



BUILDING AN INTEGRATED MARKETING AND SALES ENGINE FOR B2B

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DIGITAL AND MOBILE TECHNOLOGIES are reshaping the B2B marketplace. This isn't only a technological revolution, it's also a paradigm shift in how B2B buyers consume content, make informed buying decisions, and engage with salespeople.

Today's buyer is empowered by the internet and no longer relies on sales as a primary source of information, especially early in the purchase journey. More often than not, this journey starts online in the domain of marketing. It may end up offline in sales or as an e-commerce transaction; either way, customers expect a seamless, highly personalized buying experience from start to finish. This makes marketing and sales alignment more important than ever. Achieving this alignment, though, can be complex, and success often requires overcoming significant cultural barriers and the complete transformation of the marketing and sales model.

Our work with many B2B market leaders, as well as recent interviews with more than 50 senior marketing and sales executives at

top technology and industrial companies, has made it clear that B2B companies need to transform the way they engage customers, use data and technology, structure their organizations, and acquire new skills. Companies that get it right can drive impressive results, including, in our experience, 15% to 30% improvement in marketing efficiencies (such as reduced cost per lead), 20% to 50% increases in digital ROI, and a two- to threefold improvement in marketing-driven lead conversion across the entire purchase journey. In one case, a leading global software player was able to double marketing-attributable revenue for its cloud business while reducing cost per lead by 30%. As with many types of fundamental corporate change, early movers can establish a lead over the competition that will make it hard for others to catch up.

The Evolving Marketing and Sales Functions

As we have written before, there's a new B2B buyer out there. She is younger, digitally engaged, and doing more and more busi-

ness online and on a smartphone. (See “How Digital Leaders Are Transforming B2B Marketing,” BCG article, April 2017, and “Mobile Marketing and the New B2B Buyer,” BCG article, September 2017.) The new buyer’s experiences and expectations are shaped by B2C leaders such as Apple, Amazon, and Netflix. She looks for the same type of online experience in the workplace.

Today’s B2B buyers do things differently than their predecessors—all the way through the purchase process. Understanding their changing behavior, particularly in their use of online and mobile channels, is the critical starting point for B2B companies. In this new paradigm, buyers are much further down the path of making a decision before they engage with a sales rep. Recent research from Google suggests that the average B2B buyer is two-thirds of the way through the journey before talking to sales. Companies that do not engage customers effectively online are at risk of losing opportunities before they are even aware they exist.

Historically, the marketing function has focused on the early stages of lead generation, then handed off leads quickly to sales. Today, marketing plays the primary role in designing and executing the customer buying journey and has an expanded role in ensuring that customers are effectively engaged and nurtured as they move through the pathway to purchase. (See Exhibit 1.)

The go-to-market approach, and the integration of marketing and sales, will vary by company, size of customer, and the lifetime customer value represented. (See Exhibit 2.) Dedicated field-based account teams that provide high-touch engagement will continue to be important for large-enterprise accounts. For smaller to midsize accounts, inside sales teams supported by self-service (increasingly digital) approaches may be more cost effective. For all customers, digital marketing plays a more important role in the early stages of the buying journey.

Marketing is also becoming more content-driven, particularly as it tries to generate awareness and interest and engages buyers doing their early research. Marketers must tell their product or service story in a way that is compelling and that responds to customer buying signals. Companies that do not do this risk losing the attention of their customers, who can easily engage with other digital options.

Marketing’s mandate has expanded to include being the key interpreter of customer needs and pain points across the buying journey. Digital engagement gives marketers significant insights into the decision-making process and customers’ key needs and concerns as they progress toward a decision. Companies need to provide a seamless transition from online engagement to offline in-

EXHIBIT 1 | Marketing’s Role Is Expanding to More Stages of the Sales Funnel

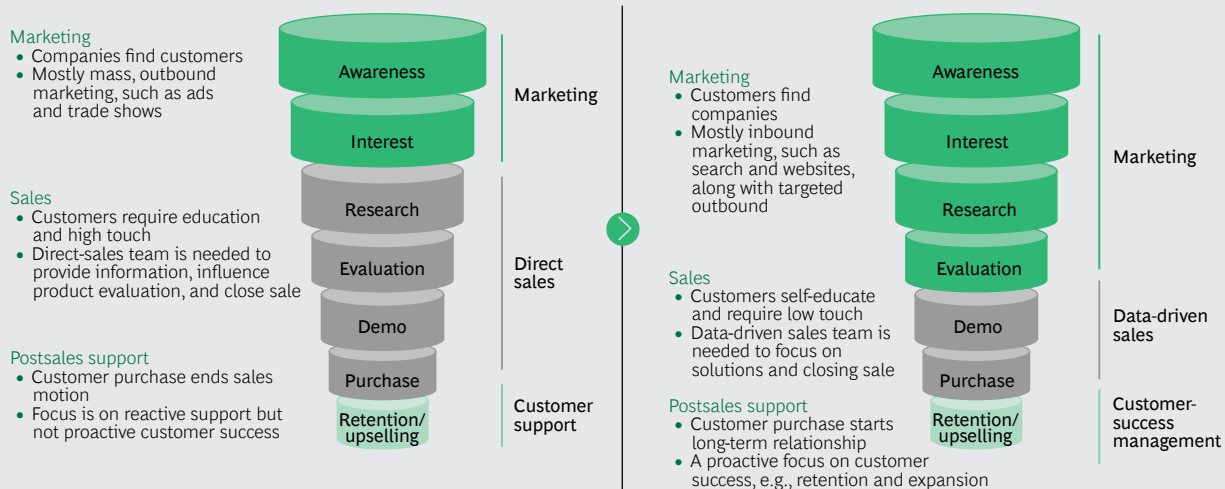
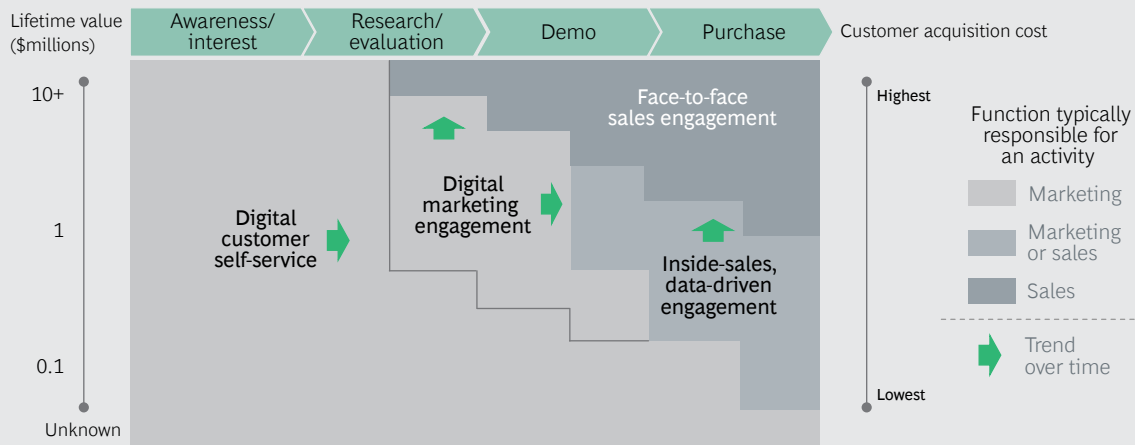


EXHIBIT 2 | Go-To-Market Models Aren't One Size Fits All—but All Start with Digital Engagement

THE PRECISE FIT OF A GO-TO-MARKET APPROACH DEPENDS ON THE LIFETIME VALUE OF THE CUSTOMER



Source: BCG analysis.

teraction (both direct and through third-party partners) and ultimately to hands-on postsales engagement that is focused on customer retention and expansion, rather than just on requests for support.

The Six Cylinders of an Integrated Engine

The big problem for most companies is that marketing and sales operate in their own silos, each function having its own organization, processes, incentives, cultures, and, in many cases, objectives. This is further complicated by a web of organizational complexity, with multiple business or sales units structured around products, customer segments, geographies, or channels. The CMO and central marketing team typically must manage interfaces with product and field marketing organizations that are often located in product groups, business units, industry verticals, and regions. The rising importance of digital tools, the exploding volume of online data, and the expanding role of the central marketing team combine to create further complexity.

It's difficult for B2B organizations to change long-standing practices and ways of working. But the price of not changing is rising fast. Companies that do not cooperate closely across their organizations may suffer because of poorly executed customer

buying journeys, misaligned objectives, misallocated resources, and poor team morale. They can also find themselves unable to learn from performance. Customer alienation, loss of market share, and slowed or no growth will follow.

Here are the six cylinders of an integrated marketing-sales engine—a model for B2B companies to work toward.

INVEST IN UNDERSTANDING HOW CUSTOMERS USE DIGITAL

Most companies think they know their customers well, and they do. But in this age of rapid change, online and mobile channels are increasingly the favored paths for researching B2B products and services, not to mention purchasing them. It's easy for current understanding to lag evolving reality. Investing in research will likely provide important insights about shifting buying behaviors. For example, more than three-quarters of all B2B buyers, both small businesses and enterprise customers, have only limited interactions with salespeople. Instead, these buyers rely on digital resources—such as supplier and third-party websites, videos, buyer reviews, blogs, and social media. And they are increasingly using mobile phones to get this information, particularly through search and social media. Some companies believe that by not providing online avenues for interaction, they can force

direct contact with sales teams, particularly with enterprise customers. In the end, this strategy will prove counterproductive as customers will migrate over time to competitors that are easier to do business with.

Changing customer behaviors have a couple of implications for sellers. One is that marketing must become more “pull” oriented as customers increasingly seek out information online—at a time of their choosing—rather than in response to marketing solicitations. Companies need to understand how customers are using digital and mobile channels for research in order to effectively guide their purchase journeys. Another implication is that customers expect not only richer online engagement but also multimedia and interactive content. The personalization and engagement that used to be the job of the sales rep now takes place in digital channels. Companies need to invest in technology, data, and analytics to improve insights into customer buying behavior and help provide more relevant, personalized experiences and content to buyers.

INTEGRATE TECHNOLOGY AND DATA ACROSS MARKETING AND SALES

Building the right marketing and sales stack, or technology architecture, is critical. Many companies struggle with complexity here, especially given the rapidly expanding universe of marketing and sales technology platforms. Most have yet to build a well-functioning stack that facilitates end-to-end digital and offline engagement, and few have sufficiently integrated all of the components (such as sales CRM, marketing automation, content management, account-based marketing, and analytics and data) so that the stack supports a well-executed, integrated go-to-market approach.

While the availability of cloud-based technology and software substantially reduces tech costs, the tech stack still represents a significant investment. This is increasingly being borne and managed by marketing and becomes an operating, rather than a capital, expense. On average, companies with annual revenues of \$500 million or more are spending about one third of their

marketing budget on technology. At more than 70% of these companies, marketing is responsible for choosing and managing the marketing technology providers.

Data is another major issue. It is the fuel that powers the technology cylinder, and marketing and sales need to be working from a clean, common customer data source. Using existing transactional platforms such as marketing automation or sales CRM as the system of record for customer data is often a mistake. Best-practice companies today create “a single source of truth” for customer data, which is often distinct from these transactional systems. They also construct “data lakes,” repositories that store all kinds of data and facilitate its use by advanced software programs. Companies can handle both structured and unstructured data and enable specific use cases—providing visibility across the key touch points of the customer journey, for example. Data lakes also can be used to integrate third-party data that will enhance a company’s understanding of buying behavior and support the ability to isolate and target particular groups. Integrated data ultimately is critical to generating insights and enabling more advanced modeling efforts, such as predictive analytics and artificial intelligence, to better anticipate customer behaviors and needs.

MEASURE PERFORMANCE ALONG THE ENTIRE CUSTOMER JOURNEY

To show what’s working and demonstrating value, it’s necessary to tie marketing dollars to revenue generation in digital as well as physical channels. Many companies do not measure, or connect, results through the sales funnel, so marketing has no way of knowing whether the leads it develops result in sales or which marketing tactics are really effective. Similarly, sales has no visibility into the lead generation and scoring process.

Attributing revenue in B2B is difficult because of complex buying journeys, longer sales cycles, and the fact that the buyer’s journey typically spans online and offline channels. Nonetheless, companies need to track leads end-to-end, including

lead quality, lead velocity (the speed at which a lead develops toward a sale), and lead generation and conversion by funnel stage. Revenue must be attributed accurately to assess the return on marketing dollar invested, allowing companies to adjust marketing spending, campaigns, and tactics accordingly.

All of this requires agreement between marketing and sales on what constitutes a high-quality lead as well as regular discussion and feedback on whether the leads coming from marketing fit the bill. No one wins if marketing hits its goals for marketing-qualified leads (MQLs) while sales misses its overall revenue targets. Marketing must be accountable for revenue goals as well. A key indicator of good marketing and sales alignment is the conversion of MQLs to sales-qualified or accepted leads—if this ratio falls below 50% or so, it's a sign that marketing is not sending enough leads that sales views as valuable.

To optimize performance and measure the return on marketing investment, companies should also develop the ability to attribute revenue on a multitouch basis to capture the contributions of various marketing and sales activities. This is a big challenge, given the complexity of the typical B2B buying journey, but B2B leaders are using their in-house business intelligence teams and third-party vendors and tools to meet it.

BRIDGE ORGANIZATIONAL SILOS

Different roles, historic divisions, and distinct cultures make breaking down marketing and sales silos a tough task. At the same time, the importance of close collaboration between marketing and sales keeps rising. Because of marketing's expanding role in orchestrating the customer journey, we have seen marketing evolve toward a stronger leadership position in defining the go-to-market strategy. Inside sales teams now have more data available, enabled by marketing engagement, and must capitalize on this intelligence to coordinate better with field and partner sales groups.

Companies need to align overall direction and strategy with executives' roles and

incentives and metrics. Strong collaboration and communication among marketing and sales executives, including joint strategy development and planning, are essential. The marketing and sales teams must recognize that each function needs an equal seat at the table and that mutual respect, open and regular communication, and common ways of measuring success are critical.

One useful tool is account-based marketing (ABM), which can help align marketing and sales on account-specific goals, strategies, and measurement. While account-focused strategies have typically been used for the largest enterprise customers, ABM tools are now a cost-effective option for midmarket companies, enabling a more integrated go-to-market approach across marketing and sales by customer segment.

However the evolution plays out, regular communication and interaction are key. At some companies, marketing and sales leaders meet as frequently as twice a week to review what's working and what's not.

In our experience, a strong CMO who forges deep relationships with sales and business-unit leaders plays a vital role in establishing a sense of common purpose and a one-team culture, which are often key indicators of success in achieving revenue goals. Some companies have found that a chief revenue officer (CRO) structure, in which one executive oversees marketing, sales, and sometimes customer retention and expansion, can be very effective in creating a seamless customer experience.

Finding a suitable CRO candidate can be difficult, however, as the ideal individual should have a strong working knowledge of both marketing and sales and be able to connect the two worlds. We have seen success most often in small to medium businesses and software-as-a-service companies. We have also seen successful instances in which the CRO manages marketing and the general salesforce, but product sales specialists sit in separate business units. Alternatively, the CRO role can be embedded in freestanding business units and act as a change agent to drive coordi-

nation and integration. This model depends heavily on having the right incentives and metrics and the backing of top management to ensure that the CRO function has teeth.

The challenges are greater for larger organizations because of their organizational scale and breadth and, frequently, the need to navigate numerous business-unit and marketing fiefdoms. Larger companies tend to use a combination of approaches to improve alignment, including combined incentives, matrix or dotted-line reporting structures, cross-functional teams, and formal and informal forums to enhance communication, such as governance councils, extended staff meetings, liaison roles, and collaboration platforms and tools. At businesses where channels and partners play an important role, the need to manage channel conflict and coordinate the company's go-to-market approach with additional organizations can add one more layer of complexity.

BUILD OUT MARKETING OPERATIONS AND DEMAND CENTER CAPABILITIES

At most companies, marketing operations is responsible for ensuring that a well-functioning, integrated technology stack and data infrastructure are in place to support core processes and analytics. As marketing becomes increasingly technology and data driven, marketing operations is evolving into a more strategic role, with responsibility for driving the marketing technology strategy and managing the interface with IT and sales operations. Recruiting and retaining top digital and analytical talent, which gets harder all the time, can be a key differentiator. Indeed, at many companies, the head of marketing operations is second in importance only to the CMO.

Some larger companies are turning to a demand center approach to manage technology-driven demand generation, lead management, and funnel performance. A demand center centralizes these activities, providing efficiencies by eliminating low-impact activities and improving teamwork by putting everyone in one location. Centralization also helps build depth of technical and functional expertise. De-

mand centers can support multiple businesses globally, particularly if they are targeting common customers with related products, as well as individual business units, products, segments, or regions. They typically house the marketing operations function as well, which acts as the engine for demand generation and lead nurturing.

Companies such as Microsoft, Oracle, and Salesforce.com have embraced the demand center approach and have seen benefits that include revenue that grows faster than marketing costs, improved marketing efficiencies (lower cost per lead, for example), rising conversion rates, improved execution of customer buying journeys, and higher returns on media spending.

INVEST IN CULTURE AND TALENT AS A COMPETITIVE DIFFERENTIATOR

At leading B2B companies, marketing and sales leaders set the tone for driving digital transformation programs by effectively using culture and cross-organizational integration as competitive differentiators. (See Exhibit 3.) Leaders invest in, and reward, a wide variety of factors and behaviors, many of which have not been recognized in the past. These include:

- Clarity of direction
- Well-defined processes and cross-group handoffs
- Frequent communication via multiple channels
- Collaborative and flexible approaches to working together
- Creativity and innovation
- Targeted risk taking
- Speed and flexibility

Leaders build unified teams, organized around clear, common goals, that work in an agile manner to bridge the marketing-sales cultural divide. Some find that this cultural change is harder to drive in sales, which must adjust to marketing playing a

EXHIBIT 3 | Digital Marketing Today Coordinates Multiple Types of Activity



Source: BCG analysis.

EFFECTIVE B2B MARKETERS INTEGRATE PROCESSES AND FUNCTIONS

- 1 Marketing drives improved lead generation and acceleration and overall productivity through increased effectiveness of inside, field, partner, and e-commerce sales processes
- 2 Marketing leverages digital engagement and automation to nurture marketing-qualified leads that can be managed via low-cost direct sales processes, such as inside-sales teams and e-commerce
- 3 Field force and partners close leads and deliver insights to marketing to help optimize the quality of lead flow

much more prominent role. Marketing and sales leaders must also be willing to invest significant time and energy to bring in new blood—employees with skills that encompass digital technologies, data and analytics, and digital content marketing.

INTEGRATING MARKETING AND sales around a common go-to-market approach has never been more important. It has become a prerequisite to getting full value out of the new capabilities enabled by technology and data and delivering the buying experience expected by today’s B2B custom-

ers. Many B2B companies are reaching the point where they must accelerate this transformation to engage their customers effectively. New tech, data, and analytical skills need to be seeded throughout the organization, as do new organizational approaches and ways of working. None of this happens overnight. In our experience, it can take 12 to 18 months to build or acquire the necessary capabilities and to effect the cultural changes that make collaboration and integration possible. The B2B marketing and sales leaders of tomorrow are embarking on this digital go-to-market transformation journey today.

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