales funnel, integrated sales and marketing relationship, and common metrics for sales and marketing in a company would ultimately increase both sales revenue and profit. Having common goals and metrics was further emphasized in many later studies and articles during the present decade (Conick 2016).

After 2010, the technological advancements in sales and marketing tools started contributing to the closer cooperation and integration of sales and marketing functions. Dramatic increase in the use of contact databases, wide acceptance of e-mail marketing, and the growth of marketing and sales force automation have all contributed to increased alignment of sales and marketing (Conick 2016; Hosford 2011). Forrester Research also stated that the emergence of social media channels is adding to the closer relationship. Both marketing and sales automation solutions offer views into interaction of prospects on social media channels, such as Facebook, Twitter and LinkedIn (Conick 2016; Hosford 2011).

There are a few studies arguing that in some cases there is in fact a negative effect on business performance from sales and marketing alignment. According to Rouziès and Hlland (2014), when a firm's customer concentration is at a high level, the study results suggest that while it improves the relational dimension between sales and marketing teams, it also hinders the cognitive dimension, i.e. stifling innovation and inhibiting rapid response to changing market conditions (522).

Homburg and Jensen (2007) additionally argue that identical thought worlds in marketing and sales are not desirable and harmony between marketing and sales should not be maximized. What is good for the quality of co-operation, is not necessarily good for the company's market performance. They also suggest that different time and goal orientations between these two groups are bad for the quality of cooperation but good for the company's market performance. In conclusion, sales and marketing should have similar competencies but different orientations (135).

In the beginning of 2010s, one of the biggest marketing automation technology providers, HubSpot, introduced the term "smarketing", which stands for sales and marketing alignment. According to HubSpot, the need for "smarketing" comes from the current state of many businesses. Businesses with mature sales and marketing organizations are seeking new ways to improve their efficiency, as well as generate more leads and customers without having to increase the size of their sales teams. HubSpot suggests three critical factors that contribute to the success of aligning sales and marketing: new technology for sharing data, closed-loop marketing and effective communication (Whalley 2012).

According to HubSpot, companies with good smarketing practices in place saw 36% higher customer retention and 38% higher sales win rates and generated 208% more sales revenue from their marketing efforts (Ye 2015). A joint research conducted by Marketo, another marketing automation technology provider, and Reachforce in 2016 revealed that when sales and marketing work together, businesses are 67% better at closing deals and achieve 19% faster growth and 15% higher profitability (Thornberry 2016).

A Forbes website article reports that Serius Decisions research in 2016 revealed that fewer than 10 % of B2B companies report good alignment between sales and marketing (Rampton 2016). In conclusion, the author of the article stresses the importance of synchronizing sales and marketing, since it is a must today and in the future. According to Rampton (2016), “with misalignment, performance suffers, sales opportunities are missed, and marketing’s ability to nurture and qualify leads suffers greatly”.

## 2.7 Theoretical framework

In this chapter, the most influencing factors from the literature review are summarized to create a theoretical framework and/or hypothesis for the empirical study and research questions.

According to Kotler & Co. (2006), there are four types of relationships between sales and marketing: undefined, defined, aligned, and integrated. To analyze if smarketing is utilized in companies, the relationship needs to be analyzed on a set scale. The model that Kotler & Co. created will be used as a basis for our analysis as shown in Figure 11.

There are many different elements that affect sales and marketing alignment and collaboration. The factors may be *economic* (Kotler et al. 2006; Manning et al. 2014), i.e. if budgetary reasons play a significant role in decision and strategy making. Factors may also be *cultural*, in other words, sales and marketing alignment and integration depends on the interdepartmental culture in the company, as well as management attitudes towards coordination (Kotler et al. 2006; Manning et al. 2014; Homburg & Jensen 2007; Homburg et al. 2008; Le Meunier-FitzHugh & Piercy 2010).



Other factors include *orientation and power, communication, structural linkages* and *cross-functional learning and information sharing* (Homburg et al. 2008; Le Meunier-FitzHugh & Piercy 2010).

Based on the reviewed literature, we can conclude that almost all the research conducted on smarketing and its business performance, showed positive effects (Coe 2004; Dewsnap & Jobber 2000; Kotler et al. 2006; Le Meunier-FitzHugh & Piercy 2007; Manning et al. 2014). In a complex business environment, where 70-90% of the B2B purchase cycles are completed before the buyer even considers contacting the vendor (Newman 2014), marketing's role is increasing dramatically in the customers' buying process. In other words, today the customer is more in contact with the marketing department than with the sales department during his or her buying process (Gillum 2013; Newman 2103).

Additionally, new sales tools, such as CRM and marketing automation systems enable cooperation between sales and marketing better than before. New digital and social channels are so complex and large that shared responsibilities must be in place to maximize the potential. Therefore, I propose a hypothesis as follows: The more integrated sales and marketing are, the more balanced and achievable the company's strategy is on improving the company's business performance.

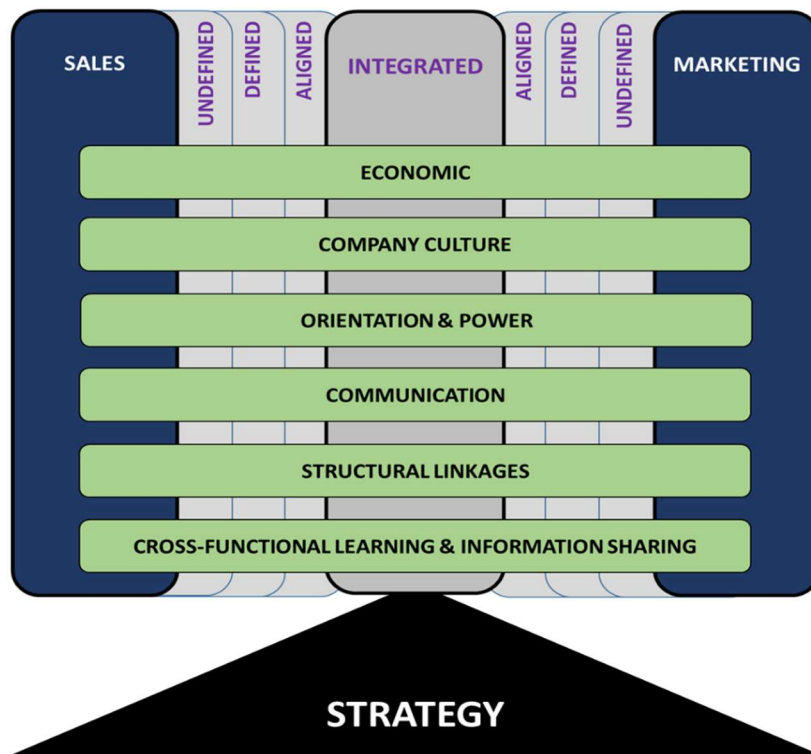


Figure 11. Theoretical framework

### 3 Methodology

#### 3.1 Research objectives

According to several academic and managerial studies since 2000s, it has become evident that sales and marketing alignment, i.e. “smarketing” has a positive effect on business performance (Coe 2004; Dewsnap & Jobber 2000; Kotler, Racjham & Krishnaswamy 2006; Le Meunier-FitzHugh & Piercy 2007). Additionally, the sales process and customer buying process have gone through major changes due to digitalization (Court et al. 2009; Edelman 2010). The sales funnel is nowadays a joint one for marketing and sales departments, in which both play a critical role (Dykson 2016; Radu 2015).

Although there is academic and theoretical information to support the alignment and integration of sales and marketing functions in an organization, still today sales and marketing are managed as separate functions in many B2B companies. The aim

of this study was to determine what the current state of sales and marketing alignment, i.e. “smarketing” was in the chosen B2B companies.

In addition, the study sought to understand the possible influencing factors and challenges of aligning sales and marketing in a company. The study also aimed to form an understanding of the strategic importance of aligning sales and marketing on the company board level. The study attempted to find out if “smarketing” had been identified as a critical factor in the company strategy and how it was then executed.

In summary, the main research question was: What is the state of “smarketing” in chosen B2B companies? The three defining sub-questions were:

- 1) How is “smarketing” currently applied in organizations?
- 2) What are the challenges of aligning sales and marketing?
- 3) How is the strategic importance of “smarketing” perceived and executed?

### 3.2 Research methods

The main goal of this study was to form a holistic view and a deeper understanding of sales and marketing alignment in B2B companies. For finding out people’s experiences, feelings, views and attitudes on the chosen topic, a qualitative approach was selected (Kvale & Brinkmann 2009, 1). Additionally, an interview was chosen as the primary research method, to find out motives behind the given answers, ask for clarifications and further information, and because the direction of answers was unknown beforehand (Hirsjärvi & Hurme 2009, 34-35). Furthermore, since a free flow of conversation wanted to be achieved, a semi-structured interview was chosen (Hirsjärvi & Hurme 2009, 47).

For determining the sample size of a study, the general principle should be the concept of saturation. In other words, the researchers collect data until they reach a point where no new information is needed to answer their research questions (Hirsjärvi, Remes & Sajavaara 2009, 184). However, since the case company of this study, Zeeland Family, was interested in studying their existing customers, the sample size was set to ten companies, out of which eight could finally participate in the study.

It was also decided that purposive rather than random sampling would be the best way of selecting the case-companies that were “rich” in data concerning their sales and marketing alignment (Shaw 1999, 63). According to Michael Patton, the logic of purposive sampling is suited to research with different aims and when aiming to develop a comprehensive understanding of the topic (Shaw 1999, 63).

In order to ensure that the participating companies were rich in data about sales and marketing alignment, the criterion sampling tactics were used (Shaw 1999, 63). It was decided that the following pre-determined criteria would best ensure the quality of the data from the case-companies:

- All the sample companies were operating in the B2B business
- The size of the company’s organization was larger than fifty people
- The companies had been in business for a minimum of five years

In this way, all the companies would have common grounds in the B2B market to base their experiences on. Additionally, in a company larger than a fifty people, there would be more structures concerning sales and marketing from a functional and organizational perspective. In addition, by selecting companies that had been in business for a minimum of five years, it could be ensured that they would have historical data to base their comparisons and experiences on.

The interview questions were developed by first dividing the research questions into theme categories (Hirsjärvi & Hurme 2009, 67) and then creating 2-3 questions about each category. An additional theme category concerning the impact of digitalization was added, since it stood out from the literature review as an influencing factor. In summary, the interview consisted of ten questions, which were further categorized under four different themes as follows:

- Definition, current state: 3 questions
- Digitalization: 3 questions
- Challenges and influencing factors: 2 questions
- Strategic importance and future steps: 2 questions

In addition to the semi-structured interviews, a short online questionnaire / test was sent to the interviewees via e-mail after the interview. The questionnaire was modified and translated from the original version in an academic article by Kotler, Racjham and Krishnaswamy (2006). The questionnaire was based on the Likert-type scale, in which the respondents specified their level of agreement or disagreement with a series of statements (Hirsjärvi et al. 2009, 200). The scale was from 1 to 5 (1=strongly disagree, 5=strongly agree). The questionnaire had 20 different statements and the sum of the responses gave an assessment of the respondent's company's current state of "smarketing". This was conducted to obtain some standardized information for supporting the analysis, and evaluating the interviewed companies on a more mutual scale (Hirsjärvi et al. 2009, 193).

### 3.3 Data collection

The aim of the study was to find out the current state of "smarketing" and its strategic importance. Therefore, it was decided that the best experts to provide required information were the people responsible for the sales and marketing function in the chosen B2B companies. Furthermore, due to different organizational structures and responsibility areas, some companies had one person answering to all the questions, some companies preferred having two people, one from marketing and one from sales, or one being the CEO of the company. Table 1 shows the interviewed companies and the interviewees' positions, as well as the interview data.

<b>Name of company</b>	<b>Interviewee's position</b>	<b>Length of interview</b>	<b>Number of transcribed pages</b>
Gasum	Sales Director	29 min 00 sec	7
Gasum	Marketing and Communications Director	51 min 45 sec	11
Kekkilä	Marketing and Communications Director	42 min 29 sec	10
Kekkilä	Sales Director	47 min 22 sec	12
Opteam	Sales Director	61 min 15 sec	13
Ekokem	Sales Director	84 min 44 sec	17

Algol Trehab & Diagnostics	CEO Sales Manager	77 min 23 sec	16
Veritas	Marketing Communications Manager	48 min 43 sec	10
Lähitapiola	Commercial Director	49 min 00 sec	10
LVI Dahl	Marketing Manager	46 min 04 sec	9

Table 1. List of companies interviewed, interviewees' positions and interview data

A total of ten interviews were conducted from eight different companies: an energy company, a gardening product company, a recruitment company, an industrial recycling company, a medical appliance company, two insurance companies, and a plumbing supplies company. Each interview lasted approximately one hour, ranging from 29 minutes to 84 minutes. The goal was to do all interviews face-to-face, but due to time constraints and schedule conflicts, four interviews were conducted over the phone. All interviews were audio recorded for transcribing purposes. All the interviews were conducted within two weeks' time.

### 3.4 Data Analysis

In order to achieve confidentiality of the interview material, the names were coded for data analysis in a way that the author is able to identify the individual interviewees if needed. The companies and interviewees were coded starting from letter A and from number 1, so that interviewees from the same company were assigned the same letter but a different number, as shown in Figure 12. This was done to analyze the data both on a company level and on the interviewee level. For the purpose of confidentiality, the interviewees were all referred to as "he", regardless of the gender of the interviewee.

The interviews were all audio-recorded and afterwards transcribed into text documents by using Calibri as the font type, font size of 11 and line spacing of 1.0. The total length of the text documents was 103 pages. Data analysis was done by using inductive approach, since the goal was to generate meanings from the data in

order to identify relationships, resemblances, regularities and patterns to build a theory (Hirsjärvi & Hurme 2009).

The data analysis followed the suggestion from Hirsjärvi and Hurme (2009, 144), where data is first broken down, categorized and coded and after that joined back together into a larger picture, re-conceptualizing the phenomena into a new theory. Figure 12 describes the process in more detail as follows:

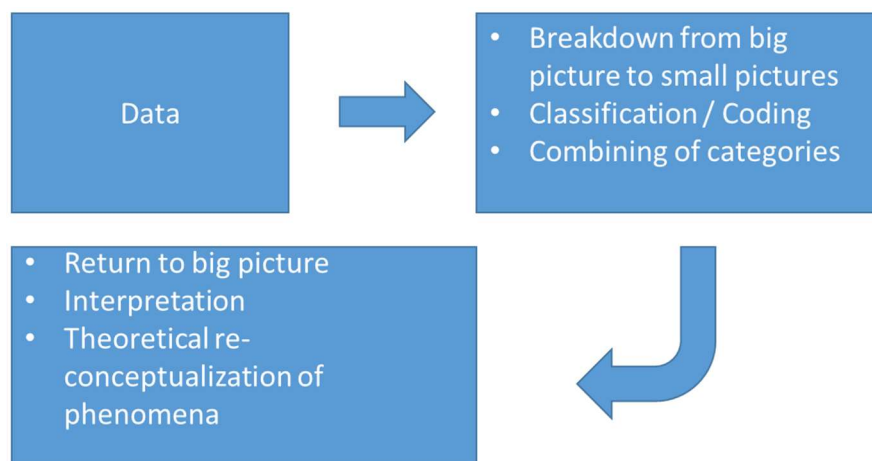


Figure 12. Data analysis process according to Hirsjärvi and Hurme (2009)

During the data break-down, the text was first categorized and coded following the interview structure themes: Definition (A0), present roles (A1), present state (A2), digitalization effect of buying process (B1), digitalization effect on work field (B2), Digitalization effect on tools (B3), challenges (C1), tools for achieving smarketing (C2), effect of smarketing (D1), strategic importance (D2), and identified steps (D3). This was first done in a written form on printed copies of transcriptions and then written out in an excel sheet. An example of this sheet is shown in Figure 13.

After categorizing and coding, the interviewee comments, rich in data and suitable in relation to the categories and themes were copied and pasted into the excel sheet. The next step was to find “cause-and-effect” types of relationships in these comments, as well as meaningful relationships. This was done by counting and thematizing. To identify emerging themes or regularities, they need to be counted and then analyzed how many times and how repeatedly something is found in the

data. Thematising on its part, helps in finding the emerging themes and traits, which are common to several interviewees (Hirsjärvi & Hurme 2009, 172). Color coding was also used in the end to mark negative and positive answers as well as to help in counting common themes.

	A	B	C	D	E	F
1	Quest	Theme	Text		Interviewee	Page
17	A2	Present state	Goals and metrics	Common and separate	A1S	2
62	A2	Present state	Goals and metrics	Common and separate	A2M	5
118	A2	Present state	Goals and metrics	Common and separate	B3M	4
189	A2	Present state	Goals and metrics	Separate	C5	3
234	A2	Present state	Goals and metrics	Separate	D6M	4
272	A2	Present state	Goals and metrics	Mainly common	E7S	4
326	A2	Present state	Goals and metrics	Separate	F8S	3
370	A2	Present state	Goals and metrics	Separate	G9S	5
407	A2	Present state	Goals and metrics	Common and separate	H10	5
437						
438						
439						

Figure 13. Example of the data analysis process

The online survey was analyzed by downloading all the scores from the Webropol system onto an excel sheet. An average score was calculated and an overview of all the scores was graphed into an illustrative figure, in order to better analyze them as a whole.

After drawing the conclusions from the data analysis, the results were additionally compared to the theory in the literature review and to the theoretical framework, to find out if the theory in fact was true in these cases. A modified theoretical framework was created and many elements in the data analysis supported the theoretical suggestions. A few theoretical suggestions were also revoked by the results of this study.

### 3.5 Ethical concerns

The issues of reliability and validity of the research raise questions about the objectivity of knowledge. The question is whether knowledge produced in interviews can be objective (Kvale & Brinkmann 2009, 244). According to Kvale and Brinkmann,



knowledge produced in interviews does not need to be subjective, but qualitative interviews may, in general, be an objective mode of inquiry (2009, 244).

The interview data's reliability depends on the quality of the data (Hirsjärvi & Hurme 2009, 185). To improve the quality of the data, a well-designed interview structure and themes were created well in advance and additional questions were thought out before conducting the interviews. Moreover, a rehearsal interview was conducted beforehand to identify possible missing elements and to test the understandability and order of the questions. The interview structure and the order of the questions were modified slightly also after the first two interviews to improve the quality of the interview. Additionally, notes were written down after each interview to record the main findings from each interview (Hirsjärvi & Hurme 2009, 184).

There were factors influencing the reliability of the study however. Semi-structured interview allowed a free flow of the conversation, which meant that not all questions were presented in the exact same order to the interviewees. Additionally, due to the conversational mode of the interview, questions were not presented in the exact same way to each interviewee. Moreover, in some cases, the interviewer had to provide alternatives to choose from, if the topic was not easily understandable to the interviewee. This naturally guides the discussion to a pre-defined direction, which may have affected the reliability of the study.

In theory, to achieve total research reliability, i.e. trustworthiness and consistency of research findings, the findings should be reproducible at other times and by other researchers. However, since in this study the data is highly dependent on changes in companies and changes in people over time, this requirement is not fully achievable in this study (Hirsjärvi & Hurme 2009; Kvale & Brinkman 2009). Additionally, total inter-subjectivity cannot be reached, since every person makes their own conclusions, based on their own experiences (Hirsjärvi & Hurme 2009, 186).

To improve the consensus on findings however, the additional online test for the interviewees was added to the research method. When answering a question: "How is sales and marketing alignment applied in your company currently?", the interviewees all have a different scale on which they identify things as being "well taken care of" as opposed to "there is room for improvement". That is why the

online questionnaire/test was used to obtain more standardized answers and evaluations of the state of smarketing.

Validity refers to the ability of the chosen method to investigate what is intended to be investigated (Kvale & Brinkmann 2009, 246). It also refers to the predictive validity of the findings. In this study, specific predictions were not the aim of this study, but merely to find causality of previous actions to the present term, as well as themes and relations. Additionally, content validity is something that needs to be considered when making the conclusions from the data analysis. Since eight companies were interviewed, it is not possible, and not the aim of this study even, to make detailed generalizations, since the findings reflect the subjective opinions of only eleven people. However, a better understanding of the phenomena can be achieved and cause and effect relations can be better identified.

Another issue of reliability and validity is the position of the interviewees. To find out about the strategic importance of the topic, one would have to be a member in the company board. Most interviewees were in fact members of the company board, or at least part of an extended version of the board, but a couple of interviewees were not. Therefore, their interview data was based more on speculation and guessing or their understanding of the topic.

Additionally, to evaluate the company's sales and marketing alignment, one would have to know both functions very well. Most interviewees had this knowledge, and if they did not, it was mutually agreed that also another person from their company was interviewed, who had better knowledge on the chosen topic. Nevertheless, there were a couple of interviewees who were responsible for both sales and marketing, but did not know the other function too much in detail, or some functions of marketing were performed on the group level and not on the business unit level at hand at the actual interview session.

## **4 Research results**

In this chapter, the results of the empirical study are presented. The presentation will follow the research questions and interview themes described in the methodology chapter. The purpose of this chapter is mainly to understand the reasons and

attitudes behind given answers and to form a wholesome picture from the research questions.

## 4.1 Current state of smarketing

The interviewees were first asked to describe their organization from a reporting perspective, as well as from tasks and responsibility perspective. The interviewees were also asked to give a general definition to the term “sales and marketing alignment” and to describe how it is achieved in their organizations now.

### 4.1.1 Definition

To find out how well the term sales and marketing alignment was known overall in the chosen companies, interviewees were asked to give a general definition. Most interviewees, nine out of eleven, relate the term strongly to **cooperation, planning and executing things together**. Interviewee 8 described it as being the two sides of one coin and that they both needed each other. Interviewee 4 said that they should be a tight package, otherwise they do not go towards the same direction.

As Figure 14 shows, **common goals and metrics** were mentioned the most often among all the interviewees, ten interviewees out of eleven to be exact. Interviewee 2 defined sales and marketing alignment as being not the same, but almost the same and that the work needs to be done in line with mutual goals. He added that there cannot be separate goals.

Interviewee 7 was the only one who emphasized the importance of **communication** in addition to cooperation. Interviewee 7 also highlighted how there should be a common focus and that the customer should be the key focus for all operations. Interviewee 5 also extended the definition to the company strategy level by saying that when strategic alignments are made, it surely means that one not only considers the other side’s position but also plans and executes these strategic goals together. Metrics were also mentioned by one interviewee.

**Mutual understanding** was highlighted by only two interviewees out of eleven.

Interviewee 3 said that sales and marketing should be as much the same function as possible and that the mutual understanding should go all the way to the product

level. Interviewee 1 highlighted the importance of sales team's understanding of marketing operations as follows: *"Sales should have enough understanding of marketing operations so that they know what can and cannot be done... so that both functions can challenge each other in a constructive way to achieve better results"*.

Three interviewees, all representing sales functions personally, viewed sales and marketing alignment strongly from the sales operation's perspective. They felt that mutual planning and execution should be based on sales goals and that marketing should support the required sales activities. Interviewee 1 said: *"First one looks at what needs to be accomplished, in other words, to be sold, and after that one evaluates what kind of role does marketing play in achieving those goals... marketing is one tool in creating sales and this is how they become aligned"*.

Interviewee 1 continued by saying that marketing planning always starts with the sales plan and sales budget. Interviewee 9 agreed by saying that marketing actions support the planned sales goals and that marketing actions should be focused on desired sales goals. Interviewee 8 viewed sales and marketing alignment more from a process point of view by saying that marketing's most important function is to generate leads for the sales team to take forward.

Interviewee 8 continued by expanding the definition into sales and marketing **integration**. In his opinion sales and marketing teams will probably look very different in the years to come: *"If we look at 1-2 years from now, do we still talk about sales and marketing and communication departments or do we talk about one business operation, with multiple different roles, all related to customer account management?"*

Interviewee 10 and 11 followed this opinion by saying that there shouldn't be two separate groups, the other one doing one thing and the other one doing another. On the contrary, they both felt that these groups should be integrated so that both do sales and marketing and not so that marketing does solely marketing operations and sales does strictly sales operations. Both teams should do both.

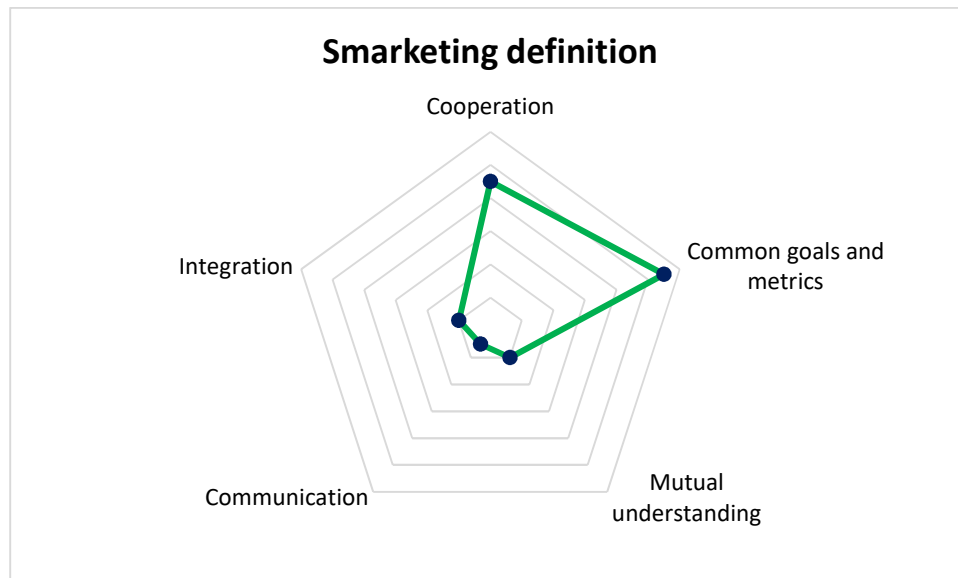


Figure 14. Smarketing definition

#### 4.1.2 Role of marketing and sales

To find out what kind of roles do present day sales and marketing teams have and how they operate in companies, interviewees were asked to describe first their reporting relations. As Figure 15 shows, in six out of eight companies both sales and marketing report to the managing director.

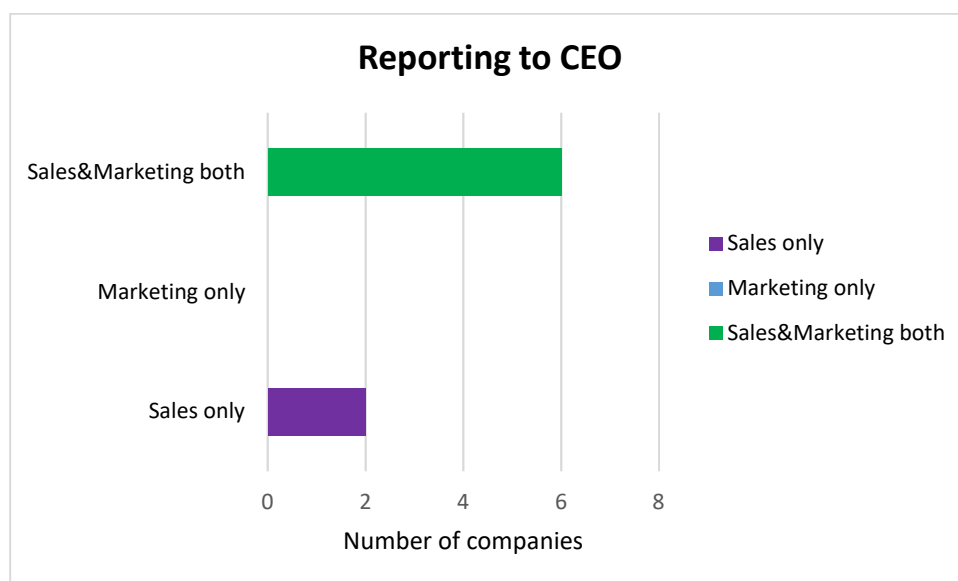


Figure 15. Functions reporting to the managing director

Interviewees were additionally asked to describe the compilation of the company board. As Figure 16 shows, half of the companies interviewed, i.e. four out of eight companies, had both sales and marketing represented in the company board. In two of these companies, the managing director himself acted as the marketing director, so those were counted as “reporting to the managing director”.

Four out of eight companies interviewed had only sales represented in the company board. There were no companies interviewed that would have had only marketing represented in the company board. Interviewee 6 said that there is an extended company board in which he attends. Interviewee 5 described his situation followingly: *“It has been made very clear to me that communications or marketing communications is not and will not be part of the company board”*.

When asked about the reasons to why marketing does not have a seat in the board room, interviewee 5 mentioned four different aspects. First, the measurability of marketing operations has been quite challenging for a long time. If reporting is based on guessing or soft values in general, marketing does not receive the appreciation and respect needed to win the seat in the board. Secondly, marketing has been seen more as a support function and not as a strategic enabler or as the executive tool it could be. Thirdly, interviewee 5 wondered if there might be a correlation with the fact that marketing traditionally has been women’s field, where as sales has traditionally been dominated by men. Lastly, he mentioned that in their company there hasn’t been too many changes in the board people over the course of many years, that generally most people tended to have very long working relationship in the company.

Interviewee 2 said that he has only been in the company board for about one and a half years. Before that he did not report directly to the managing director but to one member of the board instead. He said that earlier the board did not have a specific focus on marketing at all and finally the board felt that communications at least should have a seat. Since interviewee 2 was responsible for both marketing and communications, marketing ended up having a seat too.

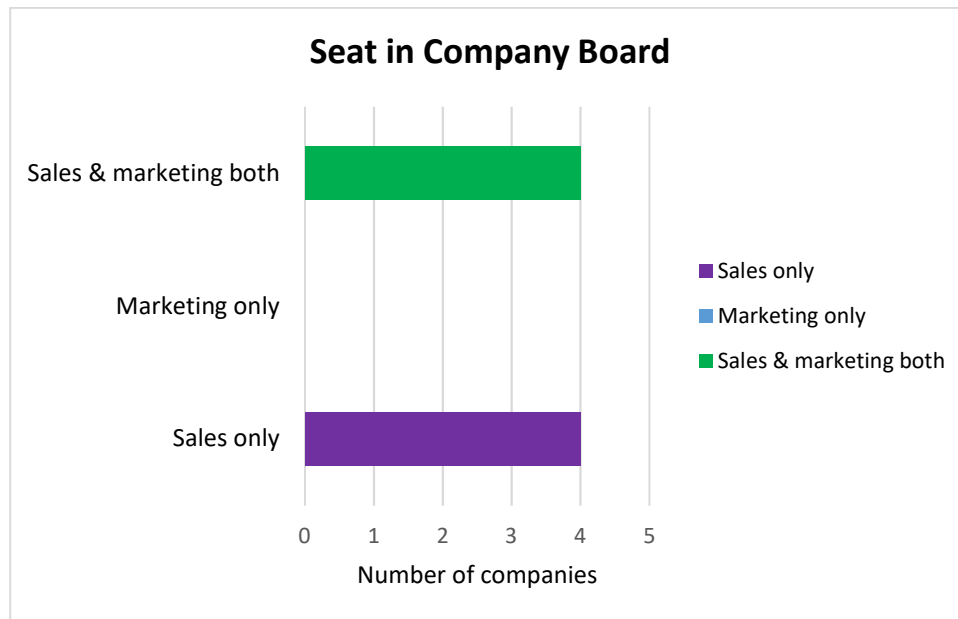


Figure 16. Functions represented in the company board

Interviewees were next asked to describe what kind of role their sales and marketing teams have in the company currently. As shown in Figure 17, sales teams tended to have a very similar and traditional role, which focuses on personal selling and account management. Seven out of eight companies stated to have this kind of role for their sales teams.

Two interviewees said that their sales teams do not actively try to gain new customers and that they rely on the business from existing customers instead. Interviewee 9 explained that it was due to the nature of the business that they have large industrial accounts and the work is focused on managing those key accounts. Interviewee 6 described the sales function as more of an order taking function. He said that their sales team traditionally have been used to sitting and waiting for the customers to walk in and processing their order. He described the situation followingly: *"They are like... don't know if I'm up to it...it has not been our way of doing things around here that we would pick up the phone and call the customer"*.

Two interviewees described sales as being one part of marketing. Interviewee 8 said: *"We [sales] are also part of marketing. There is LinkedIn and stuff like that, in which we should be involved in and doing marketing too"*. Interviewee 9 saw that

everything they do in sales is marketing. He said that in practice, the sales team is responsible for all the things that occur in the sales field, including marketing actions.

Two interviewees said that the role of sales is changing now. Interviewee 6 saw that the changing market conditions have been a triggering factor to change. Competition is getting harder and it is getting ever more important to focus more on gaining new customers and in more active selling. Interviewee 7 emphasized the role of social media. Sales is slowly now starting to understand that social media offers a whole new platform for them to do sales.

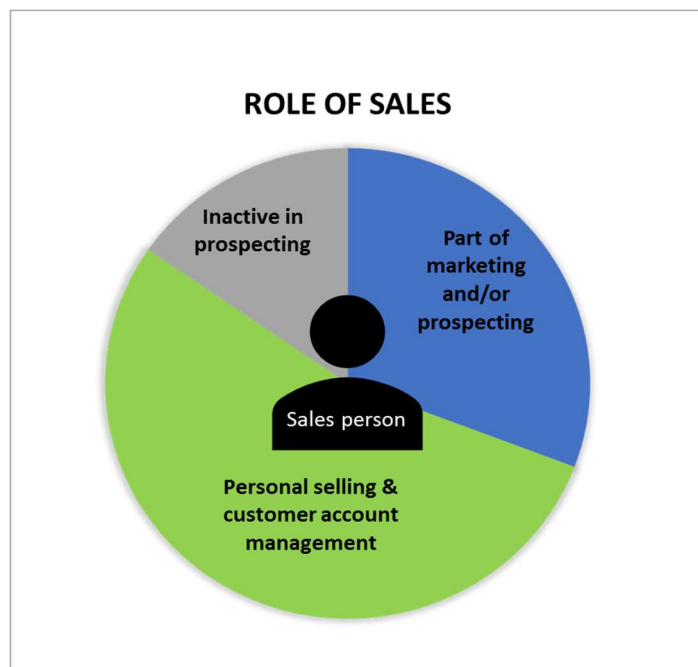


Figure 17. Role of sales team

Next, interviewees were asked to describe the role of marketing. Most companies had current changes in the role of marketing. Eight out of eleven interviewees mentioned that they had changed the role or were in the process of changing the role of marketing. Three out of eight interviewees said that earlier the company did not have a marketing team at all and that it was new to them to have a marketing responsible in the organization.

When asked about the reasons for the new or renewed marketing role, four different themes emerged from all the interviewees, as shown in Figure 18. Five interviewees



described the main reason being the aim of **bringing sales and marketing closer together**. Five interviewees felt that the **changes in personnel** and/or new people were the reason for the new and bigger role for marketing. All of them said that the managing director or key people in the company board changed and that they now have people there with a marketing background. Four interviewees mentioned **changing market conditions** as one of the reasons for the change. In other words, competition had become fiercer and something needed to be done to survive and / or to keep growing the business. Furthermore, three interviewees mentioned **optimization of operations** as one of the reasons. In other words, to allow more time for sales team to do account management as well as to optimize costs related to prospecting.

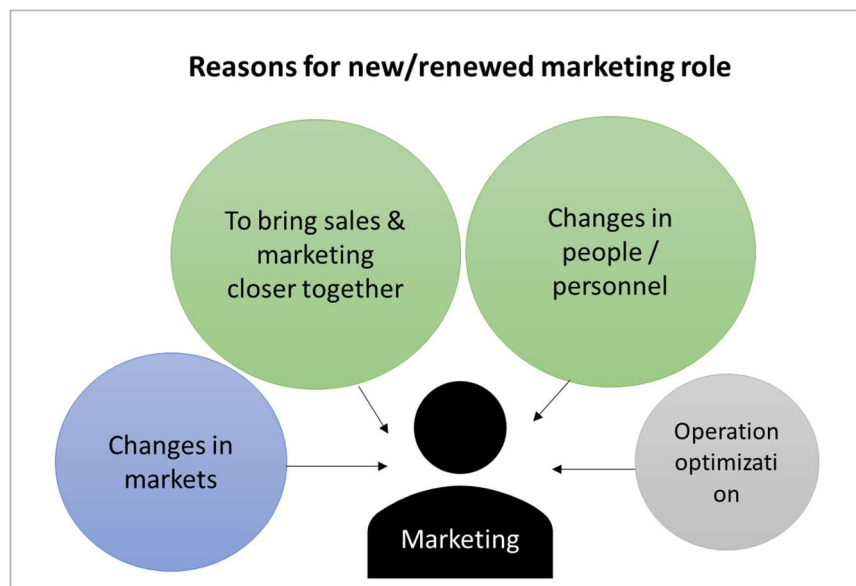


Figure 18. Reasons for new/renewed marketing role in a company

The interviewees were next asked to describe the type of role their marketing team had. Figure 19 demonstrates that 75% of all the companies, i.e. six out of eight companies and eight out of eleven interviewees said that the role of marketing has been or is in the process of changing. Interviewee 1, 3 and 4 described how earlier sales and marketing have been separated in their own silos and that they are working hard now to bring them closer together. Interviewee 2 and 6 said that

before they were recruited, the company did not have a defined marketing function at all. Interviewee 7 and 11 described how their organization earlier has been more focused on sales only and that they have now tried to change that. Interviewee 8 added that when he was recruited, one of his main tasks was to better align sales and marketing.

One of the key roles for marketing seemed to be a **support function** to sales. Five interviewees out of eleven, i.e. four companies out of eight, refer to marketing as a support function to sales. Interviewee 4 described how the sales team first creates the sales strategy and then they communicate to the support functions what they need and then the support functions can find their own role in it. Interviewee 7 stated that marketing does not do sales, but works as a support function instead.

Interviewee 7 on the other hand still saw marketing as **one part of selling**, as did six interviewees all together. Interviewee 7 mentioned later during the interview that marketing is also selling. Interviewee 2 shared an example of how marketing has performed certain digital actions to warm up cold leads before the sales people contact them. He referred to this action as “marketing performing tasks in the role of the salesman”. Interviewee 9 summarized by saying that marketing is first and foremost selling and selling is marketing. At some cases, the role of marketing as part of selling was not that evident to the interviewees. They might have not emphasized that role during this discussion, but it was still evident in their comments later during the interview. For example, as interviewee 5 stated: *“I bet the customer is in contact with us and is faced with our material and content many times before making the buying decision”*.

Four interviewees described marketing to be responsible for brochures and other print materials, as well as advertising and other brand awareness activities, in other words, **traditional** marketing activities. One interviewee stated that they do not have a marketing team at all in their organization. Instead, they have a sales team who is responsible for all the marketing actions on the key account level.

Four interviewees likewise listed that e-commerce or other **digital / online** actions were part of marketing’s responsibility. Interviewee 6 brought up a point about sales not being too comfortable or familiar with digital tools or actions. And that is why it

has been more on marketing's task list. Interviewee 10 added that digital content is mostly group marketing's job, because they themselves do not have enough resources for it.

Three interviewees also emphasized how the role of marketing is and will be **increasing in the future** too. They all said that the future role of marketing is the "inside sales" function, where marketing is an active part of prospecting and gaining new customers. Interviewee 8 described it as follows: *"If we look at one year from now, the plan is that we would have an inside sales function, which nurtures leads and does sales online with technological tools. Marketing will be part of our business funnel."*

Two out of eleven interviewees described marketing's role as a **lead generation** function. As interviewee 8 sums it up: *"Marketing's most important function is to generate leads for the sales team"*. Two interviewees out of eleven also said that marketing's role was **to lower the cost of selling**, especially in the prospecting stage. Interviewee 8 describes how he does not want sales people to look for customers and to call them. Instead he wants the process to be more inbound, where customers call them.



Figure 19. Role of marketing team

To find out about the focus and emphasis of the company's operations, the interviewees were also asked whether their company was more sales or marketing oriented. Seven out of eight companies were sales oriented. Only one company said that they were moving into the direction of having more of a sales and marketing orientation. No interviewees stated having a more marketing oriented company.

#### 4.1.3 Current state of smarketing

Finally, the interviewees were asked to describe the current state of sales and marketing alignment in their organizations. Figure 20 shows that most companies, five out of eight described their current situation as "getting better" or "going towards the right direction". In other words, these companies had identified that something needed to be done and had already taken certain steps to improve it. Two companies on the other hand estimated that the current state was not aligned at all. Both companies felt however, that they had recognized the steps needed to be taken to change things. One interviewee said it was difficult for him to tell apart which was sales and which was marketing, since they did not have an assigned marketing team.

Overall, most interviewees, ten out of eleven to be exact, saw that there is a clear need for a tighter cooperation and alignment. Three interviewees out of eleven said that they were going towards the right direction but had only just begun the journey.

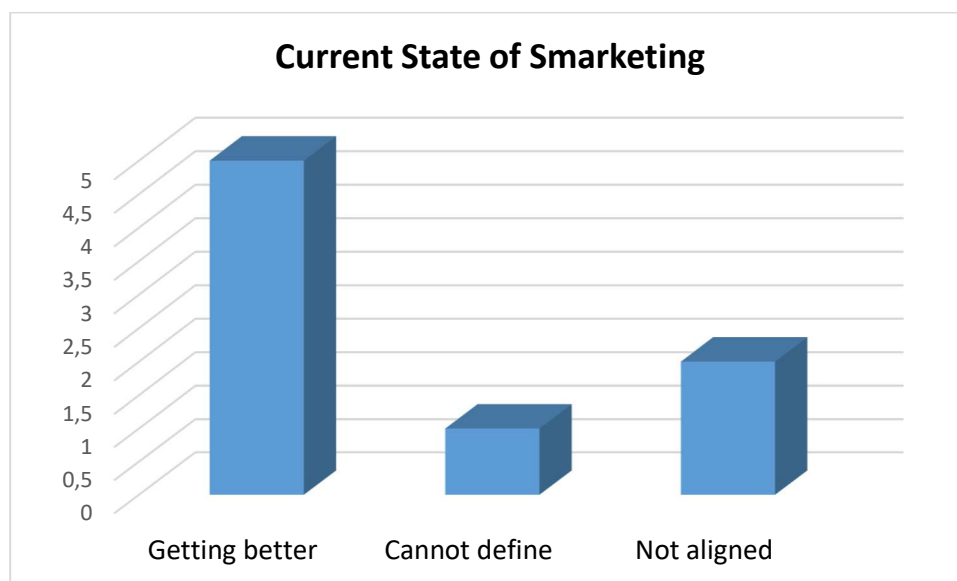


Figure 20. Current state of smarketing in companies interviewed

**Communication** was a very important aspect of sales and marketing alignment by all the interviewees. Five interviewees said that the communication between sales and marketing was more informal. However, all of them emphasized the importance of formal communication. For example, interviewee 8 said that they are aiming to add more formal communication channels, i.e. meetings to improve the mutual systematic idea creation, planning and execution of sales and marketing operations.

Only two interviewees mentioned that marketing was an active part of **lead generation**. Both used digital tools to achieve this. One interviewee said that they have slowly started to do lead nurturing, in other words to warm up cold leads for the sales team to contact. Two interviewees emphasized the cooperation and mutual planning, but also mentioned how marketing was to follow and plan according to sales team's goals. The general opinion was that sales is the one that brings in the money and marketing's responsibility is to help in achieving that.

When asked if marketing attended their **customer meetings**, none of the interviewees stated "regularly". Three interviewees said that this occurs sometimes and two interviewees additionally mentioned, that they had planned on doing it from now on. Interviewee 4 emphasized creating stronger partnerships with the customers by including marketing in sales encounters: *"There is more than one buyer and one salesman who interact and meet. We need to have multiple touchpoints and multiple contact persons in order to create a stronger and tighter partnerships with the customer."*

The interviewees were also asked whether sales and marketing planned together key account **sales strategies**. There were no companies that would have practiced this fully. Two interviewees said that they participate occasionally or that there were plans to increase marketing's involvement. One interviewee said that the sales team outsourced marketing's part in sales strategy planning to an outside marketing agency.

Two interviewees also viewed their **sales work as part of marketing**. Interviewee 8 said that the sales people have only now realized that social media offers a whole new platform for them to do sales. Interviewee 9 said that it was difficult for him to

even differentiate what is marketing and what is not. For example, he viewed customer service, sending an invoice and their delivery service all as part of marketing.

When asked about **mutual goals and metrics**, only one interviewee said that their goals and metrics were “hand in hand”. Four companies said that the goals and metrics were mostly separate from each other and three companies had both separate and mutual goals and recognized the need for aligned goals and metrics in the future.

The interviewees were also asked to describe how their **sales funnel** is owned. In other words, if sales and marketing had their own funnels or if they had one mutual one, which both played an active role in. Four interviewees described having one mutual funnel. Four interviewees recognized the importance of having a mutual one, but said that they were not quite there yet. However, they all had plans to achieve that. Two interviewees described having a sales funnel, in which marketing plays very little role in.

**Mutual planning and execution** was mentioned to be quite tight or in the process to become better by most interviewees, nine out of eleven. Two interviewees described their situation as not very tight in this respective, however one of them said he had recognized the lack of it and was planning to improve it in the future.

**Mutual understanding and appreciation** was perceived to be good by three interviewees. One interviewee said that he does not see any clear connection between marketing campaigns and effect on sales figures. Four interviewees described the understanding and appreciation as somewhat conditional. For example, interviewee 1 stated: *“The better the promise marketing can give to sales about achieving budget sales numbers, the more they are allocated money to”*. Interviewee 4 continued by saying: *“Marketing has done very much... cooperation with bloggers, and all kinds of stuff on social media, but there is no concrete way of saying how beneficial it has been”*.

#### 4.1.4 Effect of digitalization on buying process

To find out more about influencing factors behind the current state of smarketing, the interviewees were also asked to evaluate the effect of digitalization on customer buying process. Figure 21 illustrates that about 75% of interviewees estimated digitalization to have affected the buying process moderately or significantly. Half of these interviewees said that digitalization had had a big effect on customer buying process. Three interviewees said that it hadn't had a big effect yet on the buying process itself, but that the way people search for information had changed drastically. Five interviewees in total mentioned that customers have access to information more easily and faster. Additionally, information travels faster today.

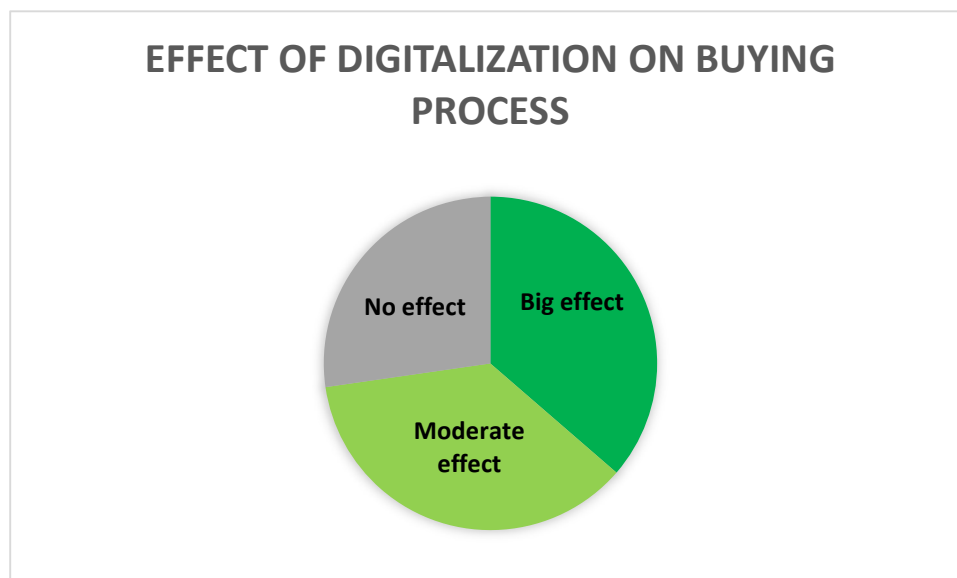


Figure 21. Effect of digitalization on buying process

Two interviewees mentioned that one of the biggest effects has been online sales and e-commerce, in other words, sales is conducted more and more via online channels, such as webstores, websites, social media platforms, etc. One interviewee mentioned the way buyers are nowadays interacting with sales people. They are not solely interacting in face to face meetings but in online meetings as well. Additionally, one interviewee mentioned communality, which has increased due to

digitalization. He said that people like to share their purchasing with others via social media platforms.

The interviewees were also asked to describe how digitalization has affected sales and marketing work field. One interviewee alone said that it had changed both sales and marketing fields significantly. Two interviewees said that it had had a moderate effect. Three interviewees said that digitalization had changed the marketing field significantly, but not so much the sales field. Three interviewees said that there had not been any major effect so far. As interviewee 1 analyzed it: *“Digitalization has had too little effect so far... There are many possibilities which should be seized and utilized further”*. Interviewee 4 mentioned on the other hand that there would be a change once the people themselves changed first, that younger people are more prone to adopt to new ways.

When asked about the areas of work field, which digitalization had affected, most interviewees, six out of eleven mentioned that the **role of marketing** has and will be increasing due to digitalization. Another area that was mentioned by four interviewees was that digitalization enables better and faster access **to follow-up figures** as well as key figures for measuring operations. Figure 22 shows other areas that were mentioned in addition to these two. These areas included topics, such as lead generation, digitalization of marketing field, social media as a new tool for sales team, faster reaction, targeting actions more account based, and optimization of operations. Furthermore, three interviewees mentioned that digitalization offers many new opportunities for both sales and marketing, which should be utilized soon.



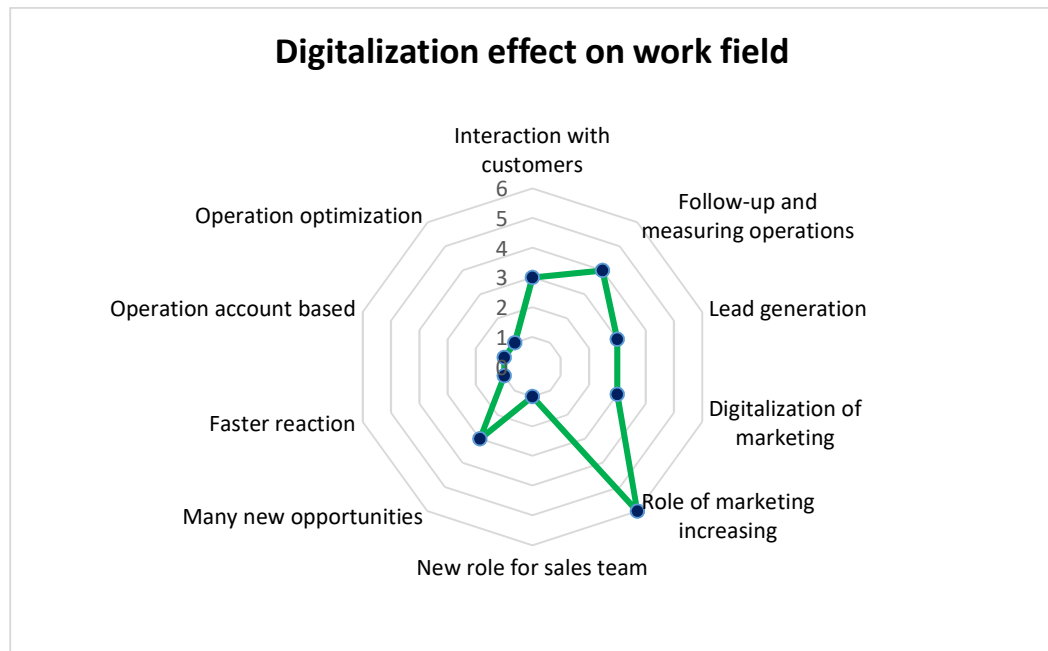


Figure 22. Digitalization effect on sales and marketing work field

The interviewees were also asked to describe the **technological tools** that digitalization has enabled or affected. Seven out of eight companies had a CRM system in use. However, only one of them said that it was fully utilized by both sales and marketing. All other interviewees stated it was more sales team's tool. Three interviewees mentioned that they are currently or soon making some modifications to it in order to better utilize it.

Three interviewees mentioned how big data is both an opportunity and a challenge. All of them emphasized that big data and data analysis enable better lead nurturing and lead generation. They allow also better customer engagement, because one can follow each customer's actions in more detail. The challenge however is how to utilize it optimally without wasting resources.

Social media was also mentioned by two interviewees how it has become both as a platform for lead generation but also an internal tool for communication.

Interviewee 11 said that they have their own private Facebook group where colleagues can share information, ideas and experiences. Interviewee 7 mentioned how their whole company was trained to use Twitter for business.

Marketing automation was mentioned by two interviewees that they were considering that possibility currently. Only two companies said that they already had a marketing automation system. In addition, two interviewees mentioned how tablets have been integrated as daily work tools for sales people. Both found these tools very helpful.

## 4.2 Challenges of aligning sales and marketing

To find out reasons behind the certain state of smarketing in chosen companies, interviewees were asked to describe what kind of challenges there were in aligning sales and marketing, and if there were some tools to overcome those challenges.

The theme that emerged most from all interviewees was **mutual understanding and respect**. There were three types of answers. Four interviewees blamed the other party, i.e. sales or marketing team, for not understanding what his team was trying to accomplish or that the other team did not have any understanding on the other's field at all. Interviewee 1 described this as follows: *"We sales people sort of hope and require that marketing has sufficient or even high level of business understanding. It means that marketing people should be more active in finding out about things and should be more interested in these things."* Interviewee 5 described the same situation from a marketing's perspective: *"They have no skills or understanding on what marketing's and communication's role is"*.

The other type of answer was more neutral, which was given by three interviewees. In other words, interviewees described how both parties should improve their mutual understanding and respect. Interviewee 2 said that it all boils down to mutual understanding and respect. Interviewee 3 added to the discussion by saying that changing organizational structures is not the key but mutual understanding and cooperation are instead.

The third type of answer was more proactive, in other words the interviewee felt he himself should increase his understanding on the other party's field. There were only two interviewees who described it this way. Interviewee 3, who himself was a marketing responsible, said that the reason marketing often is not represented in the company board, is that fact they cannot speak the sales people's language. He added

that both functions should learn the other one's language and deepen their knowledge on the other one's field. Interviewee 4 showed the same from the sales team's perspective by saying: *"They [marketing] cannot act as a good support function unless we tell them what we need and unless we open the customer's viewpoint and world to them"*.

The second most often mentioned themes were **communication** and **company culture**. As Figure 23 demonstrates, both themes were mentioned by five interviewees. Interviewee 1 analyzed that problems start when people do not communicate and thus, results in creating separate goals. Interviewee 2 emphasized the dialog between sales and marketing in planning, executing and evaluating mutual actions. Interviewee 3 stressed that no organizational re-structure will solve problems because it all boils down to people's commitment, communication and mutual understanding. Interviewee 8 summed it up by stating that the number one problem is communication and that there is a lot to learn for both teams. Interviewee 9 hoped for a better communication from their brand and communications team to the sales team: *"It would be nice to get some tips about how certain things could be improved by marketing actions"*.

Company culture was mentioned by five interviewees and it seemed to be something that had been born during many years and was hard to change quickly. Interviewee 1 shared how earlier there were only a few of them and all marketing planning was done together. Nowadays the organization has grown and they themselves have created organizational silos with too many decision makers. Interviewee 6 in turn explained how their sales organization is not used to marketing acting as a lead generator. He said that for example, if marketing produced a list of leads from a trade exhibition or from an email campaign for the sales team to contact, the response was: *"It has not been our habit of calling the customer...Don't know if I am up for it"*. Interviewee 8 concluded by saying that every time there is a change in a method of working or a change in roles and responsibilities, it is very difficult to drive and manage that change.

**Defined responsibilities** was mentioned by three interviewees as a challenge in sales and marketing alignment. Interviewee 1 described how clashes usually happen because people do not know who is supposed to take care of the matter. Interviewee

11 added that the challenge is to refine the internal processes so that everyone is aware of how it works and who is taking care of what.

**Cooperation** in general was mentioned by two interviewees. Interviewee 2 said that it all boils down to the cooperation between people. Interviewee 3 described how the cooperation is difficult to maintain especially if quick reaction is needed. That sometimes due to ad hoc situations the cooperation is lost and separate goals and actions emerge.

**Sufficient skills and knowledge** was mentioned by interviewee 8. He raised a question on whether sales and marketing have enough skills and knowledge to utilize digital platforms and data. For example, buying process involves several different types of buyer personas, which all should be offered different type of digital content for different buying stages. He added that this type of thinking is quite new in their organization still.

**Economic reasons** were only mentioned by one interviewee as a challenge. Interviewee 5 described how every fall he budgets a certain amount to marketing operations and in January he discovers that there is very little money allocated to marketing. Two interviewees mentioned the opposite of this. Interviewee 1 stressed that it has never been about the money. That if certain things are seen important, there is always money to execute them. Interviewee 2 additionally described how marketing costs are not an issue in their organization, because these costs are part of the same expenditure budget as sales costs are.

There was one interviewee out of eleven, who saw no challenges in sales and marketing alignment at all. Interviewee 7 said that because their sales and marketing organizations share the exact same goals currently, there are no challenges any longer.

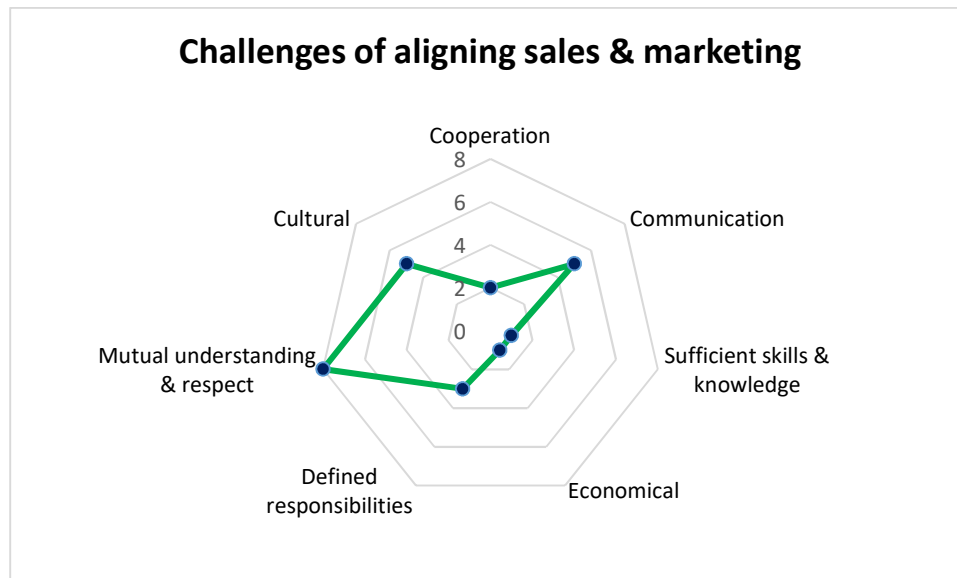


Figure 23. Challenges of aligning sales and marketing

#### 4.2.1 Tools for sales and marketing alignment

Interviewees were next asked about possible tools to help sales and marketing alignment. Seven different themes emerged from the responses. **Common goals and metrics** was mentioned by six interviewees out of eleven. These six interviewees said that as long as there are mutual goals and metrics, sales and marketing are aligned naturally.

As Figure 24 demonstrates, three themes were all mentioned by four interviewees. Interviewees mentioned **mutual understanding** as one tool. Interviewee 1 emphasized everyone having a mutual understanding of the big picture, whereas interviewee 4 mentioned the importance of doing things together to achieve better mutual understanding. He described how earlier, when he himself was involved in marketing, he used to have stronger belief in it, since he himself had been creating it. Interviewee 2 and 3 said that there needed to be better understanding on marketing and the brand value. Interviewee 2 explains it: *“To get the funding for marketing, there needs to be an understanding of the benefits it can bring”*.

Another theme that was mentioned by four interviewees, was **people and leadership**. Interviewee 6 mentioned that chemistry between people plays an integral role. Interviewee 2 described how it was important for the organizations to

be well organized and responsibilities clearly defined. Interviewee 1 stated that technology would not help in sales and marketing alignment that it was people themselves and leadership that was the key to it. Interviewee 4 further elaborated how Finnish companies in general talk a lot about branding and marketing but how nevertheless, at the end, it is not the management's favorite topic.

**Technology** as a tool received mixed responses. Four interviewees felt that it helps in aligning sales and marketing. Two interviewees mentioned **CRM** systems as an example as a helpful tool. Interviewee 6 said that they did not have a CRM system yet, and felt that it would help in aligning sales and marketing. Interviewee 9 on the other hand described how they currently have multiple different CRM systems in the group and how these should be better aligned. Interviewee 8 pointed out that technology is desperately needed in sales work. Interviewee 11 mentioned that digital tools help and that they have budgeted them for the following year already.

Nevertheless, three interviewees felt that technology is not a solution at all. Interviewee 1 felt that technology by itself does not solve anything that it is about people and leadership. Interviewee 2 added that priority is creating common goals and that technological tools will only then follow. Interviewee 3 also emphasized the importance of face to face talks over technological tools by saying: *"I believe in traditional face to face conversations, they are surprisingly critical. Tools cannot fix everything"*.

**Digital data** was mentioned by three interviewees. Digital data was seen to help in measuring actions better to achieve better mutual understanding. Additionally, interviewee 8 mentioned how digital data, i.e. big data offers many opportunities to evaluate customer behavior better, which would ultimately bring sales and marketing closer together.

To achieve better mutual understanding, three interviewees likewise mentioned the need for educating and **training** both sales and marketing teams. Interviewee 3 said that perhaps there should be trainings for board members or sales and marketing executives to achieve a better understanding on the possibilities that sales and marketing can accomplish together, how to utilize it better and make the most of it. Interviewee 4 suggested that marketing people should go to the sales floor more to

achieve a better understanding of the customer's needs. Interviewee 6 concluded that trainings in general are always very beneficial. He further explained how every time there has been a training for sales people, they start to knock on his door more often and have a very enthusiastic look on the possibilities of marketing.

**Communication** was mentioned by two interviewees. Interviewee 4 suggested that opening the communication channel and starting mutual planning is the key to everything. He also mentioned how mutual sharing of information and knowledge is important. Interviewee 7 agreed by saying that it is all about active communication.

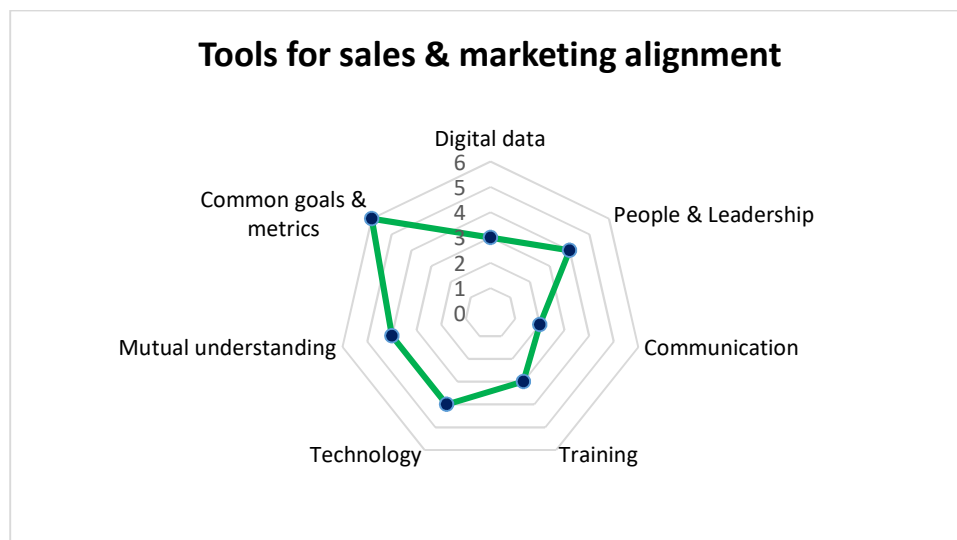


Figure 24. Tools for sales and marketing alignment

### 4.3 Strategic importance

The final part of the interview focused on the strategic importance of smarketing. The interviewees were asked about how it was emphasized in the board level and how they themselves saw the effects of smarketing. They were also asked about possible steps that they had identified or already taken in their organizations to improve the alignment.

### 4.3.1 Effects of smarketing

The interviewees were asked about what areas they believed that sales and marketing alignment could affect. As Figure 25 shows, two themes emerged from the first spontaneous responses: **Sales increase** and **customer satisfaction and loyalty**. Three interviewees mentioned sales increase only in their first spontaneous responses. Three interviewees mentioned customer satisfaction and loyalty. As interviewee 5 put it: *“I think it might affect improving our customer loyalty, because if we are losing existing customers, there won’t be any growth...If we could be better aligned, I think it would help.”* One interviewee, interviewee 2 mentioned both aspects by stating that he hopes it results in increased sales and of course keeping the existing business.

One interviewee mentioned **optimization of operations**. Interviewee 8 described how lead prospecting is getting more and more expensive and how sales and marketing alignment would streamline the process and make it more cost effective. One interviewee emphasized the **mutual understanding aspect**. Interviewee 3 said that it will increase clarity, internal satisfaction and mutual understanding on the big picture.

One interviewee said that it has **no effect** in their organization. He described how everything is already managed by the sales team and sees no benefits in closer alignment. One interviewee on the other hand saw that sales and marketing alignment has effect on **all their business goals**.



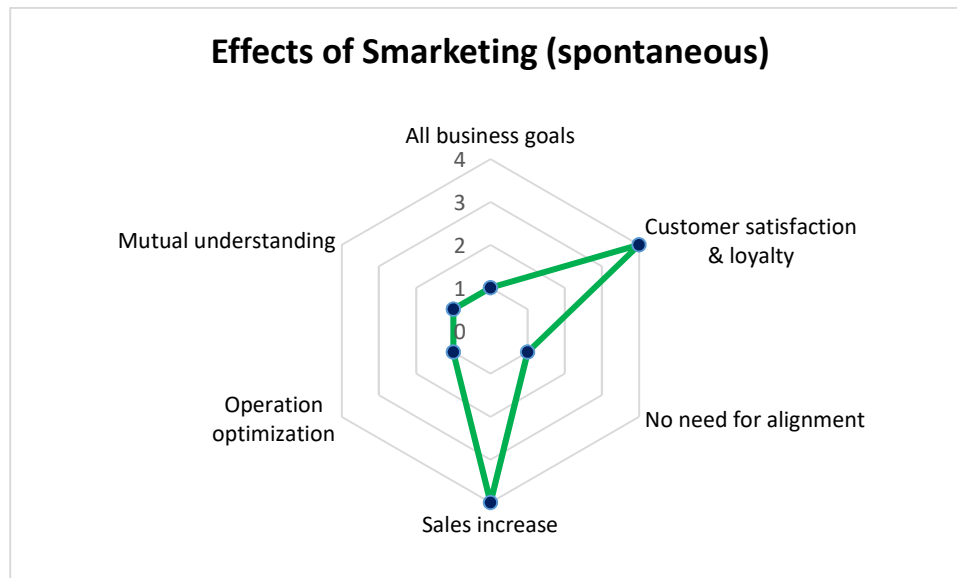


Figure 25. Effects of smarketing (spontaneous first responses)

After the first spontaneous responses, the interviewer assisted the interviewees by giving them examples of other areas that sales and marketing alignment might have effect on. After assisting, as can be seen in Figure 26, three most mentioned areas were **customer satisfaction and loyalty**, **operation optimization** and **sales increase**. Two other things that came up during discussions were **increase in profits**, which obviously is also related to sales increase and operation optimization, and **faster reaction** to changing markets. Interviewee 11 mentioned how there are quick changes in the customer field constantly and better sales and marketing alignment would probably help in reacting to those changes faster.

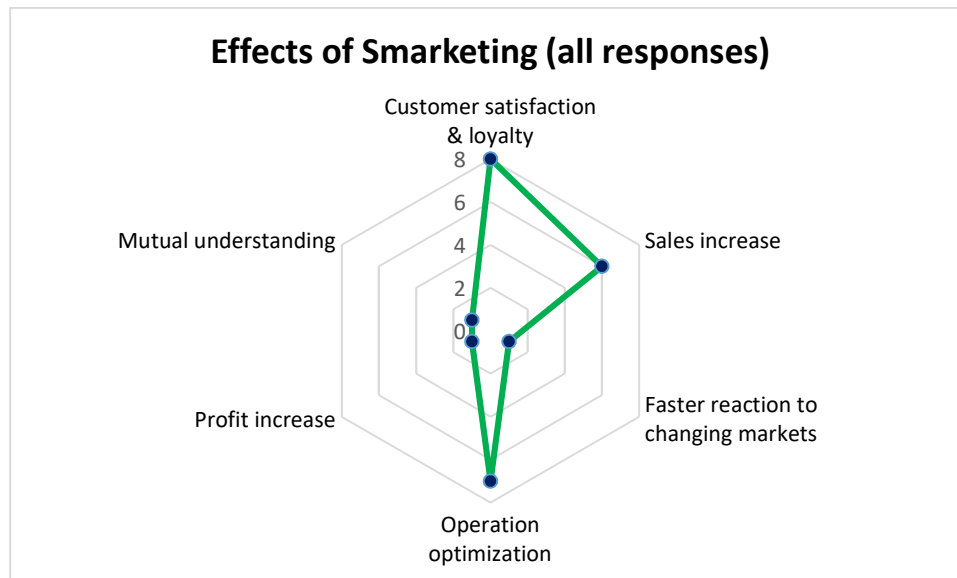


Figure 26. Effects of smarketing (all responses)

The interviewees were asked to evaluate what area they thought would have the biggest effect from better sales and marketing alignment. These three areas can be seen in Figure 27. **Operation efficiency** and **profit maximization**, which are both related with each other were mentioned by eight interviewees out of eleven in total. Interviewee 10 describes it by saying that if one considers all aspects, then it is optimization of operations and costs that are improved by sales and marketing alignment. Interviewee 11 also brings up profit maximization by saying that naturally if operations are optimized it must improve bottom line numbers too.

**Sales increase** was mentioned by three interviewees as the area of biggest impact and three interviewees mentioned also **customer loyalty and satisfaction**.

Interviewee 2 brought up an important point on how it depends on the customer segment and the maturity of the market. In growing markets, the biggest impact is on sales growth, but then again in more mature markets, the impact is on customer loyalty.

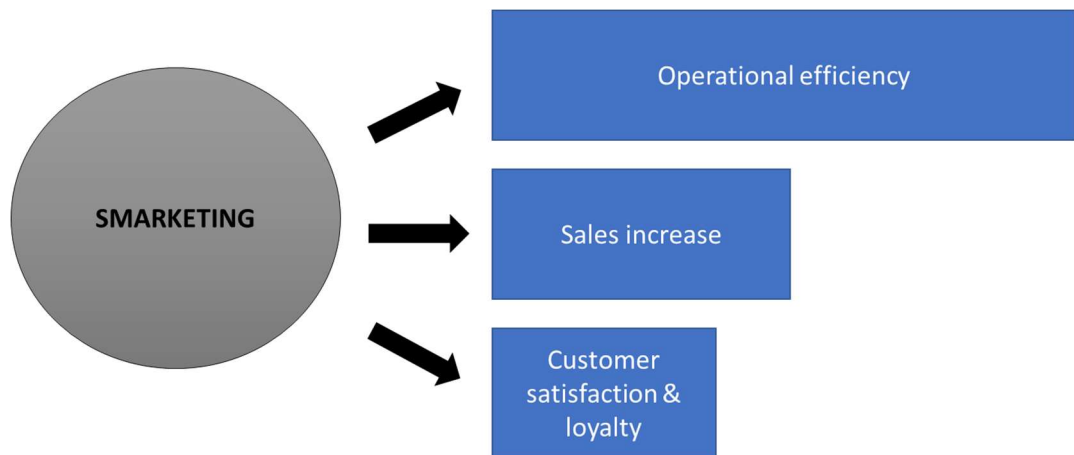


Figure 27. Areas that smarketing has most effect on

#### 4.3.2 Strategic importance of smarketing

Next, the interviewees were asked if the importance of smarketing had been identified in the company board and strategy. As Figure 28 demonstrates, over half of the interviewees, six out of eleven, said that it had been identified. Interviewee 2 commented that the company managing director sees sales and marketing alignment very important due to the company's strong growth plans. And when there are aggressive growth plans, it cannot be achieved if every function is not aligned accordingly. Interviewee 8 described that they often discuss about sales and marketing alignment during company board meetings. Interviewee 4 also added that: *"I believe it is in the core. The board has only met once with our new managing director, but I am hopeful that we are moving towards that direction with him since he has a strong emphasis on sales and marketing."*

No-one mentioned that sales and marketing alignment was officially defined and written as part of the company strategy. However, interviewee 3 for example said that now that there are more people with marketing background in the board, it will be easier to implement it in the strategy as well.

Two interviewees said that sales and marketing alignment is somewhat or partly identified in the company board level. Interviewee 11 described that there are parts in the company strategy that relate to smarketing and that they will next start to revise their strategy and that smarketing will probably be represented better then.

Three interviewees, who were not members of the board, said that they did not think smarketing was identified in the board level at all.

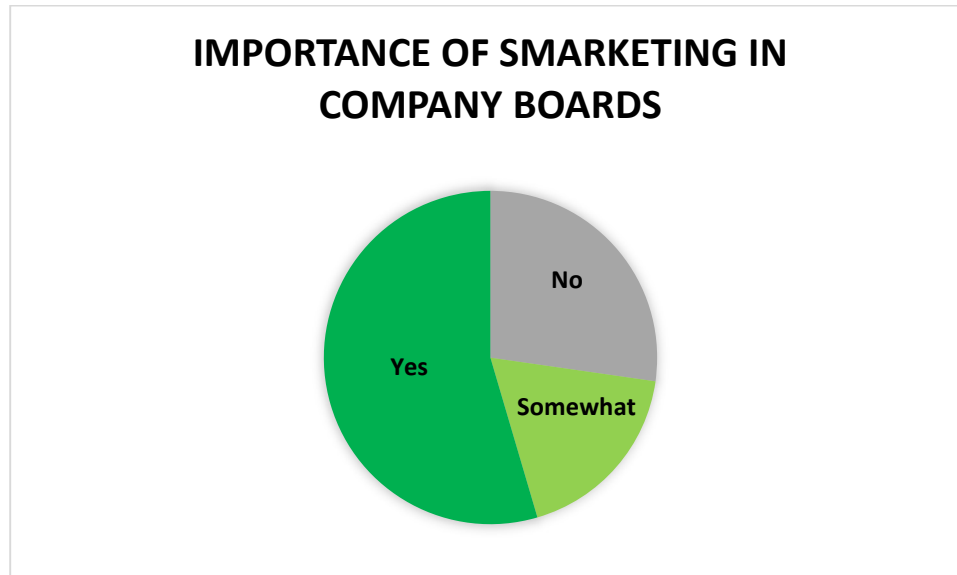


Figure 28. Importance of smarketing in company boards

#### 4.3.3 Possible steps towards alignment

Finally, the interviewees were asked to describe if any steps had been identified or already taken to achieve better alignment between sales and marketing. Five interviewees out of eleven mentioned actions related to **mutual planning and execution**. Interviewee 1 explained how for the first time in the company history they have started the process of better understanding cause and effect relations and to plan their execution of things so that everything is more aligned with each other. He added that also budgeting is now done together, that marketing is now invited to budget sales figures.

As seen in Figure 29, the second most identified steps were **common goals and metrics**. Interviewee 1 and 2 described how they have focused on finding common goals and metrics and to create an iterative process in their organizations. Interviewee 7 in turn said that they had positioned customer in the focus of everything, so that everyone's goals are the same. Interviewee 8 stated that common metrics is a big part of smarketing and that they are working on it currently.

Three interviewees listed steps that were related to improve **mutual understanding**. Interviewee 2 described how they have conducted many discussions on the importance of everyone working towards the same goals, so that every team would have mutual understanding. Interviewee 4 added that their aim is to involve marketing more in the sales field and for example, to send every marketing and product management person on to the sales floor for a couple of days in order to improve their understanding of customer needs.

Three interviewees likewise mentioned steps related to **technology**. Interviewee 4 mentioned that they had employed a new person who is responsible for all projects related to digitalization and digital systems and tools. This will ultimately help sales and marketing getting better tools for their mutual work. Interviewee 8 described how they had been able to improve the harmonization of all their digital systems and tools for better alignment. Interviewee 11 mentioned that they had invested in tablets for sales field, to enable faster and better communication.

Three interviewees mentioned also steps related to **renewed roles**. Interviewee 6 said that there is clear change going on now to better utilize sales people in gaining new customers. Interviewee 8 said that their sales team has discovered that they are part of marketing too and realized that social media for example offers them a whole new channel to reach customers. Interviewee 7 took the topic of social media even further by saying that their whole company had been trained to use Twitter for business.

**Communication** was mentioned by interviewee 7 that they had focused on that and emphasized throughout their operations. **Training** was also mentioned by interviewee 11. He said that they had bought a sales and marketing alignment training from a marketing agency. Interviewee 8 listed also **defined responsibilities** and responsibilities as one of their steps. Their aim was to now clarify work methods and roles and responsibilities related to that.

Two interviewees said that there were **no steps** identified or taken in their companies. Interviewee 5 described the situation as follows: *"The focus is on sales and sales only"*. Interviewee 9 said that he can't think of any reason to further align sales and marketing that things were working just fine as they were.

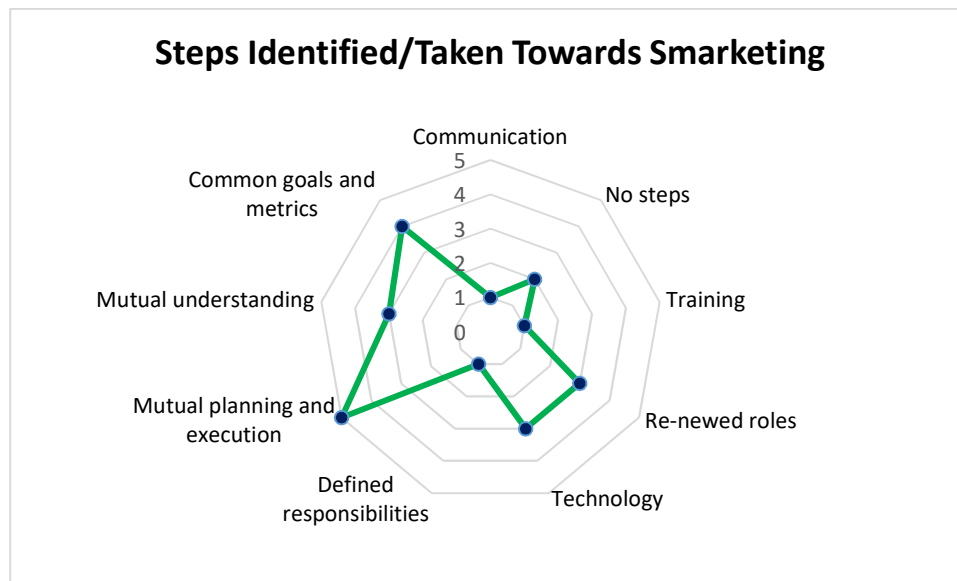


Figure 29. Steps identified / taken to achieve better smarketing

#### 4.3.4 Online survey

After the interview, all the interviewees were sent an online survey, which included 20 different propositions and interviewees were asked to define their stand on a scale of 1 to 5 (1= strongly disagree, 5=strongly agree). This was done to give all the interviewees a chance to evaluate their state of smarketing on a mutual scale. Additionally, the interviewees themselves received a short analysis of their company's sales and marketing alignment after submitting their answers. Survey was answered by all eight companies but only ten answers out of eleven were received.

The scores are illustrated in Figure 30. Interviewee H10 is missing, since those answers were not submitted. The answers were divided according to definitions created by Kotler, Rackham & Krishnaswamy (2006), in which scores 0-39 indicated a level of alignment defined as "undefined", scores 40-59 indicated a level of "defined", scores 60-79 indicated a level of "aligned", and scores 80-100 indicated a level of "integrated". The average of all scores was 56.6, which indicates that on average the level of sales and marketing alignment was "defined" in these chosen companies.

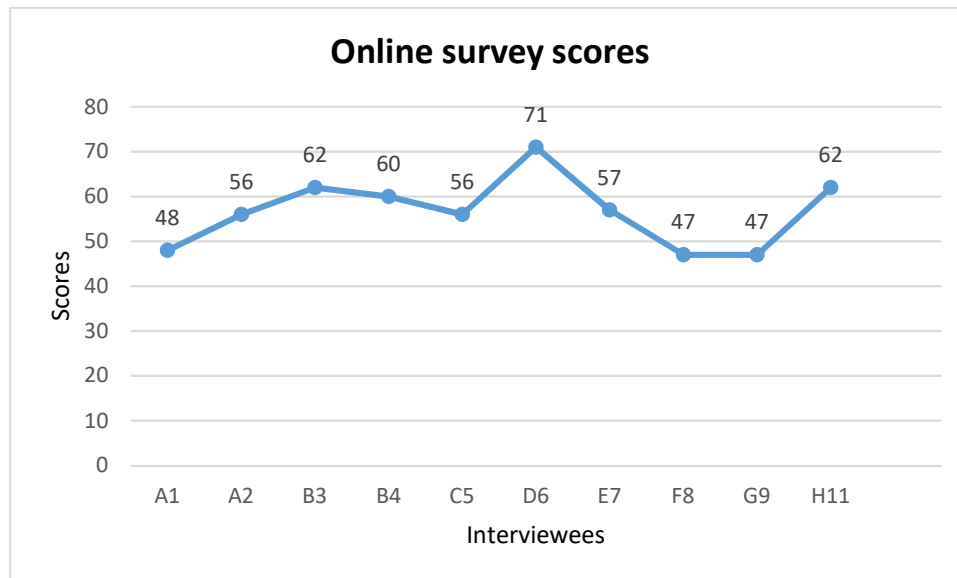


Figure 30. Online survey scores

There were three companies, in which the number of interviewees was two instead of one. In Figure 30, these companies are indicated with letters A, B and H. Company H only has one score on the graph, since as already stated, the other interviewee's survey results were not submitted. Scores from interviewees A1 and A2 were very similar with each other, as well as scores from interviewees B3 and B4. In other words, they all seemed to have quite similar views on the state of smarketing in their own organizations.

The overview of all scores in relation to the smarketing level definitions can be seen in more detail in Figure 31. According to the graph, most companies, in other words six interviewees out of ten, are still on the "defined" level in sales and marketing alignment. Nevertheless, three companies, i.e. four interviewees out of eleven are on the "aligned" level in smarketing.

In addition to the online scores, an evaluated approximate level of alignment for each company was analyzed. The analysis was based on the interview contents. As Figure 31 shows, researcher's and interviewees' perceptions were quite similar in all but three case companies. All of them rated their sales and marketing alignment considerably higher than what was found from the interviews. This was mostly due to differences in organizational structures and level of experience of sales and

marketing alignment. If one has no experience in “integrated” level of alignment, the comparisons are conducted in relation to that.

In conclusion, no companies were on the “integrated” level of sales and marketing alignment. Very few too were even on the “aligned” level. What was noteworthy, however, was that most companies, six out of eight, had recognized the need to improve on this and some even had identified or executed certain steps already to achieve this.

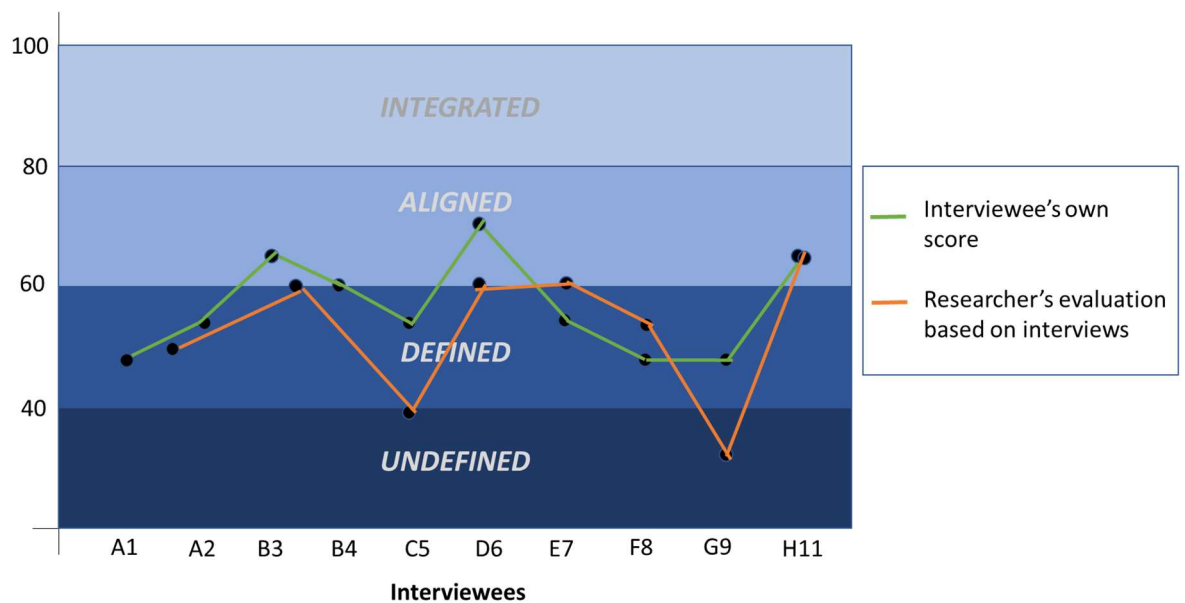


Figure 31. State of smarketing in chosen companies

## 5 Discussion

The aim of this study was to find out what the state of sales and marketing alignment was in chosen B2B companies. Another aim was to understand the challenges and contributing factors in achieving alignment between sales and marketing, as well as to find out what the strategic importance of “smarketing” was. The motivation behind this study was the global increased emphasis on aligning these two functions and the professional and personal interest of the author towards finding out how Finnish companies viewed the matter currently. The topic is current at any given time, since many studies have shown a positive correlation between sales and



marketing alignment and business performance (Coe 2004; Dewsnap & Jobber 2000; Kotler et al. 2006; Le Meunier-FitzHugh & Piercy 2007).

The main research question was: What is the current state and strategic importance of “smarketing” in chosen B2B companies? The three defining sub-questions were:

- 1) How is “smarketing” currently applied in organizations?
- 2) What are the challenges of aligning sales and marketing?
- 3) How is the strategic importance of “smarketing” perceived and executed?

A qualitative approach was chosen for the study. The empirical data was collected through semi-structured interviews of eight different companies and eleven interviewees from chosen B2B companies. The data was transcribed into text documents and data was analyzed by coding, categorizing and thematizing the content. Additionally, a short online survey was sent to all the interviewees to obtain a general analysis of the state of smarketing on a more mutual scale.

## 5.1 Answers to research questions

The aim was to first discover the current application of smarketing and the roles and responsibilities of sales and marketing teams. The term “sales and marketing alignment” was mostly related to having mutual goals and working together toward those goals. However, very few saw sales and marketing as one function. Instead, sales and marketing acted as separate functions in the chosen companies.

Both sales and marketing functions mostly reported directly to the managing director. However, it was more common to have only sales represented in the company board. The reasons behind this seemed to be mostly related to the company culture, i.e. people, and mostly to the management’s attitudes towards marketing. The main contributing factors to the change in appreciation of marketing and to the increase of sales and marketing alignment, were mostly changes in personnel or changes in market conditions. Changing market conditions usually meant competition getting tougher, lost sales and/or structural changes in customer fields. In other words, something needed to be done to survive or to be able to grow the business.

Sales had a very traditional role focusing on personal selling and customer account management. However, most companies had gone through major changes in the market and 75% of the companies stated that the role of marketing had been increasing and that they were in the process of bringing sales and marketing closer together. Another reason behind this change was to operate more cost-efficiently.

Most companies recognized that digitalization had changed the buyer behavior and that prospecting and especially cold calling had become more and more expensive due to difficulties of reaching customers with traditional methods, such as calling and emailing. Thus, this was an area for marketing to start contributing on, as one part of selling. Nevertheless, marketing was also mainly referred to as a “support function” to sales instead of an equal partner in sales creation.

The contributing factors and challenges in aligning sales and marketing were mostly cultural, in which three factors emerged particularly. Firstly, management’s attitudes toward marketing. If the attitude toward marketing was positive and appreciative, then sales and marketing alignment seemed to be more in the focus of the company board as well. Another was interdepartmental culture, in other words, the level of cooperation of sales and marketing functions. Finally, the third one was the company’s orientation and power relations. In other words, whether the company was more sales-oriented or marketing-oriented and which unit was more dominant, i.e. sales versus marketing dominance over market-related activities.

Another important factor to sales and marketing alignment emerged from the interviews: the type and life-cycle stage of the product and market. This seemed to be the main contributing factor to the roles and focus of sales and marketing functions and therefore to sales and marketing alignment too. Other contributing factors were communication, mutual sharing of knowledge and learning, as well as cross-functional knowledge and skills. The more skilled and knowledgeable both functions were about the other’s field, the more aligned the companies seemed to be.

The strategic importance of sales and marketing was not at a high level yet at the chosen companies. Most of them however, had recognized the importance of it and saw it increasing sales growth and customer loyalty and satisfaction, as well as

optimizing operations. Companies had identified the following steps to achieve better alignment: Mutual planning and execution, common goals and metrics, renewing the roles of sales and marketing function, and increasing mutual understanding by training. Technology received mixed responses. Some viewed it as very important and some stated that technology does not solve anything, and that it was more about the people and that technology was more of a secondary step towards better alignment.

In conclusion, the state of smarketing was on the “defined” level in the chosen companies. In other words, there are set processes and rules to prevent conflicts between sales and marketing, both stick to their own tasks for the most part, they have started to develop a common language, both functions work together on bigger events, and meetings have become more reflective in a sense of how each function can help the other in achieving goals. Most companies however, had already identified defined steps to improve the alignment and had clear goals to move towards integration.

## 5.2 Theoretical implications

In the literature review in Chapter 2, both secondary and primary references were introduced. In table 2, the most relevant ones are presented. The two most relevant secondary references relate to social media’s effect on sales process and the 4Ps of marketing model.

According to Andzulis and others (2012), the most significant contributing factor in the transformation of the sales process has been the social media. It has a new role at every stage of the sales process. This was supported by the companies who had clear plans to increase sales and marketing alignment. They all stated that sales people are starting to realize that social media offers a whole new channel for them to network with customers and to do prospecting.

Theory / Research	Main result / proposition	Primary or secondary reference	Supported or revoked by this study
<b>Neil H. Boren 1964</b>	4Ps of Marketing	Secondary	Revoked
<b>Cespedes 1995, Homburg &amp; Jensen 2007</b>	Challenges in aligning sales and marketing are caused by difference in thought-worlds. Sales department's orientation is more customer-focused and short-term whereas marketing's orientation is more product-focused and long-term.	Primary	Revoked
<b>Dewsnap &amp; Jobber 2000; Coe 2004; Kotler et al. 2006; Le Meunier-FitzHugh &amp; Piercy 2007</b>	Sales and marketing alignment has a positive effect on business performance.	Primary	Supported
<b>John Coe 2004</b>	By integrating sales and marketing functions across the entire customer life cycle, companies can sell more by spending less.	Primary	Supported
<b>Moncrief &amp; Marshall 2005</b>	New sales tools, such as CRM systems and database marketing have enhanced marketing's ability to start more actively participating in prospecting. Thus, the prospecting step is now less and less the sales person's responsibility and more of marketing's.	Primary	Supported
<b>Kotler 2006</b>	Marketing function takes different forms in different companies at different product life-cycle stages, all of which deeply affects sales and marketing alignment.	Primary	Supported
<b>Kotler et al. 2006</b>	Usually reasons behind poor alignment are economic and cultural.	Primary	Supported and revoked
<b>Trout 2006, Grossberg 2016</b>	Marketing cannot be considered a separate function.	Primary	Supported
<b>Homburg, Jensen and Krohmer 2008</b>	Interfaces between sales and marketing are composed of 5 conceptual categories: information sharing, structural linkages, power, orientations, knowledge	Primary	Supported
<b>Le Meunier-FitzHugh and Piercy 2010</b>	There are 2 types of factors affecting collaboration between marketing and sales: external and internal factors. External factors include management attitudes to coordination, interdepartmental culture, structure and orientation. Internal factors include inter-functional conflict, communications, market intelligence and learning.	Primary	Supported
<b>Andzulis, Pangopoulos and Rapp 2012</b>	Most significant contributor in the sales process transformation has been social media. Social media has a new role at every step of the sales process.	Secondary	Supported
<b>HubSpot (Whalley 2012)</b>	Three critical factors that contribute to success of aligning sales and marketing: new technology for sharing data, closed-loop marketing and effective communication.	Primart	Supported and revoked
<b>Manning et al. 2014</b>	One way to end the conflicts between sales and marketing is to encourage more mutual planning and sharing of information.	Primary	Supported

Table 2. Theoretical references from literature

In 1964, Neil H. Borden introduced the concept of marketing mix, which today is known as the 4Ps of marketing. In this concept, sales work was considered a sub-category to marketing (Friel 2014; Manning et al. 2014; Jobber & Lancaster 2009). This has changed drastically, at least in the chosen B2B companies studied. As shown in Figure 32, the 4Ps model has evolved into a new B2B 5Ps model, in which personal selling, price and place are more sales' responsibilities, product is somewhat shared and promotion is mostly marketing's field. In other words, in the chosen B2B companies, sales team is the dominant one in managing the 5Ps.

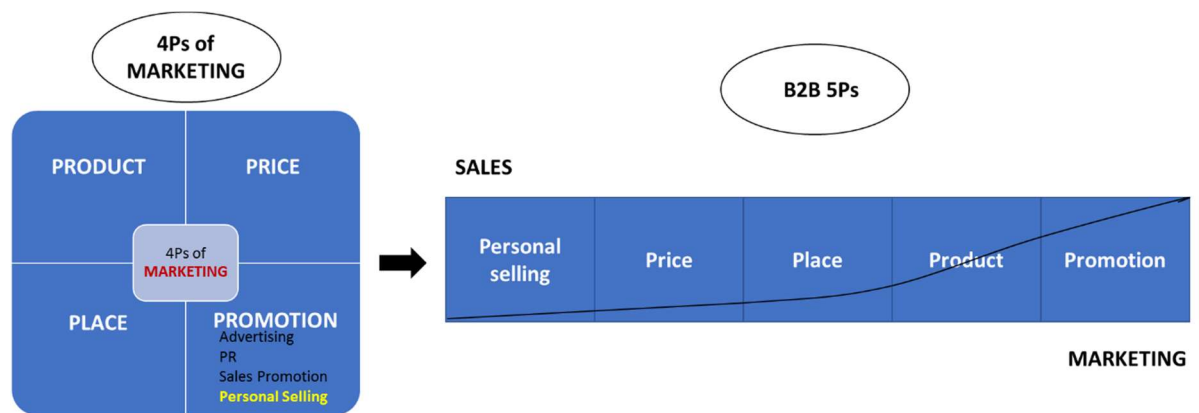


Figure 32. The evolution of 4Ps model to B2B 5Ps model

The primary references from literature were mostly all supported by this study. New sales tools and database marketing have enhanced marketing's ability to be more active in prospecting, making prospecting stage now less and less sales team's responsibility (Moncrief & Marshall 2005). Although not fully exercised yet, most companies recognized this possibility and were moving towards that. They also proposed that by integration of sales and marketing functions across the entire customer life cycle, companies can make their operations more cost-efficient (Coe, 2004, 7).

Multiple studies suggested that sales and marketing alignment indeed has a positive effect on business performance (Coe 2004; Dewsnap & Jobber 2000; Kotler et al. 2006; Le Meunier-FitzHugh & Piercy 2007). None of the companies studied had experience in full sales and marketing integration to conduct comparisons of the

effects. However, all of them believed that sales and marketing alignment indeed does have a positive effect on the company performance, one way or another.

There were theories which were only partially supported or revoked completely by this research. Many studies showed that one of the reasons why companies face challenges in alignment, is that there is a fundamental difference in the thought-worlds of these two. In other words, marketing is more product and long-term focused and sales is more customer and short-term focused (Cespedes 1995; Homburg & Jensen 2007; Lorge 1999). This was not supported by this study. The main contributor seemed to be more cross-functional knowledge and skills as well as company culture.

Moreover, Kotler (2006) suggested that usually reasons behind poor alignment are economic and cultural. This study proposes that the possible economic reasons are due to management's attitudes towards marketing. If the company board does not understand the value of marketing, then it is not allocated any money to either. It was evident in all the interviews that if something was seen important enough, there was always money for it. However, cultural reasons were indeed one of the primary contributors to poor alignment.

One of the leading marketing automation system suppliers, HubSpot, states that three critical factors contributing to the success of aligning sales and marketing are technology for sharing data, closed-loop marketing and effective communication (Whalley 2012). Closed-loop marketing was not the focus of this study per se, so no evidence was found to support it. Communication however was clearly one of the major contributors. Technological tools were both supported and revoked. Some companies saw them very critical, where as some saw them as secondary tools, because people and leadership were the primary area to focus on.

The main contributors to sales and marketing alignment used in the theoretical framework were adopted primarily from two different studies from Homburg and others (2008) and Le Meunier-FitzHugh and Piercy (2010). All the factors were somewhat supported, but the emphasis was different.

Based on the findings of the study, a new model is proposed. As Figure 33 illustrates, there are both external and internal factors (Le Meunier-FitzHugh & Piercy 2010).

External factors (marked in blue) include firstly the type and life cycle stage of the product /market. It affects the roles that sales and marketing have in a company and the culture of the company. Another external factor is the company culture, which is further subdivided into management attitudes toward marketing, interdepartmental culture, and orientation and power. The internal factors (marked in green) include communication and mutual sharing and learning, as in the original theoretical framework for this study. A new addition is cross-functional knowledge and skills. In conclusion, a new refined theoretical framework can be proposed as well, as seen in Figure 34 in more detail.

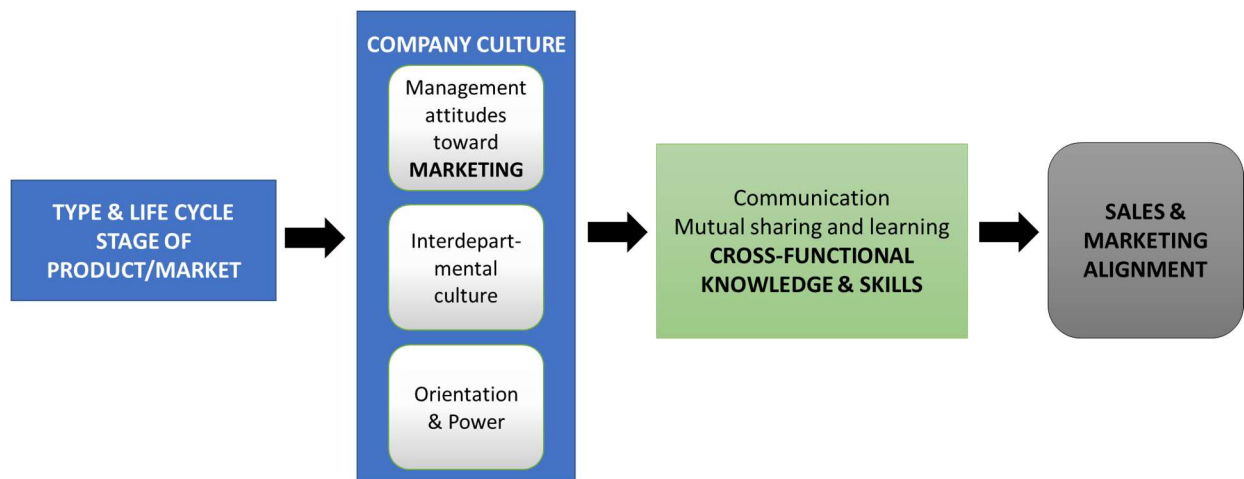


Figure 33. Factors affecting sales and marketing alignment.

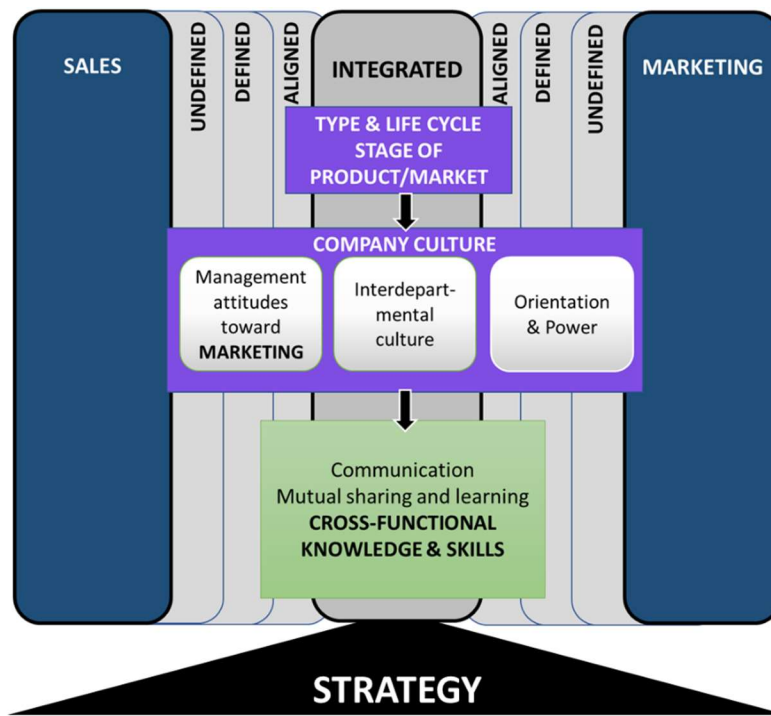


Figure 34. Proposed new theoretical framework.

### 5.3 Discussion and managerial implications

This study showed that most companies saw the cost of selling getting more and more expensive. The greatest challenge is the fact that buyers are busier than ever, bombarded from many different directions and very difficult to reach by using traditional methods, such as telephone and email. Something clearly needs to be done to overcome that.

Both sales and marketing have recognized that digital marketing and social media offer many new opportunities for both. However, neither of them see marketing as an equal partner in sales creation. Marketing people themselves, consider themselves contributing to sales, but do not consider themselves as a sales function. In other words, it is not just the management's fault that marketing is not appreciated if even the marketing people themselves can't see the real connection with their actions with overall business performance.

Moreover, sales do not see themselves as being part of marketing. As already stated, social media particularly offer a new channel for the sales people to network in and



to do prospecting. Most sales people still view it more as the marketing's play field and do not want to take active part in it. In other words, there is a clear need for some training. Marketing field needs to be made more accessible and easily understandable to sales teams. Additionally, sales work needs to be made more understandable and easily approachable to marketing teams.

Interestingly, many of the companies interviewed, emphasized how their primary focus was the customer and customer's needs. Nevertheless, in practice, everything was centered around the sales function and sales department's needs. When defining the needs and goals, the word "customer" should be integrated in every sentence in daily operations and not only on company strategy power points.

Most companies viewed marketing along with purchasing, legal, HR, and logistics as a support function to sales. Even marketing teams viewed themselves as a support function. This makes one think, how motivating it is in general, to be called a support function to something as supposed to being called a primary or main function? Support function implies the other function being superior to the other, and hence, dictating the rules and plans for the rest to follow and to support. This type of thought world should be changed into something, where every function plays a crucial role in overall business enhancement. IBM, for example did something similar when they integrated their sales and marketing groups into a new function called "Channel Enablement" (Kotler et al. 2006).

There is a critical need for companies to re-evaluate the role of sales and marketing in present day and more importantly in 2020 era. First, the 5Ps of B2B companies should be more equally shared. Both functions can contribute equally to all the Ps, as shown in Figure 35. Hence, each "P" should not be separated and allocated between these two functions. For example, there is a clear role for marketing in selling, as well as a clear role for sales in promotion.



Figure 35. New model of B2B 5Ps

Second, a new model for the sales funnel is also needed in order to better explain the changing roles. Previous models suggest that the top of the funnel should be marketing's responsibility, middle of the funnel shared responsibility and bottom of the funnel sales team's responsibility. As seen in Figure 36, the new model is completely shared, with multiple customer touch points across the funnel. Digital marketing and data tools, as well as social media channels should be integrated as part of selling and the whole funnel. Specific roles and orientation of sales and marketing, i.e. business enhancement actions, depend on the type and life-cycle stage of the product and market, as well as the most cost-effective way to execute each stage of the funnel.



Figure 36. New sales and marketing funnel

## 5.4 Managerial implications

The research identified several new ways to enable better sales and marketing alignment. The results are useful for both managing directors, sales directors and marketing directors. Furthermore, marketing agencies can benefit from these results greatly, because they affect their own sales growth and provide background information to possible lost sales. Main implications and suggestions are listed below for both groups separately.

### **Companies**

- Re-evaluate sales and marketing roles and analyze the most cost-efficient mix for each stage of the funnel.
- Integrate sales and marketing into one “business enhancement unit”.
- Create common goals and metrics for sales and marketing.
- Arrange cross-functional training for both sales and marketing.
- Arrange training for company board about marketing’s possibilities.
- Delete the word “support function” from company language. Every function should be a critical part in achieving company goals.
- Enable platforms for mutual learning and sharing of information.
- Evaluate the current company board structure and background. Does it comprise of solely engineers and salesmen or are there people with marketing backgrounds too?

### **Marketing agencies**

- Identify the differences in language used by company board and marketing managers.
- Provide tools for marketing managers to justify the planned marketing operations to the managing director and company board.
- Before offering technological tools, evaluate the readiness of a company, i.e. the level of alignment.
- Provide cross-functional training services tailored to both board executives and sales and marketing teams.

- Evaluate the customer's market type and maturity before approaching the customer.
- Evaluate your own company's current model for sales and marketing funnel.
- Re-evaluate your own company's roles and ensure they are aligned too.

## 5.5 Limitations of the research

The main challenges of this study were the number of interviewees, their positions in their companies, and the type of business they operated in. They all affect the reliability and validity of the research. Firstly, the number of interviewees was eleven from eight different companies. Although I felt that a comprehensive understanding was achieved based on the available data, the results of this study cannot be generalized to a larger public.

Secondly, the interviewee's positions in the companies varied. Some companies were represented by two different people, which naturally provided a larger understanding and from multiple perspectives, and some companies were presented by only one person, which resulted in a more one-sided data. Although a comprehensive and multi-faceted understanding was achieved in the end, it is suggested that next time, the interviewees could consist of only managing directors, or choosing both sales and marketing directors for the study or better yet, interviewing all three parties.

Thirdly, some companies operated in B2C markets in addition to B2B. Given the nature of B2C markets, there is often more emphasis on marketing in general and thus, more emphasis on sales and marketing alignment too. Thus, future suggestion is to choose only companies who operate strictly in the B2B business in order to obtain data that are based on a more mutual scale.

Additionally, there is a question of objectivity. For example, it is questionable whether the author's own background in marketing and in companies where marketing has always been undervalued, influenced the interpretations and cause and effect analyses. Then again, total inter-subjectivity cannot be reached, since every person makes their own conclusions, based on their own experiences (Hirsjärvi

& Hurme 2009, 186). Moreover, the author's background certainly helped in understanding better the challenges and contributing factors.

According to Kananen (2014, 148-149), qualitative study does not aim at external validity, i.e. generalizability of the results. Therefore, results and conclusions only apply to this group of interviewees in question. However, based on these findings, the proposed new theoretical framework, as well as the new sales and marketing funnel presented in this study can be generalized to a larger content, in other words in this case to Finnish B2B companies.

In theory, to achieve total research reliability, the findings should be reproducible at other times and by other researchers. However, since this study seeks to find out the current state of smarketing, the data is thus, highly dependent on current changes in companies and changes in people over time (Hirsjärvi & Hurme 2009; Kvale & Brinkman 2009). Therefore, full reproducibility is not achievable in this study.

## 5.6 Recommendations for future research

The first recommendation for future research is to conduct a similar study by using a quantitative approach to verify the results and to obtain a more generalizable view on the state and strategic importance of smarketing in B2B companies. Moreover, a research on benefits and or challenges of aligning communications department with sales would be beneficial. Often brand management is operated by the communications department. According to this study, they operated completely separately from the sales department, so there is an area for further research.

Additionally, a geographical perspective would be interesting to analyze, if there are differences in the strategic importance of smarketing in companies located in bigger cities or in the Helsinki region as opposed to rural areas. Moreover, another recommendation is to study the differences between different industries. The companies studied in this research were from different industries and there was a clear distinction between them. It would be interesting to learn about the contributing factors and managerial suggestions based on the type of industry the companies operate in.

Another recommendation is to test the proposed new sales and marketing funnel. In other words, how do companies view it, is it already applied in some companies and what are the benefits? How is social media used throughout the funnel? The role of sales will be going through major changes in the upcoming years. Some future insight on that would be beneficial to all companies. In order to create more sales, one needs to have modern sales tools and models in place as well. Finally, further research is also needed about the changes in the 4Ps of marketing model. Has it indeed been evolved into 5Ps of B2B companies, as proposed by this study? Has something so profound been changed into something completely different and more importantly, why?

Clearly, sales and marketing alignment is and will be an ongoing process. Hopefully, company CEOs and boards do not need scientific research or proven numbers to be able to believe in the power of sales and marketing alignment. It is all about one very basic element of any successful operation: teamwork. As Henry Ford put it already decades ago: *“Coming together is a beginning, keeping together is progress, working together is success.”*

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## Appendices

### Appendix 1. Interview questions

#### A. Present state and definition

1. How would you define “smarketing” / “sales and marketing alignment” in general terms?
2. How is smarketing currently applied in your company?
3. What kind of roles and responsibilities do sales and marketing organizations have in your company?

#### A. Digitalization

1. Has digitalization affected the roles and work fields of sales and marketing? If yes, how?
2. Has digitalization affected your customers’ buying process? If yes, how?

#### 1) Challenges

1. What kind of challenges are there in achieving sales and marketing alignment in your company?
2. What would help in achieving it? Are there some specific tools?

#### 2) Strategic importance

1. Has strategic importance been identified in your company strategy / board?
2. Are you planning on investing in it and how?
3. What areas could smarketing have effect on?

## Appendix 2. Online test questions

	Strongly disagree 1	Disagree 2	Neither 3	Agree 4	Strongly agree 5
1. Our sales figures are usually close to the sales forecast.					
2. If things go wrong, or results are disappointing, neither function points fingers or blames the other.					
3. Marketing people often meet with key customers during the sales process.					
4. Marketing solicits participation from sales in drafting the marketing plan.					
5. Our salespeople believe the collateral supplied by marketing is a valuable tool to help them get more sales.					
6. The sales force willingly cooperates in supplying feedback requested by marketing.					
7. There is a great deal of common language here between sales and marketing.					
8. The heads of sales and marketing regularly confer about upstream issues such as idea generation, market sensing, and product development strategy.					
9. Sales and marketing work closely together to define segment buying behavior.					
10. When sales and marketing meet, they do not need to spend much time on dispute resolution and crisis management.					
11. The heads of sales and marketing work together on business planning for products and services that will not be launched for two or more years.					
12. We discuss and use common metrics for determining the success of sales and marketing.					
13. Marketing actively participates in defining and executing the sales strategy for individual key accounts.					
14. Sales and marketing manage their activities using jointly developed business funnels, processes, or pipelines that span the business chain - from initial market sensing to customer service.					
15. Marketing makes a significant contribution to analyzing data from the sales funnel and using those data to improve the predictability and effectiveness of the funnel.					
16. Sales and marketing share a strong "We rise or fall together" culture.					
17. Sales and marketing report to a single chief customer officer, chief revenue officer, or equivalent C-level executive.					
18. There is significant interchange of people between sales and marketing.					
19. Sales and marketing jointly develop and deploy training programs, events, and learning opportunities for their respective staffs.					
20. Sales and marketing actively participate in the preparation and presentation of each other's plans to top executives.					

## Appendix 3. Online test scoring

<b>Scoring</b>	<b>Level of sales and marketing alignment</b>
<b>20-39</b>	<b>Undefined</b>
<b>40-59</b>	<b>Defined</b>
<b>60-79</b>	<b>Aligned</b>
<b>80-100</b>	<b>Integrated</b>