

The **LEADMD SALES AND MARKETING ALIGNMENT** Survey

Benchmarking & Insights Report



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Introduction & Study Background



Executive Summary

Recent LinkedIn research found “businesses with strong sales and marketing alignment are **67% more effective at closing deals, 58% more effective at retaining customers, and drive 208% more revenue as a result of their marketing efforts.**”¹

We set out to understand, what does “alignment” mean? And what tactics are these teams employing to see such impactful results?

Our research reveals a fundamental need to define alignment and differentiate between the actions of survey respondents who meet and exceed their growth targets versus those who do not.

Key Takeaways

1. **Perceived “Alignment” alone is not enough.** For years we’ve heard about how the executive relationship between marketing and sales is the key to comprehensive alignment between the disciplines. It’s far more than that. Meaningful sales and marketing alignment does result in quantifiable business growth. However, 60% of people self-reporting as “Very Well Aligned” or “Well Aligned” show negative performance and pipeline growth. Talk is cheap.
2. **Leading organizations with meaningful sales and marketing alignment focus on the customer and intentional, internal collaboration.** Mutual focus and understanding of the customer, stemming from a crystal clear ideal customer profile, are critical.
3. **Common solutions to misalignment are not impactful.** Namely, teams led by a Chief Revenue Officer (CRO) and joint sales content and collateral creation (two of the most prevalent prescriptions) do not result in significant improvements.



Opinion from Co-Founder and Chief Analyst of TOPO, Craig Rosenberg

As one unpacks the data in this report, it’s clear that many organizations are not as aligned as they seem. Basically, there is something really good going on: sales and marketing both feel aligned, and they have a key area to work on — namely, defining alignment and the meaningful aspects of the revenue cycle (KPIs, programs, etc.) that they can collectively focus on.

¹ <https://www.flipsnack.com/SophisticatedMarketerQuarterly/the-sophisticated-marketer-quarterly-issue-5/full-view.html>. Page 39

Research Methodology

Focus Groups

To validate our hypotheses and explore areas of interest, we hosted two separate focus groups: one with marketing executives, the other with sales executives. The output of these focus groups, coordinated and moderated by Callan Consulting Group, informed our quantitative survey. Insights from the groups and direct quotes are available throughout the research.

Quantitative Research

In Q3 2019, we conducted an online survey with sales and marketing executives, as defined by a combination of job title (director and above) with direct ownership of sales or marketing functions. We also accepted respondents with joint accountability for both areas: sales *and* marketing.

Data Composition

Survey Demographics	
Number of Respondents	350
Questions Asked	33
Data Points Collected	227

Department Ownership	% of Respondents
Marketing	26%
Sales	44%
Joint Sales and Marketing	30%

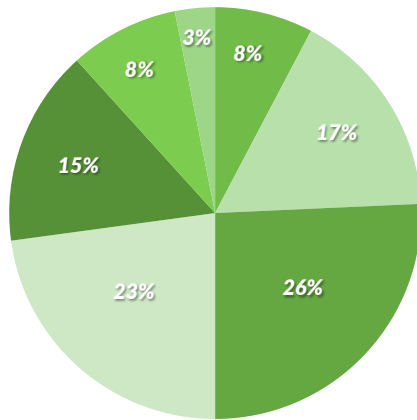
Demographics

Survey data was collected from sales and marketing executives who own the entire function for their enterprise/organization, ensuring their responses were in fact representative of their discipline.

Gender	Number of Respondents
Female	90
Male	260

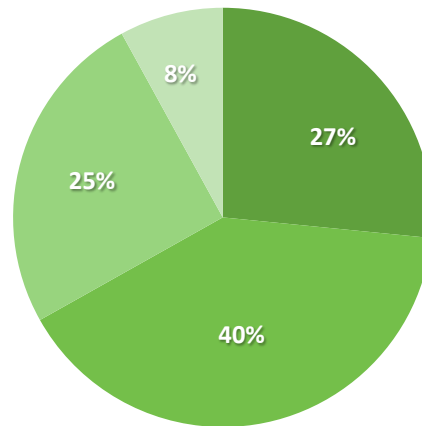
75% of respondents were male.

Annual Revenue



26% of respondents work at companies with annual revenue over \$1B annually

Job Title



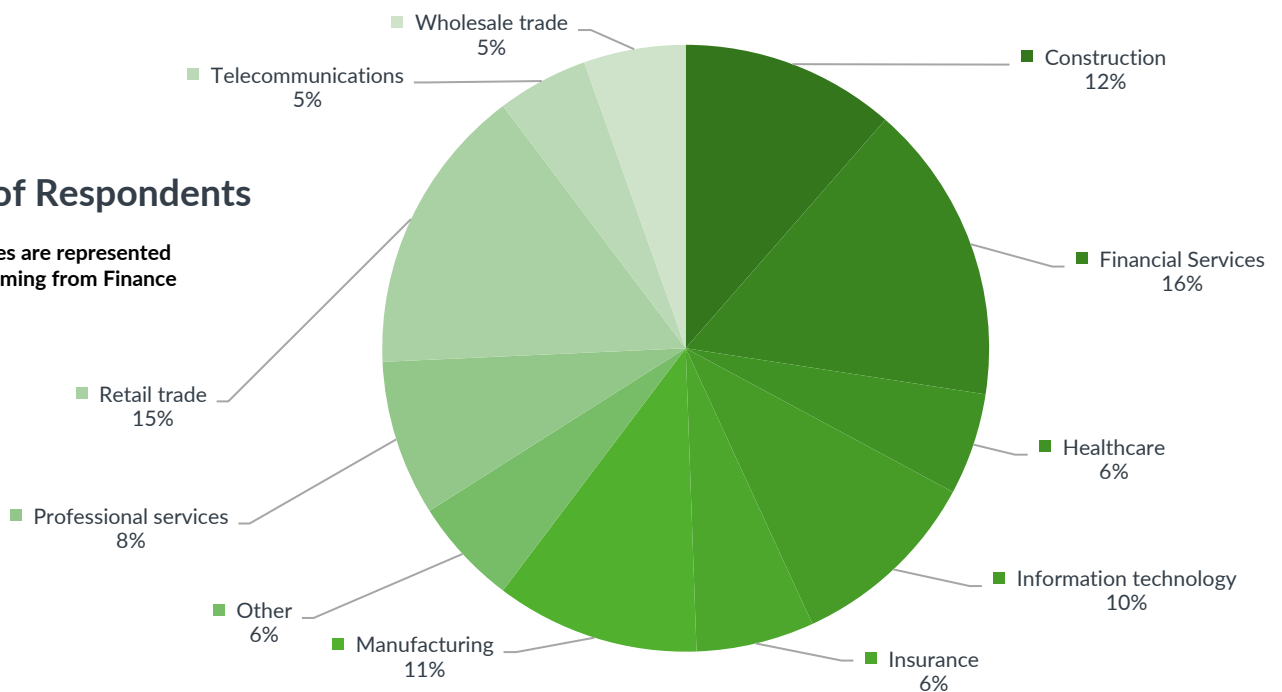
67% of respondents are EVP/SVP or C-level

- \$25 million to less than \$50 million
- \$50 million to less than \$100 million
- \$100 million to less than \$500 million
- \$500 million to less than \$1 billion
- \$1 billion to less than \$5 billion
- \$5 billion to less than \$50 billion
- \$50 billion or more

- C-level
- EVP/SVP
- VP
- Director

Number of Respondents

Various industries are represented with the 31% coming from Finance and Retail



Introduction: Alignment and Agreement are not Equal

Although sales and marketing alignment is a hot topic, it remains nebulous. When we asked focus groups of sales and marketing executives to rate the sales and marketing alignment of their organization, the first question was, “What’s the definition of alignment?” Once you define alignment, another hurdle forms ... what’s the measure of alignment? Is alignment defined by how much teams like and trust each other? Is alignment a function of shared metrics and systems?

We came into the research *expecting* sales and marketing executives would feel mostly misaligned. We hypothesized single leadership under roles like CROs or joint VPs of marketing and sales would lead to better alignment. We made an assumption that executives with poor performance would not feel aligned.

We were wrong.

“If the result confirms the hypothesis, then you’ve made a measurement. If the result is contrary to the hypothesis, then you’ve made a discovery.” – Enrico Fermi, physicist

We’ve made a lot of discoveries with this research.

Defining Meaningful Sales and Marketing Alignment

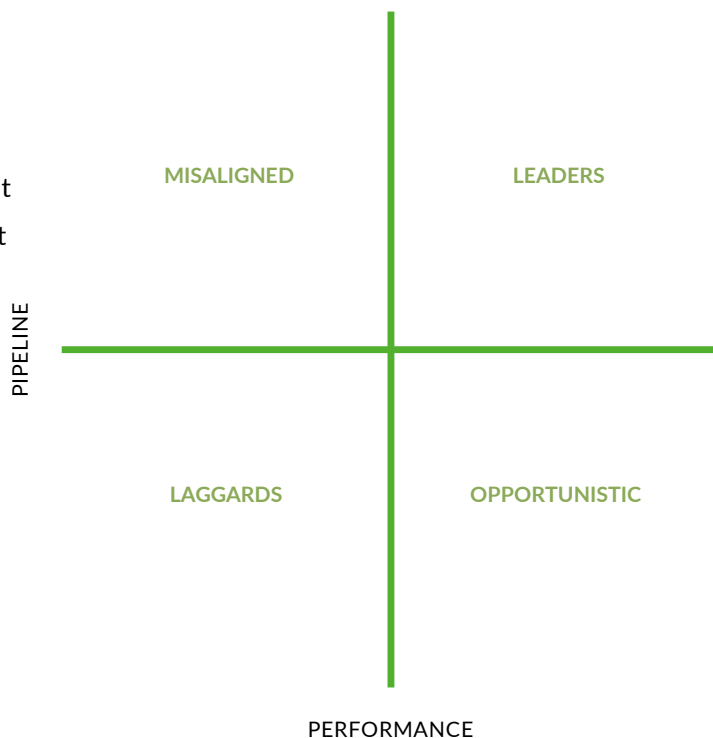
Our definition of sales and marketing alignment does not simply mean that sales and marketing are in agreement. Nor is it about simply doing things together. Instead, our contention is that **meaningful sales and marketing alignment occurs when revenue growth is achieved.**

We condensed 10 questions about perceived and actual sales and marketing performance into 2 key outcomes:

1. Performance (growth in revenue, wins, and lead quality over a 3-year period)
2. Pipeline (growth and sustainability in predictable revenue)

The result created 4 quadrants, representing:

1. Leaders in Meaningful Sales and Marketing Alignment defined by their strong performance and healthy pipeline
2. Opportunistic in Meaningful Sales and Marketing Alignment defined by strong performance, but an exhausted pipeline
3. Laggards in Meaningful Sales and Marketing Alignment defined by both poor performance *and* a weak pipeline
4. Misaligned in Meaningful Sales and Marketing Alignment (the smallest group) defined by their healthy pipeline but weak performance



Self-Reported Alignment Does Not Correspond to Performance

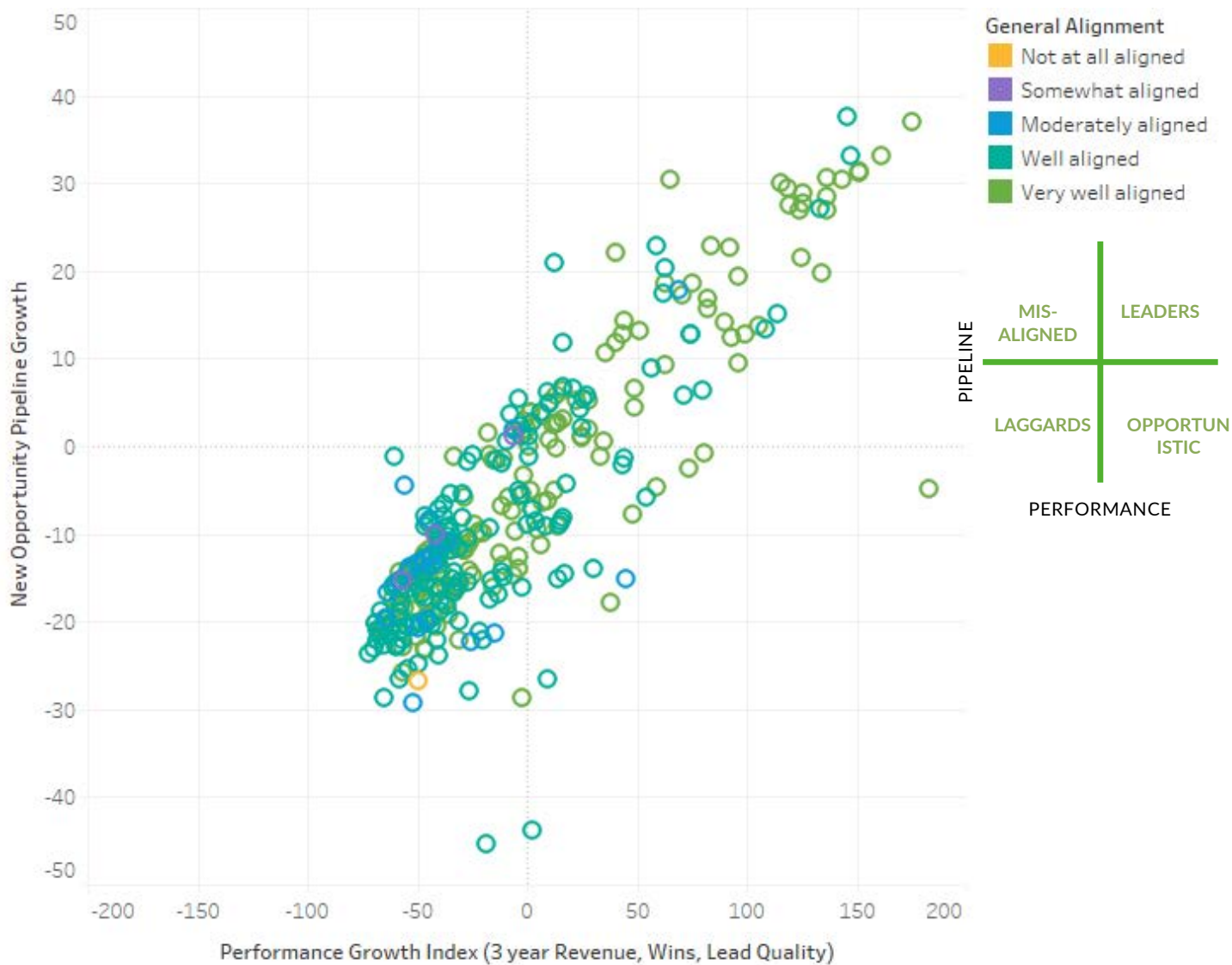
When we charted those that considered themselves aligned against our measures of meaningful sales and marketing alignment (pipeline and performance), we found **the majority of respondents who report being well and very aligned, are not seeing the impact on performance growth.**



Insights

53% of respondents who feel "Very well aligned" and 66% of respondents who feel "Well aligned" show negative performance and pipeline.

Alignment Relative to Business Outcomes



Executives Attribute Their Feelings of Alignment to Shared KPIs

If sales and marketing executives are not associating performance with high alignment, what's driving such positive scores? We asked executives to rate the importance of 70 factors on the alignment between marketing and sales.

The five KPI's outlined below were not only commonly cited, but also strongly correlated to feelings of alignment. It's critical to note that lack of achievement around these KPIs did not negatively influence alignment perception – the presence of the shared KPI was enough.

Perception is not reality.

💡 Insights

The top 5 factors common to executives who self-identified as **well to very well aligned** showed that when teams are driving toward the same metrics, they feel aligned.

Correlation with Broad Alignment Score



02

Sales and Marketing Perceptions



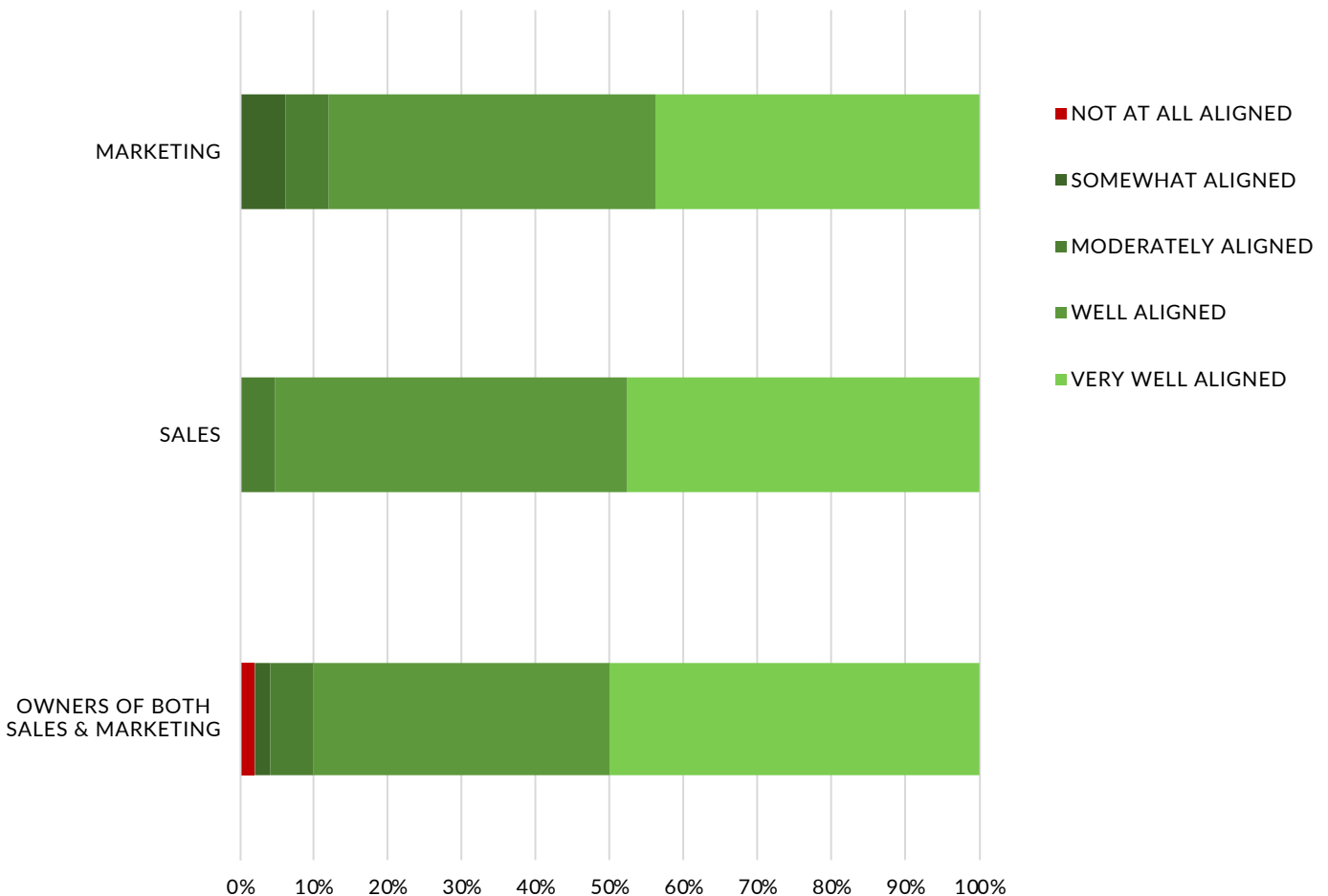
Less Than 5% of Sales and Marketing Executives Report Poor Alignment

The Question

Overall, how would you characterize the level of alignment between your company's sales and marketing organizations?

Insights

Out of 156 sales executives, not a *single* one believed (or admitted) they are anything less than moderately aligned with marketing.



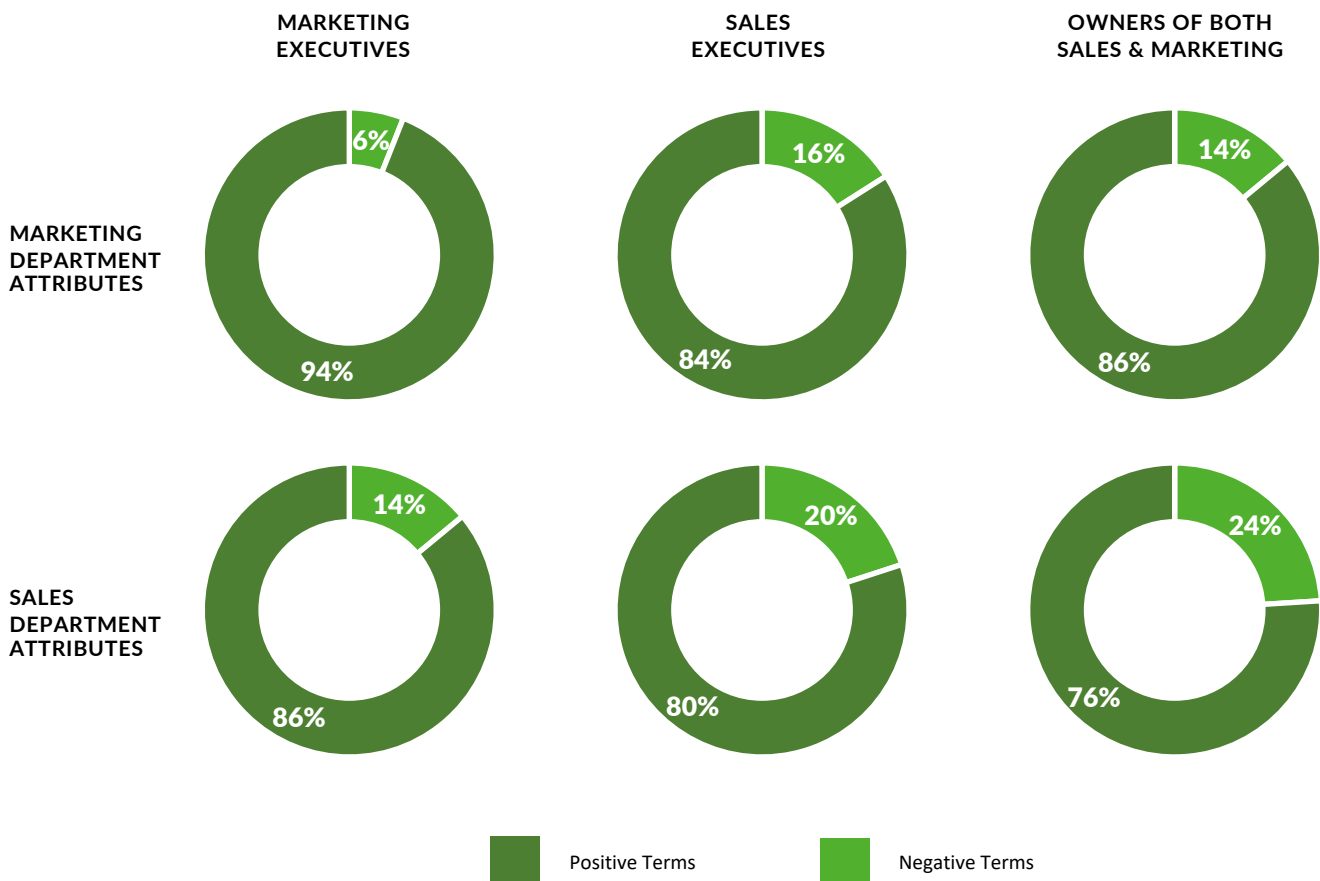
Marketing & Sales Think Highly of Each Other

Despite the rhetoric that sales and marketing don't get along, they associated mostly positive words to each department.

💡 Insights

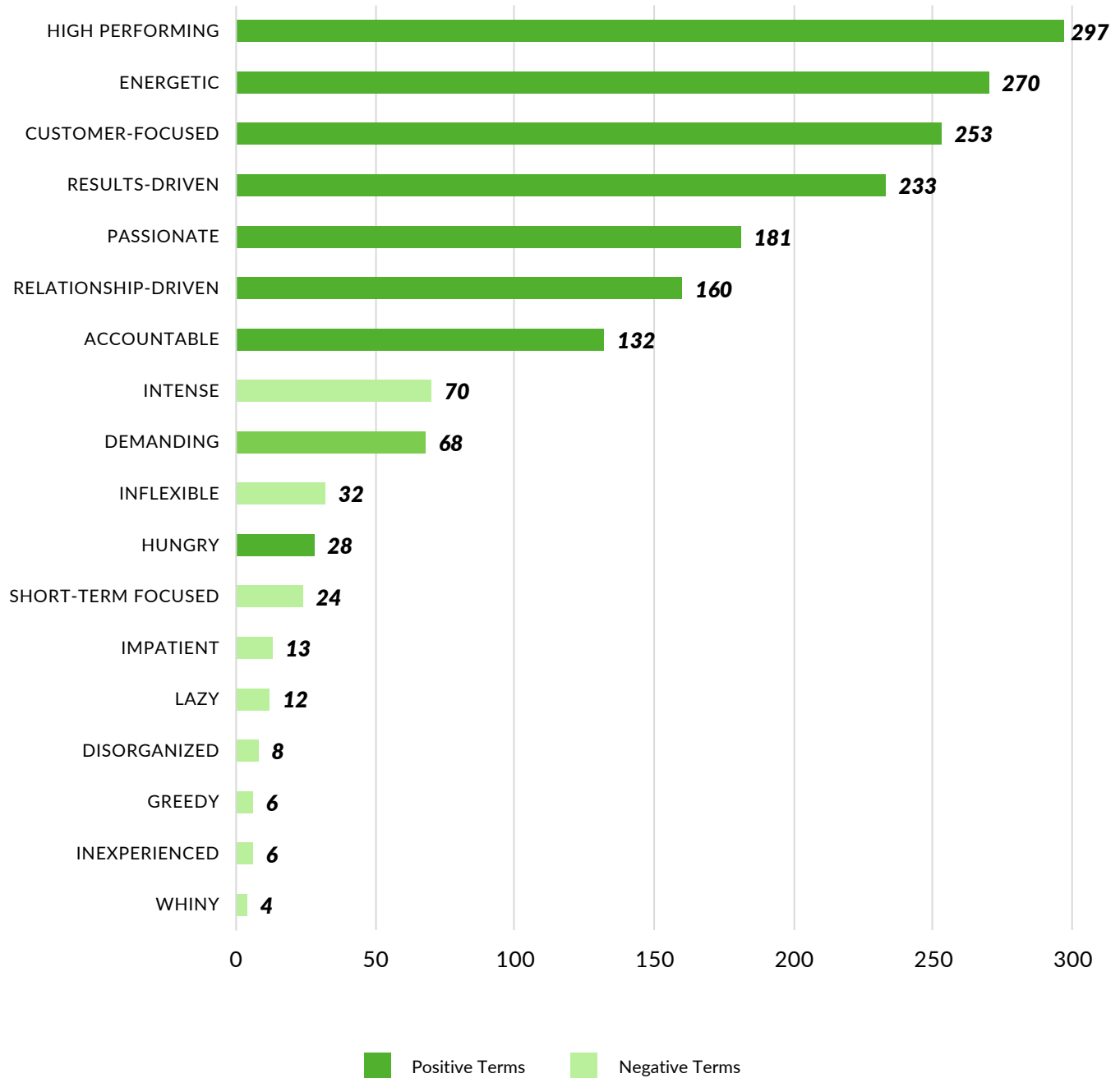
Sales executives use more negative terms overall, even about their own department. And executives of joint sales and marketing efforts are the least positive about sales.

Sales and Marketing Leader Perceptions



Marketing Views Sales As...

Below displays marketing's sentiments toward their sales counterparts with a weighted response ranking displaying the top five terms selected, with higher ratings for top selections.



Marketing Executives Have Respect for the Job and Tribulations of Sales

(excerpts from focus group)

Marketing executives are teaching their teams to respect the sales function

“The people on my team are creatives. And they’ve never been in a situation where they’ve had to do anything like what the ‘sales people’ do. So they don’t necessarily appreciate it. A lot of the negative words that they’re disorganized (are because) they don’t really understand the complexity and the difficulty of walking out of your door every morning and not really having a paycheck. They don’t live that life. And so, getting them to appreciate exactly what it is that the ‘sales people’ are going through in order to do their jobs is part of my job.”

The realities of sales’ impact on marketing’s budget are not lost on marketing executives

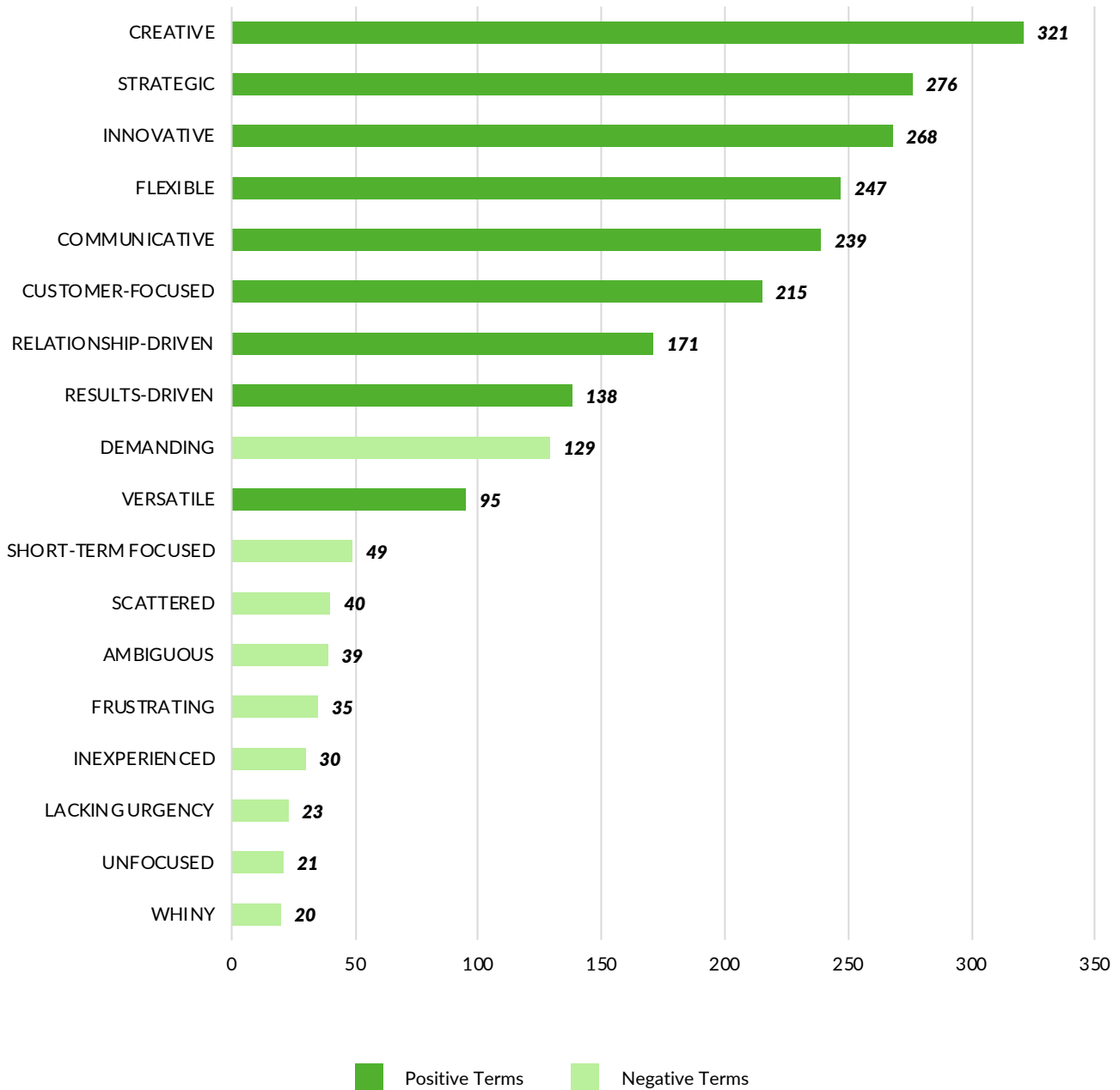
“Our marketing organization would not be able to grow as fast as we are if our sales team was not delivering.”

Digital transformation can lead to tension

“They (sales) don’t like going outside their box. And marketing is all about going outside your box. So, we’re suggesting to them different paths, different ideas. How they should, you know, guide their client and they just want to stay in their box.”

Sales Views Marketing As ...

Below displays sales' sentiments toward their marketing counterparts with a weighted response ranking displaying the top five terms selected, with higher ratings for top selections



Sales Appreciates Marketing for “Leads” but for Brand as Well

(excerpts from focus group)

Sales executives appreciate the power of brand

“We’re also relying on (marketing), for brand awareness, right? So they’re operating on a whole different stratosphere and the sales folks are relying on them to get the brand recognition so when we go in and make a presentation people don’t go ‘Who are you? I’ve never heard of you.’”

A more tactical take

“Sales doesn’t care about brand awareness if it’s not driving leads. **That’s our big thing, is like, marketing is here to help us get more leads.**”

Marketing is also scattered and unfocused

“Scattershot. There’s an idea every month. Constant, different paths, different avenues that they’re taking to see what works best.”

Communicative is a double-edged sword

“One of the things that they’re extremely good at communicating are the results from the yearly customer satisfaction surveys. So marketing sort of takes that role and in one hand they’re a pain in the ass because you have to get that information and get your customers to actually fill out the survey so there’s something else that they require of the sales people, some time and effort on that part. But they’re very good at communicating the buzz back from the market and what they’re going to do to try and address those concerns.”

Insights

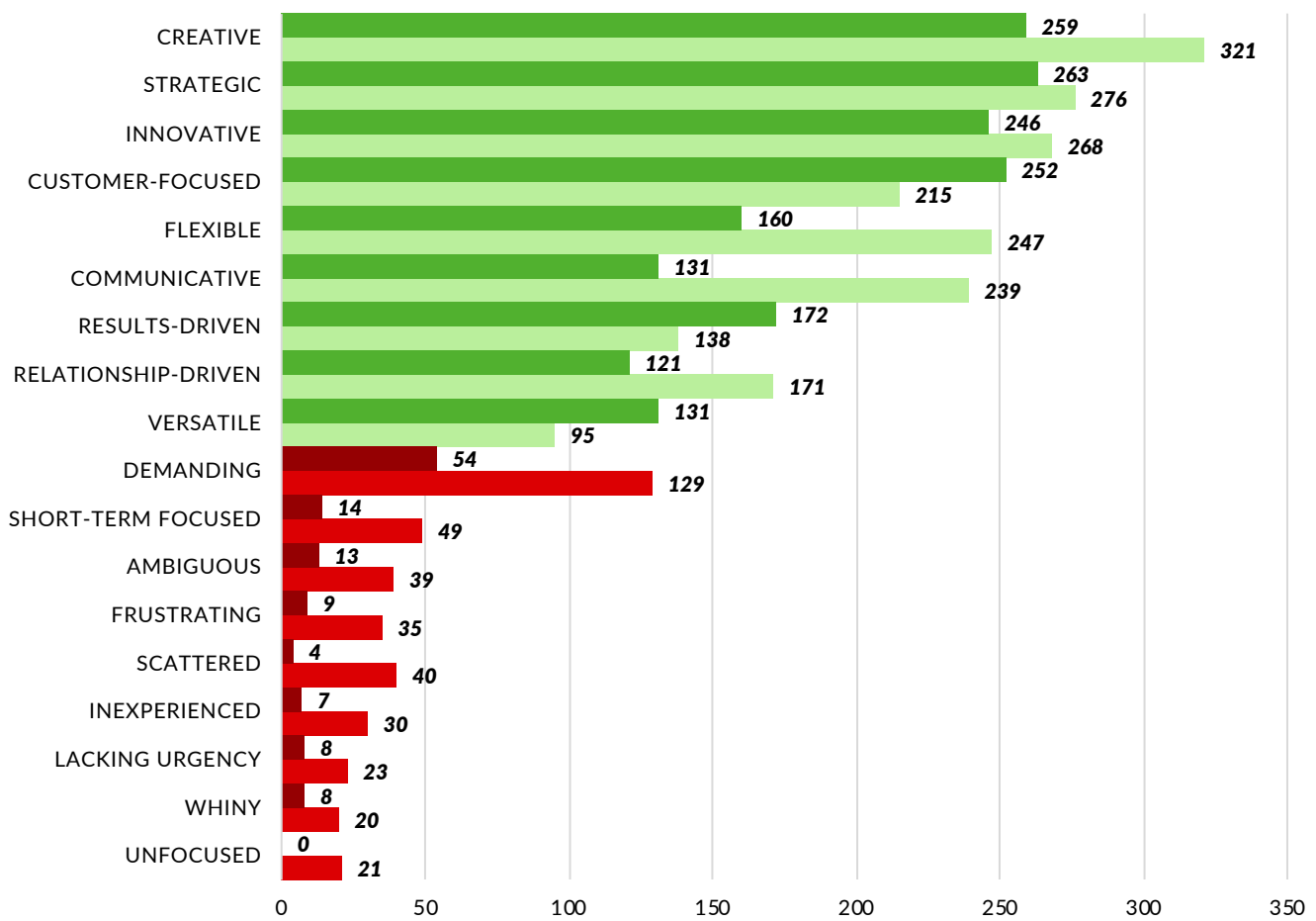
Although marketing and sales have some tension, both departments speak very highly of each other. In our focus groups, we found sales far more critical of their performance than marketing.

Sales and Marketing executives' Perceptions of Marketing Traits are Mostly Aligned with a Few Key Outliers

💡 Insights

Executives can focus on the biggest gaps in perception. Sales sees marketing as scattered, 10x what marketing sees itself as. Lean in to the perception and identify the cause.

Weighted response where top five terms selected, with higher rating for top selection.



Reverse Coded Score



03

The Index



Introduction: The Sales & Marketing Meaningful Alignment Index (SMAI)

We know now that the great divide between sales and marketing is practically non-existent, at least from a sentiment standpoint. Executives of sales and marketing generally appreciate and respect each other. They feel aligned. Yet, pipeline generation and revenue performance are considerably higher for Leaders vs Laggards.

Why?

To determine what actions Leaders prioritize over the rest of the pack, we assessed 70 questions about physical, operational, and technical alignment. In that process we found very specific actions Leaders take that correlate to their breakout performance.

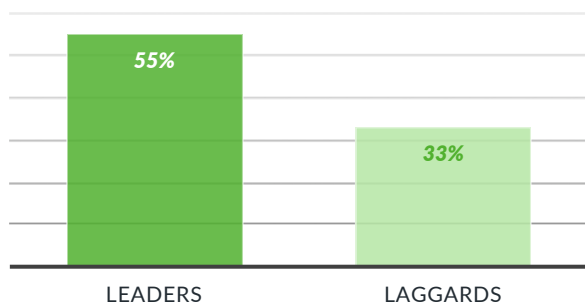
The SMAI is an actionable index that allows participants to plot their organizational sales and marketing alignment against a consistent, research-backed benchmark. As a result, not only are respondents able to understand their current state, but it also provides a roadmap for improvement and performance impact forecasting.

Leaders in the Index Focus on the Customer

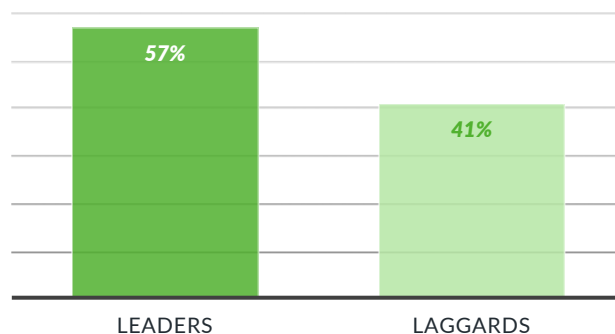
Harkening back to the LinkedIn research stating, “businesses with strong sales and marketing alignment are **67% more effective at closing deals, 58% more effective at retaining customers**, and **drive 208% more revenue** as a result of their marketing efforts”¹, we found that only leaders who did these activities were able to achieve that type of result.

Leaders place greater importance on KPIs all around. The biggest differences between Leaders and Laggards exist in Leaders' focus on customer KPIs around brand awareness in their target market, upsell/cross-sell and opportunity value.

Percentage of Respondents Rating Upsell and Opportunity Value KPIs as Very Important

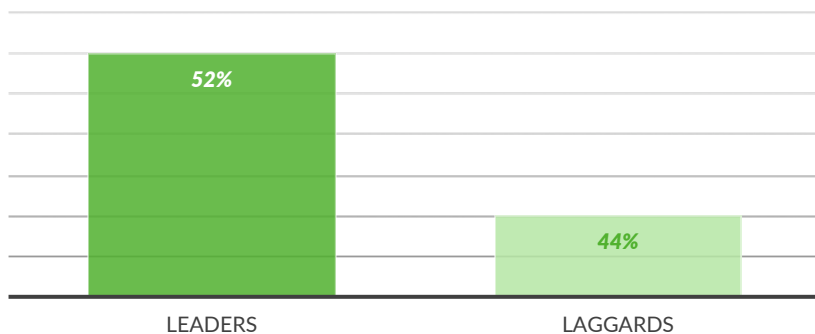


Percentage of Respondents Rating Brand Awareness KPIs as Very Important



Leaders also invest more time and energy in marketing speaking directly to customers *with* sales either in-person or via phone.

Percentage of Respondents Where Marketing Performs Customer Visits/Calls at Least Once a Quarter

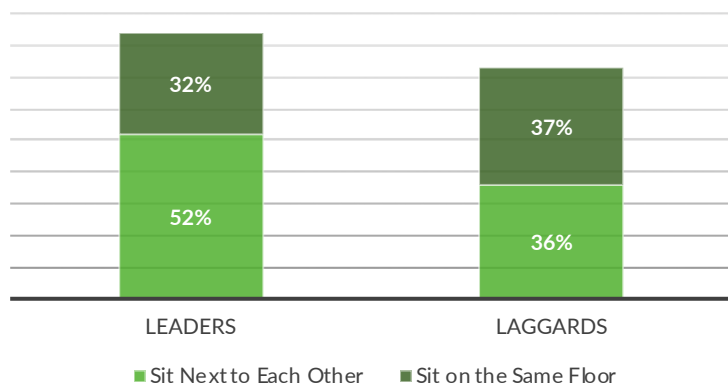


Leaders Also Focus on Intentional Internal Alignment

Alignment around the customer is the first key to success, but Leaders also take deliberate actions to foster the internal relationship between marketing and sales. Beyond executive collaboration, Leaders in alignment prioritize getting their teams together physically and conceptually.

The benefit of proximity in work groups is well-studied and well-known. “Research shows that face-to-face discussion has a strong impact on cooperation through its effects on bonds, social contracts and group identity, and it is the most powerful medium known for coordinating work within an interdependent group.”² And yet, **as workforces become more distributed, the impact of physical togetherness** was surprising to find.

Physical Proximity

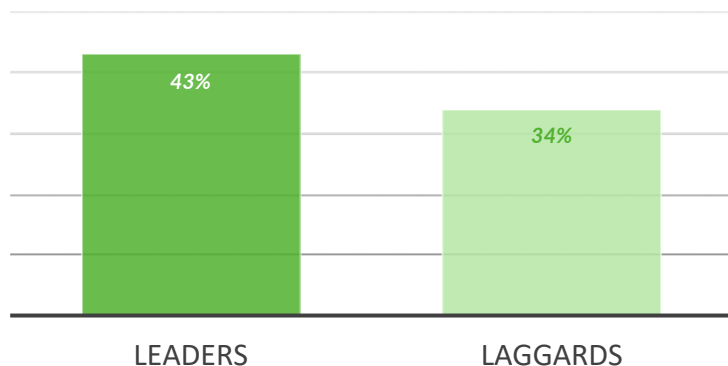


Excerpt from sales executive focus group

“We talk on a daily basis. We sit next to each other. We sit down together and we evaluate the ROI of a campaign and decide whether or not we’re going to continue it.”

Beyond physical proximity, when sales and marketing executives collaborate on the creation and management of budgets and spending, it improves actual alignment. The idea of having sales involved in spending and decision-making with marketing budget doesn’t excite the marketing executives we spoke with, but it squarely puts their money where their mouth is, and the impact is extremely positive.

Percentage of Respondents Creating and Managing Budget & Spending Jointly



Excerpt from marketing executive focus group

Moderator: For those who do not align budgeting and spending between their sales and marketing teams, is this an issue?

Marketing Executive: No.

Moderator: Why not?

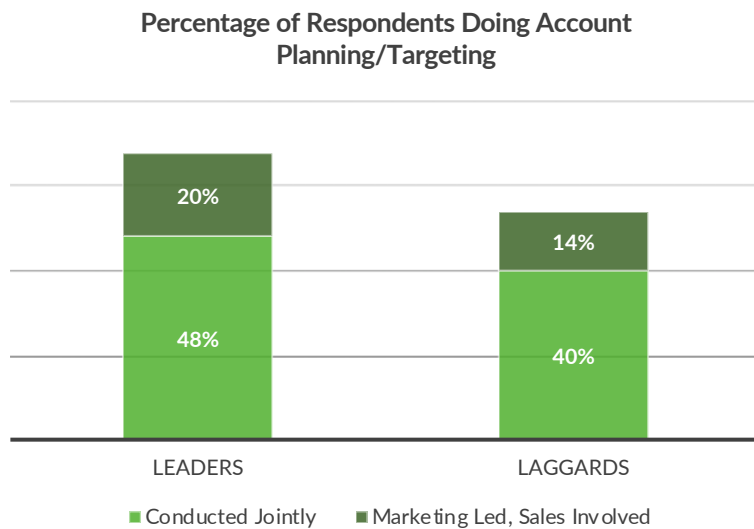
Marketing Executive: It’s better.

Moderator: Why is it better?

Marketing Executive: Because then we can hold our own bucket.

² <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.620.7087&rep=rep1&type=pdf>

The last piece of internal alignment that Leaders do differently from Laggards concerns a mix of both elements we've already discussed. Leaders conduct account planning and targeting either jointly, or they depend on marketing to lead these initiatives with strong input from sales.



Leaders are conducting this joint planning around the customer most commonly through face-to-face planning sessions, sometimes conducted with an independent third party or on their own.

Our marketing executive focus group raved about the alignment value of planning sessions.

- “One thing that we do is we come together ... It’s a wonderful opportunity because it allows sales and marketing to be in the same room and we’re talking about some real top-level initiatives.”
- “If we bring them in early on a project as part of the team members ... we understand some of the issues that they’ll run into so we can address them up front in the project plan.”
- “We have regular monthly (meetings, where we) each bring our hardest to solve problems and workshop them together. So just as an example, the sales team is having some trouble with (a specific industry target) and came to marketing and we said, ‘Oh we’re planning to do this social strategy spotlight series where we’re just going to highlight brands we really like.’ We’re doing social well and they said, ‘Would you consider using any of the thousand companies on our list?’ And it was a really natural way for us to work together to achieve a common goal, which was to engage these companies in a positive way.”

Laggards Are Distracted by Non-Customer KPIs and Struggle with Tech

Not sharing technology and the underlying data

Although shared technology is not the highest priority for SMAX Leaders, their shared tech stack facilitates the visibility and togetherness that leads to their success. Laggards reported significantly more disjointed technology in the following areas:

1. Measurement/attribution tools ownership unclear
2. Account/contact data owned solely by marketing with no sales input
3. Marketing automation owned solely by marketing with no sales input
4. Sales automation ownership unclear
5. Lead routing owned solely by sales with no marketing input

Focusing on non-customer KPIs

Leaders and Laggards both focus on KPIs, but in really different ways. MQL, pipeline creation and new bookings KPIs are important, but not all inclusive. Also, when looked on independently, rather than comprehensively, they become false-positives. Generally, Laggards reported a disproportionate focus on KPIs, without the balance of investing time to understand customers and intentionally create alignment internally.

04

Demographic Insights

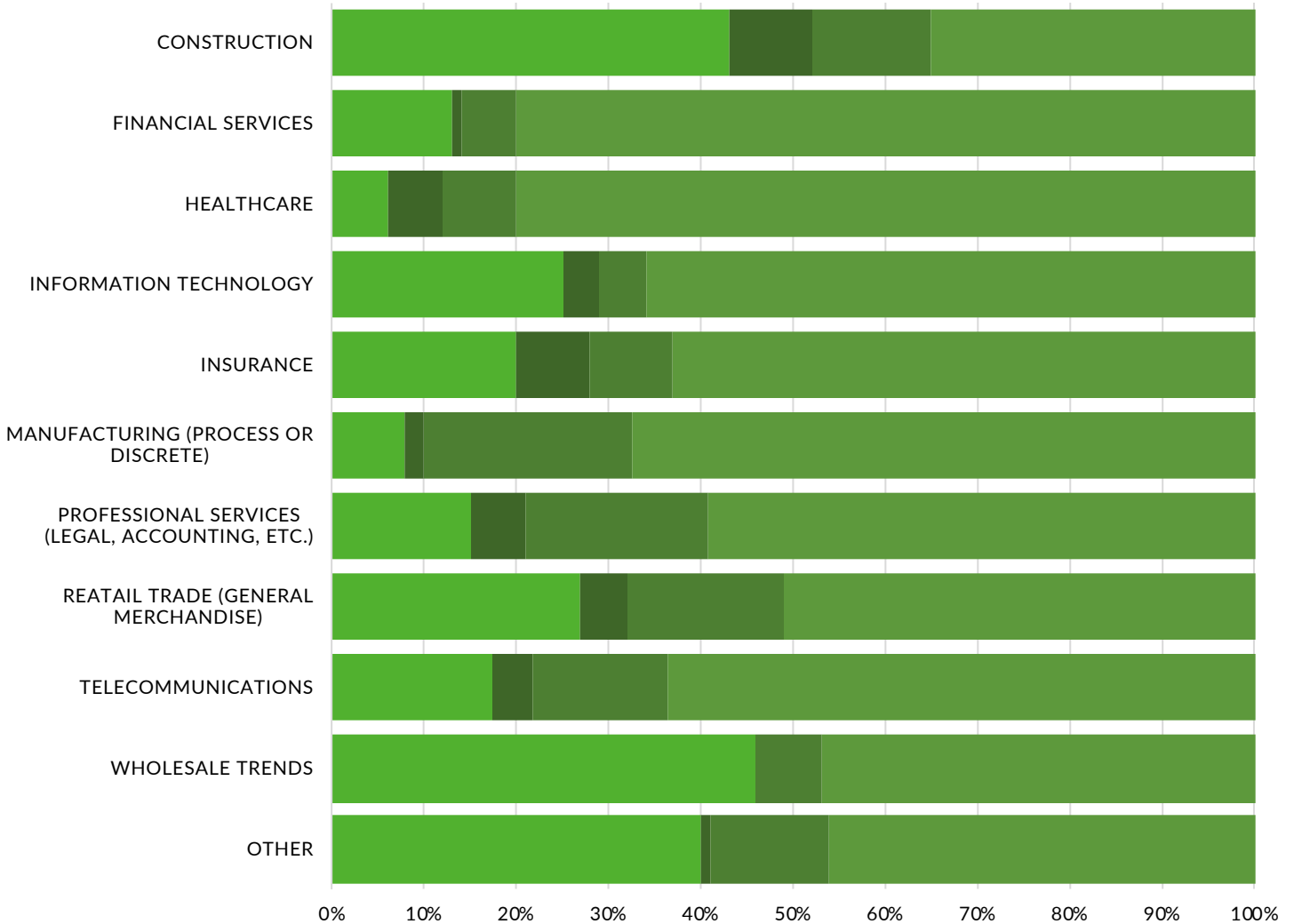


Industry Highlights

The report's Industry insights do provide some interesting context, primarily as it relates to headwinds, tailwinds, maturity nuances and technology penetration. Potentially surprising is the SMAX Leader nature of the construction industry, where technology and talent are disrupting what has been predominately a laggard environment. This 'leapfrog' effect is likely what is causing some of what we see below. Meanwhile, the Laggard nature of Healthcare likely doesn't surprise many people.



Survey responds from companies \$25MM+ in annual revenue



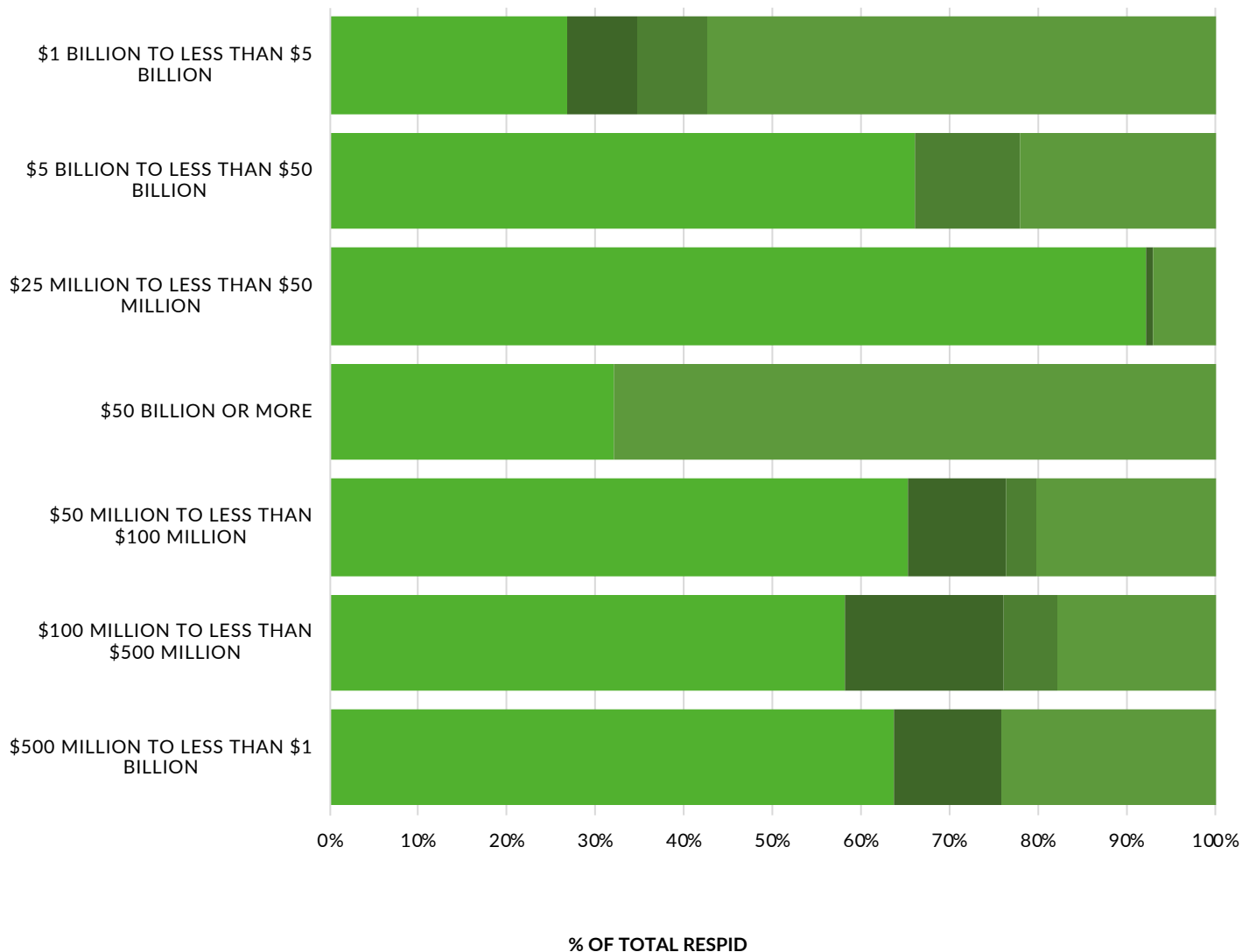
- HIGH PIPELINE, HIGH PERFORMANCE
- HIGH PIPELINE, LOW PERFORMANCE
- LOW PIPELINE, HIGH PERFORMANCE
- LOW PIPELINE, LOW PERFORMANCE

Revenue Band Highlights

The ability for companies to reach SMAX Leader status increases with annual revenue. However, for smaller organizations, there's still hope! When teams prioritize the customer, no matter the revenue band, these organizations see remarkable results.



Dimension Selected



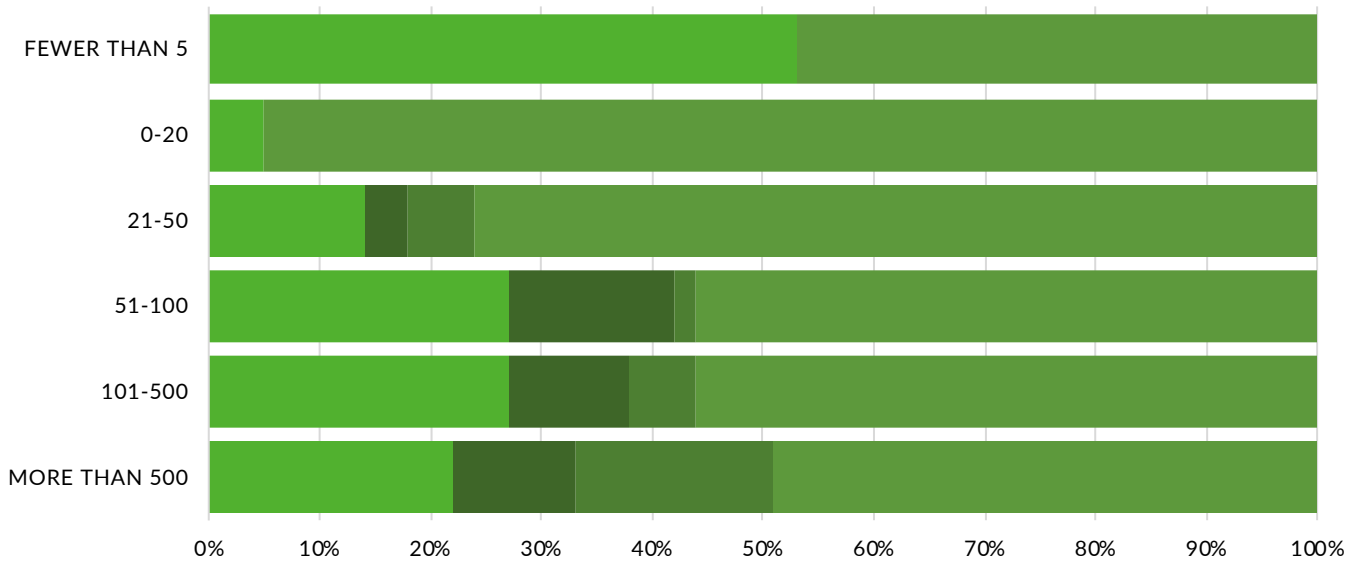
Size of Team Highlights

While Marketing team size is a major driver of complexity, and therefore misalignment, it seems that sales team size has less of an impact on overall SMAX leader achievement.

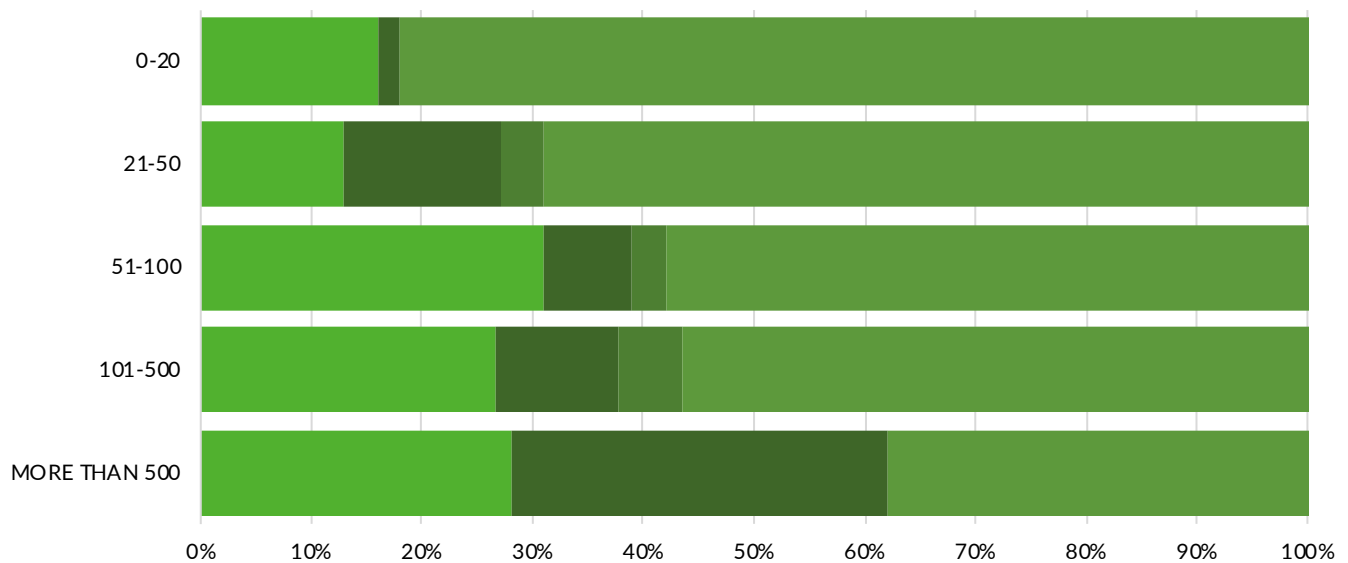
What is consistent amongst both respondent groups is the bell curve that indicates some ideal efficiency that is displayed in mid-size companies. Small enough to promote the success factors of this study and successful enough to fund the required activities.



Marketing Team Size



Sales Team Size



05

Key Findings



Key Findings

Alignment perception is unreliable

Although sales and marketing executives believe they are aligned, the business impact of “shared KPIs” is simply not enough. Or, said another way, “alignment” alone should not be the goal – results should be.

TWEETABLE TAKEAWAY

“60% of Sales and Marketing leaders who rate themselves as “Very Well Aligned” are Laggards in performance metrics. See what you can do to align on what’s important.”



Effective Alignment Focuses on the Customer and Intentional Internal Collaboration

Focusing on customers is always a great North Star. In addition, teams (not just executives) must spend time at work and play collaborating and sharing experiences.

TWEETABLE TAKEAWAY

“When’s the last time you sat face-to-face with a customer? 52% of Leaders in Sales and Marketing Alignment visit customers together at least once a quarter.”



Key Lack of Findings

Almost as interesting as what *leads* to the best meaningful alignment are the things that did *not* correlate to better performance. How often have you heard excitement around the role of CRO or the push to ideate content with sales? Admittedly, these are ideas we've advocated for as well. But the results?

Joint leadership does NOT result in better alignment

It seems intuitive that alignment would be *improved* when one executives owns responsibility for both functions. But we found the exact opposite. In results, executives of both were *more likely* to report feeling less alignment. They also had the *most* negative sentiments about sales and more negative sentiments about marketing than owners of only marketing. Further, organizational structures reporting into CROs showed no significant improvement in performance or pipeline over others.

No one cares about the website

Ownership of the website as a conversion point or branding vehicle did not effect alignment or results.

No one cares who creates sales collateral

Sales or marketing or no one knows? Regardless, this data point had no correlation to success. This shocked us!

Alignment ownership credit doesn't have an impact

Whether both teams report being focused on alignment or one person drive the alignment, it had negligible correlation on results or alignment.

What Can We Expect Next Time?

With our first year of reporting under our belt, we wanted to conclude this report with some predictions for next year and the years to come.

Go-to-marketing (GTM) strategy

We didn't ask for GTM strategy, but it would have been insightful to see if strategies like account-based marketing truly do help alignment and resulting business outcomes. We hoped to find correlations between the cornerstones of the strategy, like joint ICP planning and content creation, but they simply weren't there. We still believe in the impact of this motion in organizations though and expect to see ICP and content creation to grow in important in the coming years.

Leadership vs. Practitioner

As a baseline, we started with executives, but envision involving feet on the street as additional datapoints in the coming months and certainly next year. We're betting their perception will be far less rosy!

Next Steps

Do you want to see where you stack up? Visit www.leadmd.com/smar to get a report customized to your industry and business.

Business type

Also in the things-we-should've-asked category is type of business. Knowing some of the companies from the research, the selling model of B2B vs. channel vs. B2B2C can lend itself to very different results. Next year we'll add this to better inform our readers on how like-companies are doing business.

06

Acknowledgements



Acknowledgements

A lot of incredible people have contributed to our thoughts, insights and best-practices on sales and marketing alignment including:

Our Clients

To the 3500+ **LeadMD** clients who have trusted us with the good, bad and ugly of their current situation and allowed us to help them improve. **We love you.**



Research Partner

+CallanConsulting

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Industry Figureheads and Leaders

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