Gartner for Sales Leaders

Improve Your Pipeline Generation Strategy

3 Questions CSOs Must Ask Their CMOs

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The difference in priorities between sales and marketing teams has a detrimental effect on pipeline generation. Chief sales officers can increase pipeline volume and quality by building alignment with their CMO on account identification, message creation and performance measurement.

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Overview

Key findings

- Many sales and marketing organizations lack a mutually agreed-upon definition of a qualified buyer, which results in the diminished value of leads provided by marketing. This reduces the number of qualified buyers that sales reps can contact.

- Buyer messaging and content are vastly different depending on their source — sales or marketing — with each function customizing content based on its own understanding of the buyer. This difference contributes to buyers spending, on average, 15% of the sales cycle reconciling conflicting information.

- When pipeline metrics are siloed in separate systems, sales doesn't have leading indicators of pipeline generation and marketing doesn't have feedback on the buyers who became customers or the activities that contribute to closed-won deals.

Recommendations

Chief sales officers (CSOs) seeking to increase pipeline volume and quality should collaborate closely with their chief marketing officers (CMOs) to:

- Develop a unified, ideal customer profile to build a qualified target audience and identify the buyers most likely to become customers.

- Combine marketing's broader marketwide/industrywide data and trends with sales' experience working one-on-one with customers to develop messaging based on buyers' challenges.

- Build a consolidated view of metrics across the entire funnel to increase the effectiveness of recurring pipeline review and forecast processes.

Introduction

Both sales and marketing leaders are tasked with driving growth in revenue. Nearly half of CSOs indicate their most critical initiative is accelerating early pipeline and lead generation, while marketing leaders rank marketing qualified leads and sales qualified leads as their second and third most important metrics.

Marketing and sales typically do not have an agreed-upon definition of a qualified buyer. This lack of consensus causes sales organizations to independently progress pipeline and lead generation efforts, choosing who to target, developing messaging ad hoc and focusing on measuring only sales stages in the funnel.

As a result, sales isn't leveraging marketing's market and industry insights, which means wasted effort and resources, and creates inefficiency in pipeline-generating functions.

How can sales and marketing come together to improve pipeline generation strategy?

CSOs must initiate collaboration with CMOs by asking questions about (see Figure 1):

- Identifying target accounts based on existing customers

- Creating effective messaging

- Viewing consolidated metrics across the entire funnel

As a result of this collaboration, and the growth in pipeline and revenue that it will achieve, the two function leaders will continue working together to meet company objectives (see Table 1).

Figure 1: Three Questions CSOs Must Ask Their CMOs

Three Questions CSOs Must Ask Their CMOs

Accounts	Messaging	Metrics
Who Should We Target?	What Should We Say?	How Should We Track Deals Across the Entire Funnel?

Source: Gartner

Table 1: How CSOs Can Influence Pipeline Through CMO Collaboration

Three Areas for CSOs to Collaborate With CMOs		
Accounts	**Messaging**	**Metrics**
Current State (Operating Independently)	**Marketing** develops a list of target accounts in isolation, based solely on firmographic data. **Sales** prospects accounts based on past closed deals.	**Marketing** creates messaging based on personas and general buyer challenges. **Sales** creates emails based on existing content and previous successful interactions.	**Marketing** tracks results through a marketing qualified lead and hands off to sales. **Sales** tracks results from opportunities to close.
Primary Question	**Who should we target?**	**What should we say?**	**How should we track deals across the entire funnel?**
Follow-Up Question	What information is used to determine the appropriate accounts to target?	What are the documented buyer challenges and voice of the customer insights used to create messaging?	What metrics are used to demonstrate demand generation success?
Future State (Operating Jointly)	Marketing and sales jointly develop an ideal customer profile using a variety of company data, performance data and sales experience to identify buyers most like existing customers.	Marketing creates messaging based on personas, specific buyer challenges, voice of customer insights and sales input that sales reps actually find relevant and use in the selling process.	All deals are tracked throughout the entire funnel in a single view available to sales and marketing.

Analysis

Build an Ideal Customer Profile to Collaborate on the Accounts to Target

Every sales leader knows that some accounts are more valuable than others. Establishing an ideal customer profile (ICP) is a collaborative process between sales and marketing that uses data to determine what the best accounts look like and creates an agreed-upon, buyer-qualifying definition. An ICP is an act of prioritization — not elimination — to create a shared understanding of deals more likely to win, bigger deal sizes and shorter sales cycles.

Use Quantitative Data From Marketing and Qualitative Inputs From Sales to Develop an ICP Both Organizations Will Support

Sales and marketing leaders must find a balance between quantitative data from marketing, identifying the accounts that are the most valuable or best fit and qualitative data from sales, based on the frontline experiences of top-performing sales reps. A cross-functional group reviews the account-level data of these ideal customers, including (see The Enterprise Persona — Defining Your Ideal Customer Profiles):

- **Firmographics** — The most basic level of information such as size, location, industry or structure of the organization.

- **Technographics** — The technologies used by the organization.

- **Psychographics** — How an organization thinks about purchases.

- **Business situation** — A wide range of situational elements that might include years in business, profitability, growth rate, new initiatives or acquisitions, regulatory changes, or industry events driving change.

- **Business operating model** — The attributes that explore how the organization operates, including transaction volume, pricing model, ecosystem model and more.

The aggregate of this data results in a list of essential and optional customer attributes as the ICP (see Develop an Ideal Customer Profile to Guide Your Target Account List). An example of an ICP profile is shown in Table 2.

This profile is often owned by marketing, but a sales leader can benefit by initiating the process because it demonstrates a desire to collaborate with the CMO. A sales-driven process to build the profile should not overindex on sales-provided information but fully incorporate marketing insights and customer data.

When both groups agree on how to select and prioritize accounts, sales reps are prospecting to the same accounts marketing is contacting through promotion and advertising. This alignment of target buyers between sales and marketing builds awareness and improves the results of outbound prospecting. The collaborative process enables sales and marketing to pursue the same profile of buyers through inbound and outbound motions to increase pipeline generation.

Table 2: Example of an ICP Primarily Based on Firmographic and Technographic Data

	Attribute	Description
Essential Criteria	Company Size	More than 10,000 employees
	Corporate Development	Significant merger or acquisition in last five years (more than $3B in transactions)
	Global Presence	Significant presence in eight or more countries (with more than 100 employees)
	Growth	Growing 20% or more YoY
	Industries	Technology, financial services, healthcare
Optional Criteria	Technology Usage	Oracle or SAP ERP
	Industries	Technology, financial services, healthcare
	Growth	Growing 20% or more YoY
	Global Presence	Significant presence in eight or more countries (with more than 100 employees)
	Corporate Development	Significant merger or acquisition in last five years (more than $3B in transactions)

Source: Gartner

Sales input is also critical to receive buy-in from sales reps and get them to fully pursue marketing-generated leads that adhere to the ICP. For example, once sales and marketing begin working together building a lead generation process, more than 90% of marketing-provided leads are followed up by sales in accordance with the SLA (see Building an Inside Sales and Marketing Relationship for Effective Lead Management).

Further actions to take:

Collaborate on developing personas, buyer segments or implementing intent data solutions to identify buyers interested in your products right now.

Create Messaging Based on Buyers' Challenges to Drive Better Engagement and Higher Response Rates

CSOs and CMOs must partner to understand customers':

- **Buying challenges** — The difficulties they will face related to the purchase process.

- **Organizational challenges** — The business problems that create the need for the solution.

- **Informational challenges** — The information the buying group members will need to feel confident about their purchase and the conflicting or confusing information they are likely to encounter.

By agreeing on these three points, CSOs and CMOs can work together to deliver relevant and aligned messaging and communication. Message consistency enables buyers to confidently navigate their uncertain environment, validate their decisions and build enough self-confidence to move forward in the buying journey.

Seventy-nine percent of B2B marketing leaders agree the best way to engage B2B buyers is to deliver personally relevant communications. Marketing teams personalize buyer messaging with the language that buyers use to describe their challenges, as well as incorporating voice of the customer insights. A broad communication framework supports sales reps' buyer outreach with the elements needed to easily share the value proposition and to address specific use cases. Sales reps can lightly customize and assemble these elements based on their knowledge of the individual buyer.

Messaging Generated by Marketing Should Reflect Sales' Understanding of Buyers' Challenges

Due to the interpersonal nature of sales interactions, sellers are equipped to provide in-the-moment diagnosis and support for buyers' specific information needs. Compared with sales reps who share their expert opinion or merely provide more information, sales reps who help buyers make sense of information have the highest likelihood of closing a high-quality deal.

Sales leaders can improve the effectiveness of the messaging used by sellers by meeting with the CMO to provide a sales perspective on the buyers' challenges and share what the sales teams are hearing on their successful and unsuccessful calls. This collaborative effort creates messaging and content that connects better with buyers and makes them more likely to become customers, thereby increasing the pipeline.

Another benefit of this sales and marketing messaging collaboration is that when the CSO has messaging buy-in, the sellers understand their point of view is already included and limited customization is necessary. Sales leaders should explicitly call out what parts of the messaging should be customized by sales reps.

Further actions to take:

- Use content analytics or call recording tools to provide data on the messaging and content that buyers responded to in email and sales calls.

- See Market Guide for Sales Enablement Platforms to learn more about vendors providing this functionality.

Review Metrics Across the Entire Funnel to Improve Pipeline Generation

CSOs and CMOs need to review an agreed-upon list of both leading metrics (i.e., inputs to the process) and lagging metrics (i.e., outcomes of the process) across the entire funnel as a way to understand how campaign, operational and strategic outcomes drive the pipeline. This provides a broader view of pipeline review and improves the accuracy of forecasting. Knowing which tools to use and the process to gather those metrics on a regular basis is equally as important as making sure those metrics are available.

The bringing together of sales and marketing metrics requires identifying the most important metrics from each function and displaying them in a single dashboard so both leaders can determine what actions to take. Sales leaders already feel like they aren't getting the analytics they need to make decisions and identify risks in their team's pipeline. In a recent survey, only 41% of sales managers and executives were satisfied with their current dashboard's ability to help them make business decisions.

CSOs and CMOs Need to Review Leading and Lagging Metrics to Ensure Coordinated Action and Results

Leading sales metrics are tracked during the sales process as opportunities develop and the pipeline is built (e.g., new contacts, lead generation volume by source, new qualified leads), while lagging sales metrics are outputs and results that are measured after the fact (e.g., qualified opportunities, pipeline value, number of new accounts). In most sales organizations, these lagging indicators get most of the attention, because they tend to be the metrics that go into reports to senior executives (see Table 3).

Table 3: Common Strategic Goals and Possible Measurement Methods

Goals	Sample Leading Metrics	Sample Lagging Metrics
Acquire more customers	• New customer lead generation • Customer-acquisition-related activity tracking	• New customer lead velocity (time from initial contact to sales qualified lead) • New customer sales lead qualification time (time from marketing qualified to sales qualified) • New customer pipeline growth • New customer revenue
Increase customer satisfaction	• Support call volume • Support escalation volume • Customer data quality	• Time to first response • Time to resolve • Customer satisfaction scores • Customer success measures
Cross-sell/upsell	• Lead generation (existing customer with interest in new product) • Activities associated with cross-sell/upsell campaigns	• Single product versus multiproduct deals in pipeline • Cross-sell/upsell revenue • Wallet share
Improve sales return on investment	• Sales activity volume by role (high cost versus low cost) • Lead generation by channel (digital versus nondigital) • Percentage of open pipeline with approved discount	• Revenue • Sales expense • Discount rate
Improve customer retention	• Renewable installed base growth • Reinstatement lead generation (lapsed customers who may renew)	• Renewal rate of subscription customers • Renewal extensions (renewed for longer term than planned) • Reinstatement rate

Source: Gartner

Leading marketing metrics enable adjustments to demand generation programs in real time (e.g., web visits, clicks, downloads), while marketing teams use lagging indicators to understand key trends in meeting operational goals and broader strategic business outcomes (e.g., changes in customer acquisition costs and customer lifetime value).

Bring Sales and Marketing Operations Together to Build a Single Dashboard So All Leaders Can Review Pipeline Metrics

CSOs usually track deals through all stages of the sales process in a dashboard in the CRM with inputs often coming from sales engagement solutions, marketing automation and lead management tools. The cross-functional leaders should work with the operations team to build a pipeline dashboard within an analytics and business intelligence platform using the data from both sales and marketing applications.

The sales and marketing operations leaders should meet weekly or monthly — depending on the volume of leads — to discuss the shared pipeline measurement dashboard to discover insights and develop an ongoing plan for collaboration and improvement to pipeline generation. These are not status meetings or program updates, but a collaborative session where everyone remains engaged.

The CSO and CMO should be brought into the room if leading indicator levels drop below agreed-upon thresholds, so both sales and marketing can come together and develop an action plan before these levels impact commercial results.

Further actions to take:

Adopt a multitouch attribution model to give credit to both marketing and sales for their parts in closing a deal.

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