

March, 2012

## Sales and Marketing Alignment: How the Best-in-Class and Sage Customers Succeed

Alignment of marketing and sales goals and objectives is a key strategy for many organizations seeking revenue and customer growth amid economic and market challenges. In August through October 2011, Aberdeen surveyed 385 end-user organizations to learn about their sales and marketing management practices, in order to identify the operational efficiencies used to maximize prospect engagement and profitability. Among these survey respondents were 32 companies indicating Sage products (Sage ACT!, SageCRM, Sage SalesLogix) as their primary or secondary solution as a Customer Relationship Management (CRM) platform. This Research Brief explores both the sales/marketing performance of these firms, as well as how Best-in-Class companies are successfully deploying technology enablers to maximize the benefits of their CRM deployment.

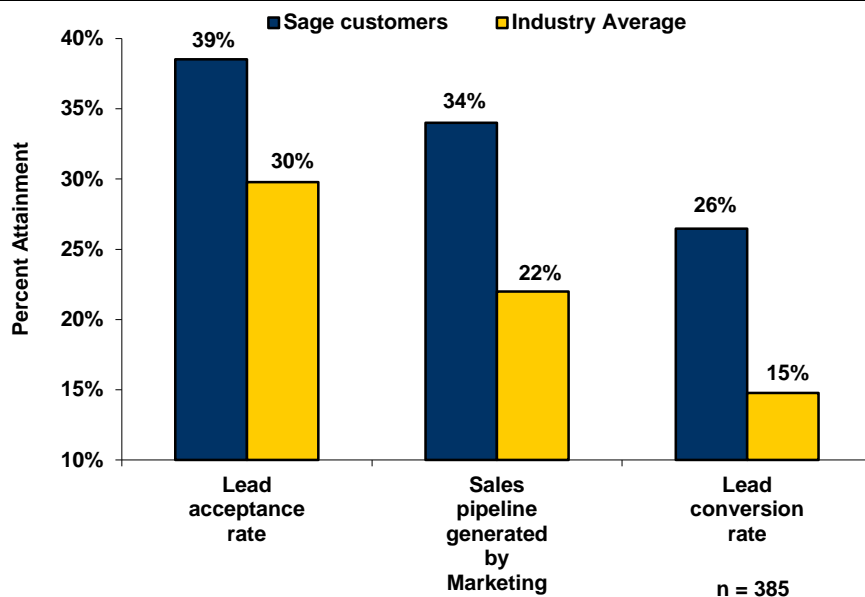
### Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

### Setting the Standard for Revenue-Centric Alignment

As seen in Figure 1, the sub-set of survey respondents indicating Sage products as their CRM solution report aggregated performance result that are significantly better than the Industry Average within the overall data set.

**Figure 1: Sage Customers Show Strong Results from Sales/Marketing Collaboration**



Source: Aberdeen Group, December 2011

The aggregated performance results (see sidebar for full Best-in-Class performance definition in Aberdeen's [Sales and Marketing Alignment: The New Power Couple](#), December 2011) are around Key Performance Indicators (KPI's) that are crucial to successful sales/marketing alignment efficiencies:

- The **lead acceptance rate** tells us how well the marketing team understands what the sales team is looking for in a properly sourced and qualified opportunity worthy of their personalized follow-up. With a 30% higher rate (39% vs. 30%) than the 50% of surveyed companies comprising the Industry Average cohort, Sage customers are demonstrating a stronger ability to remove the barriers between these two customer-facing functions, although the 80% level achieved by the Best-in-Class remains a worthy aspiration for all.
- For years, marketing leaders were measured by activity rather than results – the raw number of campaigns, clicks, or leads – while today, the most popular metrics among the top performers are “company revenue growth” and “revenue from net-new customers,” both at 90% popularity among the Best-in-Class. Hence the **sales pipeline generated by marketing** has become a popular bellwether for today's most successful marketing leaders, with Sage customers seeing a 55% improvement (34% vs. 22%) above the Industry Average, and approaching the 40% mark of the top performers.
- Finally, every deal won by the sales team populates the **lead conversion rate**, which refers to the percentage of leads accepted by marketing that are ultimately closed by sales. The Best-in-Class mark of 24% is actually exceeded by Sage customers' use at 26%; combining the lead acceptance and closure rates thus yields an overall 10.1% lead-to-close ratio among Sage customers, compared with 4.5% within the Industry Average.

Now, let's take a look at how the marketing and sales teams complement their CRM deployment with the most effective enabling technologies.

## **Integrating Marketing Technology Enablers with CRM**

As seen in the [Sales and Marketing Alignment](#) research, the technology and services enablers deployed more frequently by the Best-in-Class show that the adoption of marketing-oriented technology in a number of categories is paying off for companies. Even firmly established solutions, such as email marketing, database management and campaign tools, that enjoy broad penetration in the market, are still adopted at higher rates by top performers, as shown in Figure 2.

The most important foundation for these marketing enablers comes in the form of their being integrated into the CRM, which is traditionally seen as a sales-centric system but is increasingly shared with other customer-facing functions such as customer service, contact center and especially marketing. Indeed, when survey respondents were asked, “What are the most valuable activities that enable your organization to maximize the percentage of leads

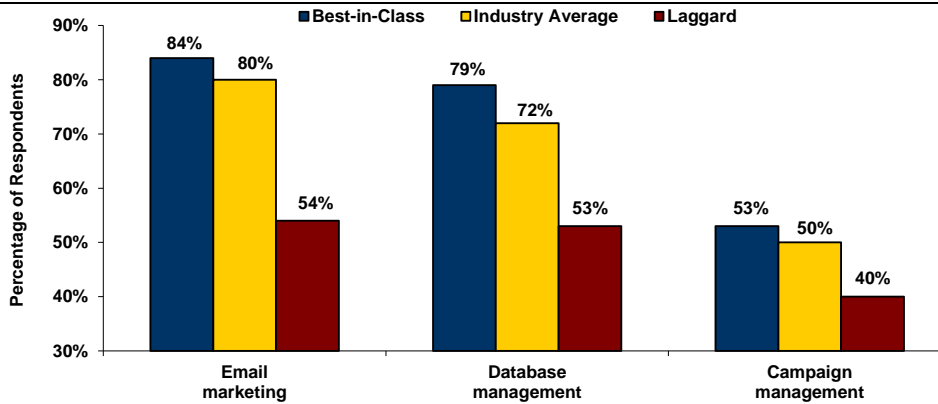
### **Sales and Marketing Alignment: Best-in-Class Defined**

Aberdeen research published in [Sales and Marketing Alignment: The New Power Couple](#) (December 2011) features a Best-in-Class group of survey respondents, defined as the top 20% of performers:

- √ 40% of the sales forecasted pipeline is generated by marketing, compared to 22% and 13% among Industry Average (middle 50% of performers) and Laggard (bottom 30% of performers) firms
- √ 31.6% average year-over-year growth in annual company revenue, versus 18.2% for the Industry Average and a 6.7% average decrease among Laggards

that turn into sales (i.e. lead conversion rate)?,” the most popular responses were: (a) marketing/sales collaboration around lead definitions; (b) marketing-led lead nurturing protocols, and (c) shared access to account/opportunity data via the CRM.

**Figure 2: Best-in-Class Technology Enablers**



Source: Aberdeen Group, November 2011

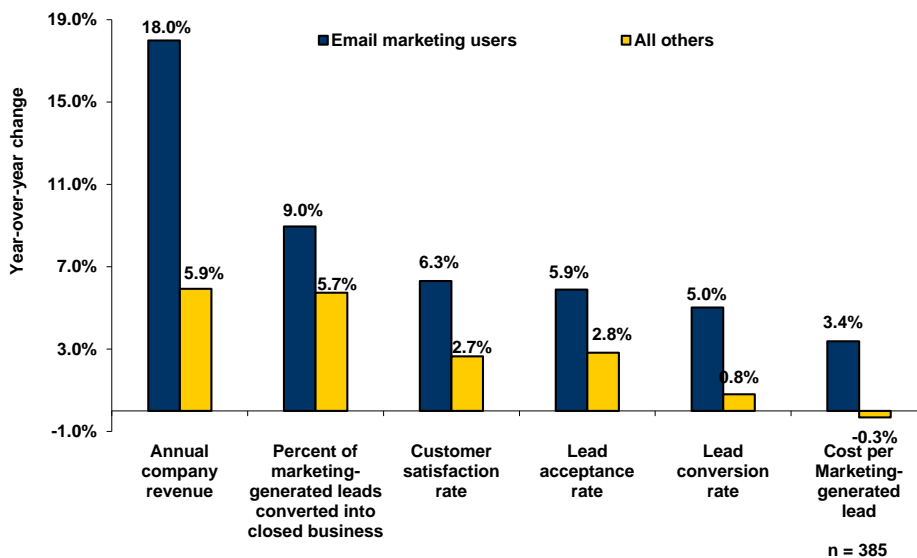
These practices create an environment conducive to the kind of collaborative efforts that result in Best-in-Class performance, as seen above. Indeed, in research conducted for the pending Aberdeen publication on *CRM in the High Technology Industry: How Best-in-Class Companies Maximize Their Technology Investment to Grow ROI and Channel Sales*, Best-in-Class companies (defined as those with superior results in marketing-to-sales efficiencies and revenue growth) overwhelmingly indicated that Return on Marketing Investment (ROMI) was best associated with CRM tracking of sales-accepted leads that indicated marketing’s contribution the recognized pipeline.

**Aberdeen’s PACE Methodology**

Aberdeen applies a methodology to benchmark research that evaluates the business Pressures, Actions, Capabilities, and Enablers (PACE) that indicate corporate behavior in specific business processes:

- ✓ Pressures — external forces that impact an organization’s market position, competitiveness, or business operations.
- ✓ Actions — the strategic approaches that an organization takes in response to industry pressures.
- ✓ Capabilities — the business process competencies (process, organization, performance and knowledge management) required to execute corporate strategy.
- ✓ Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices.

**Figure 3: Email Marketing Use Drives Enhanced YOY Results**



Source: Aberdeen Group, November 2011

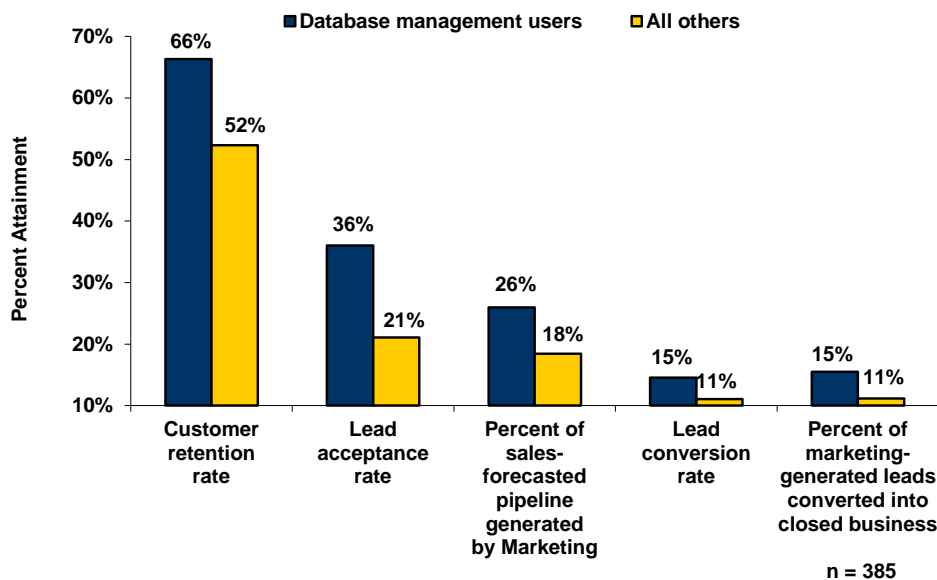
Eighty-six percent (86%) of these top performers indicated this choice, with only 6% or fewer selecting ROMI metrics around activities such as marketing campaign response rates, marketing vendor costs and the like.

Looking more specifically at the enablers that Best-in-Class companies utilize to support their CRM with marketing technologies, we see in Figure 3 and Figure 4 how both email marketing and database management solutions help bring the sales and marketing teams together. In *“Chance Favors the Prepared Mind” - Understanding the Science of Sales Intelligence* (June 2011), Aberdeen research noted that the most successful sales teams relied on the most accurate and timely information provided to them by their marketing counterparts: *“the more accurate databases are more highly reported by the strong performers, with the manual, disorganized or intelligence-poor deployments reported far more frequently by the average and poor-performing companies.”* Database management capabilities also allow companies to more effectively analyze their current customers – some of whom inevitably, if unknowingly, are part of the ongoing sales pipeline – in order to accomplish the kind of results noted in *Leveraging the 360 Degree Customer View to Maximize Up-Sell and Cross-Sell Potential* (September 2011). Database management users within the current *Sales and Marketing Alignment* research out-perform other companies across a number of KPI’s as seen in Figure 4.

**Fast Facts**

- √ Sixty percent (60%) of Best-in-Class companies are using social media monitoring technology compared with 47% of Industry Average and 35% of Laggard companies
- √ Content management technology is in place at 64% of Best-in-Class firms vs. at 48% of all other firms
- √ Fifty-three percent (53%) of Best-in-Class firms are using lead management systems compared with 51% of Industry Average and just 33% of Laggard firms

**Figure 4: Use of Database Management Yields Stronger Performance**

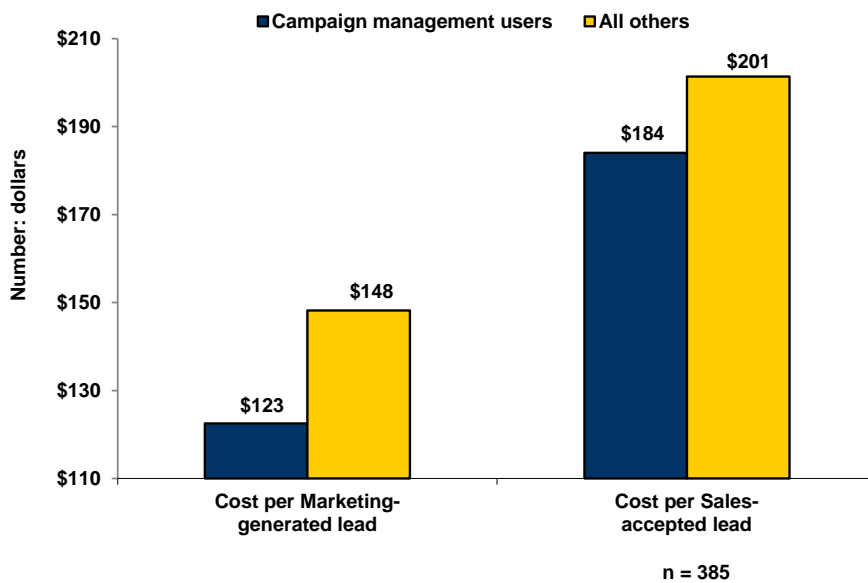


Source: Aberdeen Group, November 2011

Finally, campaign management solutions are crucial tools for marketers that, when integrated with the CRM system used by sales, can generate both better common ground for the departments, as well as tangible cost savings that go a long way toward overall corporate efficiency (Figure 5). Best-in-Class

companies know that understanding the impact and effectiveness of specific campaigns, tactics and content at a granular level is increasingly important in evaluating the value that marketing delivers to sales, and ultimately to the bottom line. Thirty-five percent (35%) of the Best-in-Class have the capability to conduct cost/benefit analysis for individual marketing campaigns, compared with 30% of Industry Average and 28% of Laggard firms. While this capability is not yet broadly used today, early adopters are clearly seeing success.

**Figure 5: Campaign Management Solutions = Lower Marketing Costs**



Source: Aberdeen Group, November 2011

## Summary

Forward-leaning companies are constantly trying to increase revenues despite the challenging macroeconomic environment and its associated resource constraints. Thus marketing leaders are under ongoing pressure to justify and optimize their budget spend. As companies have added solutions for email marketing, database and campaign management, and have integrated them with their CRM systems, their ability to track and support activity from lead-to-close is directly related to their eventual corporate success. From establishing a common definition of "qualified lead," to developing compelling, customer-focused messaging, a number of marketing-sales alignment best practices are emerging to address these challenges.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

### Best-in-Class Capabilities

The Sales and Marketing Alignment study yielded a number of core competencies favored by Best-in-Class companies:

- ✓ Ready access to prospect or customer data (79% Best-in-Class vs. 61% All Others; Sage customers 68%)
- ✓ Marketing involves Sales in obtaining voice of customer input (71% vs. 50%; Sage customers 59%)
- ✓ Process for disseminating results from marketing campaigns to key decision-makers (69% vs. 50%; Sage customers 52%)
- ✓ Ready access to marketing campaign results (62% vs. 48%; Sage customers 41%)
- ✓ Sales has access to marketing automation system or contact database used by Marketing (57% vs. 51%; Sage customers 62%)

Related Research	
<p><a href="#"><u>Sales Mobility: How Best-in-Class Remote Sellers Are Replacing “See” with “Do”</u></a> (January 2012)</p> <p><a href="#"><u>Mobile BI: Actionable Intelligence for the Agile Enterprise</u></a> (January 2012)</p> <p><a href="#"><u>Sales Training 2011: Uncovering How the Best-in-Class Sustain, Reinforce and Leverage Best Selling Practices</u></a> (October 2011)</p> <p><a href="#"><u>Enterprise B2E Mobile App Strategies: Design, Build, Deploy, Manage and Support</u></a> (October 2011)</p> <p><a href="#"><u>Leveraging the 360 Degree Customer View to Maximize Up-Sell and Cross-Sell Potential</u></a> (September 2011)</p>	<p><a href="#"><u>"Chance Favors the Prepared Mind" - Understanding the Science of Sales Intelligence</u></a> (July 2011)</p> <p><a href="#"><u>Enterprise Mobility Management Goes Global: Mobility Becomes Core IT</u></a> (July 2011)</p> <p><a href="#"><u>Sales Forecasting: How Top Performers Leverage the Past, Visualize the Present, and Improve Their Future Revenue</u></a> (July 2011)</p> <p><a href="#"><u>The Extended Sales Enterprise: Channeling Better Results</u></a> (March 2011)</p> <p><a href="#"><u>Video-Based Sales Training Adds to the Best-in-Class Tool Kit</u></a> (December 2010)</p> <p><a href="#"><u>Sales Mobility: Quotas Untethered</u></a> (November 2010)</p>
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