

Matthew: Hello. Welcome to Marketing Smarts, a podcast brought to you by MarketingProfs. I'm your host Matthew Grant, Managing Editor here at MarketingProfs. Thank you for listening.

What's the best way to ensure that the relationship between sales and marketing is as effective and productive as possible? That is a seemingly eternal question that, like most eternal questions, has a vexingly simple answer. If you want to ensure a good working relationship between sales and marketing all you have to clearly define the relationship between sales and marketing in terms of their responsibilities to one another.

Easier said than done, I know. But, as today's guest points out, if it's marketing's responsibility to provide sales with qualified leads and it's sales' responsibility to follow up on the qualified leads provided by marketing, then the critical step is arriving at a mutually agreed upon definition of qualified leads. Everything after that is a piece of cake. Well, not exactly, but it is the proper starting point.

What comes after will vary from company to company. To describe how it has played out at one company in particular we invited Mike Volpe, CMO of HubSpot, to walk us through the process that they have followed in order to create a relationship between sales and marketing that really works. Mike, welcome to Marketing Smarts.

Mike: Thanks. I'm psyched to be here. Thanks for having me.

Matthew: Excellent. Of course, everyone knows you across the social media scape from HubSpot, but I was wondering if we could get a little bit of a background on you and if you could talk about your own journey, so to speak, into marketing, how you chose to go into marketing, and especially as you enter the marketing space what your relationships with the sales world, since our overall topic we're trying to get at here today is this relationship between marketing and sales.

Mike: It's interesting, my first experience or sort of first job was not in marketing. I worked in investment banking. You might say, "What the heck does that have to do with marketing?" But, I think there were two aspects of that job that I liked and enjoyed and I ended up carrying that over into sort of marketing once I left that.

The two things in investment banking that I enjoyed were all of the quantitative analysis and I think that especially more recently over time and really starting with the propagation of the internet more and more of marketing has become more and more measurable, so sort of that financial analysis gene that I picked up in investment banking has started to serve me well, especially in my first couple jobs in marketing.

The second thing was a big part of investment banking is, they don't call it this, but you're doing some marketing and some sales because you've got a company that you're trying to raise money for and you need to market and sell that company so that the investors actually want to give you money. That part of the whole process was actually a part of all of investment banking that I actually liked the most. Once I really started to figure that out I said, "I need to get out of this and get into doing more marketing full time."

Matthew: It also seems like investment marketing is a classic place where there's true content marketing happening. Everything you're selling based on whatever valuable information you can communicate about the investment. Right?

Mike: Absolutely. You spent a lot of time thinking through your prospectus for your IPO, what the presentation is that the executive team is giving on the road show, there's a lot of that content – basically like you're saying, it's content about the company. So, yes, it's very important to think through all that stuff.

Matthew: So did you get into investment banking prior – you have an MBA from Sloan if I'm not mistaken?

Mike: I do, but I got into investment banking right out of undergrad. So I was a Liberal Arts undergrad, econ major, but still liberal arts, so it was sort of my first foray into the business world. It was a neat and interesting experience. But, from there I went to start working at few startups, all in marketing roles. At least my first role was in marketing. Then I think one of the things you and I were talking about before we hit the record button here was sort of the foray between marketing and sales and things like that, which I'm sure we'll get into.

But actually, my second job – or I guess my third job, so I had investment banking and then I worked in marketing at a startup, which was a very analytical customer acquisition, analytical marketing role, and then I worked in business development, which is this interesting hybrid between marketing and sales. So I've actually never really done sales. But, this role we were responsible for bringing and setting up relationships that should have down the road driven some sales. So it was part doing some marketing to attract these partners and part doing some selling to actually get them to sign on the dotted line and strike that partnership agreement.

Matthew: I was thinking last night about the business development. What is that? I think I have a sense of what it means, but it almost seems like sales without direct accountability for sales, kind of cynically. I like how you were defining it as this hybrid marketing and sales role. But, what is a good goal? Because you meet people, "I'm the director of business," or the VP of Business Development or something, how are goals structured for a person in that role?

Mike: That's one of those roles that I think is a little bit different at every single company. So I think that the way people interpret that and what it means is very different from company to company. But, I think in a lot of places it is really about building high level strategic relationships with partners that you can help them and they can help you, it's just sort of drive sales and build out the market.

At least the way we think about it now at HubSpot, because we now do have a business development team, is their job is to take relationships with companies that we have like SalesForce.com who invest in HubSpot and Google who is an investor in HubSpot and try to build out those relationships so that we're both getting more out of them. Then they're also in charge of finding new relationships.

I don't know that they have the same type of monthly quota that our sales team has in terms of driving more revenue, but they definitely have relatively hard and fast goals in terms of the types of things that they need to accomplish. So again, I think it's a little bit of a hybrid there because there's definitely some kind of marketing strategy behind it. You just need to sort of close the relationship and get people to sign up.

Matthew: With business development it seems like a lead gen on steroids or something like that, more person driven lead generation. I'm wondering, since you mentioned it, if we could talk about it because I actually don't know how HubSpot is organized sales and marketing wise.

It's interesting, two podcasts ago I interview Lou Imbriano who was the CMO at the Patriots and Gillette Stadium, he had very strong views on marketing versus sales. He felt marketing and sales should be in the same organization both basically reporting up to a CMO, VP of Marketing role.

So I was just curious, at HubSpot do you have sales team and VP of Sales and marketing team and VP of Marketing, how is it org chart wise set up?

Mike: We do. I'm Chief Marketing Officer, so obviously – well, maybe not obviously, but I do my best to run the marketing team here at HubSpot. Then we do also have a Vice President of Sales who is **Mark Roberes**. I guess in some ways from that perspective it's relatively traditional for us. I'd say some of the things that are a little less traditional or at least we try to sort of do differently or better than a lot of other companies is the relationship that we've built there.

Mark and I spend a lot of time together and I think one of the things that I love about Mark is he's both focused on the month to month and short term goals, but he also has a long term mindset. I think a lot of marketers sometimes lament that they feel like their sales counterpart only thinks about this week, this month, and isn't able to think about the longer term or think about the higher level strategy of the business sometimes. Mark really has that gene and that capability, so that makes it much easier to have a great relationship.

Within our sales team we're big enough now that we've needed to break it down into smaller groups, because we're almost 100 people in sales now. We're organized by teams and the teams are by the size of customer that we're selling to. So we've got folks that sell to smaller businesses, under let's say 25 employees, folks that sell to midsize business, maybe up to 200 or 300 employees, then we've actually also got an enterprise team that sells to companies that have hundreds or thousands of employees. So we've sort of broken things down that way because we have found that the sales process and the needs of the customers are a little bit different according to the size of the company.

I think for most other people it's like, think about in your industry what are the one or two defining characteristics of your customers that change the sales process and change what their needs are and I would specialize around that. For us it's been company size. It's that way for a lot of industries, but not all industries.

Matthew: Right.

Mike: And then on the marketing side we actually break things out where people own assets. What I mean by that is there's one or two marketers that are in charge of all of our different [inaudible]. So things like a blog. Our blog we consider to be one of our marketing assets and there's two folks that run our blog. Every month they're thinking about "how do we get more traffic to the blog," use the blog to generate more leads, things like that.

There's someone who manages our whole contact database and does a lot of the middle of the funnel activity. So our contact database is an asset so they're kind of thinking about how to better nurture them and how to use different types of programs to get those folks to be more likely to purchase something. We've got folks that manage our social media presence, which is another asset.

So we really break things down by assets and we try to keep our teams really small. We do actually do agile marketing on the marketing side as well, so all those teams are working month to month on their list of sprint activities.

Matthew: Okay. Is marketing a vendor to sales in a sense? Like sales is looking to marketing for leads specifically and that's the product that your team produces or the value you get out of the assets, is it specifically measured against what it does for sales? What's the handoff relationship there, I guess?

Mike: That's a great question. I think that the way you finished it there with talking about what the handoff is is really critical, because understanding and having some sort of agreement of what that handoff process is between any touch points within your company is important. I definitely think that one of the things you need to do to make that relationship successful is have a good definition of what exactly is marketing producing for sales and also, by the way, it's sort of a two-way vendor relationship because I really strongly feel that sales needs to producing something for marketing, which is actual follow up and opportunities and revenue out of the leads that you're creating.

So we built this really sort of good two-way relationship there. And it fundamentally starts with what is the definition of a lead that is ready for the sales team. You need some real specifics around that and that needs to be something that you develop in partnership with the sales team. Then once you both agree on what that thing is, and you can call it a sales qualified lead, you can call it lots of different things, you can call it whatever you want, but once you've agreed on what that thing is you then need to have a goal for the marketing team of how many of those they need to produce every month, every quarter, every year.

Then once you're doing that, then just like the sales team has a quota for the amount of revenue or new customers they need to bring, the marketing team should also have a quota or a goal or whatever you want to call it, but for that thing that you've decided is the handoff to the sales team. The number of that that you're producing needs to be directly based on what the company goals are for revenue and for growth.

We basically do that, we take what our company's goals are for the year and we sort of back into that means we need this many customers, we have this many sales people, so they need to sell this much, and then each of them we know what our conversion rates are so we need to say, "Well, if they need to

sign up 100 customers” maybe they need 1,000 or 2,000 leads and that means that marketing needs to produce that in whatever timeframe. So [inaudible 0:12:30] looking at those numbers. I think that starts to be the basis of that type of relationship.

Matthew: So do you have something like marketing qualified leads versus sales qualified leads? That’s a very nitty gritty question, but the bigger question is I guess what was the process really you went through with sales to define what counts as a qualified lead?

Mike: That’s a good question, because it’s actually something for us that’s evolved over the past almost four or five years. The company is small, when I was first here we were five employees, we hired a couple of people in sales so it was like around 10 or 12 people that we started to really get going in this direction. We started off literally every time someone filled out any form on the website, anytime we had any contact information, any inbound lead at all, that was a lead for sales and they called it and tried to sell it. What we’ve learned over time is that we can refine that process.

So it started off by folks that were not in originally – now we’re international, but at the time we weren’t, so the folks that weren’t in North America those didn’t count as a sales lead, and it went from there. There were a couple of industries that we said, “These are not good industries for us, we’re not going to sell to those folks.”

So we sort of refined it over time and now ... I don’t want to say it’s complicated in terms of there’s definitely some geographic factors there, there is some factors to do with industry and the type of activity the company does, there’s one or two factors in terms of company size, so we’ve sort of defined what our really core sweet spot is. Then we’ve got a service level agreement between marketing and sales that we need to produce a certain number of leads of that quality every single month.

On the flip side we also have the same relationship with the sales team that they’re making an agreement to us that they will call those leads and email those leads and follow up with them with a certain frequency. We’ve actually defined that by the segment of the different sales teams, but they’ve all basically made an agreement to us that they’re going to follow up on those leads with a certain amount of activity.

Then we track both of those things, so I get reports about how much activity the sales people are putting against all the leads that we’ve worked so hard to get and I also get reports about how many leads we’re getting every single day and are we on our target or off of our target.

Matthew: Wow. That’s actually an interesting application of the service level agreement, sort of using it as a metaphor. I’m more associated with it in the IT services world. What happens when you’re not meeting the service levels on either side? Does that ever happen or is it a well oiled machine over there?

Mike: Well, I’d like to tell everyone that it’s a perfectly well oiled machine and we never have any trouble, but that’s obviously not true. I think that most companies are defined in terms of how you

deal with adversity and when things are going necessarily right as opposed to how you're doing when things go well.

For us I think there's a couple things. The one thing is that I would encourage everyone to measure their progress toward whatever goals they have on a much more frequent basis than they probably are. Many people sort of say, "Our goal for the month is 1,000 leads." And then at the end of the month they have 800 and they sort of look around and they'll be like, "What happened?"

Well, guess what? If you were measuring your progress every single day toward that goal you would have known earlier in the month that you were at risk of missing it. So half way through the month maybe you only have 300 leads and you need to have more like 500, so you're a little behind. Well, then you can actually do something.

We do that, we measure our progress every single day. I get reports every single day about how we're progressing toward our goals in marketing. If we start to look like we're falling behind the pace that we need to be at in order to hit our goal then we might drop a couple of activities that are less likely to generate leads or more future based things and we may do a couple new things. We may decide to publish some more content to a blog or create some sort of an ebook that we think will generate some leads.

So we'll actually be relatively agile and try to change the activities of our team to make sure that we hit that goal. If you're doing those types of things and adjusting it's much more likely that you're going to hit your goals and much less likely that you'll miss them.

Matthew: Nice. So what I'm hearing so far is at least three different things that you've talked about to ensure a good efficient functioning or less dysfunctional relationship between marketing and sales. One is, of course, joint definition, collaborative definition of what actually counts as a lead, that's the first part. Second is trying to maintain service level agreements between the two sides, really focused on what's the product of my function and am I delivering on it.

I especially like this, everyone talks about measurement, but people don't often talk about frequency. That really does get to this kind of operationalizing of the things that you're measuring because, of course, if you're doing it more or less in real time day by day you can actually act on it rather than having metrics always being sort of retrospective. I was going somewhere with that and it was really brilliant and now I lost it.

So in our last podcast we actually were talking to Frank Days about agile marketing and you've mentioned sort of taking an agile approach to marketing now a couple times. Could you talk about a couple examples of how agile marketing and this sort of real time or daily review of what you've actually accomplished is a piece of agile marketing, but you could talk a little more in depth about how you apply agile marketing within the marketing function there at HubSpot?

Mike: Sure. We do agile, I don't want to say completely by the book, but pretty close. Our development team started using it a long time ago and basically a couple months after that we decided to start to apply it to marketing. So we've been using it for probably three years or so.

We have our marketing broken down by the assets that I talked about earlier and all those folks have a backlog and they pick and prioritize through their backlog about what's most important. They make a commitment at the beginning of the month (we're on monthly sprints) about what they're going to produce and then we report out to the entire company about what they actually produced at the end of each month.

So I think when you combine that and the ability to change projects in and out relatively quickly and reprioritize your backlog with the sort of daily and very frequent measurement towards your goals, that system starts to work. We have actually be flexible [inaudible] and we're doing XYZ project for this event that's going to be in three months, but we're behind on the leads goal and we need to just stop working on that for right now and figure out a way to create a new ebook that will hopefully create a few hundred extra leads in order to get us to the goal.

So we do that stuff any time we have a problem. So for the past [inaudible] things have been going phenomenally well and we haven't had to do that. But, about five months ago we had a month where it was just rough and I think there were a couple reasons for it, but half way through the month we sort of sat down and we ditched a lot of projects and we ended up actually hitting the goal.

It was a lot of hard work and the team really buckled down and I'm really proud of them for doing that, but it's that sort of level of agility and flexibility that I think helps continue to help move the business forward. So we didn't have to go to the sales team and tell them that we didn't make our commitment to them.

Matthew: Right. That makes sense. I'm wondering if this adoption of agile marketing approach – it seems like I'm seeing it most in companies where they're driven by software so there's already agile methodologies as part of the sort of DNA of the company. You may not know, but have you seen companies that aren't really in the software space or the tech space using agile methodologies?

Mike: No, I haven't. I think it's a really astute observation, I think the two things are somewhat linked. I think without seeing other people in the company doing that I don't know – you were mentioning Frank Days earlier, I know he's got the Agile Marketing Podcast and there's definitely some folks out there doing it, but I agree, I think it's really sort of coming from a lot of the folks that are in and around the technology and the software space who have development teams who are using those types of things. So I don't know of anyone who's not doing it, I know a couple other companies that I've encountered and chatted with, but most of them have been in and around the technology space.

Matthew: That's certainly where Frank is coming at it from as well. So I was wondering too then, I think from a marketing standpoint most people associate HubSpot with inbound marketing, you've really carved this out very definitively as your space, but I'm curious then just more broadly in how we've been talking about the relationship between marketing and sales, the goal of a lot of that inbound

marketing, of course, is lead capture and demand gen and some other things certainly. So the sales team is getting leads from marketing, are they absolutely reliant on those inbound leads from marketing to drive their outbound calls and emails or do they also have a kind of independent list driven or some other way of approaching leads? So the question is, is it really you're feeding them and they're acting on it or are they getting a feed from you and then feeds from elsewhere to kind of determine their activities?

Mike: No. There's a couple small parts of the sales team that don't rely on our inbound lead flow, but they're specialized programs like our reseller program or one or two other small teams. But, they're basically completely reliant on our inbound lead flow. Now, there are those sales made in person via a networking event or something and meet a person or two, so when I say completely it's 90 to 95% of the deals they're bringing in are originated by leads that marketing has generated.

What I think is cool about that is a big part of our pitch when we're hiring new sales people, which we're still hiring a ton of, so those sales people out there that are looking for a new job, come check out HubSpot, but a big part of our pitch is that there's no cold calls.

So instead of just having marketing's function be purchasing business versions of phonebooks and throwing them on your desk and then going to have a few margaritas, we're actually generating leads and we're showing you all the interest that these folks have and your job is not to talk to people and tell them, "I work for HubSpot. Oh, you haven't heard of HubSpot? Well, let me tell you what we do." It's "Hey, this is (so and so) from HubSpot. I'm just calling you back because you attended this webinar," asked to have a demo, signed up for a free trial, whatever it is. So it's a very different conversation.

I think that's an important part of the partnership, but I think that when you move to inbound marketing and do a lot more of inbound marketing it really can help make your sales team a lot more efficient, because it's a very different conversation. In fact, a lot of our sales people will tell us they may connect with someone and maybe it wasn't even necessarily the lead ended up not being a good person who might actually purchase something, but they always say it's a pleasant conversation.

The sales people often say that when they call and talk to someone that someone says, "Oh, HubSpot, I was hoping you guys would call me because I had a question about the webinar that I watched yesterday," or "I had a question about this that I saw that you guys had done." So I think it really changes the tone of the conversation.

Matthew: Right. It sounds like then that the sales team is also an important channel for collecting voice of the customer and almost testing the impact of some of your messaging based on the kind of responses the sales team is getting from prospects.

Mike: Yes, absolutely. We've even gotten ideas from the sales team about topics of webinars or blog posts or other types of things that we should produce. In fact, I've done for a couple years now a website redesign webinar, which has become really popular, and that was one that originally the idea came from the sales team.

We were talking with a few of the folks at the sales team about what questions they were getting from people and things like that and they said, “We’re really encountering a lot of people who are thinking about doing a website redesign and a lot of them really have no idea about the things you need to worry about and all the risks associated with a redesign and how to think about a redesign within the context of inbound marketing.” We said, “Oh, we can help you with that. We can create some content around that.”

So I’ve now done that webinar three or four times and sort of improved it each time and done it every six to nine months or so. It’s actually one of the webinars that produces the most customers, it’s got a really high conversion rate. So, as you were saying, that’s sort of a great example of that partnership and using that information back and forth to help the entire company.

Matthew: Nice. We have a few more minutes here and I wanted to, first of all, thank you for going into so much detail about how things are working at HubSpot. As I was kind of reviewing them earlier, I would say in addition to this joint definition of leads, SLAs, frequent measurement, having an agile sprint focused methodology, that it sounds like also a key component of making sure that marketing and sales are working together is that there’s also a top level partnership, when you were talking about the relationship between yourself and **Mark Roberes**. So could we as we go into the home stretch here kind of broaden the conversation, why do you think most companies there is a broken or a sense of a broken relationship between marketing and sales?

Mike: I think it really starts with the things that you talked about in your summary around not having a good definition of what that handoff point is. I think from there it really starts to erode very quickly. There’s even been times where for whatever reason we didn’t have that definition really tight at HubSpot and then we’ve ended up having some problems in terms of the communication and collaboration of the two groups.

I think once that definition starts to break down then here’s where the downward spiral goes. Sales looks at all the leads from marketing and assumes some portion of them don’t feel right to them and they start to complain. Then marketing looks at sales and says, “Well, why are you complaining when we’re producing all these leads?”

And then sales says, “Fine, you guys aren’t listening to us. We’re just not going to pay attention to any of these leads at all.” And then marketing says, “You guys aren’t calling any of our leads. Why are we bothering to do our job?” And then sales starts to say, “Well, you guys are a bunch of clowns and you just do arts and crafts all day.”

And then it just sort of devolves into this relationship that really can be hard to repair because both teams lose a lot of trust for each other. I think a lot of it really comes from having that good definition and, frankly, reviewing that definition over time and making sure that everyone is on the same page with it.

We have a monthly meeting between our sales and marketing management teams, so just sort of the select folks within the groups that are kind of the leaders, and we spend a lot of time looking at the

results in marketing, the results in sales, and talking about lead quality and what that definition of a lead is and making sure that we're on the same page. We end probably every few months making some small tweaks to that definition. But, I'd rather have a little bit of discussion in that meeting than have it totally devolve, because I think you can hit that downward spiral really fast.

Matthew: Right. I think you made it pretty clear, even as you sort of traced out the arc of how marketing-sales lead definition and things like that evolved at HubSpot that this is a moving target, this isn't something that "yeah, we've decided on it six months and now 18 months later it should be the same," and that's where this kind of frequent measurement and ongoing conversation seems absolutely critical to make sure you're constantly not just getting it right, but constantly getting closer to getting it right.

Mike: Yes. Like any good relationship, at the end of the day it really does boil down to communication. I hate to oversimplify it that way, but I think if you had to sum it up in one word, I think that's really it.

Matthew: All right. That seems like a good place to stop. Thank you so much for joining us today, Mike Volpe from HubSpot. Thank you, listener, for listening to Marketing Smarts, a podcast brought to you by MarketingProfs. I've been your host Matthew Grant. I'll talk to you next week.