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**Downturn: Survival of the fittest  
or the smartest?**

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## Downturn: Survival of the fittest or the smartest?

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## Downturn: Survival of the fittest or the smartest?

### Executive Summary

*“Difficult economic times force sales and marketing organisations to go in two directions. Some will just turn up the volume on their existing broad-brush approaches, while others will take the opportunity to focus and refine their targeting and activities. Turning up the volume is simply the result of a lack of other options for organisations stuck in a traditionally adversarial sales and marketing model. Those that focus now might just discover a new sales and marketing partnership approach which will emerge as the natural way forward as the climate improves”, says Owen Ashby, Director of Think Smart Marketing.*

A number of companies are still using broad-brush techniques to reach existing and potential customers. But surely they need to become more customer, industry and issue-led? The broad-brush, product and price-centric approach often doesn't solve the key issues that individual customers face, because it isn't sufficiently targeted around an individual customer's issues and needs. This approach is too generic. It overly concentrates on delivering roughly the same product to a wide audience who may not exactly share the same needs. The result is commoditisation and lower profitability, perceived and actual value.

By selling solutions and services that actually solve real customer problems and add true value, there's a better chance of beating off competitors while developing profitable long-term customer relationships. This process can be enhanced by applying Account-Based Marketing (ABM). With ABM you focus on a few high value customers, those that are likely to deliver the greatest returns. Research and consultancy is at the core of this approach, making it is easier to individually tailor a solution and a sales and marketing campaign to cure a customer's pains.

Mark Cerasale of SAP and Professor Merlin Stone, co-authors of a 2004 book entitled 'Business Solutions on Demand' explain: "...Customers are more powerful, knowledgeable and selective. They choose to work with suppliers who can create exceptional customer value. Some customers want exceptional value in the form of lower costs, others want solutions. New solutions business models are emerging." IBM, which supported their book, claims to be one of the companies transforming the IT industry.

But are you really offering your customers a solution and not just a product? Stone and Cerasale point out that there are a number of opportunities for introducing solutions and services across many industries. The trouble is that too many companies enter the solutions market and fail. According to McKinsey, the management consultancy, this occurs for one of three reasons:

1. Some believe they are selling solutions when they are just bundling products that create little value when offered together. They then find it hard to recover the extra costs of providing the products as solutions.
2. Some underestimate the difficulty of selling solutions. They cost more to develop, have longer sales cycles, and require deep knowledge of the customers' businesses.
3. Many sell solutions just like products. They do not understand the need to rethink their sales approach.

So why should you read this paper? Because solutions and added value services can open new doors to new markets, and reduce competition in such a way that they decommo-ditise sales. It's the absolute reverse of the broad-brush approach in terms of higher returns and success rates. Solutions selling is a journey that's worthwhile making. The challenge is to balance out execution and strategy in equal amounts. Unfortunately sales and marketing aren't working together, making this task more arduous. So why aren't they? Read on to find out why and become noticeably different from your competitors in your customers' eyes.

## Downturn: Survival of the fittest or the smartest?

### 1. Introduction

Remember the dotcom bubble of 2000, and how it burst? A number of companies went out of business while others managed to survive. With ongoing talk of a recession the same could happen today, and only eight years on from that particular crisis. This is the time to begin using sales and marketing in a smart way. Unfortunately this doesn't usually happen. Marketing budgets, resources and personnel are among the first things to be cut when in fact marketing should be given a greater share of the available budget to create sales. So a recession presents an opportunity to re-look at how marketing should work.

Well it pays to know your customers as Diana Woodburn, a leading author of books on Key Account Management (KAM) and a Visiting Fellow of Cranfield University explains, but there are still some barriers to break down to leverage insight successfully:

*"More companies are now trying a customer-focused approach and they are improving. More than a very few will make it, but it is initially a struggle to break down the old product-orientated culture. Those that do will succeed in the marketplace. The others are putting their resources and investment into minor product differentiation. This isn't very compelling."*

She believes the focus should be on developing customer-focused offers; ones that customers actually want.

This paper examines the theory of solutions-based sales and marketing, and discusses its practice in the form of Account-Based Marketing (ABM). Ideally marketers should look at solutions marketing too because organisations can gain a higher level of customer-centricity, insight, satisfaction and intimacy than any broad-brush approach can achieve. So getting close to your most profitable customers becomes even more important during a downturn. It's the smartest thing you can do, making your organisation more fit to tackle the challenges that a recession creates. But how are you going to survive and come out on top?

*Don't fight an unwinnable war!*

Think Smart Marketing (TSM) believes that organisations shouldn't fight an unwinnable war. According to our research there's no win-win with a broad-brush approach, which disconnects suppliers from their customers, and it's an inefficient and ineffective numbers game. Sadly, most outbound campaigns fit into the 'broad-brush sales and marketing' category. The campaigns aren't as targeted as you'd think. A shotgun approach is taken. In a recession it's a very expensive way to market your business.

In 2004 marketing guru and author Philip Kotler explained 'Why CEOs are fed up with marketing' in his 2004 article for Strategy Magazine. His comments are still applicable today, he said: "When more than 75% of new products, services and businesses fail despite all of the work that goes into development, testing, analysis and market testing, it doesn't take a rocket scientist to realise that something is wrong with the practice of marketing". Marketing is supposed to drive business strategy, pointing the business in the right direction. The scattergun approach doesn't do this; it fails marketing and marketers and it more importantly fails the business. Marketing directors know this, but is it obvious to managing directors and sales?

Sadly because of this, according to TSM Director Owen Ashby, most companies won't be able to make the transition from a product-based salespeople, processes and propositions to the solutions and services model. The organisations that are able to make it, he believes, will "dominate the market."

*ABM budgets to increase*

So it's no wonder that more companies are expected to invest in ABM in 2008 - it is more cost-efficient and effective. Account-Based Marketing budgets are forecast to increase by 50% this year, reveals the IT Services Marketing Association in its 'State of the Marketing Profession Address.' That's nearly a 250% increase since 2006. So what? Well the results speak for themselves. For example, in 2003 Northrop Grunman used ABM to win a \$2bn deal in the United States. The company helped the State of Virginia to consolidate and improve its IT infrastructure under one agency; the Virginia Information Technologies Agency (VITA).

Capgemini, CISCO, Intel, Microsoft, Xerox, Accenture and Equant - a division of France Telecom - have all used ABM. Between 2004 and 2006 Equant just focused on 31 companies as part of a demand generation campaign, committing

substantial sales, marketing and executive resources. Yet it resisted casting a net to catch thousands of potential customers. The evidence suggests the power of Account-Based Marketing: i.e. some organisations have seen a five-fold increase in profitability.

The larger the account, the more important Account-Based Marketing becomes. “While at Hewlett Packard we had slightly over 100 global accounts. One role of the team I managed was building the ‘deep dive’ intelligence needed for the ‘one-to-one’ marketing and account plans, often updating them semi-annually or for a special needs basis”, says Jack Doering who now works for *Evalueserve*. He helped to raise HP’s sales success rates significantly. ABM took the company into new account areas for ‘revenue penetration.’

## 2. Which sectors suffer from this problem?

Just about every company in the business-to-business (B2B) space ‘suffers’ from the dangers of commoditisation, and the broad-brush approach to demand generation. “The technology sector is the guiltiest party in this type of disjointed ‘go to market’ strategy”, says David Topping – the Chief Marketing Officer of Bloor Research. The issue also exists in other industries. The financial, petro-chemical, and manufacturing sectors are just some of the other examples of this.

Information Communication Technology (ICT) companies tend to have a habit of falling in love with their own products, even though they do their best not to. They forget that customer needs are paramount, and not the product features. “Falling in love with your product is fine. Failing to understand why people might buy it is not!”, says Owen Ashby. This conflict also exists in other high value companies, particularly those with a high level of technical content. Often such products as these are sold by people with specific technical education, and expertise in a particular product. No-one likes change; the transition is hard for them to begin to contemplate, taking them out of their comfort zone. They will initially resist ABM, even though it provides the means to deliver what a customer really wants and solves the real and everyday problems that customers face.

You will find the problem in companies that “Still operate within a strong hierarchy structured around product, and those that have had traditionally high profits”, says Woodburn. “Sectors like IT and pharmaceuticals are a couple of examples; they haven’t had to change. Companies with a few major, demanding and perhaps globalising customers have long understood the absolute necessity of responding appropriately to customers and not letting product silos get in the way”, she adds.

Business-to-consumer (B2C) organisations, according to Ian Benn of FIS Payment Services have more of a handle on the problem. Especially those working in the FMCG sector; they have an innate but accurate understanding “...of the limited but sometimes important role that their products have to play in the lives of their customers.”

Owen Ashby agrees and adds: “Ironically, there is more structured data available to those in the B2B sector than in B2C. So the irony of all this is that in fact it is much easier to target and focus and gain and use “intelligence” in B2B; the data is so readily available and is specific and less trend-based”.

Mass market companies are less likely to employ ABM, except in certain circumstances involving a specialised range of products and services like a mobile phone package. They otherwise simply don’t have the resources to cater for every single person’s needs. You will, however, still find some high value customers in these sectors. They’ll require more looking after than your average consumer. Differentiation of service and offering applies to all customers, no matter which sector they’re involved in.

Nevertheless, there is always going to be a limit to Account-Based Marketing. Besides it’s about focusing on the few, not the many. Some sectors will remain commoditised; focused on products and features. You can even have a situation where one part of your company is mass market, whereas another part is not. Broad-brush marketing techniques will therefore be applied in one area of the business, while Account-Based Marketing might reside in another.

Either way, whether you are in the B2B or B2C sector, you still should answer the following question if your marketing is going to be effective: what do your customers really value and want? ABM provides a clearer picture. A broad-brush marketing methodology will only answer part of it. If marketers can’t answer it, they might find their customers going to those who can. They have more choice, and that has made them more discerning. So we all need to get to the root of the problem, and where best to apply solutions marketing.

### 3. How does the problem manifest itself?

There are two key manifestations of the problem. Firstly, the aforementioned focus on features and the benefits of the product. This makes it easier for customers to compare competing products. They will examine the benefits, quite often putting much emphasis on the price of a product, as well as the benefits derived from its features. Inadvertently the customer sees the product as a commodity. The process is purely transactional, and the vendor is perceived as a commodity vendor rather than one that solves a customer's problems (i.e. a solutions vendor). The customer will always compare the vendor's prices against his competitors. Business can be won, but this leads to reduced margins and eventually to commoditisation.

#### *A greater sin: overvaluing the role of your product*

A greater sin is also committed by some other organisations. "They overvalue the role that their product has to play", explains Benn. He gives a technology vendor as a prime example. The vendor might have the technology to turn a standard website into an e-commerce site. The factors involved in this decision-making process will be functionality and reliability. The vendor has a choice, which could involve comparing the successful implementation of other projects, drawing from them configuration, management, branding and design best practice. This adds durable value to the project team. It also makes it harder for him to compare the value with its competitors, who might be selling based on functionality.

Yet sales cycles could be stretched if the vendor makes claims about offering a brand new sales strategy, which leads to direct, partner and web sales. If he demands to talk only with the CEO of the prospective client company about it, he could lose credibility. He risks being left behind. While the vendor is trying to get to negotiate a deal with the CEO, a competitor could be making 5 sales calls. "Even if the vendor gets the appointment, the CEO will quickly realise that he is talking to a technical component provider", he explains. This will either lead to the vendor being pushed down the chain. The CEO might even ask him to go away and to stop wasting his time. Sometimes you shouldn't call the CEO of a prospective client company, unless the solution is sufficiently broad and the implications are significantly broad to warrant his involvement.

#### *Product-focused organisational structures reduce competitiveness*

Often companies have designed their organisational structures around product divisions, causing the following problems which can reduce a company's ability to compete effectively:

- Each division sells into the same marketplaces, and to the same customers.

"Customers don't have the time or patience to suffer the extra meetings and administration, or the confusion and the lack of synergy", says Woodburn.

- TSM's research suggests that salespeople also don't often know their own company's capabilities.
  - The sales people consequently look ridiculous in the customer's eyes.
  - This limits their usefulness to the customer because any perception of added-value is lost.
  - Beyond the product, the opportunity to offer the customer the company's extended capabilities is missed.
- Many large companies are acting like smaller independent ones, bundling together rather than leveraging their range and power. What does this lead to?
  - They can lose out to smaller competitors who can offer the same things.
  - Remember, smaller firms have lower overheads allowing them to compete on cost.

Here are some potential solutions:

- Develop more synergy with a solutions-based approach, and by simplifying the means of interaction with your company.
- Devise a divisional structure based on vertically aligned territories rather than products, focusing on just a few customers.
- Offer a broader offering, giving you the chance to become more of a strategic supplier. Make the breadth of the offer operational and real.

- Educate and train your salespeople to understand and deliver the capabilities of your organisation for the benefit of each customer.
- Focus on understanding and solving the commercial issues that each particular customer faces, rather than on developing an organisational structure and a culture that encourages low-cost product bundling and commoditisation.

### *Disparities created by diametrically opposed incentives*

“We believe that in-house marketing is constructed and incentivised in a way which is diametrically opposed to supporting the sales objective”, argues Ashby. There is no alignment between the two business functions. The salesteam is only focused on results, while marketing is concentrated on activity. Each views results in a different way, and are motivated and measured accordingly. He says there is also a disparity in the way each discipline is recognised and rewarded.

Diana Woodburn seems to agree, “IT companies generally have too much bias towards giving bonuses in their salespeople’s compensation packages, sometimes as much as 50% salary and 50% bonus, in order to drive quarterly sales”. The trouble is that marketing isn’t rewarded in the same way, if at all. This package therefore, she thinks, undermines ABM. Marketing should be incentivised for helping sales to develop deeper customer knowledge, helping sales to sell more and develop long-term, profitable customer relationships. “Many of the incentive packages that companies offer run counter to their stated aim of developing these, so they should not be surprised when the ABM initiative fails”, she adds.

“So while one part of the organisation might well be focused on building long term, broad and deep relationships, others are incentivised towards quarter end deals with last minute kickers etc.”, adds Ashby.

### *A lack of sales and marketing integration*

- Not all salespeople with a technical background might understand markets, marketing and customers.
- Marketing quite often doesn’t understand sales too,
- The silo-mentality means that sales and marketing often refuse to work together as much as they should.
- “There are a lot of marketing people who’ve never met a real customer, and a lot of salespeople who don’t know what marketing is or does”, says Woodburn.
- Salespeople often don’t do sufficient research to understand what is going on in their vertical markets.

The following solutions are proposed:

- Educate your salespeople about markets and customers.
- Train marketers to understand sales, and salespeople to understand marketing.
- Integrate sales and marketing: “They ought to work together in customer-focused structures, by segment for example, rather than in product-defined structures”, Woodburn explains.
- Get them to work around some ‘select verticals’ like manufacturing or the retail industries for example, rather than around an Enterprise Resource Planning system.
- Immerse yourself in the vertical industry issues:

“Interestingly enough in my experience, a number of salespeople don’t have the inclination to do that, even if they are in a vertically aligned industry”, says Colin Wilson, Director of First Border.

- Research your markets. With the internet it’s quite simple to keep ahead of what’s going on in each vertical market. Spend 15 minutes a day understanding and reading about what is going on.
- Make it part of your organisational DNA with managers leading the way. Otherwise even the concepts of solutions-based sales and marketing, as well as ABM would die within the organisation.

“Talk to the salespeople. They know they have got to become more solutions focused”, Wilson emphasises before adding, “They can’t do that on their own, the organisation has to support them.” At the end we are selling the organisation and its alignment. The actual selling exists on the sales side, but it needs to be more supported by marketing.

## *Mistargeting minimises results*

What is the outcome of the lack of organisational synergy, sales and marketing integration, and the aforementioned disparities? Mistargeting. Will this solve a customer’s business issues? Unlikely, and it will manifest itself in lost opportunities:

- Mistargeting is caused by a failure to understand customers.
- Mistargeting reduces the potential for meeting and exceeding your own commercial objectives.
- Mistargeting is a consequence of broad-brush marketing, and quite often you can end up communicating the wrong message, or the right message but to the wrong person.
- Or offering the wrong product, service or solution to a particular customer.

The following solutions are recommended:

- Take the time to ask questions, do your research, think strategically and innovatively, and communicate the right messages in order to achieve your objectives.
- “Consider that messages and offerings need to be in line with the customer’s buying cycle. So the message might be right and to the right person but the timing might be entirely wrong – lack of budget etc. All of which conspire to make all of your marketing and sales efforts null and void”, comments Ashby.

This point is stressed by Colin Wilson, “If you are selling into Government, they just want you to reply to the tender; they don’t want to know about business issues. So your whole sales approach has to change. Again your entry strategy will depend on what you say, and how you say it. So some organisations want to move from product into solutions.”

## **4. The view from the Board**

Quite often you’ll find a sales and design-led attitude too. “This is delivered by the founders who are technologists and evangelists and have had great success within the early adopter market”, says Topping. They are “equally adept at extracting the benefit from a set of features, which they will do by using their own interpretation of the benefits”, he adds. This blinds the CxO level; they can’t see the problem in any way, shape or form. If they do see, they don’t quite understand it. Yet some senior sales and marketing directors know that they need to address the issues, and embrace ABM. Diana Woodburn and Colin Wilson agree.

Having said that, if they’re working in a highly consolidated sector like the automotive industry, they might be more aware of the issues. This industry, for example, has been forced to become more customer-focused. Woodburn explains: “At the board level, they are looking for accountability and profitability, which they measure on the basis of product or geography.” She then comments, “They tend to manage what they measure, and they aren’t that keen on switching to – or even considering - alternative measures with which they are not familiar.” She thinks that some board directors might be uncomfortable with the idea of their product-defined territories disappearing. “They are unlikely to support a new, customer focus”, she says.

### *The need for triangulation*

As previously mentioned, CxOs will get involved if “the solution is sufficiently broad and the implications of the choice are great enough to warrant CxO engagement”, says Ian Benn. The challenge is then to triangulate:

1. What the company needs;
2. What the specific director’s perspective is on that need;
3. What the solution is realistically capable of doing – and what the gaps are.

Sometimes confusion reigns. Marketing operations often mix decision-makers up with corporations. You will find that the views of each board member will be considerably different. Each one will be interested in “a subset of the overall benefits that the vendor can bring”, explains Benn.

In vertical markets there's a luxury; you can hone the target market down to a few companies, and even reduce the clutter down to a few key, individual decision-makers. Now, as high value sales often attract long and drawn out sales cycles, you need to favour the minimum number of leads at, what Benn describes as the maximum level of qualification.

What you need in this case is some basic secondary research (desk research). For example you could take a look at the chairman's statement in the annual report to:

- Begin to understand the issues facing the board;
- Gain invaluable insight into the company's goals, style of language, and internal buzzwords (a very helpful tool when you want to begin the communications process with your target audience);
- Analyse the liquidity and commercial performance of the company itself.

### *The Senior Sales Directors' view*

Change has to be driven from the top. Unfortunately, sales directors are not putting solutions-based selling top of their agenda. Some sales directors are thinking about it, but others aren't. There is some awareness that the source of their sales leads could soon dry up. So they realise that they need a lead generation engine. To avoid this situation they could hire a telemarketing agency, getting them to deliver a set of leads. As David Topping explains, these can be easily costed, and the process is easily understood:

“What they won't do is make the investment which will reduce the future cost of lead generation, create non-price barriers to the competitors, and generally build a brand which becomes a market leader.”

Most sales directors are only concerned with short-term results. That's what they're tasked to achieve. Peter Motley thinks the normal response is “to find solution salespeople or bring in industry consultants to help with the short term threat”, and then they “look to change the product or service offering to meet the customer's evolving requirements.”

The IT industry is particularly guilty of short-termism. The product development cycles, after all, are very short. On average every six months a new product is rolled out of the computer hardware factories. So sales teams have got to sell the latest products before they become redundant and replaced by a new product line.

A traditional sales approach is therefore employed, keeping them in their comfort zone. They're probably not asking, “How can we approach this differently?” Instead their question is more likely to be, “How can we flog the horses even harder?” This attitude won't change without sales directors showing some leadership; they've got to get their organisations and teams behind them. Still, Colin Wilson believes there are some things individuals can do to move sales away from commoditisation.

“Sales directors are driven solely by the companies objectives and directives”, adds Owen Ashby, who explains that “the sales director and the marketing director both sit in between what the board want and need both in the short and longer term, and the delivery against those objectives by their respective teams. This provides a great reason for them to cooperate.”

### *The Senior Marketing Directors' view*

Some senior marketing directors also seem very unconcerned about the problems. They also shut them out of their minds. Traditionally marketing is the most insecure position within the company. This leads to many marketers overly focusing on how to keep their own jobs, rather than concentrating on delivering results. Marketing should help sales to gain more leads and be more customer-centric.

Another issue is raised by David Topping. Many marketing directors are often former salespeople. They therefore lack any coherent understanding of marketing's processes. If they are not former salespeople, then they are former marketing communications experts with no product or technical knowledge. To make this arrangement work, technical salespeople have got to be more interested in the customers than the product itself. They've got to understand what customers want, whether this can be fulfilled, and they must have the knowledge to attract customers.

“In financial services you’ll find the marketing department doing the marcoms and consumer insight, but not the channel management”, explains Woodburn. This, she adds, “often leaves sales without important information on channel customers and not much idea of where to go for it.” Marketing directors should do more to fill these gaps. Sadly, some don’t see it as their job to collaborate with sales. Consumer demand generation is important, but selling to the channels is too (the Value-Added Resellers, the distributors, the systems integrators, and the direct sales and marketing channels, etc.).

## 5. The gaps in sales and marketing

Some of the gaps in sales and marketing have been touched upon already. This section summarises where they exist in an organisation’s objectives, incentives, knowledge, resources and processes. There may be other areas that cause a number of shortcomings within sales and marketing. These would warrant a more in-depth analysis of what is really going on in the marketplace.

### *Resolve gaps in Objectives*

Even today, explains Ian Benn, too many organisations think only about what can be measured rather than what the business needs – particularly in marketing. In high value B2B markets the long sales cycles make it harder to measure a true return on investment (ROI). To do this they’d have to spend a considerable amount of time and money on metrics and research. Their fallback position is on metrics such as the number of leads created, column inches, recall, focus group feedback, etc. Remember that it only takes a few accounts to make a hugely successful financial year of trading. So, in this context, he says the role of marketing is:

- To ensure sales team optimisation by the best possible targeting;
- To ease the engagement with the customer, giving the sales organisation every possible opportunity and chance of success by being equipped with the right tools and information sources.
- To ensure that any new opportunities/leads are accurately qualified. The meaning of ‘qualified’ has to be to be predetermined between sales and marketing. And that’s before the process begins.
- To see that whenever a prospect sees the brand, a feeling of interest or attraction is created to trigger a call to action. “Ah – that’s interesting, useful or engaging!” Blanket mailings, which still occur today, can undo years of hard work.

Other than the lack of understanding and appreciating each other’s disciplines, sales and marketing also stand at different viewpoints. Sales takes a short-term view, concentrating on reporting more immediate results. Marketing should be more strategic, working for the long-term health of the business. The problem here is that elements of marketing, like branding have become overly emphasised. So even some marketing functions are often too short-termist. It’s important to have an understanding of what strategy really is, and the state of leads within your business to broaden the decision-making options: lead generation, brand awareness generation, etc.

### *Bridge gaps in Incentives*

“Sales gets some incentives, marketing gets none”, says Woodburn. Ian Benn feels that marketers should have the same targets as salespeople. They are often not aligned, and this remains a challenge with most organisations today. Marketers have got to think more like sales: i.e. How do we make our targets this year? Benn thinks there will always be a mismatch.

“I would normally encourage marketing staff to spend time with customers – especially those making strategic decisions about the direction of the business. There are few things in business life more dangerous than business strategists who don’t spend most of their time with customers”, he says.

### *Encourage collaboration to eliminate gaps in Knowledge*

Gaps in knowledge clearly exist. Ideally sales and marketing should join a joint training programme. Sales and marketing teams would therefore realise why they should not sit in their own silos. They’d learn more about their own organisation, their products and attitudes.

Change begins by having an understanding of where you are now, and where you want to be. If you can't comprehend yourself, how can you expect to know and connect with your customers? Don't forget it pays to truly know your customers.

Sales has B2B knowledge and quite often marketing has B2C knowledge. Obviously this depends on what kind of company you belong to. Some firms are purely B2B, but quite a number of companies like Dell and HP have B2B and B2C operations in place. I spoke with a marketer from Xerox recently, which according to ITSMA was very much involved with ABM. "What is Account-Based Marketing?" he asked. Is that because he's in a consumer-focused division, I wonder? It seems unusual to me that an organisation that has lauded ABM has someone working there who doesn't even know what the terms stands for.

## *Fill gaps in Resources*

Sales traditionally gains four times more budgetary resources than marketing, which is seen more of a cost to the business than an income generator. Sales benefits from better salaries, costs and incentives. Marketing's spending is a lot more visible than the sales department's expenditure. Therefore it suffers from a lot more sensitivity over what it spends. It's often forgotten what marketing is there for, and quite often in a recession it's marketing and research and development that first loses headcount. Woodburn describes the situation perfectly, "Sales is considered as a fixed essential – marketing sometimes as an optional extra."

Benn provides the following tips for marketing:

- Know when to stop spending – review the budget and reduce if you've hit every objective.
- Reducing and reviewing your budget throughout the year will have a positive impact.
- Remember that a pound or dollar back is a pound or dollar of profit less to make through the sales campaign.
- Don't fall in the trap that many marketing executives do. They fear that they have to spend the budget in order to avoid getting less in the next financial year.
- Engage in frank and open conversations about how much is needed in a particular financial year. This always builds credibility with the finance and general management team, making the following year's budget negotiations far easier.

## *Minimise gaps in Processes*

Different processes exist because both are involved with undertaking different tasks, related to their own disciplines. However, there can be some room for overlapping processes. Sales can play a role in gaining customer insight, for example. They otherwise may not share many common processes. Where they do exist, there is not enough willingness and desire to join them up.

## **6. How do companies address the problem?**

"The problem manifests itself differently for different companies", says David Topping who adds, "At opposite ends of the spectrum would be DELL and Cap Gemini. As a consulting company CAP Gemini's entire business is based around solving a customer's business issues, and their business is structured to address the target. At the other end of it is DELL, a massively product-based company which has addressed the delivery of product but may have difficulties moving to a solution-based offering outside of its enterprise sales team."

### *Case study: Nokia*

In 2006 Nokia won ITSMA's Marketing Excellence Award, further to the development of its Business Solutions Portfolio. It won an award for Sharpening Competitive Differentiation. The adoption of ABM allowed the company to raise the level of its conversations with its customers, "offering value in an industry where technology alone is no longer enough to sustain long-term profitability", said ITSMA's David Munn. The company had to accept cultural change and an operational shift in direction and thinking. Hundreds of people were involved with identifying the key business challenges facing mobile operators. It had to re-align technology-focused skills at the delivery end of the products into 'marketable business solutions'.

Nokia's press release about the award says, referring to comments made by Leif Fagelstedt, the firm's Service Marketing Director of Networks, "Solution marketing enables many new and topical ways to bring value to the market." He added: "...organisations can work together towards creating an approach that is focused on the customer needs and challenges." The ABM project formed part of Nokia's customer retention and loyalty programme.

## 7. Conclusion

Perhaps the most important lessons of this paper are highlighted by Ian Benn:

- Too many organisations get obsessed about what can be measured.
- Long sales cycles make it harder to measure and gain a true picture of ROI in B2B markets.
- Organisations that do this end up spending too much time on metrics and research.
- When they fail to do this, they fall back on traditional metrics such as the number leads created and column inches, which may not add a real value to the assessment of business performance and investment decisions.
- Broad-brush techniques like blanket mailings can undo years of hardwork.

In this paper we have also learnt the following:

- Define your metrics, measuring what matters to demonstrate ROI.
- Solutions selling and Account-Based Marketing are not top of the agenda.
- Broad-brush sales and marketing lead to lost opportunities, because they fail to solve each individual customer's everyday commercial issues.
- Sales and marketing personnel don't appreciate and understand each others disciplines, standing at different viewpoints. Sales is more concerned with immediate results, whereas marketing should be more strategic in consideration of the long-term health of the business.
- The silo-mentality still exists in most companies with product-focused organisational structures, leading to a lack of organisational synergy and a lack of sales and marketing integration.
- Marketing's obsession with branding leads to short-termism, which contradicts its purpose of developing long-term and value-adding strategies.
- Sales and marketing often share certain operational and organisational processes, but are reluctant to align them.
- Marketers are not incentivised, but salespeople at least get some incentives.
- Marketing's importance to revenue generation is overlooked and disregarded as a cost centre, leading to sales being allocated more resources and funding.
- A shot approach to sales and marketing won't gain you a competitive advantage during a recession.

We therefore propose the following top 6 solutions, based on Ian Benn's comments and those of the other commentators:

### 1. Demonstrate the comparative benefits of solutions selling and ABM

- Gain advocacy from the top to the bottom of your organisation.
- Develop a strategy that considers both the short-term and the long-term needs of the business: i.e. what it actually needs, and how you are going to achieve its objectives.

### 2. Become more customer and less product-centric

- Develop insight and understanding about the issues that affect your individual customers, enabling you to provide real solutions to real problems.
- Focus on a smaller number of accounts, because it only takes your most profitable accounts to make the difference between a good and bad financial year.
- Give marketing the responsibility for easing the engagement with customers to maximise the potential success of each and every sales opportunity, equipping sales with the right tools and information sources.
- Avoid the temptation of broad-brush techniques by employing Account-Based Marketing techniques to inspire interest in your brand, and to trigger a call to action by demonstration that you want to solve an individual customer's particular business issues.
- Ensure that marketing enables sales team optimisation by providing the most effective, efficient and appropriate customer targeting.

### 3. Focus your resources and investment.

- Use solutions sales and marketing in the form of Account-Based Marketing to concentrate investment and resources where they make a real difference, adding real value to the customer.
- Know when to stop spending – review the budget and reduce if you've hit every objective.
- Don't spend your entire budget in fear of not gaining more for the next financial year.
- Engage in frank and open conversations about how much is needed in a particular financial year. This builds credibility with the finance and general management team, making the following year's budget negotiations far easier.

## **4. Integrate sales and marketing**

- Train sales and marketing to understand and appreciate each others roles and issues, encouraging collaboration and a more integrative approach. Get them working together and supporting each other.
- Get marketing to accurately qualify new opportunities and leads, predetermining what 'qualified' means between sales and marketing before anything begins.
- Share knowledge and information across your organisation, involving individuals and teams that help you to achieve your objectives (e.g sales, marketing, customer service, etc.).
- Align any sales and marketing processes that improve operational effectiveness, and not just efficiencies. Remember their purpose: to deliver value to the customer, helping your company to achieve its own internal objectives.

## **5. Incentivise marketing performance**

- Motivate marketers, which removes one of the most crucial traditional barriers between sales and marketing. Both sales and marketing should be rewarded equally.

## **6. Hire people who understand the issues**

- To optimise your sales and marketing competitiveness.

## 8. Appendix

### *Further background reading*

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**Owen Ashby**, *Director of Think Smart Marketing* heads up our team of talented and experienced marketers. Although his responsibilities include our own marketing initiatives and business development strategies, he is still very often actively involved with client projects.

One of the three founding directors of Think Smart Marketing, Owen has over 15 years experience in marketing, marketing communications, strategy and sales integration. His background and experience comes predominantly from working "client-side" in the IT industry. He brings his depth and breadth of knowledge, experience and expertise to every client project in just about every industry sector.

Owen speaks and writes regularly on the subject of integrating traditional sales and marketing techniques with new and evolving technologies to generate tangible return. He can be contacted at: [owen.ashby@thinksmartmarketing.co.uk](mailto:owen.ashby@thinksmartmarketing.co.uk). **Tel:** +44 (0)1525 288828.

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**Ian Benn**, *Managing Director, FIS Payment Services*

Ian is Managing Director of FIS Payment Services EMEA, part of Fidelity National Information Services Corp. The business is a technology and financial services company that helps merchants grow sales by making it easier for their customers to pay. With over 20 years in the IT and outsourcing services industry, Ian is the author of "Strategic Outsourcing: Exploiting the Skills of Third Parties" (Hodder and Stoughton, 2002), founded consultancy firm Brass Consulting, and held senior sales and marketing positions in both Unisys Corp and Misys Plc, latterly as CMO. You can reach Ian Benn at: [ian.benn@fnis.com](mailto:ian.benn@fnis.com)

**Colin Wilson**, *Director at FirstBorder Ltd*

Colin holds an honours degree in Engineering and Business Studies, is a Chartered Engineer, a member of the Institute of Manufacturing Engineers and a Fellow of the Institute of Sales and Marketing Management.

Before turning his talents to consultancy with KPMG, Colin led sales teams both in the IT and the Professional Services sectors. He has also worked successfully in the Telecommunications and Retail sectors. This breadth of industry experience is augmented by an equally broad geographical experience, Colin having worked in Scandinavia, South Africa, Central and Southern Europe, and the United States. You can reach Colin at: [Colin.wilson@firstborder.com](mailto:Colin.wilson@firstborder.com)

**David Topping**, *Chief Marketing Officer, Bloor Research Ltd; and Chief Operating Officer at Activate Software Ltd.*

He has also worked in Marketing and Product Management and Development for global technology companies for over 20 years. His experience as a senior executive crossing the divide between technologists and sales and marketing staff has given him a unique view of the differences between integrated and divisive "go to market" strategies. David currently consults on the topics of strategic, tactical and global marketing for technology companies. David can be contacted at: [info@thinksmartmarketing.co.uk](mailto:info@thinksmartmarketing.co.uk)

## About the author

**Graham Jarvis MA, MCIJ, M IDM, ACIM** is a widely published freelance editor and media services consultant. He is currently working on several projects for BT and Cisco, and Microsoft. Amongst his many projects for a range of P.R, marketing and journalism clients, he has also worked closely with professional bodies like the Institute of Direct Marketing, having helped to develop its B2B Marketing qualification by writing and researching three of its modules. Graham has also written for a wide range of marketing publications like MarketingProfs.com and MarketingSherpa.com.