THREE QUESTIONS SALES MANAGERS SHOULD ASK

TO CHECK IF SALES & MARKETING ARE OUT OF WHACK

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Strategic B2B Marketing

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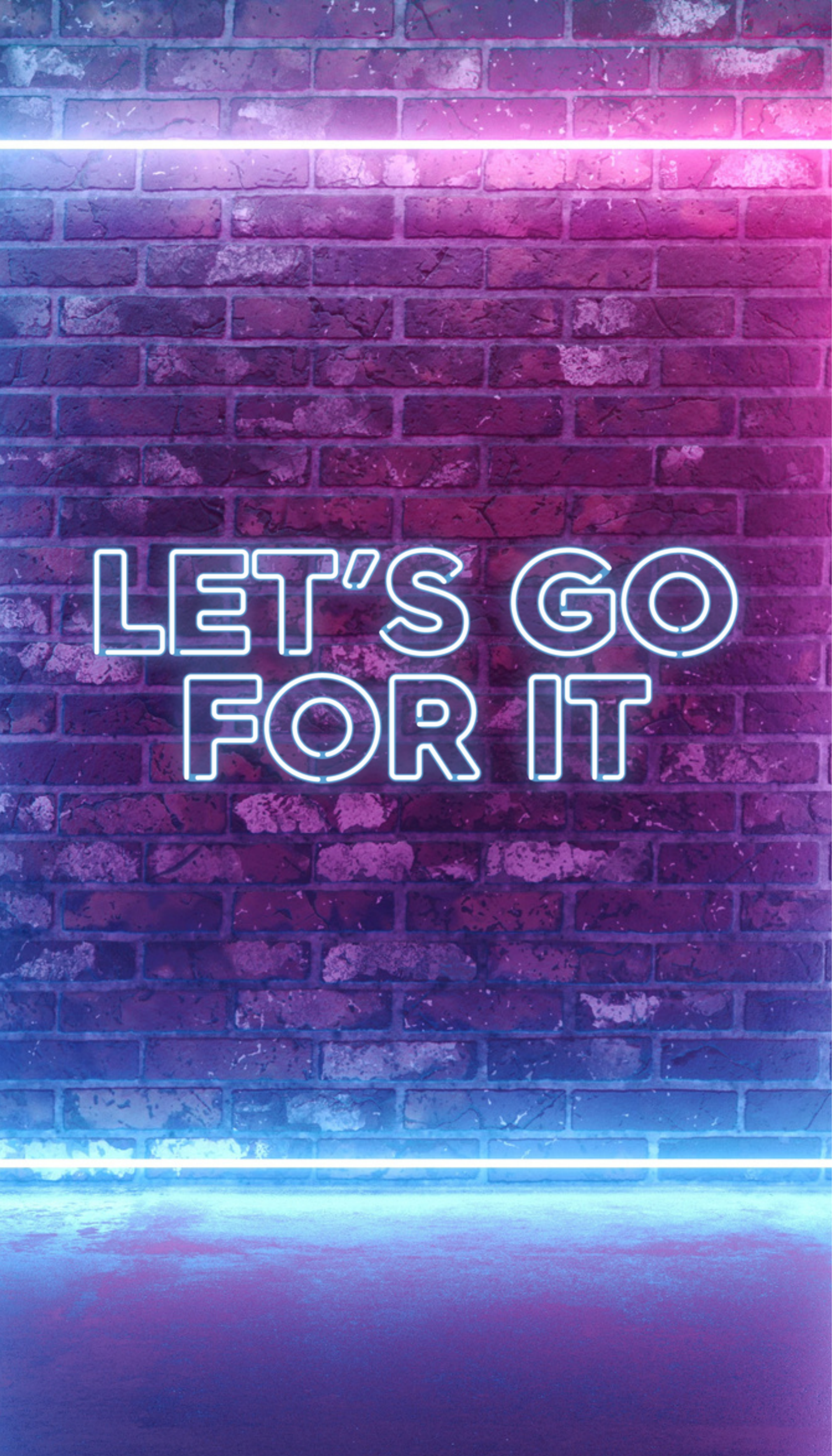

If you manage a sales and marketing team,
you've felt the pain; those awkward sales and marketing meetings that belong more on the school playground than they do in the boardroom.

Maybe it's just an occasional rolling of the eyes when marketing talks about brand, or a barely stifled tut when sales want to run a special to gee up the numbers but however it plays out, it's a problem.

Sales and marketing have a long history
of never quite being on the same page, though they should be co-dependent. If you manage both functions, your numbers, your reputation, and your own pay packet hinges on getting them in lock step.

It's not always easy to know where the misalignment stems from, but the following 3 questions will help you discover what stands between you and a thriving sales and marketing team. You can drop them into your regular sales and marketing meetings, or workshop it if there's no time to lose.

QUESTION ONE

WHAT WERE OUR FUNNEL NUMBERS LAST MONTH?

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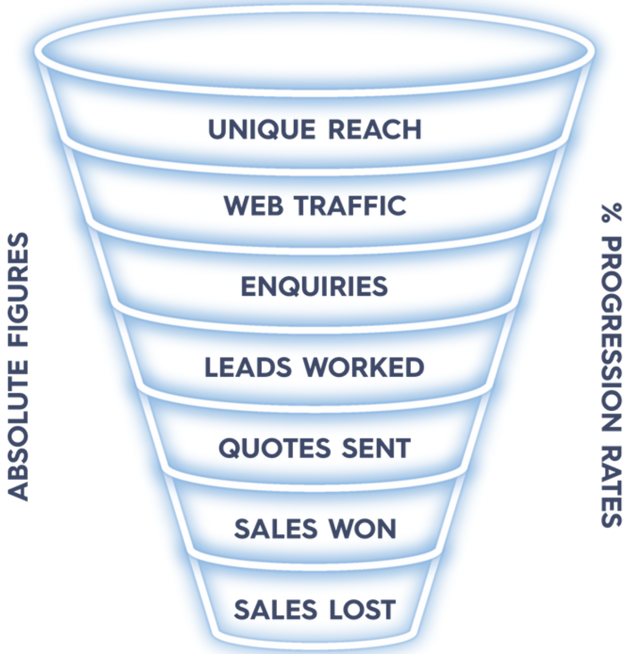

WHAT WILL THIS TELL YOU?

The extent of your sales & marketing meeting structure will have an impact here, but this (seemingly obvious) question can be incredibly revealing.

Expect your salespeople to know their stuff
how many leads they got, how many they closed, and their revenue contribution – after all, it's normally tied to how much they take home each month.

But, if they don't know their numbers, don't hit the roof and lead with a directive to report back straight after the meeting. Hang fire and see what marketing has to say.

Most good marketers will focus on some stats.
Commonly, you'll get website visits, number of enquiries or sign-ups, and maybe campaign reach (but not always).

If you get this, great – but there is more to consider. If you get questions like "what do you mean by funnel numbers?" or "where would I find them?" you'll see straight away while sales might struggle with marketing. If this is the case, there is no sense in assigning blame.

Instead, treat this as an opportunity.

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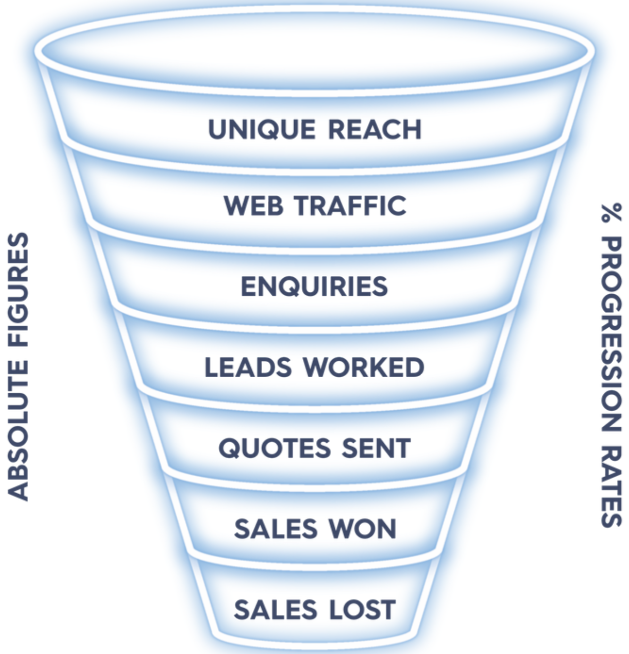

WHY DOES IT MATTER?

Asking this question can achieve several things.

If sales and marketing both know their funnel numbers backwards
then you've just created a conversation that shows them both as goal-focused, knowledgeable, and able to talk in a common language (numbers) about a common cause (turning strangers into customers).

You can take this further by making sure your reporting structure gives makes the key stages of the complete funnel visible to everyone; from potential market size, right through to customers won. Make them run their numbers in the same report, so they are quite literally singing from the same hymn sheet.

If one knows their numbers and the other doesn't
you have further to go. This is the opportunity to get sales and marketing working together to map the steps of a shared funnel, establish a means to report on them, and start benchmarking the progression rate from top to bottom.

If neither know their numbers
then good luck with your quarterly forecast ☺. Develop the shared funnel steps and reporting methods together. Treat it as a team exercise, and explain why you need to know the numbers and conversion ratios.

QUESTION TWO

HOW IS OUR COST OF ACQUISITION LOOKING?

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WHAT WILL THIS TELL YOU?

This is a surprisingly juicy one.

Firstly, don't expect an answer from sales – marketing should know these numbers.

You're looking for two things here;

- Do your marketers know how much each customer is costing them?
- Can they express it as a percentage of sales revenue?

WHY DOES IT MATTER?

This simple question can reveal so much about the sharing of intel between sales and marketing.

While they should own this figure, there is no way marketing can calculate it without knowing how many customers sales managed to close. The mathematics alone require the sharing of sales and marketing information (number of customers / marketing spend, or average customer value / marketing spend).

If no one can answer the question, dig deeper to understand which variables in the equations above are missing.

In an ideal world, you want your SMarketing team to know how much each customer costs them in absolute as well as in relative terms. After all, it is good to know that a new customer costs $500 to acquire, but it is critical to know if that $500 represents 10% or 110% of the value of that customer.

QUESTION THREE

WHAT WAS OUR GROSS MARGIN LAST MONTH?

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WHAT WILL THIS TELL YOU?

This is about having the right conversations with your sales and marketing folks.

It is about ensuring there is a commercial focus in the team and reinforcing the message that profit is what keeps the gears turning, not revenue. You know the figure, of course, but does your team?

On an individual level, you would hope that each salesperson knows that they are selling profitably.

But it is too common, particularly in SME's, that profitability is not seen as being influenced by marketing, and thus marketers aren't privy to that information.

This question will let you know your teams awareness and understanding of the commercial cogs turning your business.

WHY IS IT IMPORTANT?

If your team doesn't know what delivers the most to the bottom line, there is zero chance that they can make sound strategic choices. And what happens when they can't make strategic choices?

IF PROFIT DOES NOT FEATURE IN YOUR TEAM'S THINKING, THEIR FOCUS SHIFTS FROM QUALITY TO VOLUME

AND THAT'S A PROBLEM

It is all too easy for employees to forget that revenue is not what makes a business successful, but profit.

And it's easy to see how their focus gets diluted. There is a simple principle at play here; you get what you ask for. If your commission structure is based on revenue, you'll get revenue - but never lose sight of the fact that the easiest way for sales to close a deal is to drop their pants on price. Likewise, if your marketing objectives are based on number of leads, you can expect a list as long as you ask for - just don't expect the pipe to fill with closable opportunities.

Without eyes-on profitability, the focus turns to volume, not quality.

- number of leads, not pipeline value
- revenue, not profit
- acquisition, not acquisition PLUS retention

Then the tactical choices start to follow suit.

Sales put the pressure on marketing to run sales promotions. These throw a sugar-rush spike to the revenue figures, but achieve zero profit, re-set the market's perception about your pricing, AND train them to wait for the next deal. Worse still, sales think they've found a silver bullet when their numbers are lagging.

Meanwhile, because profitability takes a knock, eyebrows get raised about the effectiveness of marketing and the focus shifts to bottom of funnel tactics. These convert some of the low-hanging fruit, but don't build equity in your brand which, ironically, is the one thing that gives you a shot at raising your prices and breaking the cycle.

NEXT STEPS

BRINGING IT TO THE BOARDROOM

GETTING ANSWERS

While you can ask these three questions separately, it's important to note that you need answers to all three for your sales and marketing team to pull in the same, and right, direction. Increasing the conversion rate of enquiries to sales by offering unprofitable deals is a fast way to dig a deep hole.

Helping your sales and marketing team to see that both disciplines exist to yield profitable customers, establishing a common cause, and measuring progress with the right metrics is pivotal in helping to bridge the gap.

Ask these questions, and you'll find out where some of the biggest holes are.

NEED HELP?

Setting direction, aligning sales and marketing, and delivering the toolkit to grow profitable sales is what we live for.

Wherever you need help in the sales and marketing journey, you can call on us for help.

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