VIDEO 1: WHY IS SMARKETING CRITICAL TO INBOUND SUCCESS?

Hi there, I'm Chris from HubSpot Academy.

Welcome to the power of Smarketing. In this class we'll talk about how to align your marketing and sales teams to achieve results.

In other words, we'll discuss how the marketing team and sales team can come together to be one team, known as smarketing.

There is no dipping your feet in on this one, so let's dive right in.

So why is smarketing critical to inbound success?

Smarketing is a key component of inbound success because of its location in the close stage of the methodology. Specifically, the point in the close phase where marketing can most effectively hand-off qualified leads to sales, so that they can be closed into customers. Without smarketing, a significant number of your leads will likely wither away and never become customers.

What is smarketing? Smarketing is the process of aligning the marketing and sales teams around common goals within a business or organization, with the goal of improving revenue.

Now, traditionally, marketing and sales have acted as two opposing teams. In fact 87% of the terms that marketing and sales use to describe each other are negative, according to this corporate executive board study.

Unfortunately, Marketing and Sales don't always get along. Marketing uses terms for Sales like 'simple-minded', 'incompetent' or 'lazy'. In turn, Sales refers to 'marketing' using terms like 'arts and crafts' or 'Academics'; in other words, irrelevant. But of course, none of this is actually true.

The reality is that marketing and sales are really just two halves of the same team: Team Revenue.

Realizing this will allow you to create a productive relationship between these two traditionally opposing teams, putting you in a better position to hit your organization's revenue goals.

And this really works: According to a study by the Aberdeen Group, it turns out that companies with strong marketing and sales alignment hit twenty percent annual revenue growth. Compare that to companies with poor smarketing alignment. They actually saw revenues decline by four percent.

That is why smarketing is key to inbound. It's a world in which marketing and sales work so closely together that they never skip a beat. Think about how powerful it would be to have those two teams helping each other to reach the same goal.

Now that we've addressed the importance of Smarketing to your inbound success, next up, we'll discuss the recurring themes of companies with strong marketing and sales alignment. See you there!

VIDEO 2: HOW DOES SMARKETING RESULT IN ALIGNMENT?

Let's talk about the best practices each team must execute on to align and reap the benefits of smarketing.

At its core, smarketing is all about goals.

There are 5 critical best practices for successfully aligning marketing and sales

First off, both teams must have the same organizational goals.

To get on the same team you must align both marketing and sales around the same goal. In a business setting this goal is typically focused on revenue. A shared goal for an EDU could be the number of enrolled students. A nonprofit's goal might be focused on donations or gifts.

Second, the visitors and leads goals should be tied to the sales quotas.

If Sales can't rely on marketing to deliver leads, the teams aren't working together and the level of success (or lack thereof) will show in the bottom line results.

Third, marketing and sales must have visibility into each other's goals and progress.

This way, each team is clear about how everyone is doing and can make adjustments in real time accordingly.

The fourth is to base compensation on shared marketing and sales goals.

Money can be a valuable lever for jumpstarting organizational alignment.

Fifth, don't forget about your personas.

Your marketing and sales teams are communicating with your target customer on a regular basis, so expect details about your personas to be uncovered and discussed regularly. Be sure to keep everyone up to date on these developments at all times.

Let's take a look at these best practices in action with an example that exemplifies smarketing alignment.

In this example we'll break down how the leaders of a marketing and sales team aligned around goals and how it enabled both teams to achieve the business goals set by the executive team.

On the left is the leader of the marketing team. In the middle is the leader of the sales team.

These two leaders met together and built a compensation structure for their teams based around the same thing: the revenue target for the sales team.

This forced both teams to focus on solving for their ultimate revenue goal and helped them become hyper-aware of their progress towards their goals.

Additionally, it allowed them to celebrate their achievements together when they hit those goals.

This shared celebration of success reinforces the concept that these two teams are really just two halves of the same team, team smarketing.

Alright, time for a quiz! Let's test your knowledge.

Both teams must share the same _____ for smarketing to be effective? Is it:
     A) The same Manager?
     B) The same organizational goals?
     C) The same office?
     D) the same commission check?

You've got 10 seconds to figure it out. Ready? Go! Let's see which is the right answer!

It's not C - While having your marketing and sales team sit in close proximity to each other is ideal, many organizations have multiple offices and are still effective at executing smarketing.

It's not A - because marketing and sales do not have to share the same manager. In many cases this could be detrimental as marketing and sales managers may have different yet complementary expertise.

So is it B or D?

It's not D - good luck finding anyone who would be willing to share their commission check and be motivated to continue to sell the leads marketing is providing!

The correct answer is B - at the core marketing and sales must be aligned around the same organizational goals, so both teams are working towards the same outcome.

Smarketing can happen at any scale. In a small business it can center around the marketing and sales VPs, but as the company grows you can pick leaders in the marketing and sales divisions to scale the alignment.

And there you have it, the 5 best practices of smarketing. Remember, both teams should have the same organizational goals and the marketing pipeline should be tied to sale quotas. There should be visibility into each other's goals, compensation based on shared marketing and sales goals, and be sure to have continual communication and education around your personas.

In the third and final video we will cover how you can use the best practices to guide the integration of your marketing and sales teams.

VIDEO 3: HOW DO YOU INTEGRATE SMARKETING INTO YOUR ORGANIZATION?

The benefits of aligning marketing and sales are clear, the best practices are a helpful guide, but without a playbook to integrate smarketing into your organization they are just simply facts that exist.

1. Speak the same language
2. Implement a service level agreement
3. Set up Closed loop reporting
4. Rely on Data
5. Maintain open communication

Speaking the same words and speaking the same language are two very different things. You'd be surprised how easily people can misinterpret what you're saying if you're not speaking the same language.

To lay the foundation for a shared language you're going to use the marketing and sales funnel since its typically well-understood by both teams.

The funnel is typically divided into three sections.

Marketing is responsible for the top of the funnel and sales is responsible for the bottom of the funnel.

The responsibility for the middle of the funnel which is typically shared is why speaking the same language is so important.

Within each of the three sections of the funnel there are more specific lifecycle stages that must be defined. While you may inevitably change these definitions to meet your organization's needs, both marketing and sales need to agree upon them.

Make sure you're speaking the same language for the remainder of the class by covering the basic definitions of each stage.

The most generic term for anyone in a marketing and sales funnel is a contact. The term contact doesn't indicate which stage of the funnel a person is in, just simply that they exist in the funnel.

Prospects are website visitors who you've gathered minimal data on or who have signed up for a blog or an email newsletter.

When you use the term 'lead' you're referring to a contact who has submitted a form in return for a content offer like an ebook, white paper, etc. Remember, it's important for your organization to define, agree and commit to using these definitions.

In the middle of the funnel you have Marketing Qualified Leads and Sales Qualified Leads.

Marketing qualified leads, commonly known as MQLs, are contacts who have raised their hands (metaphorically speaking) and identified themselves as more deeply engaged, sales-ready leads. Ideally, you only allow specific forms or form fields, such as company size, to trigger the promotion of a lead to an MQL. Offers like demo requests, buying guides, and other high-interest-level offers are typically defined as MQLs.

Once a lead has been promoted to an MQL it's time to pass it on to sales to be reviewed more thoroughly.

Sales Qualified Leads, or SQLs, are MQLs that your sales team has determined to be worthy of a direct follow up after thorough examination. Using this stage will help your marketing and sales teams remain on the same page in terms of the quality and volume of MQLs that marketing is handing over.

The final two stages are referred to as the bottom of the funnel.

Once sales has marked an MQL as an SQL their goal is to move them along to an opportunity. An Opportunity is an SQL that a sales rep has communicated with and logged as a legitimate potential customer.

The final step is closing the sale and marking the opportunity as a customer.

Now that you have defined each stage of the funnel, let's take a moment to discuss a framework you can use within your organization to identify MQLs for Sales to focus on.

In order to define an MQL you must have enough information about the contact to assess their fit for your product or service as well as their level of interest.

You'll want to avoid passing contacts onto sales if they aren't a great fit or aren't interested. It's a waste of the sales team's time.

Now if a lead is a great fit for your product or service but doesn't yet show a lot interest, marketing should hang on to the lead and nurture their interest. For example, this can be achieved through targeted content emails. Now, some may decide to pass these leads off to sales, anyway, and that's okay! Just be sure sales is aware that their goal is to stimulate interest rather than trying to jump right into closing the deal.

Now if they're not a great fit but show a lot of interest you'll have to make a tough business decision. Should you mark the lead as an MQL and have the salesperson process the order? Depending on your organization, bringing on a bad-fit customer may be more detrimental to your profits than not closing the customer at all.

Now, as for the leads who are a great fit and show interest in your business, you'll want to mark them as MQLs and be sure that your sales team follows up with them within 24 hours.

Why 24 hours? A Harvard Business Review study tracked 1.25 million sales leads received by 29 B2C and 13 B2B companies in the U.S.

Sales reps that tried to contact potential customers within an hour of receiving a query were nearly seven times as likely to qualify the lead (which the study defined as having a meaningful conversation with a key decision maker) as those that tried to contact the lead even an hour later—and more than 60 times as likely as companies that waited 24 hours or longer. https://hbr.org/2011/03/the-short-life-of-online-sales-leads

Let's look at a few examples of marketing qualified leads that a sales team would want to follow-up with within 24 hours.

1. A contact from a 200,000 person company located in North America who downloaded an ebook on a lead generation topic. Demographically, this contact is a good fit, and has shown some interest by downloading an ebook on a high-quality topic.

2. Or how about a contact at a company whose role makes her some type of decision maker. A VP or director perhaps. If your company is trying to reach decision-makers at specific types of companies then this could be an MQL worth passing off to sales.

Now, the marketing and sales funnel isn't always linear. For example, imagine that a lead requests a demo and is thus marked as an MQL and passed to sales. But after sales accepts the lead as an MQL they find out the contact isn't ready to buy. In this case, it's probably best for sales to mark the contact as a lead, again, so marketing can continue to nurture their interests."

The key here is to understand which contacts are owned by marketing for nurturing and which contacts are owned by sales to take it to the finish line. You want the teams to be on the same page so they understand which contacts they're responsible for communicating with.

Once marketing and sales are speaking the same language it's time to make a commitment to each other. In Smarketing it's referred to as Service Level Agreement, SLA for short.

A marketing and sales SLA defines what each team will commit to accomplishing in order to support the other in reaching the shared revenue goal.

An SLA is great because it crystallizes that alignment around goals. Whether you're a one-person team that owns both marketing and sales or a ten thousand-person company, SLAs formalize the marketing and sales goals to ensure the company is set up to reach its revenue goal.

As with all things smarketing, an SLA always goes both ways. It's all about a commitment from marketing to sales in terms of the number and quality of MQLs and it's all about what sales commits to marketing in terms of the speed and depth of MQL follow-up.

Let's start with the marketing SLA to sales. This part is all about how many marketing qualified leads the marketing team must provide the sales team in order for them to reach the revenue goal.

The sales SLA to marketing requires the sales team to commit to a specific number of MQL follow-ups. Depending on the number of sales reps and their individual quotas, they'll only have a certain amount of time to commit to calling and emailing MQLs. You'll want to address the number of customers that they need, the number of leads that they need to get there, and the quality of those leads. All of those things factor into what marketing commits to sales.

Let's walk through an example of how you can determine the marketing and sales numbers necessary for developing an SLA. You can use the following assumptions throughout this example to keep the math simple.

For this example, the timeframe is 1 year, the average deal size, historically, is $1,000, and the conversion rates between each stage in the funnel will be 50%. In other words 1 out of every two contacts progress onto the next stage.

When writing this SLA, you'll want to start with the shared goal, Revenue.

Say your revenue goal is $100,000 for this year. Take your historical average deal size ($1,000) and divide it by your revenue goal to identify the number of customer needed this year.

In this example you will need 100 new customers to hit your revenue goal of $100,000.

Next take your current customers and multiply by two to help identify how many opportunities your sales team will need in order to close 100 customers. Here you see that the sales team needs 200 opportunities.

Next you repeat the process again and multiply the number of opportunities by two to identify how many SQL the sales team must work to create them. Here you can see that 400 SQL's are necessary.

We'll repeat this process three more times to identify that marketing must generate 800 MQLs, 1,600 leads and 3,200 prospects to be a team player and assist sales in hitting the shared revenue goal.

Now that you've identified the necessary number of contacts needed to hit your revenue goal, you'll have to take into consideration the number of sales reps necessary to work those qualified leads. Let's use the numbers from the example funnel you just built to develop the sales SLA to marketing.

To develop the sales SLA let's assume the following. There are 48 working weeks in a year. A sales rep has the capacity to review 8 MQLs and call the 4 they identify as an SQL 2 times and follow-up via email three times in a given week. All additional sales time goes to working SQLs they have connected with and closing SQLs that they have identified as opportunities into customers.

Using these assumptions you can take the 800 MQLs that need to be generated in a year and divide by 48 working weeks. This results in approximately 16 MQL per week. Based on the assumptions above to hit the yearly revenue target of $100,000 you would need 2 sales reps each reviewing 8 MQLs a week, identifying and working 4 SQL's and closing 1 of 2 opportunities into customers.

Looking at our plan, you can see that multiple factors can significantly change the number of sales reps necessary to hit organizational goals. What if the average conversion rate between stages changes from 50%or the average number of follow ups necessary to close a sale increases or decreases? Having a carefully-built SLA can help solve for these problems before they arise.

Now that you are speaking the same language and there is a clear understanding of the numbers and activities marketing and sales is responsible for it's time to set-up closed loop reporting.

Closed-loop reporting completes the feedback loop between marketing and sales. At its core closed-loop reporting allows you to pass more lead intelligence and data over to the sales team and get more feedback from sales to marketing about which marketing efforts are translating into customers.

Here are a few questions to ask yourself to identify if your organization needs to set up closed-loop reporting.

Do you send leads to sales and never hear about them again? Do you end up creating and trying to manage duplicate leads? Do you send leads to sales with the basic contact information, but without intelligence about what content those leads consumed? Or are you unsure of the impact your marketing efforts are having on revenue?

If you answered yes to any of these questions, closed-loop reporting will be key for your SLA to be effective. For example, if every MQL passed to sales is no good, but sales never notifies marketing, marketing will continue to produce low quality MQLs that sales never identifies as sales-qualified.

Closed-loop reporting enables marketing and sales to improve conversion rates over time, between each stage in the funnel.

The major benefits for marketing are: Getting up to date contact info and status updates, learning which marketing programs are working and which aren't, and gaining visibility into ways to increase Marketing ROI.

The major benefits to sales are de-duplicated contacts, the prioritization of contacts, more educated contacts, and an increase in close rate and Sales ROI.

Specifically, closed-loop reporting allows you to:
      1. Analyze which marketing sources (organic, social, referral, etc.) are producing the most customers.

2. Allows you to use conversion assists to help you understand how each individual piece of content you create contributes to closing customers. This will provide you insights as to which content to surface to contacts to turn more of your contacts into customers.
3. Provide a timeline of all of the interactions a contact took prior to becoming an MQL or a customer such as the content they download, the emails they click, and other changes
4. Pass information to sales that can help aid them in connecting and engaging with contacts within the first 24 hours
5. Send automatic updates to your sales team when their leads revisit the website or take other key actions, to make sure to follow up at the best time.

Now that you are gathering data from closed loop reporting, as well as typical marketing and sales activities, it's time to start relying on data to make decisions.

Marketing and sales dashboards can be a great way to surface the data that helps align teams around your revenue goals.

Dashboards are great because they provide frequent, public, and transparent updates as to how marketing and sales are performing. This allows the team to quickly change course when problems arise, instead of waiting until the end of the month or quarter..

Here are a few must-have Smarketing dashboards.

First off, some marketing-specific dashboards. Start off with that SLA; it's key to communicate the progress towards your primary MQL goals on a daily, monthly, and quarterly basis. This is an opportunity to measure both the volume and the types of marketing qualified leads you are generating for the sales team.

You can also dive into the other key metrics for the marketing team. Perhaps the volume of visits, leads, customers, against a monthly goal or compared to a previous months so you can understand how your efforts are performing and quickly adjust if need be.

You can track your leads by their source. You might even want to set specific goals for each of your marketing sources, so that you can measure your progress for your email marketing contacts or your organic search contacts.

You can do this on a micro level as well. For each individual campaign you can analyze the results to understand which efforts are successfully driving visits, leads, and customers.

Track the volume of MQLs generated that marketing is passing off to sales on a daily basis

In addition to the daily reports, a monthly marketing report provides the necessary time to analyze why you did or did not hit your targets and what to improve on for next month.

In addition to the marking dashboard, you can also create a whole set of sales dashboards. A fan favorite for smarketing teams is the 'sales by day' dashboard, which allows you to measure progress towards your sales goals. It can also compare that progress against sales metrics from previous months.

In addition to actual revenue, you can also look at sales activity reports. Such reports provide analytics in terms of the number of leads contacted or how many attempts are made on a given contact. This helps visually illustrate how a team or individual sales rep, is following up with the MQLs and if they are meeting the sales side of the SLA.

When things are going well everybody is happy, but what you do when things go wrong? When you're behind on your goal, when you haven't hit it at the end of the month or at the end of a quarter, what do you do?

Easy: rely on data to figure out where you can improve. Separate reality from perception. You put in all of the hard work to gather the data, now use it. Don't allow your emotions and ego get in the way of the facts the data provides.

Finger pointing doesn't solve problems, collaboration does.

Remember, you're in the same boat, use data to figure out what's wrong and how to fix it.

Most of what we've discussed, so far, has relied on technology. But when it comes to the last point, maintaining open communication, it's all about human to human interaction.

First off, hold a weekly smarketing meeting. This is your opportunity to get the entire marketing and sales teams on the same page. The idea is to get your entire team in a room on a weekly basis. This meeting is the perfect time to highlight smarketing wins and share relevant updates about products or services that you're selling. Be sure to include a weekly update on the dashboards you've created, and provide visibility on how each team is delivering the service level agreement.

"Once a month, meet with your management team to discuss the data you've gathered from your dashboards." This meeting is a great way to resolve issues and to discuss new opportunities. Remember to rely on data as much as possible to drive the discussion and don't let feelings get in the way.

In addition to meetings you can use emails to communicate important information across teams. For example, campaign communication. This is your opportunity to market your campaigns to the sales team. You almost want to treat your sales team like an audience for marketing. In order to do that effectively you need to understand their persona. Remember that they are under a lot of time-based pressure and the main question that they're asking themselves is, "how does this help

me right now?" Therefore, you'll want to give them the right content, rather than overwhelm them with too much. You want to give them something easy to skim, so use things like bullet points and links.

You also want to provide them with good sound bites. They're going to be following up with the contacts that are engaging in your marketing campaigns, so you'll want them to be armed with the right information necessary to follow up with each contact effectively.

Another incredibly valuable type of email communication is product updates. You'll want to provide them with the key details as well as an understanding of why contacts should care about these updates.

Bullet point email communication only works so well. As all good marketers know, stories are much more memorable than a list of information or dashboards. Be sure to tell stories. Tell stories about sales rep success, marketing team success, or customer success. These types of stories are incredibly powerful and really stick in people's minds. This is a great opportunity to get your point across in a different format.

So there you have it, Speak the same language, Implement a service level agreement, Set up Closed loop reporting, Rely on Data, and Maintain open communication and you will be well on your way to 20% annual revenue growth.

Wow that was a lot. If you're thinking to yourself "there is no way I can integrate smarketing into my organization for 20% annual revenue growth" you're right. You can't. This is a team effort and you must get the appropriate stakeholders involved. The road ahead won't be easy, but stick with, integrating smarketing at an organization can be a career defining project.

Remember, I'm here to help! I look forward to hearing about your smarketing success or answering any questions that arise on your journey to integrating smarketing into your organization or at a future organization you work for.