

BEYOND SALES & MARKETING ALIGNMENT:

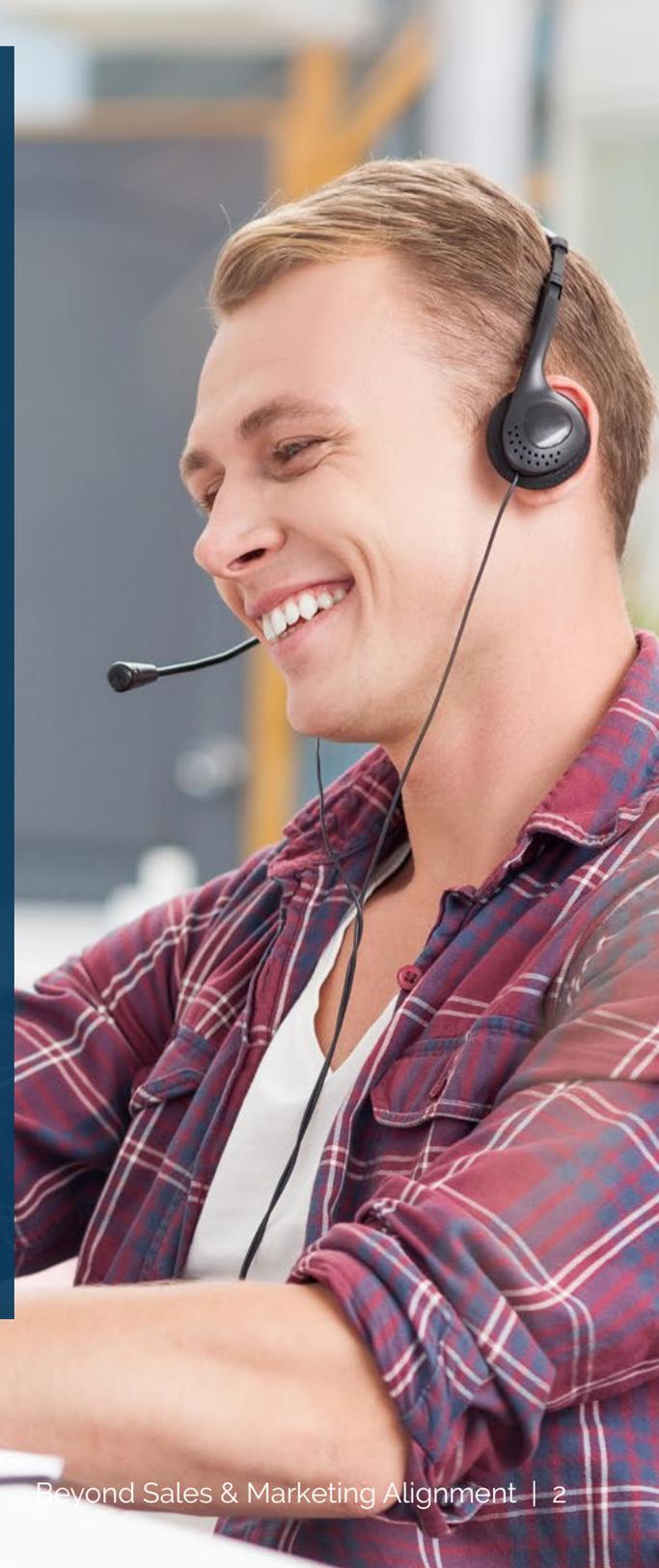


Add Customer Success for
a Winning Team Trifecta



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Introduction

Over the past decade, the relationship between businesses and their customers has changed radically. Not surprisingly, the task of adapting to these changes falls mostly upon marketing, sales, and customer success: the trio of front-office functions that control a company's customer-facing activities.

The people leading these teams invest a great deal of time and money engaging modern buyers, converting them into profitable customers, and maximizing the long-term value of those relationships. These leaders have committed themselves and their organizations to cutting-edge, customer-centric approaches to branding, messaging, content strategy, demand generation, sales techniques, and customer service models.

Even as these businesses profit from their investments, however, most of them are leaving money on the table.

A company's front-office trio should function as a coordinated alliance working to build stronger, more profitable customer relationships. In reality, the marketing,

sales, and customer success functions are often segregated into organizational silos. Lacking true alignment and alliance, they also lack shared vision or leadership, fail to define shared goals or measures of success, and work from separate (and incompatible) data sources. They routinely miss opportunities to engage with customers, to identify new business opportunities, or to capture what should be easy streams of reliable revenue.

This eBook explains why businesses stand to gain so much from finding and fixing the alignment issues that limit the effectiveness of their own marketing, sales, and success teams. We then look at how the right combination of leadership, organizational alignment, and technology investments support an alternative approach:

A front-office Team Trifecta that sustains its success through seamless collaboration and shared stewardship for the entire customer lifecycle.

Why Trifecta?

It's All About the Outcome

"Trifecta" is a common term in the world of horse racing, describing a bet on the first three finishers of a race. In broader terms, however, it also means an achievement involving three successful outcomes.

In our front-office context, we'll use "Team Trifecta" to signify the benefits of aligning marketing, sales, and customer success an interdependent alliance that makes each team more successful.

New Buyers, New Expectations — and New Challenges

We all know that buyers have changed drastically over the past couple of decades. What we'll refer to as the **"New Buyer" is empowered, informed, and highly connected;** he or she expects a business to engage them virtually in real time, across multiple channels, with a highly customized experience.

At the same time, New Buyers defy the cliché of a rigid, "techie" mindset. To the contrary, they expect businesses to treat them as individuals – to engage in conversation and to understand their unique needs, rather than spouting self-interested, canned messages, and pushing one-size-fits-all solutions.

New Buyer expectations and behavior affect every part of a business. The most obvious impacts, however, fall upon the traditional front office functions – marketing, sales, and customer success – that handle most (if not all) of a company's customer-facing activities. **The front-office trio can instead evolve into a Team Trifecta, and begin a winning run by engaging the New Buyer with timely, relevant, targeted messages.**

As buyers embark upon the journey from prospect to opportunity, and finally into a customer relationship, the Team Trifecta must align and coordinate its own activities to create pitch-perfect interactions at every turn.

At first glance, many front-office trios embrace precisely the kinds of changes that allow them to satisfy these requirements and work as a front-office Team Trifecta in a New Buyer environment:

- Jettisoning product-focused messaging in favor of buyer-focused strategies that initiate conversations about a buyer's pain points, business needs, and content preferences.
- Shifting away from interruption marketing, and undifferentiated "batch-and-blast" content offers, in favor of inbound marketing, micro-segmented messaging, subscriber preference campaigns, and other modern engagement techniques.

New Buyers, New Expectations — and New Challenges (continued)

- Embracing next-generation technology innovation, with customer relationship management (CRM) and marketing automation tools leading the way – a remarkable shift for many sales and marketing groups.
- Accepting sales and marketing alignment as a key to competing effectively and efficiently in a New Buyer environment.

These changes, and many others, have enabled businesses to identify, understand, engage, and build profitable relationships in this New Buyer era. For example, according to one recent study, 75% of organizations that report sales and marketing alignment said they met or beat their revenue goals, while just 44% of non-aligned organizations passed this critical performance milestone.¹



McKinsey did a study on digital innovation and the primary reason that companies innovated was customer engagement (69%). This is forcing companies to realign their cultures around how they are going to meet the customers' demands in a way that is good enough to sustain ongoing interaction with that individual customer — and to develop the strategies and programs that make it feasible without driving them into bankruptcy. This isn't just for the next couple of years but the next decade most likely — and even beyond.

— PAUL GREENBERG,
ZDNet | @ZDNet

The Last Mile of the Customer Lifecycle: An Unexpected – and Untapped – Opportunity

In spite of this progress, however, many businesses with successful strategies to attract and convert buyers seem to lose their way once the deal closes and the prospect becomes a customer. What should be a balanced and seamless transition, in fact, turns out to be disjointed and directionless.

Bear in mind that a complete model of the customer lifecycle includes post-transaction customer retention and relationship expansion phases in addition to the typical, pre-sale awareness and acquisition phases. Successful businesses know that while retaining customers is a very desirable end in itself, it also sets the stage to expand the relationships with these customers – and expansion, in turn, is a powerful tactic for cutting costs and improving profitability.

Consider two data points that compare “top performing” B2B firms (the top 2% of the total population, as determined by revenue and customer satisfaction performance) to a general sample of B2B firms:

- Top performers, on average, invest 30% of their budget and 25% of their time to expand existing customer relationships – and these investments yield 50% of their total revenue.
- Average firms invest just 20% of their budgets and 15% of their time, and derive 30% of their total revenue from expansion efforts.²

It’s no coincidence that top-performing firms place a greater emphasis on maximizing revenue from existing customers: According to Forrester, acquiring a new customer costs a business five times more than satisfying and retaining current customers.³ These relationships also yield more predictable and reliable revenue than new customers, enabling businesses to plan more effectively and ultimately to make better decisions.

The Last Mile of the Customer Lifecycle:

An Unexpected – and Untapped – Opportunity (continued)

The biggest change we'll see in the front office in the next couple of years is likely to be how it reflects context. For example, ensuring that offers being made to customers demonstrate a knowledge of the availability of stock, supply, and proximity or suitability of product; all of that data exists within organizations today, but it is rarely connected in anything like real time to the front-end experience.

— MATT MULLEN,
451 Research | @MattMullenUK

There will be no more siloed departments. Companies can't afford not to connect marketing, sales, customer service, eCommerce, and other departments. If they [fail to do this] they will certainly be unable to provide customers with the best customer experiences possible and, as a result, lose market share.

— NATALIE PETOUHOFF
Constellation Research | @drnatalie

The Last Mile of the Customer Lifecycle: An Unexpected – and Untapped – Opportunity (continued)

There's still more to this story. As already noted, one of the defining traits of the top-performing companies in this study involves customer happiness scores that averaged 90% (versus an average score of 68% for the general population). Happy customers tend to remain loyal to the companies that made them happy – and that yields extraordinary benefits:

- A 2% increase in customer retention has the same impact on profits as cutting costs by 10%.⁴
- Reducing customer churn by 5% can increase profits by 25%-125%.⁵
- The probability of selling to an existing customer is 60%-70%, while the probability of selling to a new prospect is just 5%-20%.⁶

"Average" businesses don't just fail to maximize these benefits; many implement policies that undermine or even eliminate them. Firms routinely classify their customer success and service teams as cost centers – a designation that, predictably, makes them targets for cost reductions.

Many firms also cut their success teams off from systems and data sources that provide a complete picture of their customers' interests and preferences. Without this data, support reps cannot identify or communicate potentially profitable sales and marketing messages.

The metrics businesses commonly use to assess customer service and support tell this story very succinctly: Top performers are more likely than average firms to measure customer retention (65% vs. 48%), and much more likely to track customer satisfaction (81% vs. 43%). **More broadly, 81% of top performers tracked metrics tied to customer retention, expansion, and satisfaction, compared to just 43% of the average companies.**

4 Keys To Investing in a Winning Team Trifecta

Survey findings show that top-performing firms invest more in customer retention and relationship expansion initiatives; that they use appropriate and insightful metrics to judge the success of these initiatives; and that success yields significant business benefits for these firms.

These findings set the stage to answer a crucial question: **How can more firms retool their own front-office trios – to adopt the Team Trifecta model and achieve their full potential?**

This is a far more difficult and complex challenge than it may appear to be. In the New Buyer era, the process of enhancing and expanding customer relationships demands four key capabilities:

1. The successful customer experience relies on **corporate culture – the DNA of the company** – as much as any specific business objective or initiative. Someone must lead, considering the customer experience from end to end and each touch point, much as a conductor leads an orchestra. This requires executive sponsorship, someone who can and will lead this charge.



Customer touch points pop up on an ever-more frequent basis, and I think this is just going to fuel more and more front-office investments into marketing technology systems that encompass everything from marketing automation to CRM, analytics to ad-tech. I think over the next two years marketers will [demand] systems that allow them to create a unified or 360-degree view, allowing them to engage their prospects and customers across all of these touch points."



— ANKUSH GUPTA,
MarTech Advisor | @thelearnedman

4 Keys To Investing in a Winning Team Trifecta

(continued)

2. The marketing, sales, and support stakeholders in a successful Team Trifecta must work from a **single, shared view of a customer's history** with the company — their purchases, their preferences, their past contacts and interactions, and any other relevant intelligence.
3. The stakeholders within the Team Trifecta must know exactly when and how to **coordinate their customer interactions**, with the goal of creating what the customer perceives as a seamless, highly individualized experience. What is good for one team may not be good for another. As an example, signing a high-risk (and high-rolling) customer may be good for sales, but not good for customer success.
4. Every customer interaction must employ **highly accurate and specific segmentation tactics**, and use behavior-based communications effectively. While these tactics do not represent true 1:1 marketing, they represent a good balance between practical impact and cost-effectiveness.

The process of developing and deploying these capabilities must be a team effort; each element of the Team Trifecta brings indispensable skills to the table. For practical reasons, however, most organizations will need to ask their marketing teams to supply two things that the sales and success teams are less well-positioned to provide: leadership and technology.

4 Keys To Investing in a Winning Team Trifecta

(continued)

The Marketing Team Takes the Lead

When we say “leadership” in this context, we are really talking about ownership: a willingness to make decisions that support strategic goals related to customer lifecycle engagement. Within the Team Trifecta, marketing is the natural candidate for this role, given that it is the only member of the front-office trio that invests in every stage of the customer lifecycle — a practical perspective that can also inform and empower their sales and customer success colleagues.

In addition, since most marketing teams of any size have already worked on improving alignment with the sales team, a company’s marketing leaders know how to deploy the “soft” leadership skills required to unite three independent groups behind a common purpose and shared processes.



Today, marketing teams need omnichannel marketing tools that help them understand the complex and changing customer journey. They need to be able to recognize the customer wherever he or she comes in, even on multiple devices and different media, and present smart customized experiences that give both prospects and customers what they need at any given moment to engage deeper with the brand.



— JOHN KOETSIER,
VentureBeat | @johnkoestier

Marketing Tech and the Quest for Customer Clarity

Marketing plays an even more important role in selecting, deploying, and optimizing the technology required to unify the Team Trifecta behind a shared customer lifecycle engagement strategy. As with the question of leadership, this is largely a matter of the marketing team having the right kind of experience and capabilities to do the job.

There are, in fact, two core applications to consider here: CRM (typically owned by sales) and marketing automation (owned by marketing). Both systems contribute the data required to assemble a full and accurate picture of a customer's purchases, interactions, preferences, and other insights; both systems are absolutely essential to the ultimate goal of giving every stakeholder a "single view of the truth" when they engage a customer at any point in the lifecycle.

Marketing automation tools, however, are more likely to integrate a wide range of supporting systems and data sources: social, analytics, landing page hosting, email, content management, website visitor tracking, and other solutions all occupy positions within a best-in-class marketing technology stack, which in turn usually integrates with a CRM solution.



I expect [customer-facing systems] to become more integrated with each other and with marketing, so that the experiences delivered to each customer are tailored to that customer's needs and to meeting that company's business goals. This requires continuous communication between the front office systems and the company's core customer database and customer management systems.



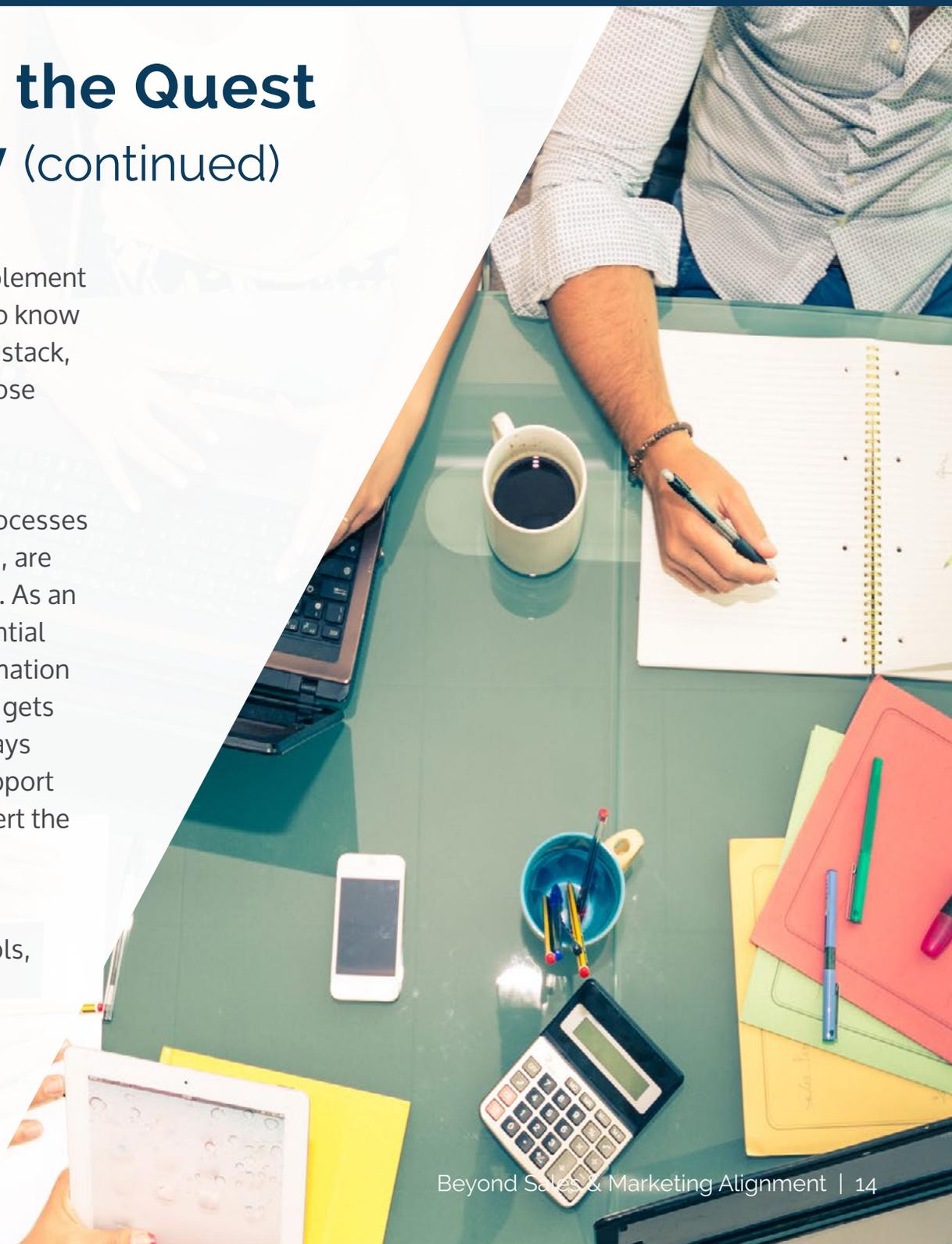
— DAVID RAAB,
Raab Associates | @draab

Marketing Tech and the Quest for Customer Clarity (continued)

Top-performing companies, however, don't just implement a more robust marketing technology stack; they also know the value of integrating the components within that stack, and they excel at integrating the data flows from those components in ways that deliver incredibly valuable insights.

Finally, experience shows that some of the same processes marketing automation enables, such as lead scoring, are applicable to other phases of the customer lifecycle. As an example, the customer may reveal high upsell potential through a pattern of behaviors that marketing automation can track and analyze. If the customer success team gets access to this data, learns how to use it, and also stays abreast of the sales team's priorities, then those support reps are in an ideal position to take action and convert the upsell opportunity.

If the goal, then, is to deliver a seamless customer experience, based on ready access to integrated tools, data sources, and customer intelligence, marketing certainly appears to be positioned to do the job.



Conclusion:

Unlocking the Opportunity Within

It is difficult to overstate the impact that a cohesive customer lifecycle engagement strategy can have on a business that currently lacks such a strategy. Consider the fact that sales and marketing alignment delivers, on average, a 36% improvement in customer retention and 38% higher sales-win rates – and it accomplishes this feat by improving only half of the end-to-end customer lifecycle.⁷

Now imagine what is possible with an approach that yields comprehensive results across every stage of the customer lifecycle, and that delivers especially dramatic improvements where smaller investments generate bigger returns – such as retention.

Better yet, many companies can achieve the business benefits of improved lifecycle engagement without making large investments in people or technology solutions. The ingredients for success are already in place; the task at hand mostly involves “connecting the dots” by empowering the marketing team to take ownership of the customer lifecycle, and by leveraging existing marketing automation, CRM, and supporting technology investments.

The new Team Trifecta, when viewed from this perspective, may be the single most important source of latent customer value – and of actual revenue gains – that most businesses have at their disposal. Organizations that seize this opportunity have the tools at their disposal to win the battle for customer engagement and loyalty in the era of the New Buyer.

Companies that have aligned sales and marketing have realized great benefits in lead generation and improved sales closing rates. Going beyond sales and marketing alignment to include customer success and build a Team Trifecta will let you, and your company, make the very most of the opportunity that is – literally – sitting right beneath your nose.

1 Act-On Sales & Marketing Alignment Survey

2 “Rethinking the Role of B2B Marketing in B2B Customer Engagement: Should Marketers Be the New Managers of the Customer Relationship?”

3 Source: Forrester via bit.ly/fdsxzx

4 Source: Forrester via bit.ly/fdsxzx

5 Source: American Society for Quality via bit.ly/fdsxzx

6 Source: Marketing Metrics via bit.ly/WAaE1x

7 Act-On/Gleanster “The New Stewards Of The Customer Relationship”



About Act-On Software

Act-On Software is a marketing automation company delivering innovation that empowers marketers to do the best work of their careers. Act-On is the only integrated workspace to address the needs of the customer experience, from brand awareness and demand generation, to retention and loyalty. With Act-On, marketers can drive better business outcomes and see higher customer lifetime value. The Act-On platform provides marketers with power they can actually use, without the need for a dedicated IT resource.



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About Demand Gen Report

Demand Gen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication's editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

Connect with Demand Gen Report to learn more

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