IGNITES Research

Improving Teamwork in Marketing & Sales

Managers need to build bridges between Marketing and Sales to prepare for the new distribution landscape.

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Executive Summary

The evolving retail asset management sales cycle demands that product manufacturers put greater importance on data and scale. More advisors are engaging digitally with fund firms, competition for shelf space is getting fiercer, and sales departments are using data analytics to identify their best prospects. Marketing and Sales should be collaborating more than ever, but few asset managers are satisfied with these departments' teamwork. As we show in this report, only 58% of sales leaders are "very satisfied" or "moderately satisfied" with the collaboration with Marketing at their firms. Meanwhile, only 60% of marketing heads express satisfaction.

What is the problem? There are significant disparities in how sales leaders and marketing leaders perceive the state of their collaboration. For example, 70% of sales leaders feel they're aligned with Marketing on issues related to data analytics and data management, whereas only 49% of marketing leaders agree. Similarly, marketing heads feel they do a better job of updating Sales than the reverse.

Part of the issue is the different metrics the two department use to gauge success. These distinctions can lead to different goals, which can mean each department pursues different strategies regarding client and prospects. All too often, this leads to missing opportunities to improve distribution strategy.

But there are concrete steps that asset managers can take to address communication gaps and strengthen the bond between Marketing and Sales. In some cases, companies will need to change how the marketing department is viewed relative to the strategic importance of other departments.

To help retail asset managers examine their approach to collaboration between Marketing and Sales, this report addresses a few main questions:

1. Which challenges are really getting in the way of greater cooperation between marketing departments and sales departments?

2. How can asset managers improve coordination between Marketing and Sales?

3. What cultural changes are necessary to get the most value out of Marketing?

— Loren Fox, report author

Methodology

This report is based on proprietary surveys of three main audiences conducted by Ignites Research:

We surveyed…

1. Marketing heads at 16 asset management firms during August and September 2019; the firms had a total of $952 billion in long-term mutual fund and ETF assets under management as of Sept. 30, 2019. One-on-one interviews with several of the marketing executives complemented the survey.

2. Heads of distribution or national sales managers at 21 asset managers during August and September 2019; the firms had a total of $1.9 trillion in long-term mutual fund and ETF assets under management as of Sept. 30, 2019.

3. Heads of data analytics and business intelligence at 36 asset management organizations during August 2019, in partnership with the SME Forum, an asset management industry group focused on data, sales enablement and customer relationship management. The organizations had a total of $8.8 trillion in mutual fund and ETF assets as of Sept. 30, 2019.

Chapter 1:
The Challenges of Collaboration

The working relationship between the sales and marketing departments is more than just a matter of morale. Sales and marketing teams need to coordinate their interactions with prospects and clients in order to harness the data analytics that firms have invested in and turn data-driven insights into business action.

Among the many trends reshaping the industry, Sales leaders we surveyed say a closer working relationship with Marketing would be most helpful in dealing with: the growing importance of national accounts/key accounts; the need to mine a growing supply of data for knowledge; and the growing tendency to segment clients by their traits or behavior.

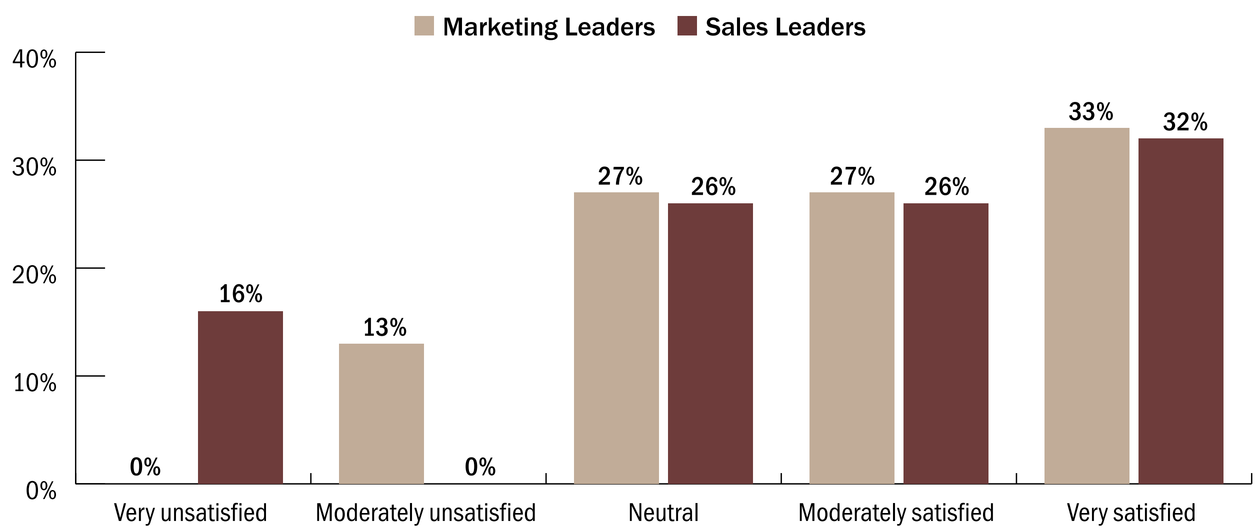
However, top executives are not all that impressed with how well the sales and marketing departments collaborate. Only 58% of sales leaders are "very satisfied" or "moderately satisfied" with collaboration between Sales and Marketing. Meanwhile, only 60% of marketing heads feel the same way. Clearly, there is plenty of room for improvement.

Those figures don't change when we look at the 30% of surveyed asset managers that have more than $100B in AUM. This suggests that larger companies, which tend to have more sales and marketing employees, are no more satisfied with Marketing-Sales cooperation.

Marketing leaders are more likely to feel supported by executives who sit in the C-suite than those who lead sales. When we ask heads of marketing the level of support they get

FIGURE 1:

Satisfaction with Collaboration Between Marketing and Sales Departments



Source: Ignites Research

from other leaders within their organizations, 73% say they feel “very” or “extremely” well-supported by the C-suite or senior company leadership. However, only 60% feel the same level of support from leaders of Sales and National Accounts.

Marketing leaders indicate a significant drop in the amount of feedback they get from Sales compared to results of a similar survey two years ago. And it’s costing firms, they note—alignment between the departments on data management and analytics has eroded by 11%, marketing executives surveyed said. That’s disappointing, especially as data analytics is an area where many managers have invested heavily in recent years.

We’ll be discussing data more in this report because it should be a strategic focus that unites Sales and Marketing.

Similarly, over the past two years, fewer heads of marketing say they get feedback from sales departments on the value of collateral and value-add programs, or on how well advisors understand products. Such input helps shape marketing programs.

Marketing leaders feel that they have been better about updating their sales counterparts: 98% of heads of marketing say they update sales departments on marketing campaigns, up from 90% two years ago.

One bright spot is designing the value-add programs for advisors, where 91% of marketing heads say that the two departments work together, up 16 points from 2017.

These figures are taken from the perspective of marketing executives because, across asset management, marketing is more likely to be the “junior” partner in the Marketing-Sales relationship.

FIGURE 2:

Pct. of Marketing Execs Agreeing That Sales Collaborates

Recurring Processes	2017	2019
Marketing updates Sales on marketing campaigns	90%	98%
Marketing and Sales work closely together on value-add programs	75%	91%
Sales teams regularly provide feedback to Marketing on value of marketing collateral and ‘value add’ programs	95%	75%
Sales regularly updates Marketing on advisors’ understanding of the firms’ products, to help refine collateral	70%	51%
Sales and Marketing are aligned on data analytics and management of data	60%	49%

Source: Ignites Research

But sales executives have a very different view on their relationships with Marketing. While they agree on the level of collaboration on value-add programs, sales leaders are far more apt — by 31 percentage points — to say their teams keep Marketing up-to-date on advisors' views of products. Similarly, 70% of sales leaders feel they're aligned with Marketing on data analytics issues and management of data, whereas only 49% of marketing leaders agree.

Sales leaders are also more optimistic about cooperation on white papers and other thought leadership content. Meanwhile, marketing leaders have a cheerier view of cooperation on segmenting advisors and reviewing the opportunity pipeline.

Despite the fact that the Sales and Marketing respondents surveyed come from different companies, the responses skew so strongly in one direction that the differences in perspectives appear to reflect industry sentiment overall.

The biggest hurdle to greater collaboration is the difference in how Sales and Marketing each measure success, executives from both sides say. Such divergence in KPIs (Key Performance Indicators) — for example, prospect meetings versus website visitors — can cause big differences in how each department pursues its strategy.

This is not unique to the asset management industry. In a Forrester Research study of Sales and Marketing collaborations across 10 industries conducted in 2017, only 30% of the respondents said that metrics for Marketing "closely align" with those for Sales.

In part, this gap stems from the fact while Marketing and Sales share the same ultimate goals, their responsibilities toward those goals may differ. In addition, each may have dif-

FIGURE 3:

Pct. of Sales, Marketing Leaders Seeing Cooperation (Red Shows Biggest Disparities)

Recurring Processes	Marketing Leaders	Sales Leaders
Marketing and Sales work closely together on value-add programs	91%	83%
Marketing and Sales collaborate on white papers and other 'thought leadership' material	73%	86%
Marketing and Sales cooperate on segmentation of advisors	70%	55%
Sales updates Marketing on advisors' views of the firms' products, to help refine collateral	**51%**	**82%**
Sales and Marketing align on data analytics and management of data	**49%**	**70%**
Marketing and Sales jointly review the pipeline of opportunities	48%	38%

Source: Ignites Research

ferent short-term goals. Among the asset managers we surveyed, the most common success metric for Marketing is brand or product awareness, cited by 92% of companies. Yet only 31% of sales departments use that measure. Meanwhile, the most common success metric for Sales is gross sales, used by 94% of sales respondents. But it's used by only 28% of marketing respondents. In part, that's because Sales is seen as directly responsible for closing deals.

Of course, there's also considerable overlap in certain metrics to measure success in both Marketing and Sales, particularly when it comes to revenue impact. And beyond the existing overlap, it's possible that some of these metrics can be applied more widely, especially since advisors rely less on salespeople than they did five or 10 years ago. Thus, Sales and Marketing should be more closely aligned on engaging with clients.

One key might be to start using even more metrics to track success, with a goal of having even more overlapping KPIs. At one asset manager, collaboration between Marketing and Sales increased when both departments started tracking metrics such as advisor engagement and retention, which helped show the sales and marketing teams the value each created for the other. Interestingly, at another manager, positive collaboration with Sales is one of the metrics on which the marketing department is assessed.

FIGURE 4:

Common Metrics for Gauging Success in Marketing, Sales

Metric	% Used in Marketing	% Used in Sales
Brand or product awareness	92%	31%
Lead quantity	75%	53%
Lead quality	69%	64%
Revenue impact	50%	92%
Diversity of product usage	47%	86%
New client growth	42%	92%
Cross-selling success	39%	83%
Net sales	39%	92%
Gross sales	28%	94%
Pipeline growth and/or quality	22%	94%

Source: Ignites Research

Chapter 2:
Improving the Marketing-Sales Relationship

Sales and Marketing need regular, organized discussions and collaboration policies. All the companies where sales and marketing personnel meet at least every two weeks also rate themselves moderately or very satisfied with the cooperation between the two departments.

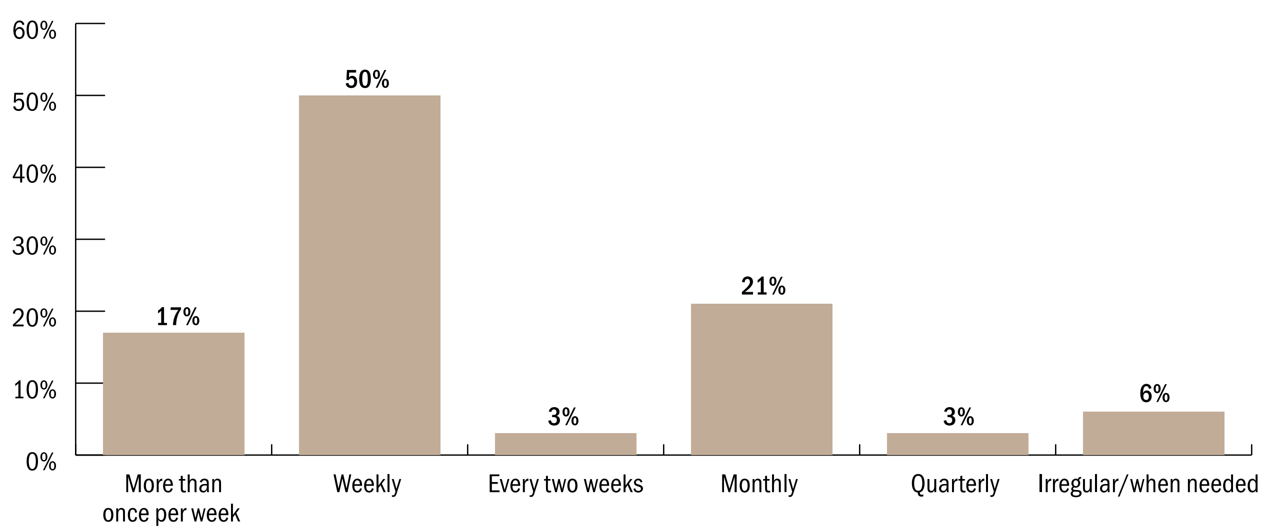
Most asset managers have formal meetings between sales and marketing personnel, but 30% of companies hold such meetings monthly or less often.

That's too infrequent for some asset managers. Regularly scheduled meetings foster ongoing feedback, and that can inspire more ad-hoc cooperation between formal meetings, several marketing leaders note. Thus, companies should look at marketing-sales meetings every week or every two weeks. Tighter schedules facilitate addressing problems or picking up on trends early, and fosters greater cooperation between marketing and sales staffs.

Asset managers that do have regular meetings between Marketing and Sales tailor the structures and goals for those meetings to suit the corporate culture. For example, one asset manager has two sets of weekly meetings: a short meeting between sales and marketing staff to vet timely ideas for internals calling on advisors (market moves, new white papers, etc.), and a longer meeting between marketers, externals, internals and business intelligence analysts to discuss strategic insights from data.

FIGURE 5:

How Often Marketing, Sales Leaders Formally Meet



Source: Ignites Research

Meetings are important because sales and marketing teams aiming to work more closely together must address process, communication and culture.

Nearly two-thirds of respondents say Sales and Marketing teams have a hard time working together because they're judged by different measures, according to heads of data and business intelligence we surveyed. As discussed in Chapter 1, marketers are more likely to be assessed on brand awareness, for instance, and salespeople on gross sales.

Among the obstacles preventing collaboration are silos dividing how information is collected and analyzed (cited at 53% of companies). In fact, at some companies, Sales has one way to segment clients and Marketing has another — and the two are never compared.

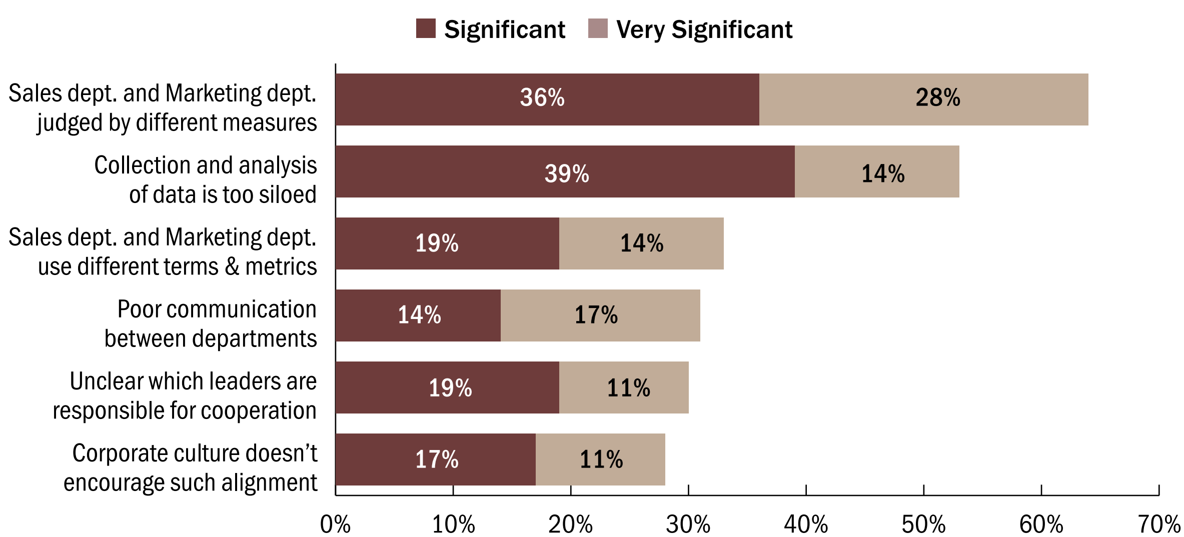
The first step is identifying who is accountable for coordination between the departments. Some 31% of companies say staff can't tell which leaders are responsible for Marketing-Sales cooperation.

Another obstacle: 31% of companies cite poor communication between departments. Regular meetings or designated liaisons between Sales and Marketing could help improve communication.

A weak working relationship often leads to missing opportunities to improve distribution strategy through steps such as unified approaches to advisor segmentation or data. Some examples of strategic reasons to meet frequently include:

FIGURE 6:

Most Significant Obstacles to Better Aligning Sales & Marketing on Data



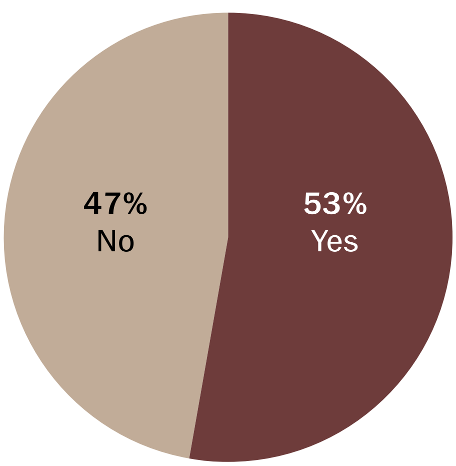
Source: Ignites Research/SME Forum

- Agreeing upon one methodology to segment prospects. Marketing and Sales use different systems to target clients at 38% of companies we surveyed.
- Collaborating on goals for applying data and analytics in distribution. Some 61% of companies fail to do this. And, as a result, many asset managers feel they're behind in becoming data-savvy.
- Working together to better understand a prospect's journey to a purchase. At 61% of companies, the marketing and sales departments don't cooperate to understand the flow of prospects to clients, although most managers track how many e-mails and calls are made to advisors.

If Marketing and Sales are using different terminology, chances of misunderstanding grow. That risk is exacerbated when data or business intelligence analysts are added to that mix. Forrester Research, McKinsey and other consulting firms recommend that companies employ analysts whose job is to translate/liaise between the data, sales and marketing teams. Companies should have staffers who ensure that each department understands the needs of the other departments, and how to meet those needs.

FIGURE 7:

Co. Employs Liaisons Between Data, Sales & Marketing Teams



Source: Ignites Research/SME Forum

Only 53% of surveyed asset managers have such translator/liaison roles, regardless of their size. These positions exist at 50% of large companies and 56% of small/mid-size companies.

These roles seem to improve collaboration between Marketing and Sales: three-quarters of the companies that have such liaisons report higher levels of satisfaction with the level of Marketing-Sales cooperation, indicating that they are "moderately" or "very" satisfied. Asset managers that employ liaisons have an average of 4.8 on staff, but half of these asset managers have only one or two — thus, it needn't be a huge investment.

In small companies, sales and marketing executives say that communication happens naturally in part because of physical proximity. But even if the sales and marketing heads work next door to each other, informal communications are still at risk of breaking down because of personality differences or cultural issues. We'll address culture in more depth in Chapter 3. But rather than expect department heads to hit it off, a safer approach is to institutionalize procedures to support regular coordination.

Chapter 3:
Marketing's Strategic Role

Corporate culture plays a critical role in fostering ties between Marketing and Sales. And at some managers, it requires deep change.

Many companies must overcome the industry's legacy view of the marketing department as mainly a provider of brochures and other collateral to support salespeople.

Declining fees, slowing sales and shifting purchase patterns have forced many asset managers to rethink the approaches that had worked in the past. More asset managers now consider marketing and data as important as sales visits. Yet some corporate cultures have been slow to also elevate Marketing as a strategic player within the organization.

One could argue that the marketing head should report to the CEO. While that is the case for 60% of the marketing leaders we surveyed, that doesn't represent meaningful change over the past six years. In 2013, Ignites Research found that 62% of marketing heads reported to the CEO. Such organizational inertia is a mistake during a time when the use of data and digital engagement has grown dramatically.

Similarly, 27% of marketing leaders report to the head of distribution in 2019, compared with 23% who reported doing so in 2013. One sign of progress for Marketing is that in 2013, 15% of marketing heads reported to the head of sales. Today, none of our survey respondents do.

But beyond reporting line status, we also find a mixed picture of how much of a voice Marketing has in elements of corporate strategy. Sales leaders have a slightly inflated sense of how much power marketing leaders wield. While 63% of sales leaders say heads of marketing have a "moderate" or "heavy" influence on overall corporate strategy at their companies, only 53% of marketing leaders feel they have the same degree of influence.

When we conducted a similar survey in 2017, 72% of marketing leaders said they had moderate or heavy influence on corporate strategy.

Marketing executives have more influence at larger firms. Some 80% of asset managers with at least $100 billion in long-term AUM have moderate or heavy influence on corporate strategy, a level that's unchanged since 2017.

But, it's less common for Marketing to have significant influence on prioritizing channels or advisors. Marketing is well-positioned to gather information on advisor behavior and interests, which should inform decisions about the what individual advisors and which channels to emphasize (although national accounts leaders should have greater say on channel decisions).

Similarly, product development is a natural area where Marketing should have some sway, since marketing and sales are closest to advisor thinking. Thus, it's disappointing that only 40% of marketing leaders and 26% of sales leaders say Marketing has notable influence on product development. That's down from 2017, when 56% of marketing leaders felt they had moderate or heavy influence on product development.

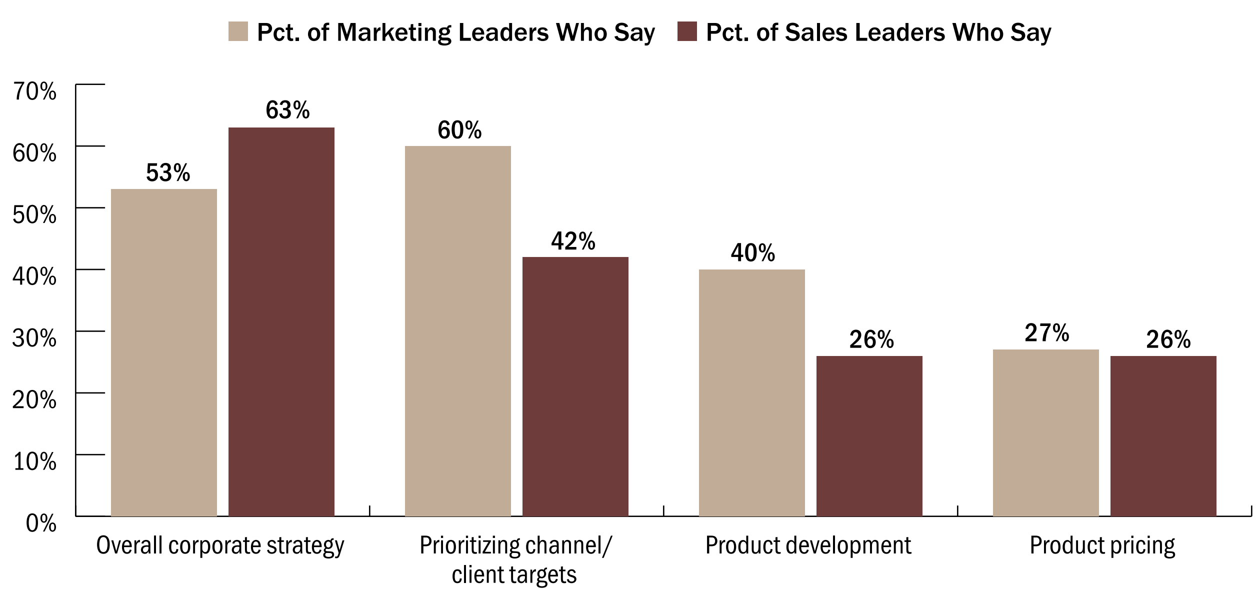
Product pricing, like product development, should incorporate feedback from marketing intelligence-gathering efforts. Yet only 26%-27% of companies include moderate or heavy influence from Marketing on pricing. Pricing has become even more important in the wake of falling expense ratios and increased competition from cheap passive products. Companies often must walk a fine line between profitability and market share, and the information that Marketing gathers from campaigns and surveys could help inform pricing decisions.

These levels of influence need to change, especially when it comes to decisions on product development and pricing. The industry is changing at an accelerated pace, which includes the fading use of certain fund share classes, the rising adoption of model portfolios, and widespread culling of products from distributors' platforms.

Asset managers should make sure that Marketing, with its data on advisors, has sway on these matters via product committees and other internal structures.

FIGURE 8:

In What Strategic Areas Does the Marketing Dept. Have Influence?



Note: Figures are percentage citing 'moderate' or 'heavy' influence

Source: Ignites Research

FIGURE 9:

Percentage of Cos. Saying Input on Data Strategy is Vital From:

	Sales	Marketing
Which external data to acquire	81%	36%
Setting long-term goals	78%	42%
Deciding on new projects	78%	36%
Assessing the success of data efforts	70%	39%

Note: Figures are % of firms citing 'very important' or 'crucial'

Source: Ignites Research/SME Forum

When it comes to managing the data and analytics, the sales department is also more frequently involved in strategic decisions than the marketing department. As Figure 9 makes clear, it's common that the sales department provides "very important" or "crucial" input on decisions related to data, such as what external data to acquire, which new projects to undertake or how successful it is in driving distribution. Meanwhile, Marketing's input on these same matters is considered "very important" or "crucial" at far fewer asset managers. Marketing input on which external data to acquire is deemed that vital at only 36% of companies; at 36% of firms when deciding which new projects to undertake and at 39% of companies in assessing success in data efforts.

If marketing leaders are brought into these data-related decisions earlier in the process, it sets up a stronger partnership between Sales and Marketing from the outset.

But there are signs that marketing departments may be starting to gain more clout. For example, their head count is rising, and personnel/resource decisions are indicators of importance within any company.

FIGURE 10:

Average Full-Time Staff for Retail Marketing

Roles	2018	2019 (Estimate)	2020 (Projected)	% Change 2020 v. 2018
Marketing support (graphics, Web, writing)	5.9	6.1	6.6	12%
Marketing sr. manager/channel manager(s)	3.4	4.0	4.1	19%
Product manager(s)	2.1	2.5	2.7	27%
Marketing manager(s) (research, strategy)	1.4	1.4	1.4	0%
PR/advertising	1.0	1.3	1.3	30%
Data analysts	0.7	0.9	1.1	60%
Other roles	1.1	1.1	1.1	0%
Total	15.6	17.3	18.3	17%

Source: Ignites Research

Earlier this year, asset managers we surveyed estimated that their marketing head count rose by 11% to an average of 17.3 full-time equivalent positions.

What's more, marketing leaders expect their department head count to rise by another 6% in 2020. Some 63% of the 16 marketing leaders in our survey expect to add marketing personnel next year. One marketing leader told us: "My company sees the marketing department as strategically more crucial."

Only 13% expect marketing head count to dip. Those companies attribute the decline to budget cuts affecting all departments.

Data analyst roles are expected to continue growing, as 53% of companies have such roles in their marketing departments, up from 40% of companies in 2018. The numbers remain small, however, because marketing departments often rely on data analysts and programmers who sit in other departments, such as operations or business intelligence.

That adaptation of corporate culture is vital. At one company, for example, distribution executives strive to make collaboration between sales, marketing and business intelligence an "iterative" process that builds upon any successes while learning from any failures — but that requires managers to see occasional failures as part of the process.

Sales may cooperate more with Marketing on select initiatives or hold more meetings with marketing colleagues. But one of the values of greater coordination is the opportunity for marketing departments to alter their sales colleagues' perspective, so they better understand what Marketing contributes (even when those benefits can be hard to measure). The big struggle in the next few years, the one underpinning any collaboration between Marketing and Sales, is the effort to get Marketing respected as a strategic force equal to Sales. And not enough asset managers have embraced this view.

Key Takeaways From the Report

The following is a list of the key takeaways in the order they appear in the report:

1. Only 58% of sales leaders are "very satisfied" or "moderately satisfied" with the level of collaboration between Sales and Marketing. Meanwhile, only 60% of marketing heads feel the same.

2. Seventy-three percent of heads of marketing feel "very" or "extremely" supported by the C-suite or senior company leadership. However, only 60% feel the same level of support from leaders of Sales and National Accounts.

3. The portion of marketing leaders seeing cooperation with sales departments on value-add programs for advisors rose from 75% in 2017 to 91% in 2019.

4. Since 2017, a smaller proportion of marketing leaders feel aligned with sales departments on data issues or feel Sales updates them on collateral and advisors' product knowledge.

5. Sales leaders are far more apt — by 31 percentage points — to say that sales departments update Marketing on advisors' views of products. Similarly, 70% of sales leaders feel they're aligned with Marketing on data issues, whereas only 49% of marketing leaders agree.

6. Marketing and sales leaders say the most common hurdle to greater collaboration is the fact that the departments are measuring success differently. The most common metric for gauging success in Marketing is brand or product awareness, cited by 92% of companies. Meanwhile, the most common success metric for Sales is gross sales, used by 94% of sales departments.

7. Fifty-four percent of companies say collecting and analyzing information separately is an obstacle to greater cooperation between Sales and Marketing.

8. Most asset managers have formal meetings between sales and marketing personnel, but 30% of companies hold such meetings monthly or less often

9. Marketing and Sales agree upon one methodology to segment prospects at only 62% of companies we surveyed.

10. Only 53% of asset managers have analysts whose job is to liaise between the data, sales and marketing teams.

11. Sixty percent of marketing leaders report to either the CEO or head of North America.

12. While 66% of sales leaders say heads of marketing have a “moderate” or “heavy” influence on overall corporate strategy, only 55% of marketing leaders feel they have the same degree of influence.

13. Only 40% of marketing leaders feel they have a notable influence on product development, down from 56% in 2017.

14. The sales department provides “very important” or “crucial” input on data-related decisions. For example, sales leaders at 81% of surveyed companies have a role is deciding which external data to acquire. Similarly, 78% of sales leaders have sway in deciding which new data projects to undertake. Meanwhile Marketing’s input on these two strategic decisions is considered “very important” or “crucial” at only 36% of companies.

15. Marketing head count rose by an estimated 11% in 2019. Marketing leaders project their department head count will rise by another 6% in 2020; 63% of companies expect to add marketing personnel.

Main Recommendations for Action From the Report

1. One hurdle to greater cooperation between Marketing and Sales teams is the sense that the two departments speak different languages, as they often use different sets of metrics to measure success. But there's plenty of overlap in the key performance indicators (KPIs) being used by the two functions. One way to bridge the gap may be to start using even more metrics to track success, with a goal of having even more overlapping KPIs that help each department understand the value that the other department brings.

2. Asset managers should encourage sales and marketing staff to meet formally every week or every two weeks in order to foster cooperation. Frequency and reliability in the meetings will help organizations notice problems early and spot trends. All the companies where sales and marketing personnel meet at least every two weeks also rate themselves "moderately" or "very" satisfied with the cooperation between the two departments.

3. Companies should consider having analysts who serve as liaisons between the sales, marketing and data teams. Three-quarters of the companies with such liaisons report higher levels of satisfaction with the level of Marketing-Sales cooperation than companies without them. Asset managers that use these liaisons have an average of 4.8 on staff, but half of these asset managers employ only one or two —thus, it needn't be a huge investment.

4. Marketing too infrequently has a significant influence on product and pricing decisions. Product preferences are changing quickly as passive products grab market share and more assets flow into model portfolios. And pricing has become more important as investors of all sizes pressure shops to trim fees. Marketing departments have information on advisor behavior and interests that is critical to such decisions. Asset managers should make sure that Marketing, with its data on advisors, has sway on these subjects by including them on product committees and other internal structures.

IGNITES Research

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Published **Oct. 2019**

The Truth About the ROI of Data
How asset managers are working around the struggle to estimate a return on investment (ROI) for using data analytics in distribution.

Published **Sept. 2019**

Leaders of our research:

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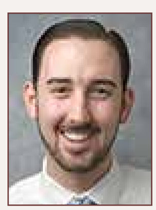

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