

Effective alignment of the marketing and sales functions of a major pharmaceutical company in South Africa

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ABSTRACT

Recently there has been a growing interest in alternative measures to increase organisational business efficiency other than sales revenues alone. Specifically, a deeper understanding of inter-departmental relationships and its beneficial effects on business performance is one area where efficiency can be improved. To investigate the possibility that increased revenues could be associated with the optimisation of the sales-marketing relationship, it is important to determine the differences as well as their overlapping functions between these two departments. Sales and marketing are rarely separated from an external perspective, but internally, the reality seems to differ in most organisations. Although these organisational functions strive towards the same organisational goals, they ought to be guided by one another to achieve their mutual goals and to strengthen the outcome of the organisational goal of increased turnover; if sales growth, then ultimately, organisational revenue increases. This study explores this relationship in case study format in a multinational pharmaceutical company which is situated in Gauteng, South Africa. More specifically, the study aims to investigate their current situation regarding the Sales and Marketing Interface (SMI). The employees, from both the sales and marketing departments, of the company were subjected to a quantitative research design to collect the research data. The data showed favourable reliability (Cronbach alpha exceeds 0.90 for both marketing and sales data) and sample adequacy (0.888); hence the data were suitable for analysis. The results indicate that *Inter-functional trust* and *Inter-functional rivalry* (with effect sizes of 0.73 and 0.37, respectively) have intermediate practical significant differences between sales and marketing. Further analysis indicated that there are also three common factors relevant to both the sales and marketing departments. These factors are *Organisational orientation*, *Interdepartmental relationships* and *Interdepartmental efficiency*; they explain a cumulative variance of 70, 6%. The study is of value to management and also researchers who would like to pursue Sales and Marketing Interface (SMI) as a means to improve organisational performance.

Keywords: Sales-marketing Interface, business performance, SMI, elements, integration, collaboration

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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

The current case study will be exploring the Sales-Marketing Interface (SMI) and the effect this relationship has on business performance. Literature background on this subject will collaborate relevant research and literature with regards to this subject to compile a valid conceptual framework.

Empirically this study was conducted using questionnaires posed to the respective Sales and Marketing departments within the reference company. The survey fields important areas of the sales-marketing relationship.

The most important finding of this literature study is that the sales-marketing interface does affect business performance in general and the case study indicates the stance of the company at this current moment. Suggestions will be made to the company for future amendments to establish a healthy SMI, to benefit off such a relationship in return.

This study offers an overall view on the sales-marketing relationship of the company, its different dimensions and its potential influence on business performance. This serves as a basis for further investigative studies in other companies and industries to investigate this issue further.

According to Madhani (2016a:20), recent literature has shown that sales and marketing collaboration has a noteworthy and undeviating impact on customers and revenue-earning prospective of the company.

The case study company will be examined to determine what the state of the SMI currently is to construct a practical alignment program and give meaningful suggestions to the management of the particular case company. The reference company is ranked amongst the top eight generic pharmaceutical companies in South Africa, in the sales and distribution of generic prescription, over-the-counter (OTC) and originator prescription products. Also, they offer generic anti-retroviral (ARV) medicines to needy

patients in Southern Africa, supporting national government in their effort to control the AIDS epidemic.

It is commonly known that marketing often claims that sales ignore work done by marketing, for example regarding corporate branding and all the support materials and they just focus on achieving targets. Sales often respond that marketing does not recognise qualified leads and does not produce the products they need and that they only stress their one-size-fits-all corporate message. These are comments from respondents of a survey focusing on the sales-marketing interface (Aberdeen Group 2002:5; Biemans and Brencic 2007:259).

The focus of this study is to investigate collaboration of Sales and Marketing and its effect on business performance.

The main topic will be introduced, and a description of the relevant background will be elaborated on, to demonstrate the importance of this line of research and reasons why further research in this area is required.

Hereafter the research problem and objectives of this study will be discussed, indicating how this study addresses these issues to provide further knowledge. Then the key concepts on this topic will be addressed. Lastly, the study results will be deliberated, and managerial recommendations will be given to adding eloquent value to the reference company.

In recent literature, the growing cross-functional integration of marketing activities is seen as a way to achieve better results in business performance (Le Meunier-FitzHugh and Piercy, 2007a:213). This could imply that if the sales-marketing relationship is such that marketing activities are deployed jointly; the relationship could also have a positive effect on business performance.

The sales-marketing relationship is viewed as a somewhat untouched area with limited research (Dawes and Massey 2005:1328, Rouziès *et al.* 2005:113). Even though the conceptual approaches to the sales-marketing relationship are increasing, empirical studies in this area are limited. Homburg *et al.* (2008:133) state and show that the sales-marketing interface has not been researched systematically and deeply. They draw together the eight empirical studies made on this topic before 2008 and make three conclusions. First, there is a lack of empirical evidence on sales-marketing integration.

Second, only three of the empirical studies focus primarily on the sales-marketing interface and the other five only discuss it as a side issue. Third, no variation between the companies is analysed, and the focus is on the typical, average company (Homburg *et al.* 2008:134-135).

1.2 PROBLEM STATEMENT

This case study will aim to identify the factors that may influence the relationship between sales and marketing which in turn can affect company revenues according to the literature retrieved. The aim of the case study to be examined is to observe and evaluate the reference company's current structures to identify their unique shortcomings with regards to the SMI within the organisation. This will aid the reference company to overcome related obstacles and to contribute to implementing or improving such structures to align the Sales and Marketing department. Within a highly competitive business world, including the Pharmaceutical industry, companies should explore all available avenues to gain a competitive advantage. In an ideal world, sales and marketing divisions should collaborate to achieve projected business objectives through a sales-marketing strategy. Unfortunately, the two departments are generally focussing on their individual goals and experience various levels of conflict amongst other factors.

The problem within companies is that SMI is not attended to, which may threaten its potential to increased revenues of the company. Only recently, the area of study gained more and more attention, which sets an open canvas to explore and find a deeper understanding of SMI in general. The primary question to be answered in this case study is:

How does the Sales and Marketing relationship affect company revenue outcomes?

Sales-marketing relationship and especially its effect on business performance remains a largely unexplored area even though of the rising interest towards it. Thus, this sales-marketing relationship and its effect on business performance is the area of this study at large. The theoretical perspectives of previous literature of the SMI will be examined and discussed, and an empirical research will be conducted to find out how reality fits into the theoretical frames. The research question of this study is observed from the viewpoint of

companies in general. As a result, this study shows both theoretically and empirically that the sales-marketing relationship affects business performance.

The main objective of this study is to produce empirically tested knowledge on the sales-marketing Interface, which has received limited attention in academic literature, and especially, has been tested empirically only in few other studies.

Managerially, the intent is to provide useful information on the sales-marketing relationship and especially on the effect that this relationship has on business performance. This can help managers to decide on how to manage their often-separate marketing and sales functions and whether to invest in the development of this relationship or not.

1.3 STUDY OBJECTIVES

Although the growing interest in sales-marketing relationships within companies, there is still much to learn and discover on this subject. This may be an avenue to gain a competitive advantage in the turbulent market out there as well as assuring a healthy collaboration between sales and marketing in general.

The primary objective is to conduct a single case study to:

- Determine the existence of SMI at the reference company.
- Construct a realignment strategy to benefit the reference company.

The secondary objectives are to conduct a literature study to:

- Determine what the essence of Sales and Marketing involves.
- Assess the various influential factors which may contribute to the haltering of collaboration between SM departments.
- Add value to the hypothesis of higher revenues with better collaboration between Sales and Marketing.

From a managerial point of view, the study aims to sensitise sales and marketing managers respectively to take a more in-depth look into the essence of the SMI, to

consider proposed collaboration and implement suggested departmental structures, to benefit respective employees and the company as a whole.

1.4 SCOPE OF THE STUDY

The scope of SMI is immense in total and detailed aspects of the relationship is difficult to include in this study. However, the study focuses on the sales-marketing relationship in general with its effect on business performance. Various constructs affecting the SMI will be discussed to aid in building a suitable strategy for the reference company. The data set of this study consists of businesses in general and not on pharmaceutical companies exclusively. It can be assumed that the requirements of a sales-marketing departmental relationship of a pharmaceutical company are comparable to any other business, irrelevant to its nature, with regards to revenue outcomes. According to Keszey and Biemans (2016:3698), sales-marketing infringement is a universal phenomenon occurring across industries. The theoretical framework and literature review are seen as collective business results. The empirical study results will be presented later in the study.

It is assumed that the majority of the literature confirms that a positive sales-marketing relationship assures a desirable result on company revenue. Due to the qualitative and quantitative nature of this study, a greater, evidence-based explanation will shed more light on the matter. Then again, it might be proven different that best-performing companies just transpire to align their sales-marketing departments.

Importance and benefits of the proposed study results, identification of shortcomings within the reference company and implementation of strategies to enhance the case study company's SMI will, according to the literature, have a beneficial effect on the company's profit margins. Studies on the sales-marketing Interface is not easy to find. Only recently the helpful findings regarding successful collaboration within the SMI started to attract attention. The reference company will undoubtedly benefit from an SM strategic plan to ensure successful collaboration.

The content of this report will consist of the scope of the study, the assumptions regarding the research topic and key terms will be defined and expanded upon. A literature study will follow, looking into the nature of the SMI by stating findings in previous research done and the benefits associated with an effective business strategy to align the sales and

marketing departments. The case study, research design and methods will then be clarified, explaining how information will be retrieved from the reference company.

1.5 RESEARCH METHODOLOGY

1.5.1 Literature/theoretical study

This literature study will explore the marketing-sales relationship and the influence it has on business performance. A literature and theoretical review will define and explain what the stance is of the sales and marketing interface as a whole, with general findings of previous studies conducted. The literature will collaborate with relevant research and literature on this subject, based on which the conceptual framework is formed.

1.5.2 Empirical study

This study follows a qualitative approach to collect data from the target population using a questionnaire posed to the respective Sales and Marketing departments within the reference company. The survey aims to establish a significant difference between the sales and marketing departments within the case study company. The survey shields the most important areas of the sales-marketing relationship.

1.6 LIMITATIONS OF THE STUDY

The empirical investigation is limited to the respondents and employees of the case study company only. The aim is not to criticise the reference company on its existing SMI, but to identify the interface shortcomings and provide meaningful recommendations.

The case study company was surveyed on its entire sales and marketing pool of employees. Although this is a large multinational pharmaceutical company, it is only limited to the number of employees within the company.

Finally, the literature review is limited to resources, as this topic is significantly under-researched. Significant research efforts have been devoted to considering cooperation and collaboration between functional departments in organisations based on the premise that interdepartmental collaboration is linked to improving business performance.

However, little research has been conducted on the interdepartmental relationship between sales and marketing in particular, according to Madhani (2016b:50). Only recently, the sales and marketing interface gained more theoretical attention. Both sales and marketing with regards to their contentious interaction, is attracting increasing attention from both academicians and practitioners.

1.7 RESEARCH ETHICS

Cooper and Schindler (2011:32) assert that “The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities”. In accordance, the following ethical considerations applied while conducting this research:

- *Objectivity*: The researcher is not affiliated with the reference company, and therefore no degree of bias is anticipated.
- *Voluntary participation*: Participation in this study is to being voluntarily, and measures are being taken to ensure that respondents are not forced to participate or misled as to the reasoning for the study.
- *Informed consent*: The respondents are informed of their rights, the research process as well as the proposed benefits of the research before the start of the study.
- *Confidentiality and respect*: The nature of the study may lean itself towards the exposure of potentially sensitive information regarding the competitive abilities of the reference company.
- *Data integrity*: The ethical protection of the data collected during and after the research will be ensured with an offline data management system and kept in a secure storage area.

This study was approved by the North-West University’s Ethical Committee in the Faculty of Economic and Management Sciences. The low-risk category study was issued the ethics number: **NWU-00309-18-S4**

Appendix B contains the first draft of the written consent form that will be used in the study, and the ethical clearance is presented in Appendix C.

1.8 LAYOUT OF THE STUDY

The study is presented in the form of a mini-dissertation and is divided into five chapters as explained below:

Chapter 1: Nature and Scope of the Study

The purpose of this study is to provide an introduction to the study concerning causal factors and the problem statement. The chapter also provides an overview of the research design and a layout of the following chapters.

Chapter 2: Literature Review

This chapter explains using a literature review what the general relationship dynamics are between sales and marketing departments within the average business structure. An overview of the elements of the sales and marketing interface will be discussed amongst other fundamental factors to produce a clear framework and overview of the conceptual matter.

Chapter 3: Research Methodology

This chapter represents the research methodology by discussing the applied sampling method, the compilation of the research instrument, namely a questionnaire, the sample population, as well as the data collection method.

Chapter 4: Results of the Study

This factor focusses on the analysis and results of the empirical study. Detailed discussions of the results from the empirical study are provided.

Chapter 5: Conclusions and Recommendations

The final chapter will provide recommendations to the reference company, based on the results retrieved from the empirical study done in Chapter 4. The chapter also provides a general overview of the study before concluding with additional recommendations for further research.

1.9 SUMMARY

This chapter serves as an introductory chapter to the study. It presents the problem statement, objectives, and then touches on the research methodology followed by ethical issues of the study. The next chapter deals with the theoretical part of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The SMI is often described as problematic and far from symphonic (Rouziès *et al.* 2005:114). There is a lack of cohesion, which leads to conflicts. There is not enough trust between the employees within the two functions, the coordination of combined activities does not work, and negative stereotypes of each other are common (Kotler *et al.* 2006:3). Based on this it is not surprising that managers are not always satisfied with the results they have achieved in this area (Beverland *et al.* 2006:386). Homburg *et al.* (2008:238) provide an overview to SMI, which will be discussed in detail and then an extensive conceptualisation of the SMI with extended literature.

The interface between sales and marketing is one of the most critical relationships since both departments plays a fundamental role in the organisation's successful interactions with customers (Malshe *et al.*, 2016:145). A successful SMI will be highly beneficial for the reference company. This relationship is seen to lead to long-term orientation regarding strategy, joint team decisions both across hierarchical levels and functional teams and successful communication so that both teams are informed about relevant issues. The SMI proves to have an effect on business performance, which can be either positive, neutral or negative (Le Meunier-FitzHugh and Piercy 2007a:214).

It is clear that there are differences in time and goal orientations, as well as knowledge, power, communication and structural linkages within sales and marketing departments. This plays a major role in the establishment of this important collaboration.

According to Madhani (2016a:19), recent literature has shown that sales and marketing collaboration has a noteworthy and undeviating impact on customers and revenue-earning prospective of the company.

The main topic will be introduced, and a description of the relevant background will be elaborated on, to demonstrate the importance of this line of research and the reasons why further research in this area is required. Hereafter the research problem and

objectives of this study will be discussed, indicating how this study addresses these issues to provide further knowledge. Then the key concepts on this topic will be discussed. Then the structure and organisation of the study will be reviewed, conclusions and recommendations will follow.

2.2 KEY CONCEPTS

2.2.1 Sales-marketing Interface (SMI)

SMI is defined as a key performance factor where bonds of trust and collaboration between sales and marketing divisions support increased interactions, quality relationships, and mutual enrichment. A shared understanding between the two departments contributes to a shared vision of internal and external settings (Rouziès and Hullah, 2014:515).

A defined relationship, on the other hand, provides that sales and marketing departments have rules for preventing disputes, they share a language for potentially contentious areas and use meetings to clarify mutual expectations. Alignment between the sales and marketing departments indicate that there are clear but flexible margins. Salespeople use marketing terminology whereas marketers participate in transactional sales and they engage in joint planning and training. Integration between the two departments means they share systems, performance metrics, and rewards (Madhani 2015:19).

2.2.2 Sales

“The essence of sales is about inverting who has the leverage in the negotiation. To do that, you must create value in the mind of the customer. Sales aren’t about persuasion, being the nice guy, or hustling to get the deal. Sales are purely one thing: creating value in the mind of the customer so that you can invert who has the leverage in the negotiation” (Semani, 2016).

Salespeople should work with the marketing and research and development employees as they decide how to segment the market, which products to offer to which segments, and how to position those products (Kotler *et al.*, 2006:4).

According to Lee and Scott (2015:43), the typical job description for a sales executive entails strong negotiation skills, and they need to establish compensation, training and sales incentive programs. Development and execution of lead generating programs and initiatives, as well as the motivation of the sales team to achieve their sales targets. Their final attribute is to define and coordinate sales training programs that enable staff to achieve company sales objectives.

2.2.3 Marketing

According to The Business Dictionary (2018), marketing is the process management of goods and services, moving it from concept to the customer. Coordination of the elements namely product identification, selection and development, price determination, place of a customer selection of a distribution channel, and promotional strategy development and implementation, is crucial. These elements are known as the 4 “P’s” of Marketing. Kotler *et al.* (2006:3), notes that we need to recognise that the nature of the marketing function varies significantly from company to company. Marketing personnel research to calibrate the size of the market, choose the best markets and channels and determine potential buyers’ motives and influences. They work with outside agencies on advertising and promotions. They develop collateral materials to help the sales force attract customers and close sales. Marketers use direct mail, telemarketing, and trade shows to find and qualify leads for the sales force.

Marketing work closely with other departments, particularly strategic planning, product development, finance, and manufacturing. They develop brands rather than products, and brand managers become powerful players in the organisation.

Marketing contributes case study material, success stories, and site visits to help address customers’ concerns. And during contract negotiations, Marketing advises the sales team on planning and pricing. Of course, Marketing’s involvement in the sales funnel should be matched by Sales’ involvement in the upstream, strategic decisions the marketing group is making (Kotler *et al.*, 2006:5).

The ideal job description for a marketing executive is to oversee marketing communications and strategise market positioning of products in the marketplace. Their daily job includes customer segment selection and oversees product management, including market and customer research. They need to define metrics to measure and

continually improve the efficiency and effectiveness of marketing, as well as develop and manage the Company's entire marketing budget. Leadership should be provided for the company's marketing vision, and overall integrity of the association's brand strategy must be ensured (Lee and Scott, 2015:43).

2.2.4 Revenue

The Cambridge Dictionary (2018), defines revenue as accounting the amount of nett income that a company receives from the sale of products or services in a particular period.

2.3 SALES AND MARKETING DISPUTES

The SMI displays various negative features and are characterized by poor coordination, miscommunications, conflict, non-cooperation, signs of frustration, distrust and dissatisfaction with the other group's performance, disharmony, and poor understanding of each other's roles, which inhibits achieving the benefits of collaboration (Dewsnap and Jobber, 2002:874).

It is evident that both groups regularly undervalue the other group's contributions and business worth. According to Kotler et al. (2006:8), the primary question of why the two departmental groups just do not collate are attributed to economic and cultural friction. Economic friction is generated by the need to divide the total budget granted by senior management to support Sales and Marketing. Sales criticise the manner marketing employs money on three of the four P's, which includes pricing, promotion, and product. Pricing friction occurs as marketing is under pressure to achieve revenue goals and wants sales to "sell the price" as opposed to "selling through price." Sales usually favour lower prices because they can sell the product with more ease and low prices give them more negotiation leverage. Also, there are organisational tensions around pricing decisions. While marketing is responsible for setting suggested retail or list prices and establishing promotional pricing, sales have the final say over transactional pricing. When special low pricing is required, marketing frequently has no input.

Promotion costs are the second source of economic friction, where marketing needs to spend money to generate customer awareness, interest, preference, and desire for a

product, where sales often view high disbursement on promotion, as the unproductive application of funds. Sales tend to think that this money would be better spent increasing the size and quality of the sales force. When marketers help set the other P, the product being launched, sales often complain that it lacks the features, style, or quality of customer requirements. This is the result of sales' outlook, moulded by the needs of its customers. Marketing is concerned about releasing products whose features have broad appeal.

The budget for both groups also reflects which department wields more power within the organisation, a significant factor. Top management tends to favour the sales group when setting budgets. It is asked why one should invest in more marketing if you can obtain better results by hiring more salespeople. Top management often sees sales as more tangible, with more short-run impact. The sales group's contributions to the bottom line are also easier to judge than the marketers' contributions.

The cultural conflict between sales and marketing is, if anything, even more, rooted than the economic conflict. This is true in part because the two functions attract different types of people who spend their time in very different ways. Marketers, who until recently had more formal education than salespeople, are highly analytical, data oriented, and project focused. They're all about building competitive advantage for the future. They judge their projects' performance with a cold eye, and they're ruthless with a failed initiative. However, that performance focus doesn't always look like action to their colleagues in sales because it all happens behind a desk rather than out in the field. Salespeople, in contrast, spend their time talking to existing and potential customers. They are skilled relationship builders, they're not only knowledgeable about customers' readiness to purchase but also in concurrence to which product features will be successful and which not. They work at a fast pace and is used to rejection. They live for closing a sale. It's hardly surprising that these two groups of people find it difficult to work well together.

Salespeople may push products with lower margins that satisfy quota goals, while marketing wants them to sell products with higher profit margins and more promising futures. More broadly speaking, the two groups' performance is judged very differently. Salespeople make a living by closing sales. Immediate rewards are seen as a sale happens on the spot. It is almost instantaneous to measure success. On the other hand, the marketing budget is devoted to programs, not people, and it takes much longer to

know whether a program has facilitated to create a long-term competitive advantage for the organisation.

2.4 ELEMENTS OF THE SMI

Various elements have a significant influence on the SMI and have to be managed effectively to ensure a positive effect on this delicate relationship. Managerially it is essential to assure that adequate systems are in place to uphold a positive SMI.

The sales-marketing interface is a complex topic, consisting of many different elements. According to Homburg *et al.* (2008:137), there does not exist a hierarchical structure between these domains and one can act as a prerequisite for another. Each of these domains contains one or a few conceptual dimensions. Most of the research has a narrow perspective but a comprehensive summary based on the earlier literature eight domains of the sales-marketing interface were identified. If managed well, these domains can facilitate a constructive SMI. These include information sharing and communication, structural linkages, power, balance, knowledge, time and goal orientations, reward systems and unique identities.

2.4.1 Information sharing and communication

Homburg *et al.* (2008:238) state that this domain includes cross-functional intelligence distribution and knowledge sharing. Information transmission, or dissemination, is seen as a central element in the SMI, as it is a prerequisite for being able to use the information. It is also seen as a bilateral issue as the information flows, in this case, should go from marketing to sales and vice versa.

Effective communication between marketing and sales functions is seen to decrease the number of interdepartmental conflicts, which has a positive effect on collaboration between marketing and sales. Shared market intelligence, on the other hand, is seen to increase the level of communication (Le Meunier-FitzHugh and Piercy 2007a:211; Le Meunier-FitzHugh and Piercy 2007b:945).

Goetz *et al.* (2013:366), indicates that the sales function is undergoing transformation and just now realising the importance of intra-organisational knowledge sharing. Salespeople's behaviours, which make knowledge available in a form that can be

understood, absorbed, and processed by other members of the organisation, are especially important for cross-functional collaboration and communication, which are, in turn, essential elements for organisation-wide market orientation. To improve salespeople's knowledge-sharing behaviour, the sales force should be integrated into the strategic decision-making process (Ahearne *et al.*, 2012:117) and also needs to assume a more active role in market-related decisions.

Being able to communicate, marketing and sales personnel should also use the same language with common definitions to prevent language barriers, which complicates the relationship (Oliva, 2006:395-396). Information sharing between marketing and sales is important to build credibility by showing that the information and knowledge that marketing or sales shares are useful and vital (Malshe, 2010:17). Managerial reports note that companies are not benefitting while sales and marketing are miscommunicating and lack to share information. Affability is not essential, but meaningful discussions are at order. Marketing people have to share their market information and also ask for sales views on matters and vice versa.

Effective communication will enable marketing to update their database and real-time status recurrently. Sales, on the other hand, will improve its efficiency by elimination of duplicate leads as well as lead prioritisation (Madhani, 2016a:22). Arnett and Wittman (2014:324), investigated tacit knowledge exchange between sales and marketing to enhance marketing success. Five precursors are suggested to facilitate tacit knowledge exchange, guiding sales and marketing managers, who desire to improve tacit knowledge exchange, and, in turn, marketing success.

Firstly, high-quality communication between sales and marketing shows an overall higher knowledge exchange. Communication, according to (Malshe *et al.*, 2016), is the top reason sales and marketing are not aligned. Critical information slips through the cracks, like how leads are being converted and what levers might be affecting performance and close rates. Marketing is then incapable of identifying where lead quality issues may be occurring. Sales require lead quality and lead quantity from marketers, as well as competitive information, brand awareness and lead nurturing. On the other hand, marketing requires better lead follow-up and consistent use of systems from their sales department.

Secondly, higher co-worker trust results in higher, tacit knowledge. The nature of tacit knowledge requires it to be transferred using frequent, personal interactions. Mutual trust is important as sharing one's tacit knowledge, may be risky. Thirdly, increased interactive opportunities between sales and marketing results in implicit knowledge exchange to be higher. Fourthly, when sales employees observe senior management supporting knowledge sharing in the organisation, tacit knowledge exchange tends to be greater. This result emphasizes the role that senior management plays in organisations. Lastly, the overt conflict between sales and marketing seems to be halting SMI. Sales and marketing employees easily describe their relationships as having conflict, but it is not necessarily destructive (Arnett and Wittman, 2014:325).

Communication scantiness is a regularly encountered interface dysfunction, which leads to unsatisfactory information exchange between sales and marketing departments on a continual basis as mentioned by Kotler *et al.* (2006:9). Malshe *et al.* (2016:147), identified various facets of communication scarcity such as salespeople and marketers not acknowledging each other's inputs, engaging in a dialogue to discuss strategies and tactics, or keeping each other acquainted of their marketplace activities and the related outcomes. Sales informants in the study done by Malshe *et al.* (2016:147), perceived communication scarcity to be shaped by a variety of factors including extended periods to pass without any communication or interactions with its marketing department or even the complete absence of any meaningful dialogue on strategic and tactical issues.

Salespeople capture important market insights, which needs to be utilised by marketers to substantially benefit the company's strategies. However, communication scarcity often provides no opportunity to share their ideas with marketers. Salespeople also often interpret the lack of marketer's readiness to listen to them, as being seen to be invaluable with limited participation in strategic talks. This prevents sales from being integrated into the life of the organisation which suggests that salespeople often feel that there is a social distinction between the two departments with marketers occupying a higher position in the social hierarchy and salespeople residing at the bottom-most level of organisations (Malshe, 2010; Malshe and Sohi, 2009:400).

Even regional sales managers are uninformed about their company's next strategic or tactical moves according to the study conducted by Malshe (2017:148). This creates a feeling of being expected to simply perform the initiatives from marketing, which often turns into a learning behaviour of no communications, resulting in a trigger of a vicious

cycle of no communication creating an even larger disconnect within the SMI. Malshe (2017:148), concludes that the scarcer the SMI communication, the stronger the salespeople's perception is of being undervalued by the organisation with a growing perception of being a detested member of the organisation, which increases the likelihood is that salespeople will ignore marketing's directives.

Marketer's experiences communication paucity much different. Marketers feel they have to reach out to sales personnel multiple times before they initiate any communication shared, according to Malshe (2017:148), and that salespeople are difficult to reach, in spite of their intense desire to interact with them. This increases the possibility that marketers will refrain from seeking out salespeople for market information and either take on the task of gathering market intelligence themselves or cultivate alternative channels, such as dealers, distributors, and loyal customers who would do the job for them. In the process, marketers would begin to view salespeople as a redundant and dispensable entity, which would further deteriorate intercommunication. Malshe *et al.* (2016:149), suggests that the scarcer the SMI communication, the stronger marketers' perception of salespeople's desire for autonomy become, with the strong perception of them being an annoyance to the sales force with a great likelihood that marketers will lay claim to salespeople's position.

2.4.2 Structural linkages

It has been claimed that "mixing" marketing and sales with the help of different kinds of structural ties, would produce favourable results for organisations (Oliva 2006:395).

Structural linkages domain contains three dimensions. The first is the classical horizontal platform "**teamwork**" (Homburg *et al.*, 2008:138).

SMI collaboration refers to cross-functional teamwork between sales and marketing (Le Meunier-FitzHugh and Piercy, 2007b:945). According to Kotler *et al.* (2016), the second highest-ranked matter is a lack of defined and workable business processes, particularly those that tie directly to the lead funnel. Settlement on crucial factors, such as lead flow, what makes a qualified lead, and the process to examine the pipeline, are lacking and contribute to misalignment. The pipeline is key and is arguably where the true integration between sales and marketing occurs.

Malshe *et al.* (2016:150), finds that the lack of SMI collaboration manifests in multiple ways, including marketing and sales personnel not providing the timely support or making promises to support the initiatives of the other party, but not keeping them by overlooking each other's requests for specific contributions to the combined projects, or discouraging the other function from engaging in a specific marketplace activity. Salespeople's perceptions of this dysfunction were shaped by their experiences, such as marketers delaying the requested field support, evading their responsibility in the combined tasks, or vigorously discouraging salespeople from following those initiatives that, while benefitting the company, would harm their functional interests.

The second dimension is **joint planning**, which means the degree in which marketing and sales jointly develop objectives, budgets and activities (Homburg *et al.* 2008:138). Regarding joint planning, it has been pointed out that to successfully implementing the marketing strategy so that activities of both departments are coordinated with the strategy, both marketing and sales functions need to contribute already in the strategy making phase. It is essential that both functions participate equally during the entire process. Still, it has been shown that often the sales function does not take part in making the strategy (Malshe and Sohi 2009:401). Joint planning has also seen to have a positive effect on collaboration between marketing and sales (Le Meunier-FitzHugh and Piercy 2007b:946).

The third dimension of structural linkages is **formalisation**, which is seen as the level to which the cooperation between Sales and marketing is managed by guidelines (Homburg *et al.* 2008:138). Sales and marketing are organised differently in different firms, which can be seen in different degrees of formalisation. It is claimed that integration mechanisms, like project teams and job rotation, can have a positive effect on collaboration between marketing and sales (Le Meunier-FitzHugh and Piercy 2007b:948). Previously, sales departments were seen as a subunit to the marketing department, according to Grönroos (2006:409).

'Quality of co-operation between sales and marketing', is a term used, describing the state of the interdepartmental relationship instead of the process. They define the quality of cooperation between marketing and sales as "the extent to which there is a state of collaboration between marketing and sales that is characterised by unity of effort and harmony". In the sum of the empirical studies on goal and time orientations, Homburg and Jensen (2007:131), found that the quality of cooperation between marketing and

sales has an impact on the business performance of the unit in question. It was also seen that different orientations decrease the quality of cooperation, but have a positive effect on business performance.

2.4.3 Power

Homburg *et al.* (2008:138) cluster different approaches to power into three different groups.

The first one focuses on the **outcomes of power**, the second one is based on the **sources of power**, and the third one reflects the **decision areas in which power is used** (Homburg *et al.*, 2008:139). Power has also been discussed in the context of customer relationship in a sense that what kind of power balance there is between the company and its customers (Borders, 2006:366).

There is an existing 'sales power' orientation to the SMI. SMI power refers to 'how the influence over market-related activities is separated among organisational subunits' (Homburg *et al.*, 2008:137). In one study both marketers and salespeople note that marketing has its utility in the organisation, there is no ambiguity that sales have the power in the SMI. SMI is established on a 'sales rules' power distribution with salespeople holding the authority in the organisation. While there are some benefits of sales power, there also are disadvantages like the potential short run of focus and the lack of consistent marketing strategy across customers. Thus, managers may seek to provide a more balanced distribution of power between sales and marketing (Johnson and Boeing, 2016:202).

Egos are present in the sales department. There are frequent ego wars as people love power. Joint sales calls, where both marketers and salespeople interact directly with customers, are practised in the study done by Johnson and Boeing (2014:196). Combined sales calls can both allow marketers to get a better perspective of customer needs and salespeople to provide better information to customers. However, consistent with the subsequently discussed power dynamics of marketing and sales, joint sales calls are usually construed as a benefit for sales versus a benefit for marketing.

2.4.4 Time and goal orientation

It is clear that there are differences in time and goal orientations within sales and marketing departments, which plays a significant role in the establishment of this important collaboration.

Departmental goals differ substantially between sales and marketing. Sales employees aim to increase current sales to meet quota commitments and to maximise commissions. This is the reason for their sales volume orientation rather than profits. They tend to concentrate on existing products, markets, customers and strategies. According to Madhani (2016a:24), sales is interactive, push driven, tactical, whilst having a short-term vision. Marketing, on the other hand, is analytical, pull-driven, strategic and has a long-term visualisation. Sales focus on the here and the now, whereas Marketing strategises toward prospects into the future, thus planning around the future market segment and not individual customers. Sales consultants are more practice orientated and Marketing theoretically.

According to Homburg *et al.* (2008:137), departments are seen to differ based on the time horizon, whether the planning timeline is seen in short-term or long-term and to objects, as well as on goal orientation where the department focusses either on customers or products.

Homburg *et al.* (2008:138), defined time orientation, which they named as the short-term versus long-term orientation, as “the extent to which activities of marketing or sales are guided by immediate action rather than by extensive planning”. They also defined goal orientation, named customer versus product orientation, as “the extent to which the activities of sales or marketing are guided by customer-related rather than product-related strategies, plans, and performance evaluations”.

There are various potential reasons that departments have differing orientations regarding time and object. These reasons include at least the background of employees, where personnel in different departments often have different kinds of educational backgrounds, which are seen as one reason for different orientations. Organisational routines departments can be different and also this can affect time and goal orientations (Dewsnap and Jobber, 2009:987). Performance criteria have a significant role in incentives and assessment systems; this is another important reason for varying goal and

time orientations as marketing and sales department are motivated with different kinds of incentives and assessed based on different performance criteria. Rouziès *et al.* (2005:115) suggest that incentives and measurability would be an important reason for differences in time and goal orientations. They find that incentives and measurability reinforce the different time and goal orientations of marketing and sales even more (Rouziès *et al.* 2005, 115).

Sales are seen as short-term oriented while marketing is long-term oriented (Homburg and Jensen, 2007:126). Marketing is devoted to creating a long-term competitive advantage for the organisation through programs, and they focus on for example market share, contribution and profit-and-loss account and are rewarded based on sales and the profitability of some specific product or area they are responsible for. Sales departments are dedicated to closing deals which are followed by sales volume compared to targets.

Time orientation has been found to be one of the factors separating marketing and sales. Beverland *et al.* (2006:386) show in their empirical study, which focused on identifying cultural factors that drive marketing and sales apart, that among other factors, differences in beliefs about time focus separate these two. This study of Beverland *et al.* (2006:387), indicates that theoretical frames are correct and sales department often has a short-term focus and marketing a long-term one. In practice this means that the sales department sees itself as responding to customers' immediate needs whereas marketing does not mind about customers' day-to-day difficulties, but instead about long-term perspectives. To managers, it was suggested that they should try to direct sales towards having a more strategic focus as well (Beverland *et al.*, 2006:386).

Sales and Marketing are claimed to differ based on what are the goals of their main activities and what they are trying to optimise (Homburg and Jensen, 2007:126).

Homburg and Jensen, (2007:125) provide a conceptualisation of marketing and sales thought worlds within a framework as seen in figure 1.

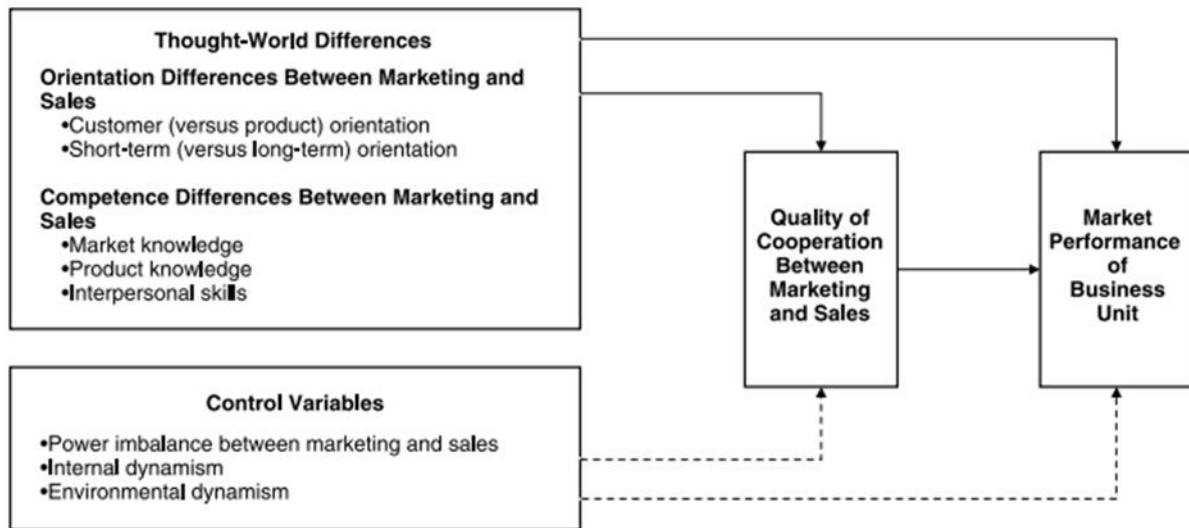


Figure 1: Conceptual model of sales-marketing thought worlds

This model of Homburg and Jensen (2007:125) consists of several different elements. First, there are differences of thought-worlds. This is divided into two parts: differences in time and goal orientations between marketing and sales and competence differences between marketing and sales. Only the orientation element is discussed further in the scope of this study. Second, there are control variables, which we will discuss partially in these two, thought-world differences and control variables together lead to the quality of cooperation between marketing and sales. By this, Homburg and Jensen refer to as “the extent to which there is a state of collaboration between marketing and sales that is characterised by unity of effort.” Then again, the quality of cooperation leads to the market performance of the business unit in question (Homburg and Jensen, 2007:125-127).

Differing time orientations affect the goal and resource allocation decisions as well so that sales try to meet customer expectations, while marketing focuses on brand equity building activities (Kotler *et al.*, 2006:5).

Customer orientation is seen as a central orientation of high-performing sales personnel as it is understood that customer-oriented sales personnel are an important aspect in achieving business performance. Salespeople, who actually have a high level of customer orientation, truly care for their customers and engage in activities that produce value for customers, including processing customer feedback and solving customer problems.

Homburg and Jensen, (2007:133) find in their empirical work that differences in time and goal orientation between marketing and sales have a positive effect on the overall market performance, even though these differences can have an adverse effect on the cooperation between these two departments. This means that even though having different time and goal orientations can complex the cooperation inside the company; it will, in the end, result in better decision making as more viewpoints are taken into account (Homburg and Jensen, 2007:133-134).

It is important to note that the high performing clusters, Brand-Focused Professionals and Sales Driven Symbiosis, have in common the fact that they both have sales unit with long-term orientation (Homburg *et al.* 2008:146).

Both goal orientation and time orientation seem highly relevant for both the sales-marketing relationship and business performance. Time orientation can be either short-term oriented, which sales unit is often seen to be, or long-term oriented as marketing is seen. Goal orientation can be divided into customer orientation and product orientation, respectively. The differences in orientations may be due to different kinds of objectives and targets the different departments face. There is no clear accordance whether these differences are beneficial or detrimental for the company. It seems the way slightly if the differences would cause conflicts inside the companies, but result in positive effects on business performance.

2.4.5 Knowledge

This domain pertains to the degree of expertise in an organisational unit (Homburg *et al.* 2008:138), which can also be seen as part of credibility (Malshe, 2010:17). Market knowledge is seen as the extent to which an employee is knowledgeable about customer and competitors whereas product knowledge is about being informed about products and internal processes (Homburg *et al.* 2008, 139). Organisational learning and commitment to knowledge have been seen to relate positively with the level of collaboration between marketing and sales (Le Meunier-FitzHugh and Piercy 2007a:210; Le Meunier-FitzHugh and Piercy, 2007b:945).

2.4.6 Reward Systems

Incentives for sales are usually related to the total amount of sales in a territory, regardless of specific products. In regard to measurability, it can easily be seen whether

sales achieve its sales target or not (Rouziès *et al.*, 2005:115; Kotler *et al.*, 2006:6) Aligning incentives and measurement could lead to positive effects on collaboration between marketing and sales (Le Meunier-FitzHugh and Piercy, 2007b:949). According to Rouziès and Hulland (2014:515), non-cooperative reward systems will lead to uncoordinated understanding and an impairment of shared vision between sales and marketing departments. If rewards are not aligned, there is a negative relationship regarding tie strength, trust and shared vision.

Senior managers who focus on aligning goals creating a collaborative culture, however, are still likely to achieve greater inter-functional collaboration than those who do not. It is suggested that strategies to improve the SMI should include the use of aligned reward structures. The format of these rewards; part bonus, fully salaried, or wholly based on incentives, is not critical, but both sales managers and Marketing managers should have their rewards linked to achieving mutual goals (Le Meunier-FitzHugh, 2011b:1163).

2.4.7 Unique Identities

Literature findings disclose that Sales and Marketing interpret and react toward the same dysfunction, very differently. These dissimilar interpretations may, in turn, lead to counterproductive activities aiming to resolve the specific dysfunction (Malshe *et al.*, 2016:146).

Inter-functional conflict may also be created by cultural differences caused by strong functional identities. Sales see Marketing as aiming to rule from its ivory tower, whereas Marketing complains about off-brand messaging and absence of feedback from Sales. Sales require more powerful corporate messaging from Marketing through advertising, public relations and trade show exposure. The Sales department is continuously urged by Marketing to improve on solution selling and proactivity in sharing best practices. Unfortunately, both Sales and Marketing suffer often from major disconnect, degraded by a lack of respect and conjoint distrust. The tensions in SMI is categorised in economic and philosophical tensions as both compete for a larger share of the budget and the differences in attracting diverse types of people and achieve success with a completely different approach on time spent (Madhani, 2016a:21).

2.5 OVERT SMI CONFLICT AND LACK OF SMI COLLABORATION

Malshe *et al.* (2016:151), found that the scarcer the SMI collaboration, the weaker is the salespeople's perception of marketing's customer orientation and the more exacerbated the role conflict is of salespeople, which increases the likelihood that salespeople will continue to isolate themselves.

Increased collaboration between marketing and sales units fosters sharing a vision and objectives, and this results in superior market performance (Troilo *et al.*, 2009:876). In particular, increased communication between marketing and sales helps to ensure the comparison of different thought worlds so that mental models of both sub-units are challenged (Guenzi and Troilo 2006:974), which in turn could also help to align salespeople's behaviour with market orientation better. This is line with Guenzi and Troilo (2006:975), who argue that effective integration between marketing and sales positively affects the generation and dissemination of market intelligence, and thus market orientation.

Marketers' perceptions of salespeople's unwillingness to collaborate were reinforced where sales personnel challenges and criticised strategic proposals made by marketing by signalling that they would not invest their resources into implementing those strategies. Malshe *et al.* (2016:150), proposed that the scarcer the SMI collaboration, the stronger is the marketers' perception of strategy making as an exercise in futility, the stronger is the marketers' perception of being directionless during strategy making and the greater the marketers' scepticism toward salespeople.

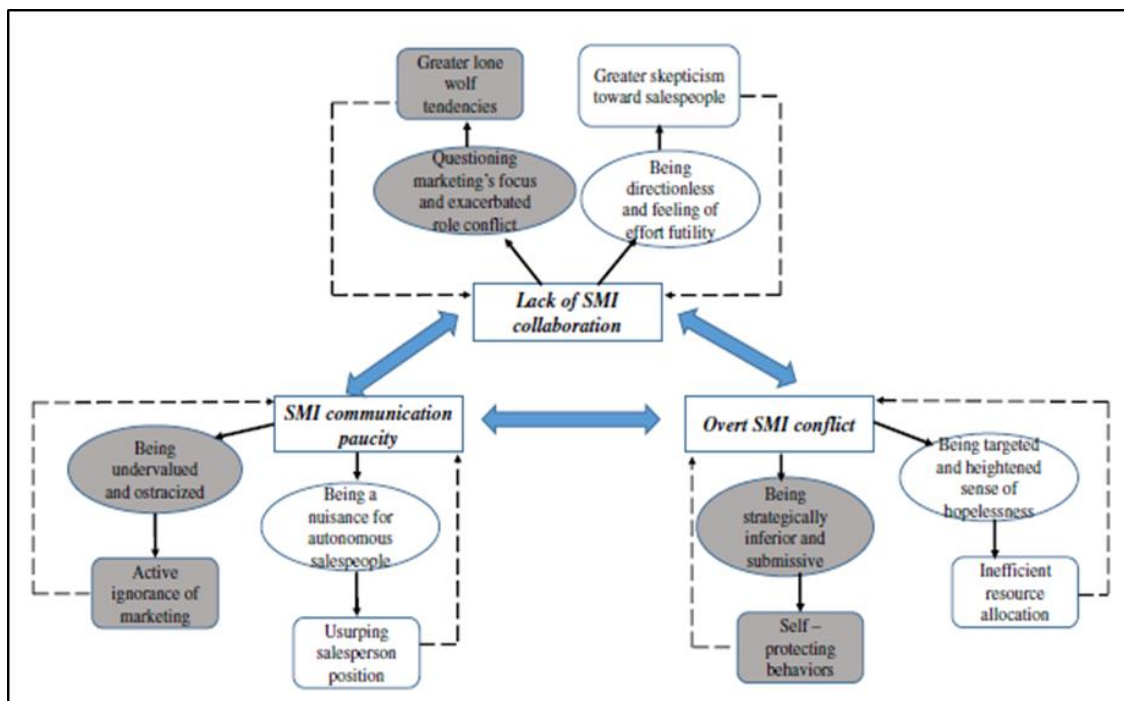
Malshe *et al.* (2016:151), finds that sales and marketing personnel openly resist and undermine their counterparts' efforts, influencing their departmental colleagues to undermine their counterpart's initiatives, promoting the senior leadership to deflate their counterpart function's initiatives.

The presence of SMI conflict enhances salespeople's perception of being strategically submissive to marketers in their firms, enhances salespeople's perception of being hierarchically inferior to marketers in their firms, and increases salespeople's use of self-interest protecting behaviours. Marketers experiences that overt SMI conflict was brought home by salespeople' acts where they deliberately do not promote promising new products, actively tell their customers that they are bringing the product to them on

marketing's instruction with disbelief in the product, or exhibiting active defiance against marketers' proposals and trying to undermine them.

Malshe *et al.* (2016:151), propose that the presence of SMI conflict enhances marketers' perception of being intentionally targeted by salespeople, it reduces marketers' hopefulness about the future working relationship with salespeople and increases marketers' inefficient resource allocation.

Extant SMI literature has documented how sales and marketing departments share a dysfunctional relationship characterised by sub-optimal communication, collaboration and overt conflict, among others (Rouziès *et al.*, 2005:516). Despite the existence of numerous scholarly insights that illuminate how this interface may be synchronised, in reality, it continues to be problematic (Malshe *et al.*, 2016:150). Collaboration between sales and marketing may be important in reducing inter-functional conflict and creating high performance (Madhani, 2015:17). Malshe *et al.* (2016:153), attributes SMI dysfunction mainly to a lack of collaboration, SMI communication paucity and overt SMI conflict and schematically illustrates the inter relation in figure 2.



* Shaded areas in the figure denote sales' dysfunction experience

** Non-shaded areas denote marketers' dysfunction experience

Figure 2: SMI dysfunction experiences.

Source: Malshe *et al.* (2016:153).

This research revealed that collaborative factors such as collective goals, mutual understanding, informal activity, shared resources, shared vision, and esprit de corps are more effective in improving internal interfaces than simply interaction or integration of activities. As both Shapiro (2002) and Kotler *et al.* (2006:7) have noted, sales and marketing have necessarily different roles within the firm, so integration of their activities would be inappropriate and possibly counter-productive. The intangible elements underlying the collaboration construct may, therefore, be more effective than mere interaction or integration of activities, in improving the sales-marketing interface.

Kotler *et al.* (2006:2) recommend that a new relationship should be constructed between the two departments to facilitate interconnection to resolve demanding business challenges. In the case of increased market commoditised or customised, sales and marketing should be aligned through frequent, disciplined cross-functional communication and joint projects. Once competition becomes more complex, the teams should be integrated by sharing performance metrics and rewards and embedding marketers deeply in the management of key accounts.

Companies can take practical steps to move the two functions into a more productive relationship, once they've established the group dynamics (Kotler *et al.*, 2006:3).

2.6 BUSINESS PERFORMANCE

Outcome variables are tied to the **business performance** of the business unit. There are two aspects of evaluating business performance. The one is **market performance**, reflecting the extent that the business unit in question is achieving better results, better market-related outcomes than its competitors. The other business performance outcome is **profitability**, which is seen as a return on sales (Homburg *et al.*, 2008:139).

There are moderating factors between sales-marketing relationship and performance outcomes, which are essential to acknowledging and fully understanding the context of the topic of this study. Based on previous research, it seems that there are various factors, besides the actual sales-marketing relationship and integration, which also moderate the outcome whether the sales-marketing interface has a positive effect on business performance (Rouziès *et al.*, 2005:120).

There is an impact of sales-marketing relationship on business performance, which needs to be taken into consideration. Marketing and sales are jointly responsible for generating revenue and profit for an organisation (Smith *et al.*, 2006:564). Even though not extensive, there is also some empirical research that shows that marketing's inter-functional integration to other functions relates positively to some performance indicators including company performance, business unit performance, profitability and both product development and product management performance (Le Meunier-FitzHugh and Piercy 2007a:214).

The benefits of aligned sales and marketing teams in organisations prove to be significant and can be expected to drive revenue growth. Organisations with tightly aligned marketing and sales achieved revenue growth faster, as well as profit over three years. Companies with aligned sales and marketing teams experience higher customer retention rates and have a better opportunity at closing deals.

This does not yet point out that the sales-marketing relationship would have a more important effect than collaboration towards other functions. Considering the sales-marketing relationship, it seems that most of the academic literature on this issue has focused purely on the cooperation and relationship between marketing and sales, and has not extended their research beyond that, to the effects on performance for example (Dawes and Massey 2005:1328; Beverland *et al.*, 2006:386; Matthyssens and Johnson, 2006:339). There are some exceptions though, which bring up also the importance of collaboration between sales and marketing to the achievement of different performance objectives including market objectives, organisational objectives and financial objectives (Homburg and Jensen, 2007: Smith *et al.*, 2006:564; Le Meunier-FitzHugh and Piercy 2007a:207). It seems that when sales-marketing collaboration is successful, organisations or strategic business units can have superior profits. In various conceptual frameworks, it has been clearly indicated that the better functioning the sales-marketing collaboration, the higher the business performance will be.

In the detailed level, when cooperation between marketing and sales is working smoothly, companies can really achieve remarkable improvements in performance metrics such as the cost of sales, sales cycles and market-entry costs (Rouziès *et al.*, 2005:113; Kotler *et al.*, 2006:3). Moreover, empirical evidence exists considering particularly the collaboration between marketing and sales and its effect on business performance. With means of both qualitative and quantitative research, it has been indicated that market performance is

positively affected by effective sales-marketing relationship (Guenzi and Troilo, 2007:98). It was found in a qualitative study that a high level of collaboration between these two units is associated positively with business performance outcomes (Dewsnap and Jobber, 2009:1002). A similar result is found in another large quantitative study with a sample of 223 respondents, where it was found that there is a direct and positive relationship between sales-marketing collaboration and improved business performance (Le Meunier-FitzHugh and Piercy 2007a:207).

It is also claimed in both academic literature and managerial reports that a lack of alignment between marketing and sales do not result in a neutral outcome from the company perspective but actually results damaging the business performance (Kotler *et al.*, 2006:3; Le Meunier-FitzHugh and Piercy, 2007a:209). The company can do extensive amounts of work for nothing and in this way waste resources and damage the company if the sales-marketing relationship is not working. Marketing can, for instance, produce high numbers of leads through marketing activities which can damage the sales if part of the leads is poorly qualified or sales do not follow them up (Smith *et al.*, 2006:564). Longer sales cycles, missed quotas, bad productivity as sales use its time to developing sales materials and bad sales efficiency are named as consequences of lack of alignment between marketing and sales. Also, a report done by the Aberdeen group (Aberdeen Group 2002:6; Biemans *et al.*, 2010:184) shows that there is an extensive disconnection between marketing and sales which results in wasted expenditures and energy for the company.

There are several moderating factors between sales-marketing relationship and performance outcomes. It is important to understand this even though in the empirical part, the focus is not on these moderating factors, but in investigating whether there is a relationship between business performance and sales-marketing relationship. By presenting these moderating factors I have built up understanding on that even though it is shown in the empirical part that there is a clear connection between business performance and sales-marketing relationship, there are several factors in between which affect this relationship. Thus, the effect sales-marketing relationship might have on business performance is a complex issue, as already the SMI as such is constructed of multiple dimensions.

Literature and research present how SMI affects business performance, which is central to the understanding of this study. Moderating factors are present between the SMI and

business performance outcomes, which has to be presented and acknowledged as these can affect the effect of SMI which in turn has an impact on business performance.

The main moderators or context variables influencing business performance will be discussed. Namely, internal change, environmental dynamism, industry, customers, competitors and company, in turn, to show which factors can affect the effect sales-marketing relationship has on business performance.

Internal change - First, internal change is seen as the degree to which organisational issues such as structures, processes, leadership, and strategy are regularly changing (Homburg et al. 2008:139-140). For example, redundancy and downsizing have become increasingly widespread (Worrall and Cooper, 2007:129). Internal change has been shown to affect the attitudes of managers in different departments (Worrall and Cooper, 2007:129-131) and this way internal change affects the departments as well. Especially the situations of redundancies can hinder the interdepartmental cooperation and attitudes relating to that (Worrall and Cooper, 2007:130-134).

Environmental dynamism - Second, environmental dynamism, including both market turbulence and technological turbulence, is seen as the degree to which competitive activities, needs of the customers and technology in the market are regularly transforming (Homburg *et al.*, 2008:139). About internal change, this has clearly been a more interesting research topic, as there are many more commentaries on this. It has been proposed that the higher the environmental uncertainty is, the greater the positive effect of sales-marketing integration to business performance will be. So far this claim has not been tested empirically. Still based on this, it is assumed that this dispersion should be corrected by integrative activities (Rouziès et al., 2005, 120).

Rouziès *et al.* (2005:115) suggested that sales-marketing integration would have a more significant positive impact on business performance when there is environmental uncertainty. Unfortunately, they have not defined what they mean with “environmental uncertainty”. It could be assumed that even though market dynamism would not be totally the same as environmental uncertainty, it is an element that is part of environmental uncertainty. This means there are contradictory arguments on what the impact is of environmental dynamism on the effect of sales-marketing relationship on business performance.

Industry - Third, the industry is included as the level of profitability, namely the return on sales, varies depending on the industry (Homburg *et al.*, 2008:139-140).

Customer sophistication - Fourth, customers are also discussed as an additional factor when thinking about what effect sales-marketing relationship has on business performance. It is suggested that when a company has a high customer concentration, implicating that few of them account for most of the company's sales, there is a stronger positive effect of sales-marketing collaboration on business performance. This is reasoned in a way that when a company is more dependent on only a few customers, it has to serve them even better and for being able to do that, it has to have its sales-marketing functions working well together (Rouziès *et al.*, 2005:120).

Competitive structure - Fifth, also competitors and specifically the competitive intensity is supposed to have a moderating influence between the sales-marketing relationship and business performance. The assumption is that when the competitive intensity is high, the impact of the sales-marketing relationship on business performance is more significant (Rouziès *et al.*, 2005:120).

Company acquisition propensity - Sixth, another element discussed is the company itself. It has been suggested that when a company relies extensively on a new product or services strategy, the positive effect of the sales-marketing relationship is greater. When launching new products or services, the two functions need closer cooperation for being successful (Rouziès *et al.*, 2005:121).

Regarding both company and superior value creation, it is proposed and empirically investigated that besides effective sales-marketing relationship, also firm's long-term strategic orientation and customer-oriented salespeople affect both customer value creation and market performance positively (Guenzi and Troilo, 2007:98). From these views, it can be drawn that within the company, at least the mentioned three aspects, new product or service strategy, company's long-term orientation and customer-oriented salespeople, all, in the end, affect performance positively.

There is a growing tendency to consider business performance about marketing (Lamberti and Noci, 2010:139). The challenge with marketing and business performance is that it is not simple to measure the relation between the two. Measuring marketing effectiveness is not straightforward, as it might be difficult to assess the effects of some

marketing activities, like brand image development in the short-term. This has led to a situation where marketing efforts are often assessed based on the process of making decisions and some intermediate outcomes such as brand attitudes and brand awareness instead of the long-term effects on business performance (Rouziès *et al.*, 2005:115).

2.7 SMI RELATIONSHIP TYPES

Kotler *et al.* (2006:7) identified four types of relationships within the SMI. There is a constant level of dysfunction between sales and marketing departments, even when the two departments are collated. Many factors play a role in creating animosity including economic and cultural factors.

Departmental relationships change as they reach maturity and four types of relationships have been identified. The groups move from being unaligned, and often conflicted, to be fully integrated, and usually conflict-free, though fully integrated departments.

An undefined departmental relationship implies that Sales and Marketing have grown independently which means that each department is preoccupied largely with its own tasks and agendas. There is no inter-departmental collaboration and communication only occurs once there is conflict. Meetings between the two, are likely to be devoted to conflict resolution rather than proactive cooperation. According to Olson (cited by Madhani, 2016a:26), Sales and Marketing are occasionally recognised as being part of the equivalent function within organisations, with the same objectives, but in reality, are repeatedly managed in different ways. Workman (cited by Madhani, 2016a:27), concluded that Sales and Marketing are mostly structured and managed as two separate departments with independent objectives. Sales and marketing clash over roles and resources, whereas integration between the two departments is seen as one of the most important collaborations within a company.

Once the relationship is defined, the two groups set up processes and rules to prevent disagreements. Marketers and Salespeople know who is supposed to do what, and they stick to their own tasks for the most part. The groups start to build a common language in potentially contentious areas, such as how to define a lead. Meetings become more reflective, and people question what is really expected from one another.

Aligned relationships are characterised by clear boundaries between sales and marketing, although flexibility is allowed. The departments engage in joint planning and training. The sales group understands and uses marketing terminology, and marketers confer with salespeople on important accounts. They play a role in transactional, or commodity, sales as well.

Integrated. When Sales and Marketing are fully integrated, boundaries become blurred. Both groups redesign the relationship to share structures, systems, and rewards.

Marketing and sales start to focus on strategic, forward thinking. Marketers are deeply embedded in the management of key accounts. The two groups develop and implement shared metrics and budgeting becomes more flexible and less contentious. A culture of collaboration develops.

Once an organisation understands the nature of the relationship between its marketing and sales groups, senior managers may wish to create stronger alignment between the two departments.

Informal relationships should be encouraged as well as to progress from undefined relationships between sales and marketing to some defined relationships. Generally, conflict arises as the groups are competing for scarce resources and because their respective roles haven't been clearly defined. Managers need to create clear rules of engagement, including handoff points for essential tasks like following up on sales leads.

To progress from a defined to an aligned relationship, the heads of sales and marketing should encourage disciplined communication, although it is not as simple as just increasing communication between two groups. More communication is expensive. It eats up time, and it prolongs decision making. We advocate instead for more disciplined communication by conducting regular meetings between the two departments and assure that significant opportunities, as well as any problems, are on the agenda. Focus the discussions on action items that will resolve problems, and set the ground to create opportunities. Salespeople and marketers need to know when and with whom they should communicate. Companies should develop systematic processes and guidelines such as at what level of sales opportunity one should involve the brand manager. Marketing should be invited to the top ten critical account reviews, and an updated contact database

needs to be readily available. This will reduce frustration and wasting time by looking in the wrong places for assistance.

It is wise to create joint assignments and rotate jobs. As one's functions become better aligned, it is important to create opportunities for marketers and salespeople to work together. This will make everyone more familiar with each other's ways of thinking and acting. It is also important for marketers, particularly brand managers and researchers, to occasionally go along on sales calls. They should get involved with developing alternate solutions for customers, early in the sales process. They should also sit in on important account-planning sessions. Salespeople, in turn, should help to develop marketing plans and should sit in on product-planning reviews. They should preview marketing and sales-promotion campaigns and share their in-depth knowledge about customers' purchasing habits. Jointly, marketers and salespeople should generate a playbook for expanding business with the top ten accounts in each market segment. They should also plan events and conferences together.

Appoint a liaison from marketing to work in unison with the sales force. This liaison needs to be someone both groups trust. This person needs to assist with resolving conflicts and shares with each group the tacit knowledge from the other group. It's important not to micromanage the liaison's activities. The liaison goes to the staff and customer meetings, as well as customer strategy meetings. This person is not involved in any product development, but voice the market needs to be detected.

Co-locate marketers and salespeople. It's an old and simple truth that when people are physically close, they will interact more often and are more likely to work well together. Most companies, though, centralise their marketing function, while the members of their sales group remain geographically dispersed. Such organisations need to work harder to facilitate communication between sales and marketing and to create shared work. Improve sales force feedback. Marketers commonly complain that salespeople are too busy to share their experiences, ideas, and insights. Indeed, very few salespeople have an incentive to spend their precious time-sharing customer information with Marketing. They have quotas to reach, after all, and limited time in which to meet and sell to customers. In the attempt to closely align Sales and Marketing, senior managers need to ensure that the sales force's experience can be tapped with a minimum of disruption, where marketing should receive summaries of any sales force insights for the month or the quarter. Marketing can design shorter information forms and review call reports. Sales

and marketing can also engage in bidirectional interviews to understand each other's thinking.

To move from an aligned to an integrated relationship, the two groups need to integrate processes and systems, which needs to be replaced with common processes, metrics, and reward systems.

Organisations need to develop shared databases, as well as mechanisms for continuous improvement. To change organisational culture to support integration is extremely difficult. The ideal integration is the successful implementation of shared responsibility and disciplined planning; they are metrics driven, tie rewards to results and are managed through systems and processes.

Appoint a chief revenue officer. The main rationale for integrating sales and marketing is that the two functions have a common goal, which is the generation of profitable and increasing revenue. It is logical to put both functions under one executive. The appointed officer is responsible for planning and delivering the revenue needed to meet corporate objectives and needs control over the forces affecting revenue specifically, marketing, sales, service, and pricing.

It is important to define the steps in the marketing and sales funnels. Sales and marketing are responsible for a sequence of activities and events, known as a sales funnel, which leads customers toward purchases and, hopefully, ongoing relationships. Marketing is usually responsible for the first few steps where the build customers' brand awareness and brand preference, creating a marketing plan and generating leads for sales. Sales then execute the marketing plan and follow up on leads. This division of labour has merit. It is simple, and it prevents marketing from getting too involved in individual sales opportunities at the expense of more strategic activities.

In the case of unsuccessful execution, sales can claim that the plan was weak, and marketing can say that the salespeople did not work hard enough or effective enough. In companies where marketing makes a handoff, marketers can lose touch with active customers. Sales usually develop its funnel describing the sequence of selling tasks. Funnels of this kind, integrated into sales forecasting and account-review processes, form an increasingly important backbone for sales management. Unfortunately, marketing often plays no role in these processes. Some companies have integrated marketing into

the sales funnel. Marketing helps Sales to create common standards for leads and opportunities. During the needs-definition stage, marketing helps sales develop value propositions. In the solution development phase, marketing provides “solution collateral”—organised templates and customising guides so salespeople can develop solutions for customers without constantly having to reinvent the wheel. When customers are nearing a decision, Split Marketing into two groups. There’s a strong case for splitting Marketing into upstream (strategic) and downstream (tactical) groups. Downstream marketers develop advertising and promotion campaigns, collateral material, case histories, and sales tools. They help salespeople develop and qualify leads.

The downstream team uses market research and feedback from the sales reps to help sell existing products in new market segments, to create new messages, and to design better sales tools. Upstream marketers engage in customer sensing. That is, they monitor the voice of the customer and develop a long view of the company’s business opportunities and threats. The upstream team shares its insights with senior managers and product developers - and it participates in product development. Set shared revenue targets and reward systems. The integrated organisation will not succeed unless Sales and Marketing share responsibility for revenue objectives. One marketing manager told us, “I’m going to use whatever tools I need to make sure Sales is effective, because, at the end of the day, I’m judged on that sales target as well.” One of the barriers to shared objectives, however, is the thorny issue of shared rewards. Salespeople historically work on commission, and marketers don’t. To successfully integrate the two functions, management will need to review the overall compensation policy.

Integrate sales and marketing metrics. The need for common metrics becomes critical as marketing becomes more embedded in the sales process and as sales play a more active role in marketing. It is evident that even though sales and marketing are well integrated, companies need to develop metrics to measure and reward each group applicably. Sales metrics are easier to define and track. Some of the most common measures are the percent of sales quota achieved, number of new customers, number of sales closings, average gross profit per customer, and sales expense to total sales. When downstream marketers become embedded in the sales process, it’s only logical to measure and reward their performance using sales metrics. The question is how the company should evaluate its upstream marketers. It is debated whether it should be on the accuracy of their product forecasting or the number of new market segments they discover. The

metrics will vary according to the type of marketing job. Senior managers need to establish different measures for brand managers, market researchers, marketing information systems managers, advertising managers, sales promotion managers, market segment managers, and product managers. It's easier to construct a set of metrics if the marketers' purposes and tasks are clearly outlined. Still, given that upstream marketers are more engaged in sowing the seeds for a better future than in helping to reap the current harvest, the metrics used to judge their performance necessarily become softer and more judgmental. Obviously, the difference between judging current and future outcomes makes it more complicated for companies to develop common metrics for Sales and Marketing. Upstream marketers in particular need to be assessed according to what they deliver over a longer period. Salespeople, meanwhile, are in the business of converting potential demand into today's sales. As the working relationship between Sales and Marketing becomes more interactive and interdependent, the integrated organisation will continue to wrestle with this difficult, but surely not undefeatable, problem.

Senior managers often describe the working relationship between sales and marketing as unsatisfactory. The two functions, they say, under communicate, underperform, and over complain. Not every company would want to or should upgrade from defined to aligned relationships or from aligned to integrated relationships. But every company can and should improve the relationship between Sales and Marketing. Carefully planned enhancements would bring salespeople's intimate knowledge of your customers into the company's core. These improvements will also help you serve customers better now and will help you build better products for the future. It will help your company to engage in softer, relationship-building skills with harder, analytic skills. They will force your organisation to carefully consider how it rewards people and whether those reward systems apply fairly across functions. These improvements will boost both your top-line and bottom-line growth.

2.8 MANAGERIAL IMPLICATIONS

Le Meunier-FitzHugh, (2011:1166) suggests that collaboration between sales and marketing can be achieved once senior management supports the coordination and there will be a reduction of inter-functional conflict. The inter-functional conflict has shown a

negative effect on the collaboration between Sales and Marketing. The figure also shows clearly that a greater alignment of the reward system, will increase collaboration and decrease interdepartmental conflict.

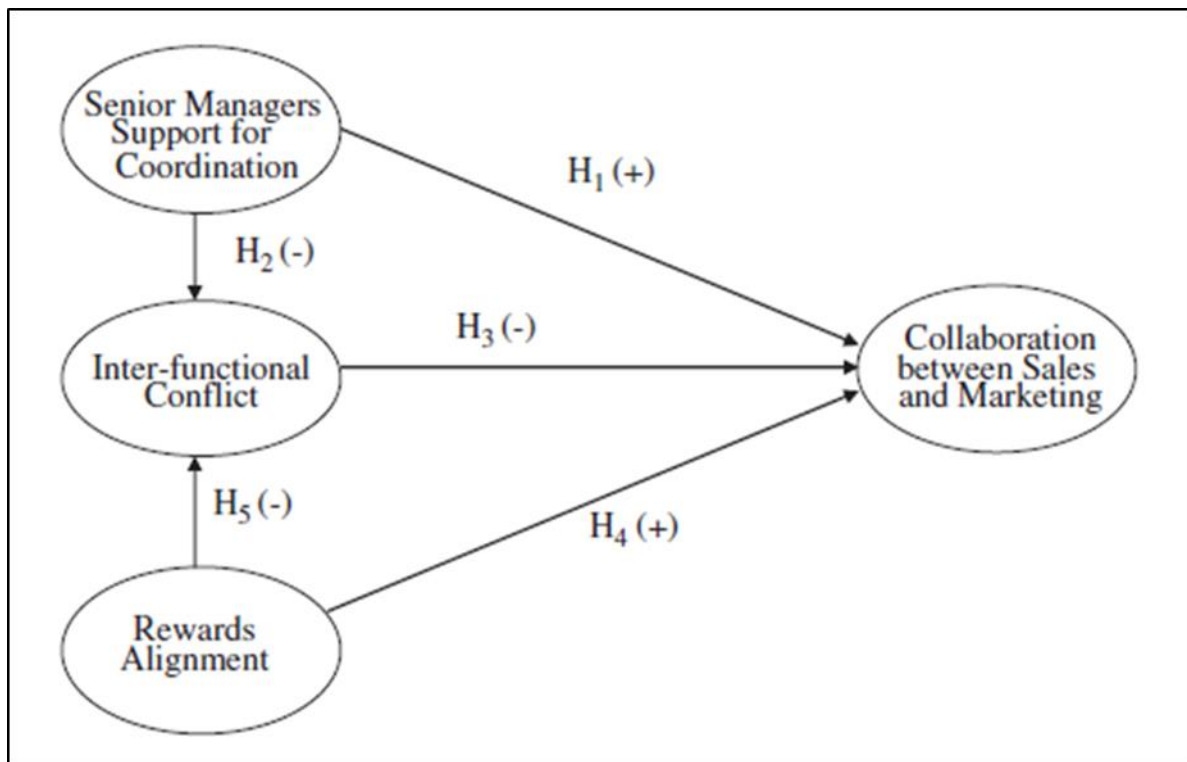


Figure 3: Framework to facilitate Sales-marketing collaboration

Source: Le Meunier-FitzHugh (2011:1165).

Both the quantitative and qualitative findings indicate that senior managers' support for coordination plays an essential role. Specifically, where senior managers openly support sales/marketing coordination, collaboration between sales and marketing is substantially higher (Le Meunier-FitzHugh, 2011:1165).

Inter-functional conflict may be addressed by senior managers through direct confrontation, or by the manager acting as an expert/specialist and actively intervening in the conflict. Managers unable to take either of these options may be less effective in dealing with conflict (Le Meunier-FitzHugh, 2011:1165).

Keszey and Biemans (2016:3699), suggest that firms may improve their new product development financial performance by letting sales infringe on marketing tasks, but need to establish customer co-creation initiatives to benefit from sales-marketing

encroachment regarding superior new product development performance compared with competitors.

2.8.1 Shared Responsibilities

Sales and marketing need to change their mind set and recognise they are all on the same side, working together to understand and satisfy the needs of the customer. A Service Level Agreement (SLA) is a declaration of the SM commitment to assure vice versa support for both Sales and Marketing to benefit. The SLA is a document conceived by marketing and sales that provides them with a place to agree on terms, set shared goals, and define a hand-off process for marketing to hand over qualified leads to obtain a quota set by the company to achieve the company's revenue target. Sales, on the other hand, are responsible for swift follow-up on leads to generate the prerequisite revenue.

Both SM responsibilities are designed around the customer buying process. From customer exposure, knowledge building, purchase intentions formation and lastly the actual purchase of the product/service. SM should complement each other and work simultaneously to meet the customer needs and company goals. If SM view regarding leads differs, organisations stand the chance of losing potential business and waste time. Clearly defined goals and metrics in each department will show to what extent SM supports each other. Marketing, should like sales, be held to a numerical target for all to be accountable (Madhani, 2016a:26).

2.8.2 Key Customer Identification

To avoid conflict, SM departments should conjointly identify key customers and develop a mutual strategy to be implemented to obtain the most significant potential customers to the benefit of both teams as well for the company (Madhani, 2016a:24).

2.8.3 Performance Measurement and Reward System

According to Le Meunier-FitzHugh, (2011:1168), it is of utmost importance to align the reward system based on sales revenue between sales and marketing departments, as both of them are working towards a communal goal. When compensation and control systems align with the firm's strategic orientation, salespeople are more likely to be encouraged to merely follow corporate strategy (Krafft et al. 2012:108).

Le Meunier-FitzHugh, (2011:1165) suggests that collaboration between Sales and Marketing can be achieved once senior management supports the coordination and there will be a reduction of inter-functional conflict. The inter-functional conflict has shown a negative effect on the collaboration between Sales and Marketing. The figure also shows clearly that a greater alignment of the reward system, will increase collaboration and decrease interdepartmental conflict

2.8.4 Integration of Customer Information

Both departments have varying views on customers, due to the varying interactions they have with customers. A universal platform needs to be in place to synchronise customer knowledge, strategy progress and updates. This will improve the sharing of customer information and strengthen the universal understanding of customer needs (Madhani, 2016a:25).

2.8.5 Job Rotation

Job rotation provides valuable insight and understanding of the worlds of each other. This will prevent one department from undervaluing the role of the other department (Malshe *et al.*, 2016:31).

2.8.6 Communication

Some tools to promote increased communication includes weekly reviews of marketing campaigns which promote accountability and prevents blindsiding the sales team. It is important to discuss lead scoring continually with counterparts, and examine lead routing on a regular basis to ensure it's working properly and adjust the process as territories change. Relationships and a collaborative culture start at the top (Marketing, 2016).

Goetz (2013:357) implies that the marginal effect of marketing's power on business performance is positive in highly market-oriented firms, we confirm that the marketing function plays a crucial role in implementing and successfully managing pronounced market orientation in companies. In other words, our results imply that market orientation and a healthy marketing function are mutually dependent. Therefore, top managers should strengthen the marketing function if they aim to align the whole organisation with the market, thus improving business performance. However, this might not be the appropriate strategy in all environments. In less competitive industries with moderate

price rivalry and highly formalised decision-making processes, market orientation is hardly helpful in improving business performance. In these contexts, a powerful marketing function could even damage business performance, and managers should ensure that the marketing unit does not become too strong. Thus, managers need to align the power of the marketing function with the desired degree of market orientation, since greater power is not always better (Goetz, 2013:365).

The lack of collaboration between SM has been a problem since the creation of business organisations, yet seldom addressed or explained. The disconnect has recently shown a direct effect on company revenues. Companies are gaining a competitive edge by addressing misalignment, and their best practices can be learned and adopted.

Le Meunier-FitzHugh (2011:1166) suggests that collaboration between sales and marketing can be achieved once senior management supports the coordination and there will be a reduction of inter-functional conflict. The inter-functional conflict has shown a negative effect on the collaboration between Sales and Marketing. The figure also shows clearly that a greater alignment of the reward system, will increase collaboration and decrease interdepartmental conflict.

Managerially, literature findings enable sales and marketing leaders to understand and address SMI dysfunctions on a customised level according to the needs of the organisation, and a broad strategy may be inappropriate. Managers should also recognise that preventing the SMI dysfunctions from occurring may be easier than mending them since the varied dysfunction experiences may trigger responses from sales and marketing personnel that may aggravate the inherent dysfunctions. It is advised that managers may work to create a culture of openness between sales and marketing personnel and develop opportunities such as going on joint customer calls or taking up job rotation assignments that allow sales and marketing personnel to understand the functional roles of the other department. These activities may help engender a sense of empathy within SMI that will sensitise sales and marketing personnel about how their counterparts perceive, interpret, and react to an SMI dysfunction (Malshe *et al.*, 2016:156).

SMI dysfunctions can occur at different levels in an organisation. Given that the relationship dynamic between sales and marketing leadership is likely to set the tone for the interactions between hierarchical levels and may be sensible for the company

leadership to be able to recognise the dysfunctions within sales and marketing, appreciate what the experience may mean for each functional leader, and then take appropriate measures in resolution. Similarly, the top and middle managers may play a proactive role in identifying and diffusing SMI dysfunctions at middle and bottom levels respectively Malshe *et al.* (2016:156).

2.9 SUMMARY

It is evident from the literature review that there is a general disconnect between sales and marketing departments across various companies and industries. Clear constructs have been identified to the reason why the SMI tend to be dysfunctional.

Different levels of maturity between departments are also measured and defined into relationship types, where companies may use directive suggestions in the quest to mature the relationship between these two critically important functions.

Management plays an essential role to establish a healthy, cooperative interface between sales and marketing. Meaning full suggestions to facilitate alignment has been discussed and can play a pivotal role in in the successful collaboration of these two departments.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The literature review conducted in Chapter 2 presented an overview of the SMI concept and its related constructs. It was concluded that once sales and marketing collaboration is established with a company, the company may reap the benefits of higher revenue returns due to a steady sales-marketing interface.

The primary goal of the case study conducted was to inquire the stance of collaboration within the reference company. This will enable the researcher to identify weaknesses within the reference company's SMI, and in return, are empowered to provide suggestions which may be applied managerially.

An empirical investigation was performed to establish what the current stance of the SMI is within the reference company. The research design and methodology used to conduct the empirical study, as well as the research instrument that was developed, as well as the sample method and techniques utilised for data analysis are presented in this chapter. Ethical considerations are discussed at the conclusion of the chapter.

3.2 RESEARCH METHODOLOGY

The researcher aimed to establish the shortfalls within the sales-marketing interface of the case study company. This will enable the researcher to comment on practical action that can be taken from a managerial viewpoint.

The research questionnaire measured the perceptions of respondents' outlook on the opposing department within the chosen case study company, to establish the level of collaboration between the two by completing an online questionnaire.

To achieve the objectives of the study, a structured approach using a qualitative study was chosen as the research design, with the use of questionnaires as the primary research instrument for data collection.

This study uses the qualitative data to, *firstly*, determine if there are significant practical differences between the two sets of data (sales and marketing sets of data). The effect size is employed to determine these differences, and also to identify how strong these differences are. *Secondly*, the data is subjected to inferential statistics to determine the relative importance of each variable and their specific constructs they resort under. *Thirdly*, the data are subjected to exploratory factor analysis to determine what embedded constructs are existing within the data.

Qualitative data involving two or more variables are collected and examined to detect patterns of association (Bryman et al., 2014). According to Ketokivi (2014:232), case research expanded in management and organisation sciences. A large amount of methodological texts is corresponding with a substantial amount of empirical research that seeks to apply and further develop case research as a scientific method. Typical case research incorporates both existing theories retrieved from published literature and empirical data to fluctuating degrees. Ultimately, case research accuracy is determined by attention to individuality and transparency of reasoning. Sample selection, based on a single case study, will be made up of convenience sampling and specialised target groups (Bryman *et al.*, 2014:31).

Permission to conduct the study has been presented to the Sales Director of the company, who will discuss the matter with the Board of Directors. The proposal includes the ethical codes of research and the application through the ethical committee at the NWU. My approach is to add value to the primary research question and to add value to the company by sharing recommendations to management on how to achieve a better alignment between SM to be used to their advantage. After final discussions at the management level of the case study company, feedback will be given, and the agreement documentation will be set in writing. Questionnaire participants will be scheduled accordingly to obtain the qualitative data for this case study.

The primary goal to assess the collaboration between sales and marketing with the various influential factors can be studied through a selection of participants directly working within the two departments at the company. Meeting the requirements of the criteria set out earlier, the data collection will be relevant with adequate outcomes. Given the factors of sample selection by Mezz (2013), it was found to conform. Qualitative information gives opinions that in turn will be examined using content or subject analyses (Field, 2009:451).

To conduct the qualitative data analysis, questionnaires will be enrolled as a measurement tool for obtaining primary data, for obtaining research results and assisting the case study company to implement optimal collaboration between the sales and marketing departments. The strategy for effective collaboration needs crucial information, based on the opinions of both the departments from the reference company.

The advantages of a qualitative approach are obtaining a deeper understanding of a person's experience, opinion and description. This will enable the author to design a collaboration plan based on the conflicting differences found between sales and marketing departments for the case company.

The dominant research model in sales research involves testing theory through empirical research. Underdeveloped research areas, however, may lack or have inadequate existing theories to explain sales-related phenomena. In these circumstances, as with the current one to be explored, sales research requires a theory-generating methodological approach. Qualitative research designs are useful in this pursuit. The purpose of this dissertation is to provide an exposition of one such qualitative research design – grounded theory (Johnson and Boeing, 2016:262). Questionnaires were used to capture data, asking participants open-ended questions (Kent, 2007:151).

3.3 THE RESEARCH INSTRUMENT

Qualitative research allows for a more discovery-oriented approach in conducting research and can be particularly useful in exploring phenomena where little understanding exists (Stake, 2010). It can uncover themes and hypotheses entirely unknown to the extant literature or the researcher. Researchers are thus able to generate rather than test theory. Further, qualitative approaches often allow for the voice of the

participant to be heard through their responses to open-ended questions. This provides deeper insight and more complete understandings of the perspectives of the applicable population. Lastly, qualitative approaches provide greater researcher flexibility and subjective interpretation, which may be essential for understanding complex phenomena. Another option available for sales researchers in framing the grounded theory approach is to provide explicit research questions the study seeks to answer (Johnson and Boeing, 2016:252).

This study employed a structured questionnaire (see Appendix A) where constructs were identified. Each of these constructs was then further studied, and specific measuring criteria relevant to each construct were formulated. The criteria used a 5-point Likert scale to record the responses of the respondents. The scale indicated that a score of one reflects *disagree strongly* while a score of five reflects *agree strongly*.

Some 61 respondents from the Sales Department and ten from the Marketing Department partook in this study.

The research questionnaire was designed in English as this is the primary language used within this multi-national business. The target population consisted of the total marketing and sales teams within the reference company, and no reservations were present to be conducive to a language barrier. The simple and elementary nature of the questionnaire compensated for any ambiguity and took into account time factors, anonymity, a method of delivery and ethical considerations. The questionnaire contained five main constructs to test the level of collaboration, consisting of various sub-constructs.

The data collection technique as well as the availability of time impacted on the design and length of the survey.

3.4 TARGET POPULATION

The population in this study consists of all the employees of the marketing and sales departments of the selected organisation used in this case study analysis. Not all of them were selected, and a purposeful sample was drawn by identifying the respective members

in these departments that would be able to provide the most valuable information regarding their specific departments.

The important uses for purposeful sampling include representation of the settings, individuals, or activities selected. Small samples that have been systematically selected for typicality and relative homogeneity provides more confidence that conclusions sufficiently exemplify the average members of the population than a similar sample size incorporating significant random or accidental variation. Purposeful sampling can be used to capture the heterogeneity adequately within the population to secure representable conclusions regarding the entire variation range of only the typical participants or some division of this range. Purposeful selection of the unit analysis will allow the examination of a case that is critical for the theories and substantiation of the hypothesis. Participants that have been identified within the reference company includes the Marketing Director, Sales Director, 4 Regional sales managers, 4 Marketing managers, 5 Marketing assistants and 35 Sales Consultants. Maree (2016:179), stated eight sample size considerations on sample size to determine delivered required outcomes. They are the type of research, hypotheses, financial constraints, and reputation of results, number of variables studied, methods of data collection, accuracy needed and size of the population.

Bickman (2008:253), reminds that one should not make sampling decisions in isolation from the rest of your design. Research relationship with study participants should be taken into account, the feasibility of data collection and analysis, and validity concerns, as well as your conceptual framework and goals.

The determination criteria and appropriateness (Berg and Lune, 2012), were considered. The target sample is easy to access, the appropriate individuals (target population) will be available, the study's focuses, processes, participants, programs, interactions, and structures that are part of the research questions will be available to the investigator, and the research can be conducted effectively by means of a custom-designed questionnaire.

3.5 CONSTRUCT VALIDITY AND RELIABILITY

Measurement validity is concerned with whether an indicator or set of indicators, that is formulated to measure a concept, truly measures the concept it anticipated to measure.

Validity is a test concerned with what the test measures and how well it does so. Once valid, it measures then what it is supposed to measure (Bryman *et al.*, 2014:38).

The current study was measured through effect size calculations, calculating the significant difference between the opinions of the two different groups. The effect size has been calculated to determine the significant practical difference between the two groups. The effect size of each construct will be categorised according to its size. The larger the effect size, the larger the difference between the two groups, which indicates the level of concordance.

An effect size bigger or equal to 0.8 indicates a that the difference between the two groups is significantly large. When the effect size measures an average difference of 0.5 and 0.8, the difference between the groups is seen as intermediate. A small effect size, measures between 0.3 and 0.5, indicating a small difference between the two groups. In cases where no effect size can be measured, it is a clear indication that there is no difference between the two groups with regards to that particular construct, and managerially, one can manage both groups as one. Groups with no effect size measurement implicate that their opinions, thoughts and experience toward the other group is the same. Managers do not need to have different approaches to managing the groups, as the groups are aligned with no differential opinions.

Reliability is concerned with the consistency of measures (Bryman *et al.*, 2014:36). It refers to the consistency of scores obtained by the same individuals when re-examined with the identical test on different occasions, or with different sets of the same items, or under other variable examining conditions. The current case study results are measured by the calculation of effect size, to assure reliability of the constructs.

3.6 DATA COLLECTION

The electronic questionnaires were distributed to all members of the sales and marketing teams within the reference company. The contact information was obtained from the company database, after final approval from senior management of the reference company. All questions could be answered via a tick box that could be completed online.

Anonymity was assured by assigning a reference code to each questionnaire sent out to the relevant employees, and the researcher could by no means identify individual participants. Results were summarised from the questionnaire for analysis by aggregation and not individuality.

A cover letter accompanied the questionnaire stating that the completion of the questionnaire was completely voluntary. The assurance of anonymity was confirmed by the reference code randomly assigned to each respondent. The respondents had a period of 5 working days to complete the survey and return the completed questionnaires to the researcher.

During the development of the questionnaire, it was essential to consider time and complexity factors to accommodate the target groups. Convenient sampling was applied as the company only consists of a limited amount of suitable and relevant participants.

As Stake (2010) notes, there are many advantages to using qualitative methods. Qualitative research allows for a more discovery-oriented approach in conducting research and can be particularly useful in exploring phenomena where little understanding exists. It can uncover themes and hypotheses entirely unknown to the extant literature or the researcher. Researchers are thus able to generate rather than test theory. Further, qualitative approaches often allow for the voice of the participant to be heard through their responses to open-ended questions. This provides more in-depth insight and more complete understandings of the perspectives of the applicable population. Lastly, qualitative approaches provide greater researcher flexibility and subjective interpretation, which may be essential for understanding complex phenomena. Another option available for sales researchers in framing the grounded theory approach is to provide the reader with explicit research questions (Appendix A) the study seeks to answer (Johnson and Boeing, 2016:252).

3.7 DATA ANALYSIS

Data were captured and analysed by the electronic function of the online survey system and converted to an excel spreadsheet to conduct the required calculations. The practical significance in the difference between the two groups was measured using calculating its

effect size. Effect sizes indicate practical significance, indicating the extent to which a difference is large enough to have an effect in practice (Steyn, 2009).

3.8 CONCLUSION

It is critical that the research methodology applied, is correctly assumed to confirm practical and executable recommendations.

Maree (2007:178) is of the opinion that the sample size is influenced by various factors which include the type of research, financial constraints and time constraints, as well as the size of the population. Denscombe (2010:5) added that the researcher should choose a research method that is likely to be successful in achieving the objectives of the research, and be able to validate the choice of this method clearly and unambiguously.

Bearing in mind the importance of the target population and the subsequent study population to the organisation where the research was conducted, it is evident that the research design and methodology is suitable. The utilisation of a pre-coded research questionnaire permitted the researcher to target the total appropriate audience and to gather usable and relevant data.

The subsequent chapter focuses on a detailed analysis of the data that was acquired from the study population.

3.9 CHAPTER SUMMARY

The importance of the study was highlighted in Chapter 3. The research design was explained as well as the reasoning to follow a structured approach using a questionnaire. The strengths and weaknesses of using questionnaires as research instrument were also signposted. The chapter additionally explained how the research instrument was developed and what it intended to measure.

Construct validity and reliability were defined and the data collection method was explained together with the identification and connection to the target population.

CHAPTER 4

EMPIRICAL RESULTS

4.1 INTRODUCTION

Chapter 3 explained the research methodology and data analyses techniques used in this case study. The aim of Chapter 4 is to apply the methods discussed in Chapter 3 to define the results of the study. The empirical data obtained from the target group will also be interpreted using a research questionnaire. The first part of the chapter provides details of the sample and the respondent profile. Then the chapter focuses on the categories and sub-categories of the themes as derived from the data analyses before the chapter concludes.

4.2 EFFECT SIZES

According to Ellis and Steyn (2003:52), the effect size measures the difference between the average on mean outcomes in two different intervention groups, which helps readers understand the magnitude of differences found, whereas statistical significance examines whether the findings are likely to be due to chance. Effect size is a modest way of quantifying the difference between the two groups. It has many advantages over the use of tests of statistical significance alone. Effect size emphasises the size of the difference rather than confounding this with sample size.

An effect size equal or bigger than 0.8, indicates that the difference between the two groups is significantly large. When the effect size measures an average difference of between 0.5 and 0.8, the difference between the groups is seen as intermediate. A small effect size, measures between 0.3 and 0.5, indicating a small difference between the two groups (Ellis and Steyn, 2003:51). In cases where no effect size can be measured, it is a clear indication that there is no difference between the two groups with regards to that particular construct, and managerially, one can manage both groups as one. Groups with no effect size measurement implicate that their opinions, thoughts and experience toward

the other group is the same. Managers do not need to have different approaches to managing the groups, as the groups are aligned with no differential opinions.

The effect size has been calculated to determine the significant practical difference between the two groups. The effect size of each construct is categorised according to its size. The larger the effect size, the more significant the difference between the two groups, which indicates the level of concordance.

The average values of each criterion and the constructs appear in table 1 below. The table also shows the effect sizes which indicate significant practical differences.

Table 1 follows on next page

Table 1: Average values and the effect sizes

MARKETING			SALES			
Construct/Variable	Ave		Construct/Variable	Ave	Effect Size	
Interfunctional trust			Interfunctional trust			
	3.65			3.35	0.73	
1	The Sales department keep their commitments to Marketing	3.56	1	The Marketing department keep their commitments to sales.	3.47	0.09
2	The Sales and Marketing departments in my company see our relationship as a kind of partnership	3.33	2	The Sales and Marketing departments in my company see our relationship as a kind of partnership	3.47	0.13
3	The Sales Department has a good understanding of customers and competitors	3.75	3	The Marketing department has a good understanding of products and competitors	3.45	0.32
4	The sales contact has a good understanding of products and competitors	3.63	4	The Marketing department has a good understanding of customers and competitors	3.03	0.63
5	Marketing can rely on Sales not to complicate daily sales functions by careless work	3.88	5	The Marketing department is competent	3.52	0.47
6	The sales consultants are competent	3.75	6	Sales can rely on Marketing not to complicate daily sales functions by careless work	3.18	0.55
Interfunctional Rivalry			Interfunctional Rivalry			
	3.45			3.21	0.37	
7	Marketing and sales experience problems coordinating work activities	3.25	7	Marketing and sales experience problems coordinating work activities	3.29	0.04
8	Marketing and sales hinder each other's performance	3.25	8	Marketing and sales hinder each other's performance	2.85	0.43
9	Marketing and sales have compatible goals and objectives	3.38	9	Marketing and sales have compatible goals and objectives	3.43	0.06
10	Marketing and sales agrees on the priorities of each department	3.63	10	Marketing and sales agrees on the priorities of each department	3.12	0.47
11	Marketing and sales cooperate with each other	3.75	11	Marketing and sales cooperate with each other	3.36	0.43
Interface formalisation			Interface formalisation			
	2.83			3.07	0.16	
12	The terms of relationship between sales and marketing have been explicitly verbalized or discussed	3.11	12	The terms of relationship between sales and marketing have been explicitly verbalized or discussed	3.10	0.01
13	The terms of relationship between sales and marketing have been written down in detail	2.56	13	The terms of relationship between sales and marketing have been written down in detail	2.59	0.04
14	The terms of relationship between sales and marketing have standard operating procedures (e.g., rules, policies, forms).	3.00	14	The terms of relationship between sales and marketing have standard operating procedures (e.g., rules, policies, forms).	3.36	0.33
15	Sales and marketing follow formal guidelines and procedures for interactions	2.67	15	Sales and marketing follow formal guidelines and procedures for interactions	3.20	0.55
Actionability of information			Actionability of information			
	3.42			3.18	0.03	
16	Sales provides information to Marketing that leads to concrete actions	3.67	16	Marketing provides information to Sales that leads to concrete actions	3.12	0.64
17	Sales provides information to Marketing that is rarely used	2.67	17	Marketing provides information to Sales that is rarely used	2.72	0.06
18	Sales provides information to marketing that improves the implementation of new products or projects	3.56	18	Sales provides information to marketing that improves the implementation of new products or projects	3.63	0.08
19	Sales provides information to Marketing that improves productivity	3.56	19	Marketing provides information to Sales that improves productivity	3.24	0.31
20	Sales provides information to Marketing that improves understanding of the dynamics of the marketplace	3.67	20	Marketing provides information to Sales that improves understanding of the dynamics of the marketplace	3.19	0.54
Interfunctional Conflict			Interfunctional Conflict			
	3.10			3.08	0.01	
21	When members of Sales and Marketing get together, tensions frequently run high	2.78	21	When members of Sales and Marketing get together, tensions frequently run high	3.32	0.62
22	Sales and Marketing generally dislike interacting with each other	2.56	22	Sales and Marketing generally dislike interacting with each other	2.90	0.34
23	Sales and Marketing feel that the goals of their respective departments are in harmony with each other	3.44	23	Sales and Marketing feel that the goals of their respective departments are in harmony with each other	3.14	0.30
24	Protecting Sales and Marketing departmental areas of responsibility is considered the norm in this organization	3.33	24	Protecting Sales and Marketing departmental areas of responsibility is considered the norm in this organization	3.49	0.20
25	The objectives pursued by the marketing department are incompatible with those in the sales department	2.56	25	The objectives pursued by the marketing department are incompatible with those in the sales department	2.95	0.41
26	There is little or no interdepartmental conflict between Sales and Marketing	3.44	26	There is little or no interdepartmental conflict between Sales and Marketing	2.68	0.81
27	Sales and marketing get along well with each other	3.56	27	Sales and marketing get along well with each other	3.12	0.52
Senior Management support for coordination			Senior Management support for coordination			
	3.83			3.75	0.30	
28	Senior management ensures that Sales and Marketing goals are closely aligned	3.89	28	Senior management ensures that Sales and Marketing goals are closely aligned	3.76	0.14
29	Senior management ensures that Sales and Marketing activities are closely aligned	3.78	29	Senior management ensures that Sales and Marketing activities are closely aligned	3.75	0.04
Sales/marketing collaboration			Sales/marketing collaboration			
	3.80			3.44	0.87	
30	Cross-functional teamwork is a common way of working within Sales and Marketing	3.89	30	Cross-functional teamwork is a common way of working within Sales and Marketing	3.58	0.33
31	Sales and Marketing are committed to sharing their vision with each other	3.89	31	Sales and Marketing are committed to sharing their vision with each other	3.39	0.55
32	There is agreement between Sales and Marketing in our organisational vision	3.78	32	There is agreement between Sales and Marketing in our organisational vision	3.56	0.27
33	A team spirit pervades Sales and Marketing	3.78	33	A team spirit pervades Sales and Marketing	3.39	0.46
34	Sales and Marketing share the same goals.	3.67	34	Sales and Marketing share the same goals.	3.27	0.42

Measuring criteria were proposed within each construct, to determine the average difference within the constructs where the respondents were evaluated. The constructs which were investigated aimed to determine the level of inter-functional trust, inter-functional rivalry, interface formalisation, actionability of information, inter-functional conflict, senior management support for coordination and sales-marketing collaboration.

From Table 1 it is evident that:

- *Inter-functional trust* scored an overall effect size of 0.73, indicating an intermediate practical significant difference between sales and marketing.
- The construct of *Inter-functional rivalry* scored an effect size of 0.37, indicating that rivalry is at an intermediate level, but at the lower end, which means that the significant practical difference is small, but marginally scores within the intermediate level.
- *Interface formalisation* as a construct, scored an effect size of 0.16; this indicates that there is virtually no difference between sales and marketing. Their understanding of their relationship regarding discussions, documentation, standardisation and existing guidelines are similar.
- The *Actionability of information* was measured by effect size as 0.03, indicating no significant difference between sales and marketing. Communication and information transfer between the two groups are on par, as well as implementation, productivity and the understanding of the dynamics within the market place.
- *Inter-functional conflict's* effect size scored 0.01, indicating no practically significant difference between the groups

Senior management support toward sales and marketing respectively, scored at 0.30, displaying an intermediate difference between the two groups.

Sales and marketing collaboration, with an effect size of 0.87 proves that there is a large difference in response with regards to cross-functional teamwork, a shared vision with

regards to the company vision and the vision shared between the two groups. The team spirit and communal goals differ significantly.

4.3 INFERENCE STATISTICS

Bisschoff and Hough (1995) (cited by Bisschoff & Lotriet, 2008) developed a scale to determine the importance of mean values on Likert scales. According to their scale (given a 5-point Likert scale as used in this study):

- mean scores below 0.3 indicate that these criteria are regarded to be of lesser importance;
- criteria with mean scores ranging from 3 up to 3.5 are regarded to important, and
- criteria having a mean score of 3.5 and higher are regarded as very important.

Considering the effect sizes indicated in the table above, a variety of significant differences has been identified. Firstly, the seven main constructs were tested and measured. Sub-questions were then proposed within each construct, to determine the average difference within the constructs where the respondents were evaluated. The primary constructs which were investigated aimed to assess the level of *Inter-functional Trust*, *Inter-functional Rivalry*, *Interface formalisation*, *Actionability of information*, *Inter-functional Conflict*, *senior management support for coordination* and *Sales-marketing collaboration*.

Inter-functional trust scored an overall effect size of 0.73, indicating an intermediate practical significant difference between sales and marketing. The difference in averages shows that marketing has a higher perception of inter-functional trust, displaying an average of 3.65, compared to the 3.35 average measured by the sales department. Marketing displays a stronger sense of sales keeping their commitments, than that of sales. Marketing sees its relationship with sales as some kind of partnership, more than what sales do. Marketing strongly feels that sales have a good understanding of customers, competitors and products. Marketing experience the sales department to ease off on their daily job as marketers believe they are competent compared to what sales do.

The construct of *Inter-functional rivalry* scored an effect size of 0.37, indicating that rivalry is at a low intermediate level. This means that the significant practical difference is small. Marketing does not experience coordination of work activities as problematic as sales do, also and do not feel that they hinder each other's performance. Marketing feels that both departments have compatible goals, is cooperative and agrees on the priorities of each department.

Senior management support toward sales and marketing respectively, scored an effect size of 0.30, displaying a marginal intermediate difference between the two groups. Marketing is of a stronger opinion that senior management ensures close goal and activity alignment.

Sales and marketing collaboration, with an effect size of 0.87 proves that there is a large practical significant difference in response with regards to cross-functional teamwork, a shared vision with regards to the company vision and the vision shared between the two groups. The team spirit and communal goals differ significantly.

Considering the effect size in table 1 above, it is evident that there are small effects according to Cohen (1988), which indicates no practically significant difference between the two groups with regards to the constructs *Interface formalisation* (0.16), *Actionability of information* (0.03) and *Inter-functional conflict* (0.01). A medium-size effect was measured for *Inter-functional Rivalry* (0.37) and *senior management support for coordination* (0.30), indicating that marketing (mean 3.45) has a higher perception of *Inter-functional Rivalry* than sales (mean 3.21) and the perception of Senior Management Support for marketing (mean 3.80) is larger than that of sales (mean 3.44). The last medium effect size was measured for *Inter-functional Trust* (0.73), where marketing (mean 3.65) shows to have a higher perception than sales (mean 3.35). A large effect-size were measured for *Sales-marketing collaboration* construct (0.87). With regards to *Sales-marketing collaboration*, marketing (mean 3.80) again posed to have a higher perception than sales (mean 3.44).

This indicates that the perception of sales is that *Inter-functional Trust* and *Sales-marketing collaboration* is less than what marketing perceives it to be. In conclusion, there

is a medium effect on *Inter-functional Rivalry* and a large effect on *Inter-functional Trust* and *Sales-marketing collaboration*, noticeable with the naked eye.

4.4 FACTOR IDENTIFICATION

The items in the questionnaire were subjected to exploratory factor analysis to determine if there are any latent variables embedded within the data. Because this an exploratory study an orthogonal varimax rotation was used (Field, 2009:721). The minimum factor loading was set at 0.40 to weed out low-loading items while strong dual-loading items were also discarded from the analysis. The purification of the data required three rounds of analysis. In each case, care was taken not to deteriorate the quality of the results. Table 2 shows the purification and the parameters measured to ensure quality results.

Table 2: Purification of the data-set

Round of analysis	KMO	Bartlett	% Variance	Items eliminated
1	0.849	0.000	72.8%	16, 26, 34
2	0.858	0.000	73.6%	8, 13, 14, 15, 24, 25
3	0.866	0.000	69.0%	28, 29 30
4	0.888	0.000	70.6%	***

The Kaiser, Meyer and Olkin measure of sampling adequacy (KMO) is a measure that statistically determines if the data is suitable for analysis. Typically, a KMO value of 0.7 and higher indicates an adequate sample and response. This data-set returned values more than 0.80 signifying that the data-set remained suitable for analysis, even after the elimination of the unwanted items. Bartlett's test of sphericity determines the inter-correlations between the items. Ideally, a suitable data-set should return values below 0.005 on this test. Table 2 showed that the data did return values of less than 0.005 as required.

Regarding the total variance explained by the factor analysis, a good fit to the data reflects variance explained of more than 60%. The cumulative variance explained (70.6% in the final analysis) shows that the data is a good fit. These satisfactory results (all shown in

table 2) signifies that a suitable data-set exists and it can be used for advanced statistical analysis.

The factor analysis identified three factors (or latent variables) which are embedded in the data. The items and factors are shown in the table below. (The table is sorted in descending order per factor loading).

Table 3: Varimax rotated factors matrix

	Factors		
	1	2	3
1 Commitment to sales	.779		
9 Compatible goals and objectives	.776		
5 Competence	.760		
3 Understand products and competitors	.755		
11 Cooperation	.752		
4 Understand customers and competitors	.744		
2 Relationships	.731		
10 Inter-departmental priorities	.709		
21 Dislike between different departments		-.777	
27 Departments get along well		.727	
22 Dislike interaction between departments		-.709	
17 Share rarely used information		-.675	
6 Sales are competent		.586	
23 Harmonised shared goals		.576	
19 Shared information improved productivity		.563	
31 Committed to shared vision		.506	
32 Agreement between departments		.472	
18 Shared sales info leads to new products			.804
33 Team spirit between departments			.548
12 Inter-departmental relationships discussed			.545
20 Shared sales info improve market dynamics			.421
Variance explained	29.6%	22.7%	5.9%
Cumulative variance explained	29.6%	52.3%	70.6%
<i>Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; a. Rotation converged in 6 iterations.</i>			

4.5 DISCUSSION OF FACTORS

Factor 1 deals with issues such as commitment to sales, competence, customers, competitors, inter-departmental priorities and company goals. All these items point towards being well adapted and competent in the organisation and its goals. The factor explains the most variance (29.6%) and is the most important factor. This means that management should address this factor first if they initiate interventions to improve the cooperation between the marketing and sales departments of the company. The factor is labelled *Organisational orientation*.

Factor 2 concerns the relationships between the departments. Noteworthy is the negative factor loadings on criteria 17, 21 and 22 in response to negative orientated questions. This means that the respondents do not agree with the criteria. For example, *Criterion 21: Dislike between departments*; the respondents feel that there is *not* a dislike between the departments. The factor explains a variance of 22.7% and is labelled *Interdepartmental relationships*.

The third and final factor consists of four measuring criteria – like factor 2, they all seem to deal with interdepartmental relationships, but on closer inspection, this factor more specifically deals with market dynamics and relationships that improve performance. Team spirit shared info that leads to new products, formalised relationships and improved marketing dynamics. All these issues concern productivity and lead to higher efficiency. This factor is thus labelled as *Interdepartmental efficiency*. The factor explains 5.9% of the variance.

The factor analysis revealed three embedded variables in the data-set. These three factors explain a very satisfactory 70.6% cumulative variance (Field, 2009:669). Management should take note of these factors as they indicate manageable constructs that could improve company performance by better aligning the sales and marketing departments. Interventions should be planned according to factor variance explained because by addressing Factor 1 first; higher yields on managerial intervention should be reaped.

4.6 RELIABILITY OF THE DATA

The reliability of both the Marketing personnel and the sales personnel were calculated using Cronbach alpha’s coefficient. The alpha coefficient should ideally be above 0.70 to ensure reliability and internal consistency of the data (Field, 2009:667). The results appear in Table 4 below.

Table 4: Reliability Statistics

Cronbach's Alpha		
Sales	Marketing	N of Items
0.920	0.903	34

Both data-sets proves to of excellent reliability; this constitutes a sound basis for statistical analysis.

4.7 SUMMARY

Chapter 4 provided the results and research methodology of this study. The data were collected using a structured questionnaire, and 61 sales and ten marketing personnel responded to the questionnaire. The significant practical differences were calculated between the departments using the effect size, importance of the constructs measured using inferential statistics and then factor analysis identified three underlying constructs (latent variables) in the data.

The next chapter is the final chapter of the study. It provides the conclusions and recommendations that resulted from this study.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The results of these empirical findings that were obtained through the quantitative study were discussed in Chapter 4. This chapter will also establish whether the research objectives, as set out in Chapter 1, has been achieved. This chapter, in essence, presents the conclusions drawn from the study and the respective recommendation made concerning the findings. The chapter also identifies areas of future research to investigate the concept of Sales and marketing Interface further.

5.2 CONCLUSIONS AND RECOMMENDATION

Although there is a growing interest in sales-marketing relationships within companies, there is still much to learn and discover on this subject. This may be an opportunity to gain a competitive advantage in the turbulent market out there as well as promising a healthy collaboration between sales and marketing in general. Sales and marketing are two primary business functions that focus on creating satisfied customers. Due to their mutual orientations and objectives, these two functions are ideally positioned for a fruitful, synergetic collaboration. Unfortunately, the practical reality in many companies is far indifferent from this ideal. Sales and marketing personnel fail to communicate effectively, resulting in misunderstandings, frustration, and sometimes disruption. Instead of supporting each other in creating superior value for customers, they often fight exasperating internal battles that are a drain on profits, efficiency and customer satisfaction. It is a necessity to explore their complementary roles in creating superior value for customers, understanding problems that occur, the underlying causes of these problems, and potential solutions. These solutions are accompanied by a series of tools that managers can use to diagnose their sales-marketing interface and develop appropriate approaches to improve this relationship. Managers should recognise dysfunctions and apply these insights to improve their sales-marketing interface, which helps them create superior value for customers.

The primary objective is to conduct a single case study to:

- Determine the existence of SMI at the reference company.
- Construct a realignment strategy to benefit the reference company.

The first primary objective of the investigation into the sales and marketing departments of this case study was first to determine the existence of a sales-marketing interface within the reference company. It is clear that there are three areas of concordance where constructs show to be equal in opinion, namely interface formalisation, actionability of information and inter-functional conflict. Three of the seven constructs resulted in intermediate effect size namely inter-functional trust, Inter-functional rivalry and senior management support and coordination, and only one construct showed a large significant difference namely Sales-marketing collaboration.

Interface formalisation construct, scored an effect size of 0.16, with the indication that there is virtually no difference between sales and marketing. Their understanding of their relationship regarding discussions, documentation, standardisation and existing guidelines are similar.

The *actionability* of information was measured by effect size as 0.03, indicating no significant difference between sales and marketing. Communication and information transfer between the two groups are on par, as well as implementation, productivity and the understanding of the dynamics within the marketplace.

Inter-functional conflict's effect size scored 0.01, indicating no difference between the groups. This suggests that both groups are equal in opinion on this construct.

Dysfunctions have been identified within the case study company on the remaining four constructs tested in the reference company, where Marketing displays, with regards to *Inter-functional Trust*, a stronger sense of sales keeping their commitments, than the trust of sales in marketing. Marketing sees its relationship with sales as some partnership, more than what sales do. Marketing strongly feels that sales have a good understanding of customers, competitors and products. Marketing experience sales to ease their daily job as marketers and are competent in what sales do.

The construct of *Inter-functional rivalry* displays that marketing does not experience coordination of work activities as problematic as sales do, and do not hinder each other's performance. Marketing feels that both departments have compatible goals, is cooperative and agrees on the priorities of each department.

Senior management support displaying an intermediate difference between the two groups. Marketing is of a stronger opinion that senior management ensures close goal and activity alignment.

Sales and marketing collaboration showed a large difference in response with regards to cross-functional teamwork, a shared vision with regards to the company vision and the vision shared between the two groups. The team spirit and communal goals differ significantly.

The second primary objective was to construct a realignment strategy to benefit the reference company. This will be based on the dysfunctional constructs that have been identified.

5.2.1 Inter-functional trust

Inter-functional trust is an element which is often found not to be present between the sales and marketing departments. It is clear from the empirical results that the stance at the reference company is no different.

According to Madhani, (2016a:32) sales and marketing suffer much too often from a significant disconnect, worsened by mutual distrust and a lack of respect. Madhani also mentions that it is a renowned fact that the two departments need each other. Although this does not associate to a successful integration between the two groups. Conflict and distrust between the two departments are common. Such a dynamic can hurt the top line and bottom line of the organisation.

The following practical recommendations are made to reinstate bi-directional trust between sales and marketing departments:

According to Ryan (2018), management needs to talk about fear and trust as business topics. Once it happens that there are hostility and inappropriate behaviour, employees

should have an open forum to discuss these hostilities to address toxicity in the relationship culture between sales and marketing departments. Actions will result in the development of trust.

Avoid the viewpoint of blaming and shaming employees for mistakes. Every mistake is a learning opportunity if you track your employees' mistakes but say nothing about their victories. Trust is built through acknowledgement.

Review your employee handbook and policies. Give sales and marketing department's room to simply exist and treat them as the qualified, creative adults and value creators which they are. According to Johnson and Boeing (2016:202), managers should note that temporal flexibility is needed to maximise the SMI. Rather than providing solid, punitive deadlines, managers may be better served by stressing how timely completion of a sales and marketing collaboration would profit the department and the organisation. This slant may provide sales and marketing the temporal flexibility they need, but still, promote timely performance.

Executives need to be in continuous contact with departments in the most informal settings one can arrange. Interaction both departments is fundamental to discover who is reporting to them and to connect with the teams. Acknowledge when the department makes mistakes, or when you make a mistake and assure open communication on a human to human level, which is ideal to construct the trust you seek. Request your employees constantly how they're doing, what they think and what they'd like to see at work.

Honesty toward employees is a strong builder of trust. The more visibility your employees can get into their future within the company, the more one infuses trust. Let department know about the organisation's plans, priorities, challenges and opportunities to align them with the leadership team.

Value your employees as people more than you value them as production units. Employees notice once the human factor is present. Role model appropriate leadership and get your fellow leaders to do the same thing. Too many managers look at the departments as a unit and seldom consider the individual people they supervise, their needs or their challenges. Real leaders are intently focused on the people who report to them and aim to energise the team.

5.2.2 Inter-functional rivalry

The rivalry is competition or fighting between people, businesses, or organisations who are in the same area or want the same things.

In too many companies, there is a constant rivalry between sales and marketing. The sales force usually accuse marketers of being out of touch with what customers prefer or setting prices too high. Marketers insist that the sales force focus too short-sightedly on individual customers and short-term sales at the expense of longer-term profits. This leads to poor coordination between the two teams, resulting in raises on market-entry costs, lengthened sales cycles, and increases the cost of sales. Positive informal relationships between sales and marketing personnel may have a significant impact on reducing inter-functional conflict. In the organisations that were more collaborative, the working relationships were underpinned by frequent contacts.

The increased inter-functional conflict between sales and marketing strongly reduced collaboration between the two departments. Inter-functional conflict is prevalent in most companies evaluated in the literature. The main issues appeared to be over planning, budgets and lack of internal communication. The reduction of inter-functional conflict is an important target for senior managers wishing to improve inter-functional relationships. This could be achieved through a clear direction from senior managers of the importance of coordination, goal alignment, well informal and formal communications, improving joint planning and a reduction of wrangles over resources. Le-Meunier-FitsHugh, (2011b:1168)

5.2.3 Managerial support

Le-Meunier-FitsHugh, (2011b:1168) records that when senior managers openly support sales-marketing coordination, a collaboration between sales and marketing is considerably higher. They continue by implying that the impact of senior managers' support for coordination in reducing inter-functional conflict is much greater than its effects on improving collaboration between sales and marketing, as inter-functional conflict manifests itself in visible forms, such as hostile relationships and dysfunctional behaviours. Johnson and Boeing, (2016:202) note that managers can organise formal retreats where marketing and sales can interact and learn together to improve interaction,

and group synthesis can be utilised. Informal interaction can also be practised to assure alignment.

Le-Meunier-FitsHugh, (2011b:1168) suggests that inter-functional conflict may be addressed by senior managers through confrontation, or by the manager acting as an expert or specialist and actively intervening in the conflict. Managers unable to take either of these options may be less effective in dealing with conflict.

An aligned reward structure between sales and marketing is likely to increase collaboration, and decrease inter-functional conflict. The impact of senior management attitudes to coordination is significant. Senior managers' support for coordination has a great impact on improving collaboration between sales and marketing, and also has considerable influence in reducing inter-functional conflict. Le-Meunier-FitsHugh, (2011b:1168)

Kotler *et al.* (2006:7) suggest that once the organisation understands the nature of the relationship between its marketing and sales groups, senior managers may wish to create stronger alignment between the two.

5.2.4 Sales-marketing collaboration

The *sales-marketing collaboration* will be achieved once the company starts to emphasise shared responsibilities, identifying key customers, establishing a common language, integrating customer information, job rotation and incentives design as discussed in the literature review. Le-Meunier-FitsHugh (2011b:1168) notes that the more sales and marketing people can work together, it seems the greater the opportunities for improving collaboration.

In the end, it seems that inter-functional rivalry and the absence of inter-functional trust may lead to overt conflict. The literature review did mention other prominent factors such as ineffective coordination, power distribution, structural linkages and communication which all play a role in disturbing the SMI.

The secondary objectives of this study were to:

- Determine what the essence of Sales and Marketing involves.

- Assess the various influential factors which may contribute to the haltering of collaboration between SM departments.
- Add value to the hypothesis of higher revenues with better collaboration between Sales and Marketing.

The literature review discussed the essence of sales and marketing at length. It is evident that sales and marketing are different entities with overlapping tasks which merges the two functions to reach their goals by working in collaboration with each other.

The various influential factors have been summarised in the literature review for departments to identify the possible points of weakness which may disturb the SMI.

Lastly, the literature confirmed that effective collaboration of sales and marketing departments results in beneficial business outcomes such as increased business performance as well as organisational profits.

From a managerial point of view, the aim is to sensitise sales and marketing managers respectively to take a more in-depth look into the essence of the SMI, to consider proposed collaboration and implement suggested departmental structures, to benefit respective employees and the company as a whole.

5.3 AREAS FOR FUTURE RESEARCH

In this study, the following areas for future research have been identified. Specifically, two areas are important to investigate further. They are:

- The results from this study should be extrapolated to other organisations to either confirm or present adapted the findings that can be used in other organisations
- Common areas between this study and other similar studies could be investigated to identify common constructs of Sales and Marketing Interface that is valid in all organisations while also identifying constructs that could be company-specific.

5.4 SUMMARY

In Chapter I an overview of the study was given together with the problem statements. It provided an introduction to the study topic and the constructs it consists of.

Chapter 2 is an in-depth literature review, concluding the essence of sales, marketing, the sales-marketing interface (SMI) as well as the elements thereof. It was concluded that a healthy SMI could indeed result in increased company profits and increased business performance.

The empirical study layout and method is discussed in Chapter 3, and Chapter 4 focus on the empirical results retrieved from the study conducted. The results showed that there are areas of effective collaboration between the sales and marketing departments of the reference company as well as areas where improvement strategies may be applied to develop the case study company's sales-marketing relationship status to an integrated level to enjoy optimum results.

This final chapter, Chapter 5, concludes all findings retrieved from both the literature review as well as the empirical study and recommendations has been posted to the management of the reference company.

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APPENDIX A: THE STRATMARK QUESTIONNAIRE

1	The Business unit I am currently affiliated with is	Marketing	Sales				
2	What is the relationship between Sales and Marketing Departments in your company?	Marketing and sales functions are separate	Marketing and sales cooperate in some areas	Marketing and sales cooperate in most areas	Marketing and sales cannot be separated from each other as functions		
3	In our business unit, the sales function aligns strategy definition primarily by...	products	More by products	Clearly neither	More by customers	Customers	Cannot tell
4	In our business unit, the sales function aligns performance evaluations primarily by...	products	More by products	Clearly neither	More by customers	Customers	Cannot tell
5	The marketing function of your company is characterized by ___?___	products	More by products	Clearly neither	More by customers	Customers	Cannot tell
6	The sales function of your company is characterized by ___?___	products	More by products	Clearly neither	More by customers	Customers	Cannot tell
7	The marketing unit of your company has a planning horizon that is rather.....	Long term	Mainly long term	Clearly neither	Mainly Short term	Short term	Cannot tell
8	The Sales unit of your company has a planning horizon that is rather...	Long term	Mainly long term	Clearly neither	Mainly Short term	Short term	Cannot tell
9	How would you describe your relationship with your marketing team?	Excellent	Good	Clearly neither	Not so good	Poor	

Marketing	Construct/Variable	Strongly	Disagree	Disagree	Neither	Disagree or	Agree	Strongly	Agree
		Disagree	Disagree	Disagree or	Agree	Agree	Strongly	Agree	
Interfunctional trust	1	The Sales department keep their commitments to Marketing							
	2	The Sales and Marketing departments in my company see our relationship as a kind of partnership							
	3	The Sales Department has a good understanding of customers and competitors							
	4	The sales contact has a good understanding of products and competitors							
	5	Marketing can rely on Sales not to complicate daily sales functions by careless work							
	6	The sales consultants are competent							
Interfunctional Rivalry	7	Marketing and sales experience problems coordinating work activities							
	8	Marketing and sales hinder each other's performance							
	9	Marketing and sales have compatible goals and objectives							
	10	Marketing and sales agrees on the priorities of each department							
	11	Marketing and sales cooperate with each other							
Interface formalisation	12	The terms of relationship between sales and marketing have been explicitly verbalized or discussed							
	13	The terms of relationship between sales and marketing have been written down in detail							
	14	The terms of relationship between sales and marketing have standard operating procedures (e.g., rules, policies, forms).							
	15	Sales and marketing follow formal guidelines and procedures for interactions							
Actionability of information	16	Sales provides information to Marketing that leads to concrete actions							
	17	Sales provides information to Marketing that is rarely used							
	18	Sales provides information to marketing that improves the implementation of new products or projects							
	19	Sales provides information to Marketing that improves productivity							
	20	Sales provides information to Marketing that improves understanding of the dynamics of the marketplace							
Interfunctional Conflict	21	When members of Sales and Marketing get together, tensions frequently run high							
	22	Sales and Marketing generally dislike interacting with each other							
	23	Sales and Marketing feel that the goals of their respective departments are in harmony with each other							
	24	Protecting Sales and Marketing departmental areas of responsibility is considered the norm in this organization							
	25	The objectives pursued by the marketing department are incompatible with those in the sales department							
	26	There is little or no interdepartmental conflict between Sales and Marketing							
	27	Sales and marketing get along well with each other							
Senior Management support for coordination	28	Senior management ensures that Sales and Marketing goals are closely aligned							
	29	Senior management ensures that Sales and Marketing activities are closely aligned							
Sales/marketing collaboration	30	Cross-functional teamwork is a common way of working within Sales and Marketing							
	31	Sales and Marketing are committed to sharing their vision with each other							
	32	There is agreement between Sales and Marketing in our organisational vision							
	33	A team spirit pervades Sales and Marketing							
	34	Sales and Marketing share the same goals.							

SALES	Construct/Variable	Strongly	Disagree	Disagree	Neither	Disagree or	Agree	Strongly
		Disagree	Disagree	Disagree or	Agree	Agree	Agree	
Interfunctional trust	1	The Marketing department keep their commitments to sales.						
	2	The Sales and Marketing departments in my company see our relationship as a kind of partnership						
	3	The Marketing department has a good understanding of products and competitors						
	4	The Marketing department has a good understanding of customers and competitors						
	5	The Marketing department is competent						
	6	Sales can rely on Marketing not to complicate daily sales functions by careless work						
Interfunctional Rivalry	7	Marketing and sales experience problems coordinating work activities						
	8	Marketing and sales hinder each other's performance						
	9	Marketing and sales have compatible goals and objectives						
	10	Marketing and sales agrees on the priorities of each department						
	11	Marketing and sales cooperate with each other						
Interface formalisation	12	The terms of relationship between sales and marketing have been explicitly verbalized or discussed						
	13	The terms of relationship between sales and marketing have been written down in detail						
	14	The terms of relationship between sales and marketing have standard operating procedures (e.g., rules, policies,						
	15	Sales and marketing follow formal guidelines and procedures for interactions						
Actionability of information	16	Marketing provides information to Sales that leads to concrete actions						
	17	Marketing provides information to Sales that is rarely used						
	18	Sales provides information to marketing that improves the implementation of new products or projects						
	19	Marketing provides information to Sales that improves productivity						
	20	Marketing provides information to Sales that improves understanding of the dynamics of the marketplace						
Interfunctional Conflict	21	When members of Sales and Marketing get together, tensions frequently run high						
	22	Sales and Marketing generally dislike interacting with each other						
	23	Sales and Marketing feel that the goals of their respective departments are in harmony with each other						
	24	Protecting Sales and Marketing departmental areas of responsibility is considered the norm in this organization						
	25	The objectives pursued by the marketing department are incompatible with those in the sales department						
	26	There is little or no interdepartmental conflict between Sales and Marketing						
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Senior Management support for coordination	28	Senior management ensures that Sales and Marketing goals are closely aligned						
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	31	Sales and Marketing are committed to sharing their vision with each other						
	32	There is agreement between Sales and Marketing in our organisational vision						
	33	A team spirit pervades Sales and Marketing						
	34	Sales and Marketing share the same goals.						

APPENDIX B: EDITOR'S CERTIFICATE



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Monday, 10 December 2018

To whom it may concern

Re: Confirmation of language edit, typography and technical precision

The MBA dissertation **Effective alignment of the marketing and sales functions of a major pharmaceutical company in South Africa** by C Hanekom (11858850) was edited for language, typography and technical precision after post-examination corrections made by the author. The referencing and sources were checked as per NWU referencing guidelines.

Final, last minute corrections remain the responsibility of the author.



Antoinette Bisschoff

BA Languages (UPE – now NMU); MBA (PU for CHE – now NWU); Translation and Linguistic Studies (NWU)

Officially approved language editor of the NWU since 1998
Member of SA Translators Institute (no. 100181)

Precision ... to the last letter

APPENDIX C: ETHICAL CLEARANCE



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Prof CA Bisschoff

Per e-mail

Dear prof Bisschoff

FEEDBACK – ETHICS APPLICATION: C HANEKOM (11858850)

Your application for ethical clearance - Evaluating successful marketing and sales alignment in the revenue of a major pharmaceutical company in South Africa – has been evaluated on the 29th of March 2018.

The application is accepted as a low-risk study. The final questionnaire and interview schedule have to serve before it can be applied.

Ethics number: **NWU-00309-18-S4**

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Linde', is written over a light grey circular background.

Prof Bennie Linde

Chairperson: Economic and Management Sciences Research Ethics Committee (EMS-REC)