A key characteristic of a market-oriented organization is harmonious interfaces between the various parts of the organization. One of these interfaces is the marketing-sales interface. While both marketing and sales are focused on serving customers and designed to play complementary roles, recent studies conclude that in practice marketing and sales often work at cross purposes. This paper presents an exploratory investigation of the marketing-sales interface in Dutch and Slovenian B2B firms. The Slovenian firms are generally less developed than their Dutch counterparts and lack a true marketing capability. Most of the Dutch B2B firms recently implemented marketing in their organizations and managed to develop effective marketing-sales interfaces. Nevertheless, there is still room for improvement. Our findings emphasize the need to both create a distinct marketing function and develop a supportive organizational culture characterized by a continuous open dialogue between marketing and sales aimed at creating superior value for customers.

Keywords: marketing, sales, cross-functional interfaces.
Background

The widespread acceptance of the market orientation construct emphasizes the critical role of effective internal interfaces in a market-oriented organization (Kohli and Jaworski 1990; Slater and Narver 1994). Smoothly functioning interfaces ensure the timely dissemination of market information and the coordination of marketing activities in creating superior value for customers. For instance, an engineer that hears new information about a competitor's upcoming new product while he carries out maintenance at a customer plant and should relay that information to the firm's R&D and marketing departments as part of the firm's market sensing process. Similarly, representatives from two business units that sell to the same customer need to coordinate their activities to create maximum value for the customer and capitalize on new opportunities that present themselves. Several authors have argued for a horizontal organization in which crossfunctional teams focus on value-creating processes, such as new product development and order fulfillment (Barabba 1995; Hammer and Stanton 1999). Managers structure their organizations as "flexible groupings of intertwined work and information flows that cut horizontally across the business, ending at points of contact with customers" (Hammer and Stanton 1999, p. 108). In such a process organization, each core process is assigned a process owner who is responsible for coordinating activities from several departments to create superior customer value.

But in practice, most firms are still structured vertically, e.g. as a series of business functions, product groups or geographical areas. Such vertical organizational structures typically function as a series of corporate fiefdoms, where managers jealously guard their turf, resulting in fierce battles for resources, misunderstandings and conflicts. This is aptly illustrated by the substantial body of research on the marketing-R&D interface in the context of new product development (Griffin and Hauser 1996; Gupta, Raj and Wilemon 1985, 1986; Gupta and Wilemon 1990; Hise et al. 1990; Leenders 1998; Parry and Song 1993; Souder 1981). The main barriers to an effective marketing-R&D interface are poor communication, insensitivity towards each other, lack of senior management support for an integrated approach, differences in personality (Gupta, Raj and Wilemon 1986; Souder 1981). Similarly, other researchers investigated the interfaces between engineering and marketing (Lancaster 1993; Shaw and Shank 2000; Weinrauch and Anderson 1982), marketing and manufacturing (St. John and Hall 1991; Shapiro 1977), marketing and manufacturing (Crittenden, Gardiner and Stam 1993; Kahn and Mentzer 1994) and marketing and purchasing (Williams, Guinipero and Henthorne 1994). Building on this research about about interfunctional coordination, several researchers investigated the interplay between several functional areas in an organization and stress the importance of cross-functional teams (Ashkenas et al. 1995; Moenaert et al. 1994; Parker 1994; Thamhain 1990).

One of the major findings of this stream of research is that most problems in intraorganizational cooperation can be traced to differences in cultural thought worlds, language barriers and differences in goal orientations (Griffin and Hauser 1996; Maltz 1997). For instance, the often noted differences between marketers and developers foster a lack of interest in each other’s work and thinking in stereotypes, causing many authors to argue for open communication and joint activities to bridge cultural differences. Based on a review of the literature, Maltz (1997) suggests six mechanisms to increase interfunctional cooperation: multi-functional training, evaluation variety, cross-functional team use, social orientation, formalization and spatial proximity. Rosenthal (1992) demonstrates that even representatives from closely related specialties, such as design engineers, manufacturing engineers, industrial designers and human factor specialists, have very different backgrounds. Cespedes (1994) stresses the need for coordination between the three disciplines involved in marketing in most B2B firms: marketing, sales and customer service.

This study explores the interface between marketing and sales in B2B firms. Both marketing and sales aim to serve customers, with marketing focusing on facilitating and equipping salespeople and building consistent brand images in the marketplace and sales performing operational tasks such as contacting customers and closing the sale. But such a harmonious interface is frequently absent in practice. For instance, because sales feels it owns the customer relationships and resists every effort from other departments to contact their customers (Hulbert and Pitt 1996). Salespeople perceive themselves as generating income and question the value of an expensive marketing department. Marketing, on the other hand, frequently complains about good leads disappearing into the 'black hole' of sales. Donath (2004, p. 5) suggests that the divide between marketing and sales in B2B firms may be caused by fundamental job differences: “Marketing people talk to … business end-users, while salespeople
typically spend their time with distributors and purchasing agents. Marketers deal with market segments and specific product groups. Sales, however, sees the world account by account.” In addition, many firms exacerbate the problem by the way they organize both commercial functions. For instance, by creating separate marketing and sales functions, with the sales vice president often outranking the senior marketing manager. The results from a recent study by the Aberdeen Group (2002, p. 2) confirm the problematic nature of the marketing-sales interface: “in many companies as much as 80% of marketing expenditures on lead generation and sales collateral are wasted – ignored as irrelevant and unhelpful by sales.” These fundamental differences between marketing and sales are even more prevalent in emerging markets, where firms are predominantly sales oriented and the separate but complementary roles of marketing and sales are still at the first stage of development. The study presented in this paper explores both the nature and quality of the marketing-sales interface in Dutch and Slovenian B2B firms to identify the major problems involved and suggest strategies for improvement.

Research method

The combination of a need for smoothly functioning intraorganizational interfaces and a reported prevalence of dysfunctional marketing-sales interfaces suggests a need for research to increase our understanding of the marketing-sales interface. For instance, a Marketing Science Institute workshop on interfunctional interfaces identified the conflict between marketing and sales as one of the critical areas that needs to be addressed (Montgomery and Webster, 1997). We conducted an exploratory study of the marketing-sales interface in B2B firms. Because the nature of the marketing-sales interface is expected to differ between economic contexts, we selected firms from both the Netherlands and Slovenia. Eleven Dutch firms and ten Slovenian firms, all of them operating internationally, participated in the study. The firms represent a wide variety of industries (such as electrical motors, industrial equipment, chemicals, electrical components and raw materials) and vary in size from 35 to over 1000 employees and a turnover of EUR 5 million to 175 million.

In every firm, we tried to investigate both perspectives by conducting in-depth personal interviews with respondents from both marketing and sales. Most respondents were senior marketing managers and sales managers, with some of them representing both areas. Many respondents were employed by the firm for more than 10 years. The interviews followed a semi-structured format and sought information on: (a) decision-making involving marketing and sales, (b) organization of the marketing-sales interface, (c) use of formal and informal coordination mechanisms, (d) perceived quality of the marketing-sales interface and (e) problems identified and solutions tried to deal with them. The average interview lasted two hours.

Marketing-sales interface in Dutch and Slovenian B2B firms

Location of the marketing-sales interface

Most B2B firms are vertical organizations, structured around business functions. Some of them have both a marketing department and a sales department, while others opted for an integrated marketing & sales department. For instance, one of the firms in our sample has a combined marketing & sales department that is structured around application areas. Each application area is headed by a business manager and employs several account managers as well as a technical services & development manager. All business managers operate largely autonomous. While they report to the marketing & sales director, they are free to determine how they will compete in their assigned application area and present their plans annually in a three-year strategic plan. Thus, the marketing-sales interface is located in the relationship between the business manager (marketing) and the account managers (sales). But reality is not always as clear-cut as the organization chart suggests. For instance, in the application area that we looked at the business manager asked one of his account managers to prepare the three-year plan. This blurring of lines between marketing and sales was also emphasized in another firm, where the area managers are responsible for sales in their area, but also have marketing objectives and perform marketing activities. This diffuse division of roles between marketing and sales is also illustrated by a remark of one of the respondents:
“I am a product manager, which is typically a marketing function, but I really don’t know whether I’m part of marketing or sales.”

In some firms, it was more problematic to locate the marketing-sales interface. For instance, one of the Dutch firms is structured around business units and lacks an explicit marketing function. Each business unit manager is free to determine the firm’s positioning and thus makes the firm’s critical marketing decisions. But the location of sales depends on the business unit. The largest business units work with fully-owned local sales organizations, while others sell through distributors or have their own salespeople. In some cases, sales is even carried out by the business unit manager.

In the majority of the Slovenian firms marketing and sales are combined into one department, with integrated decision making and planning. As one of the respondents remarked:

“it is very difficult to separate these two areas, especially in B2B firms.”

This is also the case in the Dutch SMEs. One sales manager stated that he considers marketing to be an integral part of his job:

“I do sales during the daytime and marketing in the car and in bed at night.”

Many Slovenian firms still have a traditional production orientation. Thus, in the majority of Slovenian firms (6 out of 10) both functions are at the same hierarchical level and led by program managers or directors. This means that the same person performs both functions, marketing and sales, for a certain geographical area or product. This is the result of the long prevailing production orientation of Slovenian firms, although many firms are slowly progressing from a sales orientation towards a marketing or customer orientation. The respondents in these firms claim that the organization is not a key prerequisite for a successful interface, since the majority of product/programme/region managers need to be aware of both marketing and sales issues. But these firms lack strategic marketing, analysis and planning and responsive decision making from headquarters. In these firms, sales is still the most important function and marketing does not (yet) have the appropriate strategic position. Such an attitude towards the marketing-sales interface is typical for SMEs, while the larger Slovenian firms tend to acknowledge marketing as the strategically most important link to market success.

The other four Slovenian firms are very successful global niche operators, specialized in technology and knowledge-based products and highly customer or even market oriented. Nevertheless, most do not separate marketing and sales and some even lack a marketing department.

**Formal and informal coordination**

Firms may employ both formal and informal mechanisms to coordinate the relationship between marketing and sales. Examples of formal mechanisms are procedures for carrying out certain interfunctional activities and meetings to deal with a variety of issues. Most of the firms in our sample used a variety of such formal mechanisms to coordinate marketing/sales-related activities, such as regular sales meetings, marketing & sales meetings, strategy meetings and joint customer visits. In one firm, no less than 27 people regularly attend weekly marketing & sales meetings. Another firm uses sales manuals that translate key marketing decisions into the ‘rules of the game’ for sales, e.g. by specifying the kind of customers the firm wants to target, the appropriate products for these customers and the accompanying selling points.

Despite the use of such formal mechanisms, most firms relied heavily on informal communication and ad hoc meetings to deal with any issues that arise. This is especially the case for the majority of Slovenian companies, where formal interfaces, especially vertical interfaces, were seldom found. Indeed, several Slovenian respondents expressed their belief that there is a need for more formalized decision making. Frequently, this reliance on informal communication is prompted by close physical proximity of the individuals involved. In several firms, it was emphasized that marketing and sales have their offices next to each other and talk on a daily basis. Also, especially in the Slovenian SME cases, the roles of sales and marketing were usually combined in one individual, resulting in an emphasis on horizontal coordination with other program/product/regional managers. Respondents expressed that “they like the noise” because it means that there is some coordination and exchange of
information. In contrast, respondents in the two large Slovenian firms claim that they possess and develop very efficient and well organized formal and informal information systems, in both cases supported by computerized CRM.

The extent to which such informal communication will be effective is strongly influenced by the corporate culture and the characteristics of the individuals involved. For instance, in one of the firms the marketing manager and sales manager seemed to operate as a smoothly functioning team. They communicate on a daily basis about all marketing/sales issues and make joint decisions, but respect each other's specific expertise. As the sales manager remarked:

“I don’t have a background in marketing; I don’t know anything about marketing and I gladly let my marketing colleague inform me about marketing.”

At one point during the interview, the sales manager started to realize how the apparently effortless cooperation with marketing was grounded in a lot of hard work, and he said to his marketing colleague:

“It seems like it all works so effortlessly, but maybe we underestimate how much time and effort we actually spend on making this work.”

In most cases, the strong emphasis on the use of informal communication to deal with marketing/sales issues can also be explained by the relatively limited size of the marketing and sales group. In most of the firms in our sample, this group consisted of 5-10 individuals.

**Perceived quality of the marketing-sales interface**

Most respondents in both the Dutch and Slovenian firms perceived the quality of the marketing-sales interface to be relatively high. The respondents were generally satisfied with how the various mechanisms for coordinating the relationship between marketing and sales worked. Also, there were no significant differences between the marketing respondents and sales respondents. In many Slovenian firms this was caused by marketing and sales being combined in one individual. In other firms, constructive cooperation between marketing and sales was stimulated by the firm's corporate culture or the individuals' backgrounds and personal characteristics. For instance, in one of the firms the marketing manager and sales manager work very closely together. The sales manager has a background in sales, but also a long-term perspective on the business and thus understands marketing's perspective. The marketing manager used to work in sales at the same firm and thus is familiar with the situation of sales.

Despite the overall positive perception of the marketing-sales interface, several respondents discussed a number of issues that cause friction in this relationship. In one Dutch firm, the respondents emphasized that marketing is dispersed in the organization (“everybody does some marketing”) and the distinction between marketing and sales is often blurred. While this results in open communication it also leads to tension about the allocation of responsibilities with different people claiming responsibility for an issue. Nevertheless, both respondents were quick to point out the constructive nature of this tension and that all discussions are quickly resolved through open communication. Several other respondents reported the existence of constructive friction between marketing and sales, mostly caused by different objectives (long-term positioning versus short-term sales). For instance, in one firm both the marketing manager and sales manager remarked how an economic downturn may cause people to deviate from existing marketing policy and be a bit more creative in securing orders.

Another Dutch firm found itself in a rather unique position. Because of a structural industry-wide shortage of supply, there is continuous tension between marketing and sales in which the traditional roles have been reversed. The ongoing discussion between marketing and sales is all about marketing trying to slow down sales in accepting new orders.

In the Slovenian firms, most of the friction is caused by the predominant production or sales orientation, with marketing as an underdeveloped business function (sometimes even as part of
A common factor for these firms is that they face increasing problems on markets because they are not equipped to deal with the competition. As one of the respondents remarked:

“[Despite the fact that] we try to warn our directors, our company still does not have a clear vision and does not understand what strategic marketing and decision making means.”

Discussion and managerial implications

In the Slovenian firms marketing and sales are typically closely integrated. Most firms do not distinguish between marketing and sales, reflecting the overall development stage of Slovenian B2B firms. In comparison to Dutch firms, most Slovenian firms are still production oriented (especially in very traditional manufacturing industries such as wood and textile) and, due to competitive pressure and loss of ex-Yugoslav markets, trying to develop a sales orientation. These firms are still exploring the meaning of strategic marketing, developing the marketing function and experimenting with positions and roles for marketing and sales. Respondents in these production or sales-oriented firms blame the organization for a lack of responsible decision making and fail to identify the central issue of changing the organizational culture towards becoming marketing or customer oriented and establishing a more efficient marketing-sales interface. They appear to be waiting for some “push from the outside world to wake them up.” But there are also other Slovenian firms, especially global niche operators (mostly SMEs), that are highly specialized in satisfying customer needs and long term oriented with well-developed networks of suppliers and buyers. Their competitive advantage is based on R&D and product development in response to customer needs. Some of them display elements of a market orientation and may even separate marketing and sales. But even though the respondents in these firms demonstrate a proactive attitude, developing effective informal marketing-sales interfaces and using modern techniques such as CRM, they realize that there are still opportunities for improvement.

In contrast to the Slovenian firms, the Dutch firms display a greater understanding of marketing and are clearly further in their evolution towards a market oriented organization. Nevertheless, most Dutch respondents emphasized that their firms had only recently started to implement marketing. Typically, they would start with coordinating their communication with customers by developing one unified housestyle and then focus on streamlining other commercial activities. In several cases, the resulting organizational culture was still described as sales driven. Other firms showed signs of an ongoing evolution towards a market-oriented organization. Although most Dutch firms only recently introduced marketing in their organization they perceive the marketing-sales interface as being very effective. But some realize that improvements are still necessary to become a truly market-oriented organization. One marketing manager told about his fear of becoming too isolated from sales, because he has no information about what happens to sales leads after they have been handed over to sales. The current information system only offers information about sales leads and orders, but fail to link them. Ideally, both marketing and sales can track where sales leads come from and what happens to them during the sales process.

The differences between Slovenian and Dutch firms point to a four-stage evolutionary process of becoming market oriented.

1. Production orientation, with the firm focusing on its products, technologies and production process. The firm is mostly short term oriented and has no marketing function. Typically, the majority of the firm’s production is in house.
2. Sales orientation, with the firm emphasizing selling products to customers. The firm may start to develop a network of partners (distributors, outsourcing partners).
3. Marketing orientation, with the firm establishing a formal marketing function, e.g. in response to differences between customer segments. Management’s focus changes from sales to marketing and the firm starts to adapt to this new orientation.
4. Market orientation, with the firm establishing a market orientation throughout the firm, aligning all elements of its organization to interact optimally with the marketplace (including customers, downstream customers, suppliers etc.).

Most Slovenian firms are predominantly sales oriented and can be positioned at the second stage (or at the transition to the third stage). Most Dutch firms just started to implement a marketing function and
are thus at the third stage. Some of them are even in transition to the fourth stage. And even some Slovenian SME niche players display some elements of having a market orientation. But none of the firms in our sample can be characterized as a fully aligned market-oriented organization.

Our findings suggest a number of managerial implications:

- A successful marketing-sales interface is managed through a mix of formal and informal coordination mechanisms. Management should consciously design effective mechanisms to stimulate the desired behavior. Even firms that made extensive use of formal coordination mechanisms acknowledged the importance of informal, open communication as part of a market-oriented culture. This is consistent with the suggestion by Maltz and Kohli (1996) that spontaneous communication during informal encounters is necessary to create the open dialogue that is key to bridging different thought worlds. Our findings also confirm the importance of co-location in stimulating such informal communication (Allen 1986; Maltz 1997). These findings suggest that firms can improve the effectiveness of their marketing-sales interface by stimulating a continuous open dialogue through co-location of all relevant individuals.

- Nevertheless, the effectiveness of the marketing-sales interface is significantly influenced by the characteristics of the individuals involved. This points to the need of thorough hiring practices as well as continuous training, motivation and compensation schemes. For instance, in one the firms, 20% of the marketing manager’s compensation was based on the firm’s sales performance. In addition, by encouraging informal interaction management may contribute to the desired organizational culture.

- Having a marketing function and an effective marketing-sales interface is just part of becoming a truly market-oriented organization. The evolution from production orientation towards market orientation may require changes in organizational structure, culture, strategy, evaluation and compensation schemes, information systems and HRM. For instance, a Dutch marketing manager described how his firm recently changed its strategic direction from ‘product leadership’ to ‘customer intimacy’. The change was initiated by a new CEO and involved the implementation of a series of related changes. The firm’s structure was redefined according to three core processes: marketing and innovation, sales and services, and operations, thus giving marketing an explicit position in the organization. The firm’s new market strategy emphasized its distributors and large customers and referred all other customers to the local distributors. Its salespeople needed to become account managers, able to deal with large customers and long-term strategic issues. Their desired new behavior was communicated in explicit terms and incorporated in the firm’s evaluation process.

- A firm’s evolution towards becoming a market-oriented organization is a cumulative process, with each successive stage building on the success of previous stages. Stage 3, where a marketing function is established, should be interpreted as an intermediate stage towards a real market-oriented organization. The decision of how far along this spectrum a firm wants to evolve depends on its strategic objectives and industry context.

- The role of the marketing function and the marketing department (including the marketing-sales interface) changes during the various stages. At stage 3, a formal marketing function is established, thus making the marketing-sales interface visible in the organization. The marketing department takes care of traditional marketing activities, such as segmentation, positioning and communication. When the firm evolves toward stage 4, it obtains a market-oriented culture in which everybody is focused on creating value for customers. The role of the marketing department changes to being the customer’s advocate, performing strategic analyses and maintaining the firm’s marketing competence (Webster 1994). If the whole firms is market-oriented, the size of the marketing department may be reduced significantly.

While this paper reports the first tentative findings from our exploratory investigation, future research will focus on (a) further exploring the relationship between marketing as an organizational capability and marketing as an organizational function, (b) developing scales to measure various aspects of the marketing-sales interface (such as organizational location, use of formal mechanisms, role of organizational culture) and (c) investigating the marketing-sales interface in a larger sample of firms. Having a larger sample might also allow us to investigate the relationship between the marketing-sales interface and various business performance measures.


