



PRIVATE EQUITY PERFORMANCE IMPROVEMENT

Uniting Sales and Marketing: The Key to Unlocking Scalable Growth

One of the most overlooked opportunities during times of organizational transformation or integration of new acquisitions is treating and analyzing the sales and marketing functions as individual units.

While each has a separate and distinct role to play within the company, they also share key goals — primarily being to generate more revenue. Understanding the key bridges between the two functions is critical for growth and adding value to the organization.

For most private equity (PE) firms, the current economic environment makes this an even more important strategy for growth at a time when deal making is not as easy due to market uncertainty, high multiples and increasing interest rates. In this environment, unlocking more value with the portfolio companies they already own is ever more crucial.

Reassessing sales and marketing in a more holistic way, even integrating them more tightly, can produce the added value of sustainable growth.

Through years of experience working in the PE arena, A&M has established five major areas where sales and marketing functions can be enhanced and integrated to drive long-term revenue growth.

How Are Sales and Marketing Different?

Yes, sales and marketing have shared goals — to attract more customers and to retain and develop existing customers. However, they are very different entities with distinct roles. Marketing and sales can look different from company to company, with business-to-business organizations tending to lean more on sales while business-to-customer companies tending toward broader brand building.¹

At its core, the sales function is focused on three primary tasks: asking potential customers need-defining questions, overcoming customer objections and providing demonstrations or follow-up meetings to close the sale. Marketing's task, meanwhile, is to understand the market audience, overcome the general pain points of that audience, generate leads for sales and build the brand over the long haul.

Boiled down to their essential characteristics, marketing sets the strategy while sales implements the strategy.²

Each also differs in an economic and cultural sense. As the marketing function expands and becomes more sophisticated in a company, the fight over budget allocation between sales and marketing can heat up. Culturally, one function naturally gravitates toward data and market segmentation while the other feels most at home closing sales and understanding their individual customers' needs.³

For these two reasons and more, each seeks to make up for what they perceive the other group is failing to do, which can lead to sales focusing on generating leads, which is marketing's role, or marketing teams trying to make the sale themselves. The end result can be resentment, a lack of communication and poor overall performance in hitting the company's strategic revenue goals.

1. <https://growthdot.com/unlock-marketing-vs-sales-roles-and-responsibilities/>

2. <https://agribusiness.purdue.edu/the-relationship-between-sales-and-marketing/>

3. <https://hbr.org/2006/07/ending-the-war-between-sales-and-marketing>

When properly understood, the roles of the two groups can actually be synergistic. Marketing's role is naturally broader, concerned with determining the right products, promotions and price points that will satisfy the larger target market while sales should be focused on the individual customer to get the sale, cross selling the company's other products or upselling existing customers.

Actions to Evaluate and Integrate Sales and Marketing More Effectively

During the integration of an acquisition, PE firms must accumulate value more quickly, which means growing revenue. Combining sales and marketing rather than improving them separately increases the return on investment on the cost of sales and marketing.⁴

What are PE Funds Asking?

- "How can our portfolio companies adjust to an environment in which growth is more difficult?"
- "How can we get more from our sales and marketing resources today?"
- "How do we think about evaluating our sales and marketing resources together?"

"There is no question that, when Sales and Marketing work well together, companies see substantial improvement on important performance metrics: Sales cycles are shorter, market-entry costs go down, and the cost of sales is lower."

— **Ending the War Between Sales and Marketing, Harvard Business Review**

Here are five key actions to help organizational leaders more effectively evaluate and improve sales, marketing and customer success holistically:

Take an integrated approach — Sales and marketing functions must work towards the same end goal — driving revenue growth. Align sales and marketing teams around common goals and key performance indicators (KPIs). By aligning these functions, companies can develop a cohesive strategy that promotes consistent messaging, improved customer experience and streamlined processes, ensuring both teams are working towards the same objectives and are accountable for driving revenue growth.

As companies define shared goals and objectives, it's critical to align on incentives, such as deciding which products to focus on selling and promoting in the market.

Another way to enhance integration is to develop a service level agreement (SLA) between the sales and marketing teams that outlines the responsibilities of each function and defines the process for handing off generated leads and performance metrics. This helps establish accountability and ensures seamless collaboration between the two functions.

4. <https://www.uschamber.com/co/grow/marketing/combining-sales-and-marketing>

Improve communication — By bringing sales and marketing teams together, companies can facilitate better communication and collaboration between the two functions. This ensures that sales teams are equipped with the right tools, content and messaging to effectively engage with leads and customers.

Companies should establish clear communication channels. This allows for open communication between the sales and marketing teams to share insights, updates and feedback regularly. This can be achieved through consistent meetings, shared metrics and collaborative projects.

Conduct regular cross-functional training to provide opportunities for sales and marketing teams to learn about each other's roles, challenges and best practices, which fosters collaboration and understanding between the two functions.

Enhance lead generation — Marketing activities help generate leads for the sales team to follow up on. By aligning sales and marketing efforts, companies can confirm that marketing campaigns are targeted towards the right audience, leading to a higher quality of leads and better conversion rates.

PE firms and their portfolio companies can take the following steps to improve lead generation:

- Define an ideal customer profile: Collaborate with both sales and marketing teams to clearly define the characteristics of your ideal customer, using demographic information, buying behavior, pain points and preferred communication channels. Based on common characteristics of your target audience, develop detailed buyer personas to help sales and marketing understand the needs and challenges of potential leads.
- Improve lead development: Establish clear criteria for qualifying leads, such as budget size, purchasing authority and buying timeline. Agree on a lead scoring system that assigns values to leads based on their readiness to purchase and track metrics to identify areas for improvement and optimize lead generation efforts. Then develop the criteria for communications that are necessary for seamlessly and effectively passing leads between teams.
- Implement automation tools enhance sales collateral: Use marketing automation tools to streamline lead generation, nurturing and tracking processes, making it easier to pass qualified leads to the sales team. Simultaneously, develop sales enablement resources that align with marketing campaign messaging, such as in sales collateral, case studies and competitive intelligence, to support the sales team in converting leads into customers.

Integrate for Success

Sales and marketing can work together to create an integrated, customer-centric commercial strategy that choreographs customer learning moments across channels:

- *Sales organizations that prioritize alignment with marketing are nearly three times more likely to exceed new customer acquisition targets.*
- *Buyers who are led only by sales reps are 63% less likely to complete a high-quality deal.*
- *Buyers are 20% more likely to regret digital channels purchases compared to traditional rep-led purchases.*

Gartner: The Sales and Marketing Relationship in 2023





Increase customer retention — Marketing functions play a crucial role in nurturing customer relationships through activities such as email marketing, content creation and social media engagement. By aligning sales and marketing efforts, companies can create personalized customer journeys that improve customer retention and loyalty.

Key tactics to employ include:

- Build strong customer relationships: Focus on building strong relationships with customers by providing personalized experiences, excellent customer service and ongoing communication. Listen to customer feedback, address their concerns promptly and show that you value their business. Use loyalty programs that reward customers for their repeat business and incentivize them to stay engaged with your brand.
- Provide continuous value: Ensure that your products or services continue to provide value to customers over time by regularly communicating updates, new features and tips on how to get the most out of your offerings. Use customer data and insights to personalize marketing communications, tailoring them to customers' preferences, needs and purchase histories to make them feel valued. Leverage customer feedback by collecting response data to understand their satisfaction, pain points and preferences and using it to improve products and experiences. Deliver exceptional customer service by ensuring that customer service representatives are knowledgeable, responsive and empathetic in addressing customer needs.
- Segment your customer base: Segment your customer base based on factors such as purchase behavior, demographics and engagement levels. Develop targeted marketing campaigns and communication strategies for each segment to deliver relevant and personalized messages. Then monitor key customer retention metrics, such as customer churn rate, customer lifetime value and retention rates to spot trends, patterns and opportunities for improving customer retention strategies.

Alignment Is Key

Companies with aligned sales and marketing teams experience 38% higher sales win rates as well as 36% higher customer retention rates.

Conversely, it's estimated that misalignment can cost organizations 10% or more in annual revenue.

Forbes: How To Align Marketing and Sales Goals for Success

Make data-driven decisions — By combining sales and marketing data, companies can gain insights into customer behavior, preferences and buying patterns. This data can be used to inform strategic decisions, optimize marketing campaigns and improve sales performance.

Regularly review sales and marketing performance metrics to identify areas for improvement. Use data-driven insights to adjust strategies, optimize campaigns and drive continuous improvement across both functions.

Take the following measures to drive success:

- Develop a data-driven culture: Start by identifying your sales and marketing objectives and defining measurable KPIs that align with these goals. Clearly outline what data points are most relevant to track your progress towards achieving these KPIs and continuously monitor and analyze the performance of your sales and marketing initiatives against your KPIs. Gather relevant data from various sources, such as your customer relationship management system, marketing automation platform, website analytics, social media metrics and customer surveys, to extract actionable insights. This will help you foster a culture within your organization that values data-driven decision making. Ensure that teams have access to the right data, tools and training to leverage data effectively in their day-to-day activities.
- Use predictive analytics: Leverage predictive analytics to forecast future trends, identify potential opportunities or risks and optimize your sales and marketing strategies accordingly. Predictive analytics can help you anticipate customer behavior, optimize pricing strategies and allocate resources more effectively.
- Segment and personalize your marketing efforts: Use data analytics to segment your customer base, factoring in demographics, behavior, preferences and purchasing history. Develop targeted, personalized marketing campaigns for different customer segments to improve engagement and conversions.
- A/B test your strategies: Conduct A/B testing to experiment with different sales and marketing tactics, such as email subject lines, website designs, pricing strategies and advertising copy. Analyze the results of these tests to identify what approaches are most effective in driving desired outcomes.
- Iterate and optimize based on data insights: Use data-driven insights to iteratively improve and optimize your sales and marketing strategies. Test, measure and refine your tactics based on the data, and implement changes that are supported by data-backed evidence to drive better results.

Measure and Grow

- **Growth:** *Highly aligned companies grow 19% faster and are 15% more profitable.*
- **Metrics:** *Sales and marketing executives should establish pipeline and revenue contribution targets for marketing and the other three demand sources (sales, tele and channels) and track progress against goals on an ongoing basis.*

Forrester: A Sales Executive's Perspective on Alignment: Outdated Stereotypes, Pipeline and Revenue Goals for Marketing



Drive Revenue Growth Through Performance Improvement

By holistically analyzing and integrating sales and marketing together, companies will find a powerful way to create value and long-term revenue growth. PE firms should employ this approach during due diligence for mergers and acquisitions and the post-deal integration phase.

This approach improves lead generation, leverages synergies between the functions and increases customer retention. By using data to drive decision-making, the customer becomes your ally: as you improve the customer relationship and experience, they will reward you with continued loyalty and sales.

How Can A&M Help?

A&M's Private Equity Performance Improvement practice supports PE portfolio companies in aligning sales and marketing functions for sustainable growth. As your partner, we specialize in guiding clients through this critical integration to unlock value and maximize revenue potential. A&M can help clients:

- **Develop integrated strategies** that align sales and marketing teams around common goals and KPIs.
- **Improve communication and collaboration** between the sales and marketing functions.
- **Optimize lead generation** efforts to target the right audience and improve conversion rates.
- **Increase customer retention** through personalized experiences and data-driven insights.

With the help of our seasoned professionals, clients can navigate the complexities of sales and marketing integration, driving value creation and long-term growth.

This article serves as a foundation for deeper insights into the intricacies of sales and marketing integration and value creation within organizations. Stay tuned for future instalments where we will dive deeper into each of the five major areas identified, offering actionable insights and strategies to drive long-term revenue growth and unlock even greater value.

Key Contacts



Jeff Bilyea

Senior Director
Toronto, CA

+1 647 964 6380
jbilyea@alvarezandmarsal.com



Louis De Olden

Managing Director
New York, NY

+1 873 830 8484
ldolden@alvarezandmarsal.com

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