Shoving The Sales Round Peg Into A Marketing Square Hole

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Blog entry

Once upon a time David Babcock, a 41-year old professor at Central Missouri University was a inconspicuously unknown guy to the world.

Then he undertook a nipple-piercingly amazing task of knitting a scarf.

That alone wouldn't be such big deal, but what makes his achievement truly remarkable is that he knitted that 11.38-foot long masterpiece while running the 2013 Kansas City Marathon.

Yes, while running it. Not before and not after running it, but while running it. Holy sausage, man.

Amazingly, he finished the race at 5 hours, 48 minutes and 27 seconds.

But interestingly, David is not the only person with this odd combination of recreational activities.

The Guinness-record is held by Susie Hewerholds who knitted 6.6-foot scarf while running the 2013 London Marathon.

I've mentioned this interesting fact because in a weird way this is what's happening in many IT companies too.

Instead of having integrated business development teams, they have sales and marketing silos with conflicting objectives.

They want both to run Marathons and knit scarves. So, eventually they end up running atrocious times and knitting even more atrocious scarves.

Yes, technically they fulfil both criteria, but the quality is pretty low.

Salespeople need high quality sales leads, but marketing focuses and gets rewarded for activities don't help salespeople to land new clients.

So sooner or later, the sales folks leave the marketing folks alone for leads and try to generate their own leads. And they do this... until they get better offers from the competition and quit, often taking the best clients with them.

So, in a few months all the good salespeople are gone and the company may have to consider hiring an expert for strategic demise mitigation and doom dodging.

Either way, the end can be pretty near.

A while ago, *Marketing Automation Software Guide* published an article by Mike MacFarlane on integrating CRM and marketing automation systems, entitled *The Importance of CRM Integration in Marketing Automation*[1].

Mike raises a very good point because in most companies sales folks (the CRM users) and marketing folks (marketing automation system users) don't see each other eye to eye.

Sometimes they are plain enemies and screw up each other's work in any way they can.

And in my experience, this antagonistic relationship stems partly from the difference in

[1] http://www.marketingautomationsoftware.com/blog/crm-integration-in-marketing-automation-1011111/

expectations and compensations.

Let's Look At Expectations First

In most IT companies marketing folks don't really have many expectations. As long as they show up at work as expected, go through the day looking impressively busy and every now and then show some visually impressive stuff to their bosses, they are successful.

I know this is a very general statement, so let's just say that there are exceptions. It's just a wide-spread phenomenon.

The fact that over 80% of the sales leads marketing departments generate and some 65% of the collateral materials they produce are useless for the sales folks go totally unnoticed.

All in all, in most IT companies there is one single group of people who is responsible for revenue-generation: The sales force.

By the way, have you noticed that cost-cutters get more generously rewarded than revenue-generators?

They praised so highly as if cost-cutting were the ultimate profit-improving solution.

Well, it's not.

And what happens in the sales department? Salespeople waste a hell of a lot of their time and energy to generate their own quality leads and re-create useful collateral materials.

Although, in many companies it's corporate policy not to allow sales folks to use anything but what marketing has created, even though it doesn't work.

Anyway…

At the end of the financial quarter, if the numbers fall short of projections, some salespeople get fired and the rest get threatened with being fired next month.

And for those salespeople who reach their quotas, commissions and territories are reduced and quotas increased.

And what happens to the marketing folks who so effectively contributed to the underperformance?

Nothing. Not a sausage.

Some of them may even win some awards which come with some financial rewards.

And this reminds me of a joke I read on British copywriting legend, Drayton Bird's blog awhile ago …

> **The Marketing Departments of two rival American and Japanese companies decided to hold a boat race. Both teams practiced hard and long to reach their peak performance levels until both teams felt they were ready to demonstrate their prowess.**
>
> **The big day arrived, and the Japanese won the race by a mile. The American team was discouraged by the loss. Morale sagged. Corporate management decided that the reason for the crushing**

> **defeat had to be found, so they hired a consultant to investigate the problem and recommend corrective action.**
>
> **The consultant's finding: The Japanese team had eight people rowing and one person steering; the American team had one person rowing and eight people steering. After a year of additional study and millions spent analyzing the problem, the consultant firm concluded that too many people were steering and not enough people were rowing on the American team.**
>
> **So as race day neared again the following year, the American team's management structure was completely reorganized. The new structure: four steering managers, three area steering managers, and a new performance review system for the person rowing the boat to provide work incentive.**
>
> **Again the big day dawned, the race began, and the Japanese team won by TWO miles. Humiliated, the American corporation laid off the rower for poor performance and gave the managers a bonus for discovering the problem.**

In this case, I would say the rowers are the sales folks and the steerers are the marketers.

And Now Look At the Integration Compensation Bit

You can't integrate two departments with two different expectations and compensations.

The company may focus on long-term success and encourages team work, but pays the salespeople based on short-term individual performance.

So, salespeople sell, even at huge discounts because their commissions are based on gross revenue not on net profit. So, in order to make the sale, they often sell barely above or even below costs.

This is why semi-bankrupt companies, like General Motors car dealerships, have very well-paid salespeople.

People think that since it's the salespeople who make the good money, they must sell a lot, and the company must be successful. But then why is GM on the brink of bankruptcy? Something doesn't add up.

It's the short-term focused salespeople who use CRM systems and the long-term focused marketing folks who use marketing automation systems.

Yes, technical integration is possible, but we have to integrate on a human level too.

So, how to pull that off?

We have to unite the sales and marketing departments into one seamlessly integrated business development department. This is the only way to run business development as one united team not as a bunch of individuals.

We have to develop one single compensation method for everyone in the department. And in my experience, this compensation can't be commission or hourly wage.

Commissions promote peddler behaviour going for the quick sale and the hourly wage promotes

incompetence.

So, what I suggest is a base salary and a bonus system based on total company-wide revenue.

In this system everyone knows that the team wins or loses together. That's why it's a team not a workgroup.

And what happens if some people don't pull their weights?

The same what happens in the military. Team members visit the slackers and "explain" to them that either they pull themselves together or pull out. Yes, sometimes the explanation can be a bit more than the dictionary meaning of "explain" but it works and there is no need for the higher authority to interfere.

Look At The Difference Between The CRM Funnel And The Marketing Automation Funnel

Let's Start With The Sales Folks' CRM Funnel

The significant difference is that salespeople use sales lingo in their funnels, but marketers use marketing lingo. Sales lingo refers to the sales cycle; marketing lingo to the buying cycle.

In the CRM funnel, stages are labelled and the activities tracked in terms of the sales process.

That is, sales folks use terms like...

1. New opportunity 2. Initial contact made 3. Needs analysis performed 4. Solution developed	5. Proposal submitted 6. Solution accepted 7. Negotiation completed	8. Purchase order authorised and signed 9. Account management

So, here we're talking about nine stages that focus entirely on the seller's activities. The client seems to have become a mere afterthought... or even less.

Can you spot the problem here?

The language we speak inside the company is the same language that we speak outside the company. If our in-house language is self-focused, then out out-of-the house language is self-focused too.

You can read more on this in Lisa Earle McLeod's brilliant book, *Selling with Noble Purpose: How to Drive Revenue and Do Work That Makes You Proud*.

Salespeople go and meet buyers and talk to them about new opportunities, needs analyses, proposals and purchase orders.

Imagine a mouse. It gnaws its way through a 3-foot wall to get to a slab of cheese, but it runs like hell at the tiniest flicker of a cat's whiskers.

Now read the above eight steps again and they are cheese- or whiskers language.

They are pure whiskers language. They speak a language buyer don't understand.

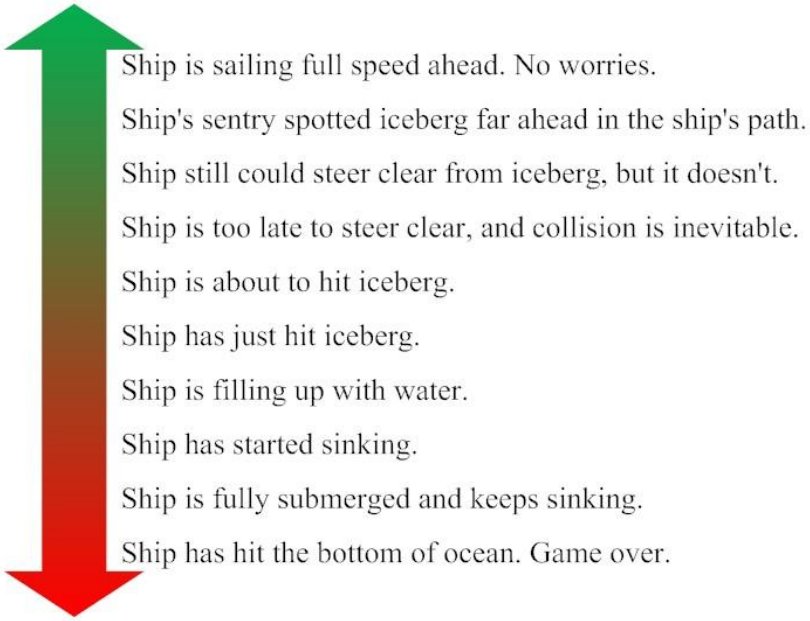
Now let's think of the sales funnel from the buyer's perspective and...

Look At The Marketing Automation Funnel

But before we go to the funnel, let's stop for a moment and review the buyer's way of thinking about the situation.

Let's think of a captain of a ship somewhere in the Atlantic Ocean. He knows there are icebergs in the Atlantic Ocean and that his ship has a chance to encounter some of them.

Let's imagine the different stages of sighting an iceberg.



This is more or less what's going on inside buyers' heads regarding the problems your company solves. We can also compare this to a highly accepted model of change is based on the works of Dr. James Prochaska and Dr. Carlo DiClemente.[2]

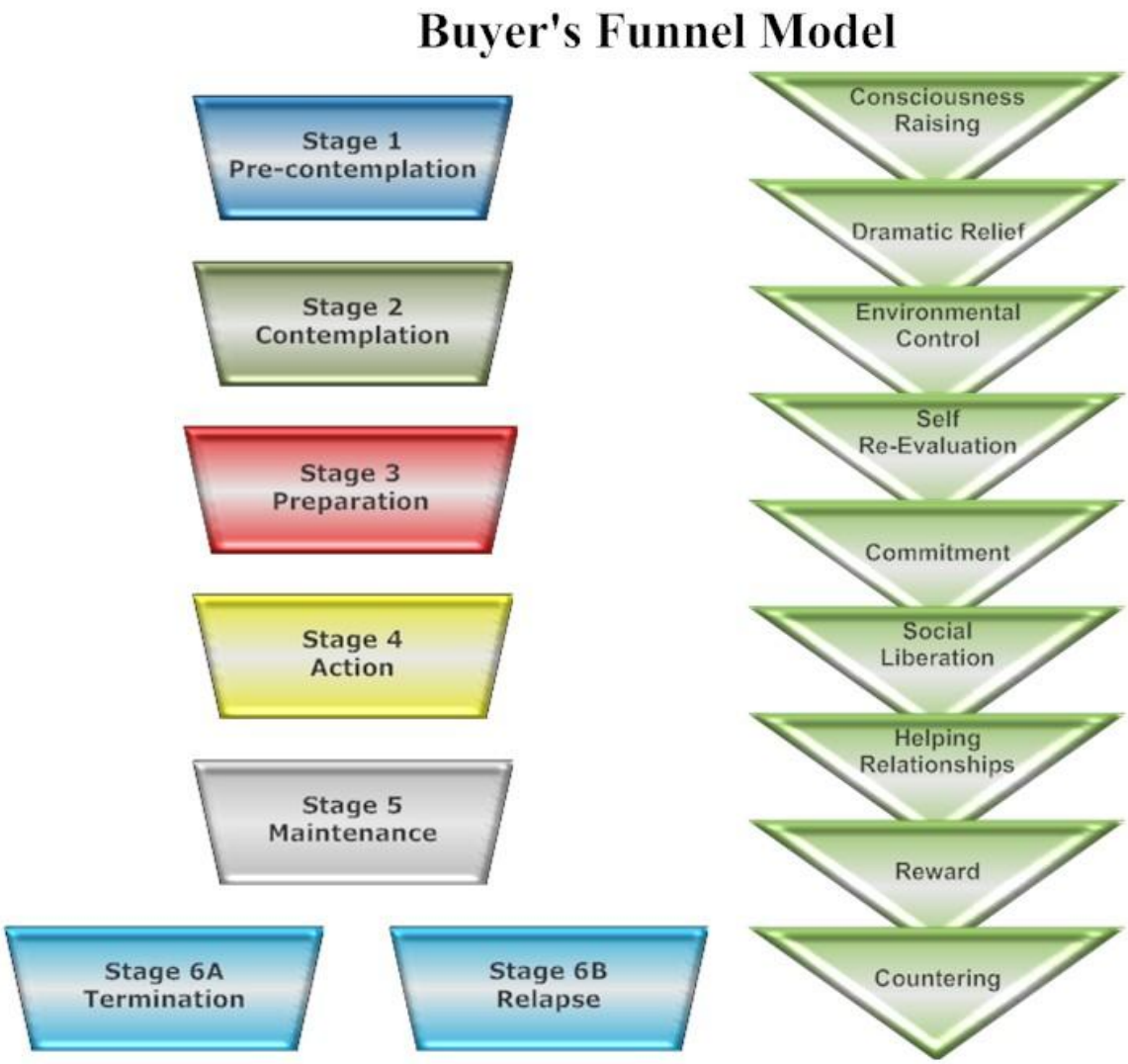
Change stages	Psychological shift
Stage 1: Pre-contemplation - Blissful Ignorance At this point people are not convinced they need to change at all. It's a state of blissful ignorance. Definitely no change is in the pipeline within the next six months.	**1. Consciousness Raising** This stage involves providing and gathering information about the unsafe nature of the current behaviour and the positive impact the new behaviour can offer.
Stage 2: Contemplation - Sitting On The Fence Convinced but not committed. Change is planned within the next six months. Uncertain whether or not to change. Not considering change within the next month	**2. Dramatic Relief** In this stage people identify and express their emotions regarding the risk inherent in the change process. By expressing their emotions, actually they actually relieve themselves of the burden of the old habits.
Stage 3: Preparation - Testing The Waters Making a plan to make the change within the	**3. Environmental Control** In this stage people evaluate how the change will impact people around them. This is when smokers start thinking of their children's health in their smoked-up homes. They reconsider social norms and establish themselves on a

[2] Changing for Good: The Revolutionary Program That Explains the Six Stages of Change and Teaches You How to Free Yourself from Bad Habits by James O. Prochaska, John C. Norcross, Carlo C. Diclemente

Change stages	Psychological shift
next 30 days. Some behavioural changes have already taken place. **Stage 4: Action** The change has taken place in the past six months. Already in the process of change. **Stage 5: Maintenance** Forming a habit after the change has been made for over 6 months. Continued commitment to sustaining new behaviour. **Stage 6A: Termination** Leaving the past behind and live in the new world with no danger of ever returning to the old habits. **Stage 6B: Relapse - "Fall from grace"** Resuming old behaviours. This time the change didn't work out. Back to square 1 and start again.	new moral footing. They start listening to other people's opinions. **4. Self Re-Evaluation** This is when people re-assess their whole situation. **5. Commitment** Here people feel a certain level of inner encouragement, and they realise they can do this and make the change. **6. Social Liberation** Here people seek out other people with similar problems and by becoming change mentors to others, they guarantee their own success. **7. Helping Relationships** Setting tighter relationships with people who need help. **8. Reward** This is a reward system contingent of the sustained new behaviour. **9. Countering** Here people measure the "for" and "against" of the change. The key is to keep the balance in favour of the "for".

The first natural reaction of buyers to every problem is how they can solve it in-house, using some free information and without incurring extra expenses. This is normal human reaction.

Now, after having reviewed what's going on inside buyers' heads, we can look at the marketing automation funnel from the buyer's perspective.



A Note For The Sceptics

Some people may say that unless there is a financial incentive, people will merely show up but don't give their 100%, let alone having the incentive to cooperate with each other.

That may be true for disgruntled union labourers, apathetic government bureaucrats and people who operate at the bottom of the Maslow pyramid, and the only reason they do what they do is because they get paid for it.

But there are plenty of people who operate in the higher regions of the Maslow pyramid, so for them the main motivating powers re pride, contribution and professional satisfaction. It's the pleasure of advancing their professions.

Also, the more of a knowledge work that given position is, the more likely it is that its practitioner operates at the region of the Maslow pyramid.

And sales and marketing folks are knowledge workers. The result of their work is the effective

application of their intellectual property.

Just one point to consider…

Have you ever seen union labourers or manual labourers take their work home and work on it over the weekend?

For most knowledge workers it is perfectly normal practice.

Jon Katzenbach has a great section in his book, *The Wisdom of Teams…*

> **"Pride is a more effective motivator of professionals' talent than money. And you can motivate that with pride in more than just belonging. There is pride in the specific work product that you deliver to clients, pride in the kinds of clients that you serve, pride in the expertise that you can apply, pride in the values of your firm."**

And this is why companies with unethical practices and low quality clients very quickly lose their best people.

Knowledge professionals don't work for money. They work for pride, fulfilment, joy and contribution. We know from David Maister that we can't make money by chasing it.

Interestingly, the less chasing knowledge workers do, the more money they earn. Yes, one exception is ambulance-chasing layers, but they are really just that. The exception not the rule.

So Why Is This Integration Thing So Important?

Briefly, it is important because a well-integrated team of cross-trained professionals can far outperform an army of individuals.

And at the end of the day it's not what you make (gross revenue) but what you keep (net profit per employee) that matters.

Look at it this way…

Based on data from Google Finance, at $1,080,914 revenue per employee and $209,624 profit per employee Google is the best performing high-tech company (19.3% pre-tax profit).

Hewlett Packard, a much bigger and older company than Google, at $368,735 revenue per employee and $25,947 profit per employee is pretty close to the bottom of the pile (7.03% pre-tax profit).

What we can also see is that Google ($33.51 billion in assets) is an asset-light knowledge-based company, while HP ($109.63 billion in assets) and IBM ($101.95 in assets) are asset-heavy factories.

Let's remember what Tim Williams writes in his brilliant book, *Positioning for Professionals: How Professional Service Firms Can Differentiate Their Way to Success*: There is a difference between growing a business and enlarging a business.

Adding profit, adding intellectual capabilities or adding reputation is growth.

Adding headcount is enlargement.

And the purpose of integration is to produce maximum growth with minimum enlargement.

What do you think?

In the meantime, don't sell harder. Market smarter and your business will be better off for it.

About The Author

Tom "Bald Dog" Varjan is an independent business development strategist and copywriter. He works with privately owned "entrepreneurial" type information technology companies that sell new, complex, expensive and hard-to-explain products and services to sophisticated clients in the B2B arena. IT companies that want to market and sell with dignity.

IT companies hire Tom when they find themselves frustrated with the quality and quantity of new business they can land, but don't want to resort to the most commonly used and dumbest solution: Hiring more salespeople and having them cold-call.

Prior to becoming an independent marketing consultant and copywriter in 1998, for 16 years, Tom had worked in the high-tech sector as an engineer, programmer, project manager and technology buyer where he gained his intimate understanding of how buyers make buying decisions, what appeals to them and what appals them.

Tom holds a B.Eng. degree in electronics and computer engineering from the University of Greenwich (London, UK), specialising in microprocessor-based systems design and application. He also studied English and adult education at Cambridge University (Cambridge, UK) and obtained his teachers certification in Teaching English As A Second Language.

For Tom's free white paper, *More Brain Less Brawn: High-Leverage Client Acquisition Strategies For Privately Held IT Companies In The Knowledge-Based Economy*, go to http://www.varjan.com

Additional Knowledge Products to Build Your IT Business

Here are some knowledge products on business development for building your premium-calibre IT business. It's especially for privately held "entrepreneurial" IT companies and solo IT professionals.

These products are sort of workbooks. They explain what is what, then walk you through the "how to..." part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own

unique situation. For this reason, the materials are not long but rather dense.

I hope you find them valuable.

Winning Yellow Pages Advertising For Information Technology Companies: One piece of good news is that most people who look you up in Yellow Pages are serious buyers. Another piece of good news is that some 97% of Yellow Pages ads are like eunuchs in a harem. They are physically there but are unable to perform.

The bad news is that your Yellow Pages ads might look like your competitors' ads. But that's great recognition and you can now correct this error.

Some people say, no one uses the Yellow Pages any more. Normally not. But in case of emergency (server down or computer crash), people look up the Yellow Pages and phone the company that is best differentiated from the masses. And remember that emergency work has very very high perceived value. So, take a moment and look at your ads. Winning Yellow Pages Advertising For Information Technology Companies

Perfect IT Client Profile Development Toolkit: We all know the high financial and psychological cost of low quality clients. They pay little but demand a lot. Even when they are happy, they are reluctant to give testimonials and introduce us to their connections. So, it's pretty important to carefully cherry-pick clients and to make sure they come from the top 0.5-2% of the Perfect Client Pyramid.

Yes, these top-drawer companies are hard to "conquer", but in the long-run, they offer the highest return on your marketing investment. But before contacting them, you have to define them in your business. And this is what this knowledge product does. Perfect IT Client Profile Development Toolkit