

MARKETING ACTION LEARNING

NOTE 1: DECEMBER 2017

Marketing Action Learning notes are produced from the results of meetings of B2B Marketing and Sales leaders. A meeting is held to discuss specific B2B Marketing issues and actionable solutions based on the practitioners combined experiences. They are produced by Marketing Leaders, for Marketing Leaders and should provide simple, practical solutions that any leader can try in within their operation.

CAN B2B MARKETING BE A REVENUE FUNCTION? AND IF SO HOW?

The need for marketing to be a revenue contributing function has grown with more than 50% citing this as their primary objective. While this level of accountability is required, <25% are having any success at the moment¹. The problem stems from the top of the business through lack of a clear business strategy and lack of understanding how marketing best serve the strategy.

THE PROBLEMS – WHY IS IT FAILING?

Before the question of how marketing could be accountable for revenue contribution we have to understand the barriers that exist. A lot has been placed on the potential of marketing technology to fix the accountability problem but our discussion didn't find this. The biggest barriers to revenue accountability were:

- Marketing isn't involved in business planning as a result the function is deployed tactically
- The business plan lacks detail with just a revenue growth target but no detail on growth strategy
- Marketing is not used strategically and asked to operate against the same timescales as sales
- Marketing is goaled with a revenue contribution target but no clarity on sources of revenue
- Marketing use some model of attribution to justify revenue contribution without business agreement
- Marketing use ROI to justify revenue contribution but lack commercial understanding of ROI models

In summary, it becomes clear that marketing is failing in ability to account for revenue contribution, not because of systems or processes but because of a serious commercial disconnection with senior business leaders, finance, and business planning and strategy.

THE SOLUTIONS – WHAT ACTION CAN YOU TAKE?

The revenue problem is too big to solve in a short discussion but there were some practical tips that came from the meeting. Things that you can try in your situation but more importantly, suggestions that may help you drive a different discussion and engagement in your operation:

- Marketing MUST re-engage business and sales leadership to be participants in business planning
- Build a new working relationship with CFO to properly understand the financial levers in the business, and to educate them on how marketing operates
- ONLY agree to targets that meet a clear business plan / strategy objective for example, growth into a new industry, segment, market.

- Gain FULL agreement to the expected timescales in delivering against targets. This is vitally important in businesses where sales cycles are long and complex, and a quarterly expectation is placed on marketing – remember, marketing are the ‘long game’ players
- Help business leaders understand that marketing and sales alignment is most effective when both functions are playing to their strengths. Sales responsible for closing business in the current and next quarters and marketing focused on the subsequent quarters
- IMPORTANTLY, do not accept a target request to ‘fix a quarter’ you will fail. Explain why to business leaders. When a business is having a tough quarter, and turns to marketing and asks for more leads, then relationships, expectations, and understanding are broken.
- Ensure that targets and measures are specific to strategy area and not generic. For example:
 - Set targets and measure Top of Funnel (TOFU) strategy based on a long-term revenue contribution expectation
 - For Middle of Funnel (MOFU) strategy consider targets and measurements based on marketing impact in accelerating opportunities, i.e. you are accelerating time to revenue
 - Lastly for Bottom of Funnel (BOFU) strategy consider marketing ability to accelerate close rates or close / win success ratio thereby improving revenue cycle
- Marketing ROI. This is a complex area and pretty much all marketers who are applying this will be doing it incorrectly. Before attempting to claim an ROI for marketing make sure you have a clear, commercial understanding of ROI in an expense context and not in a capital context (which is the origin of ROI, a ‘capital investment’ measure). If you are applying ROI measures to any model of attribution you are likely to be wrong, and misrepresenting marketing’s contribution. See point 2, building a new relationship with finance.
- Lastly and MOST IMPORTANTLY, more technology is NOT your answer. The marketing automation, inbound systems, and the like have seduced marketers into the belief that automation and system delivered marketing will solve your accountability problem. They are compounding your problem at the moment. Your CEO is almost certainly sceptical. Time for some ‘back to basics’.

IN SUMMARY

There will be no escape from the need to become revenue accountable so marketing leaders need to learn how to navigate this path. The promise of technological solutions, or the adoption of complex theories and models aren’t the solution, the problem is one that has been under the surface for a long time. Marketing MUST establish a stronger commercial and strategic role in the business, and be accepted as a strategic growth function not a tactical lead generation function. The group aren’t suggesting this is easy but do feel, from their experiences, that this is necessary to make progress.

FOOT NOTES

If you would like to join the group and participate in these discussions, or perhaps you have an issue that you would like to bring to the group then please contact me, Alan Edwards at alan@why-marketing.com

¹Source: Research conducted by Vanson Bourne on behalf of Considered Content, 2017