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An Investigation into the Antecedents and Consequences of Collaboration between Sales and Marketing

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This thesis is dedicated to my father who sadly died just before this journey began.

Paul Norman Le Meunier-FitzHugh 1917–2002

DECLARATION

This is to declare that:

- **I am responsible for the work submitted in this thesis.**
- **This work has been written by me.**
- **All verbatim extracts have been distinguished and sources specifically acknowledge.**
- **During the preparation of this thesis, a paper was prepared as listed below. The remaining parts of the thesis are unpublished.**

Le Meunier-FitzHugh, K. (2005) 'Marketing Intelligence, Keeping Your Sales Force in the Loop'. Proceedings of the 2005 Annual Conference of the Academy of Marketing

- **This work has not previously been submitted within a degree programme at this or any other institution.**

Signature: ______________________

Date: 20th May 2006

ABSTRACT

This thesis explores the antecedents and consequences of collaboration between sales and marketing. The results suggest that collaborative sales and marketing functions have benefits for the organisation in terms of improved business performance. In addition, improvements in collaboration between sales and marketing will positively affect marketing orientation and leading to superior marketing quality.

The research began with an exploration of the interface between sales and marketing through the available literature. The existing research conceptualises the relationship between sales and marketing and highlights the benefits of inter-functional collaborative behaviour. Therefore, a study was designed to not only identify the antecedents of collaboration between sales and marketing so that the relationship between sales and marketing can be assessed and improved to the benefit of the organisation, but also to establish that business performance can be directly influenced by improvements in collaboration between sales and marketing. The research was undertaken through a mixed methodology, utilising exploratory case studies, a large-scale quantitative survey and confirmatory interviews. The data analysis involved four distinct analytical methods: within-case analysis, cross-case analysis, statistical analysis and confirmatory interviews. The large-scale survey was undertaken through a questionnaire that was sent to the Managing Directors/Chief Executives of large, UK-based organisations operating in the business-to-business arena. Through the findings from the survey five antecedents to collaboration between sales and marketing were identified – management attitudes towards co-ordination, conflict of interests, communications, market intelligence and organisational learning – and a revised conceptual framework was developed. The correlation and multiple regression analysis confirmed the weighting of each of the independent variables upon collaboration between sales and marketing and established a number of other relationships between the variables.

The second part of the research focused on the consequences of improved collaboration between sales and marketing. It was found through the survey that collaboration between sales and marketing may have a positive effect upon business performance. The research also established that marketing orientation was not an antecedent to collaboration between sales and marketing, but that collaboration between sales and marketing may have a positive influence on marketing orientation. In addition, it was established that collaboration between sales and marketing has a positive effect on business performance. This research identifies some of the antecedents of collaboration between sales and marketing and clarifies the benefits of collaboration between sales and marketing to the organisation.

Keywords: Business Performance, Collaboration, Communication, Inter-functional Relationships, Learning Organisations, Market Intelligence, Marketing Management, Market Orientation, Sales and Marketing Interface, Sales Management, Senior Management.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This research is concerned with identifying and considering the antecedents and consequences of collaboration between the sales and marketing functions within organisations. The research begins with the observation that in many organisations the sales and marketing functions do not exchange information or cooperate to improve performance. Wind (1981:262) undertook a major review of the importance of integration between marketing and a range of other departments and concluded "efficient marketing decisions require the incorporation of the considerations of other (non-marketing) business functions ... . Research in marketing should attempt to find solutions to the inherent conflict between marketing and many of the other business functions." Further investigation established that other researchers have found evidence of conflict between sales and marketing functions (e.g. Anderson, 1996; Strahle *et al.*, 1996; Dewsnap and Jobber, 2000). Against these findings is a growing body of literature that outlines the clear benefits of interdepartmental cooperation in a number of contexts.

This dichotomy indicates that there should be further research into how the interface between sales and marketing can be made more collaborative. To achieve this goal it is essential to understand what the antecedents of collaboration between sales and marketing are, but there is a relative lack of research in this area. Therefore, it is necessary to develop a conceptual framework to define the interface between sales and marketing and test if there are any benefits (consequences) to the organisation in improving collaboration. This research will therefore focus on discovering if there are any benefits in terms of business performance from improving collaboration between sales and marketing, and will seek to identify the antecedents of collaboration between these two functions.

1.1 Background

> *"The relationship between the sales and marketing functions has persisted as one of the major sources of organisational conflict. ... marketing typically originated within the sales department to provide support in areas such as advertising, sales promotion, and market research. Eventually, it evolved into a separate function and became independent of the sales department. This separation proved to be unstable ... the appropriate relationship between the sales and marketing functions is still an unresolved issue."* (Webster, 1997:45–6)

The relationship between sales and marketing has been considered by a number of researchers and they have found that there is evidence to suggest that while sales and marketing are both independent of each other and interdependent, their relationships are not always seen as harmonious or collaborative (Wind and Robertson, 1983; Rosenbloom and Anderson, 1984; Munn, 1998; Alldredge *et al.*, 1999; Lorge, 1999; Arthur, 2002; Athens, 2003; Watkins, 2003). Other writers have actually gone further, and describe the relationship between sales and marketing as exhibiting a lack of understanding, distrust, poor cooperation and being in conflict (Anderson, 1996; Strahle *et al.*, 1996; Dewsnap and Jobber, 2000). There are many reasons cited for the lack of cooperation between sales and marketing, including that they have very different philosophies and that staff often have different backgrounds (Ruekert and Walker, 1987; Cespedes, 1994; Griffin and Hauser, 1996; Lorge, 1999). Additionally, sales and marketing may have been set different goals by senior management and be working at cross purposes to each other (Anderson *et al.*, 1999; Olson *et al.*, 2001). Lack of collaboration may also be aggravated by poor communications (Anderson, 1996; Strahle *et al*, 1996; Lorge, 1999). Some sales and marketing departments experience role ambiguity and there may be a lack of understanding of each other's roles (Cespedes, 1993). There have also been examples of sales and marketing teams blaming each other for sales failure (Colletti and Chonko, 1997). Overall, the sales and marketing interface appears to be unstable and any improvements in this relationship should be beneficial to the organisation (e.g. Strahle, 1986; Cespedes, 1993; Dewsnap and Jobber, 2000, 2002).

There is relatively little academic literature devoted to collaboration between sales and marketing within organisations, although a number of writers have started to conceptualise the relationship (Cespedes, 1993; Strahle *et al*, 1996; Dewsnap and Jobber, 2000, 2002; Rouzies *et al.*, 2005). These studies have highlighted some of the difficulties experienced between sales and marketing, indicated possible antecedents to sales and marketing collaboration and provided possible investigative frameworks, but they have not provided any empirical evidence on the benefits of collaboration. This research seeks to fill some of the gaps that exist in the literature in relation to the sales and marketing interface through identifying the antecedents and consequences of collaboration between sales and marketing. A study by Workman *et al.* (1998:37) noted that "30 years after the call to integrate sales and marketing activities under a CME [Chief Marketing Executive], we find no firms that had adopted this recommendation" and they believe that there is a need to explore further the relationship between sales and marketing.

Research into internal collaboration between marketing and other functional areas has shown that there are benefits to the organisation through operational efficiencies and customer satisfaction (Gupta *et al.*, 1986; Souder and Moenart, 1992; Webster, 1997; McGee and Spiro, 1998). Child (1985) indicated that internal integration benefits the organisation through superior performance, while Tjosvold (1988) found that collaboration between departments led to improved productivity and competitiveness. Other studies have found that organisations that promote internal integration provide superior value to the customer (Kohli and Jaworski, 1990; Narver and Slater, 1990). Morgan and Turnell (2003) found that improvement in customer satisfaction then leads to improvements in market performance. Therefore, there appears to be a strong relationship between the internal integration of functional areas, greater customer satisfaction and operational efficiency, and improved business performance.

Integration has been referred to as the organisation's capacity to act coherently and was described by Lawrence and Lorsch (1967/1972:11) as "*the quality of collaboration amongst departments required to achieve unity by the demands of the environment*". Both the sales and marketing functions are customer facing and academic texts categorise sales as a marketing communication activity (e.g. Jobber, 1995; Kotler *et al.*, 1999; Dibb *et al.* 2001). Therefore, sales and marketing should have a good working relationship and similar objectives. Although customers do not usually differentiate between sales and marketing departments and consider them to perform a single function, many organisations treat sales as a distinct and separate function from marketing (Cespedes, 1993, 1994; Anderson, 1996; Webster, 1997; Dewsnap and Jobber, 1998; Yandle and Blythe, 2000). Menon *et al.* (1996) found that improvements in interdepartmental relations, communication quality and collaboration could enhance the formulation of strategy and its implications as well as reduce conflict. The activities of sales and marketing are interrelated and senior management has the ability to align these activities and integrate working practices to the benefit of the organisation.

Environments are becoming more complex and organisations have to adapt to meet increasing competition and customer demands in order to survive. Veloutsou *et al.* (2002) noted that as customers become more demanding the offerings from organisations have to compete more aggressively to maintain their existing position in the market place. According to Mohrman (1993), increasing customer power requires organisations to develop the ability to focus all functions within the business on the customer. Anderson *et al.* (1999) noted that one danger of having separate departments is that their strategies may not be aligned and they will then fail to meet the requirements of the customer. In addition, there is considerable evidence to indicate that poor coordination in sales and marketing strategy can damage customer satisfaction and business performance (Rosenbloom and Anderson, 1984; Strahle and Spiro, 1986; Tjosvold, 1988; Anderson, 1996; Strahle *et al.*, 1996). Therefore, improvements in collaboration between sales and marketing can play a part in response to increasing competition and customer demands. The sales and marketing interface is an area of research that is attracting a lot of attention. There appear to be clear benefits to be gained from improving collaboration between these functional areas in terms of business performance, and it is against this background that the research questions were formulated and the aims and objectives identified.

1.2 Aims and Objectives of the Research

The identification of specific research objectives helps to focus the research and aids in the development of the research questions and hypotheses. This research has four main objectives:

1) To develop a conceptual framework that identifies the possible antecedents of collaboration between sales and marketing based on existing literature and exploratory case studies.

2) To test empirically the identified antecedents to collaboration between sales and marketing.

3) To identify whether effective collaboration between sales and marketing can provide benefits to the organisation in terms of improved business performance.

4) To provide practitioners with a framework that could be used when reviewing the relationship between sales and marketing.

1.3 Contribution of the Research

One of the most important findings of the literature review was the relative lack of empirical research on the sales and marketing interface. Although there have been a number of studies into the relationship between the marketing function and other functional areas – including marketing and finance (Gatnatunga *et al.,* 1990), marketing and engineering and manufacturing (Griffin and Hauser, 1992;

Lancester, 1993), marketing and network managers (Lapierre and Henault, 1996) and marketing and R&D (e.g. Gupta *et al.,* 1986; Moenaert and Souder, 1990; Souder and Moenaert, 1992; Griffin and Hauser, 1996; Kahn, 1996) – there has been little consideration of the sales and marketing relationship. A number of writers have conceptualised the relationship between sales and marketing (e.g. Cespedes, 1993; Strahle *et al,* 1996; Yandle and Blythe, 2000; Cross *et al.,* 2001; Dewsnap and Jobber, 2000, 2002), but few empirical findings have been published to date. Workman *et al.* (1998:37) said, "We believe additional research is needed to explore further the relationship between marketing and sales" and this research attempts to fill the gap identified in the literature.

The relationship between sales and marketing is an important element in generating sales revenue and providing customer satisfaction. Both sales and marketing are customer facing, and as marketing practitioners explained:

> *"An ever increasing number of companies realize that marketing and sales are two interrelated activities that have the common goals of creating customers, keeping customers and maximizing customer profitability."*
> (Curry and Curry, 2000:40)

Therefore, the main contribution of this research will be to identify the antecedents of collaboration between sales and marketing and provide empirical evidence that there are benefits to the organisation in terms of improved business performance from the integration of these two functional areas. The research will also seek to provide organisations with a framework to enable them to influence collaboration, therefore improving collaboration between sales and marketing.

1.4 The Framework for the Research

The lack of empirical and theoretical research into the area of collaboration between sales and marketing and its effect upon business performance has led to questions about the constituents and importance of the interface being raised. The two research questions are:

R_1:* *What are the antecedents of collaboration between sales and marketing?

R_2:* *Does collaboration between sales and marketing have a positive effect on business performance?

These research questions directed the exploratory research. The main objectives of the research were to finalise the antecedents and consequences of collaborations between sales and marketing. Therefore, research question 1 focuses on an exploration of the variables of collaboration between sales and marketing within the organisation (R_1). Research question 2 considers whether collaboration between sales and marketing can affect business performance (R_2).

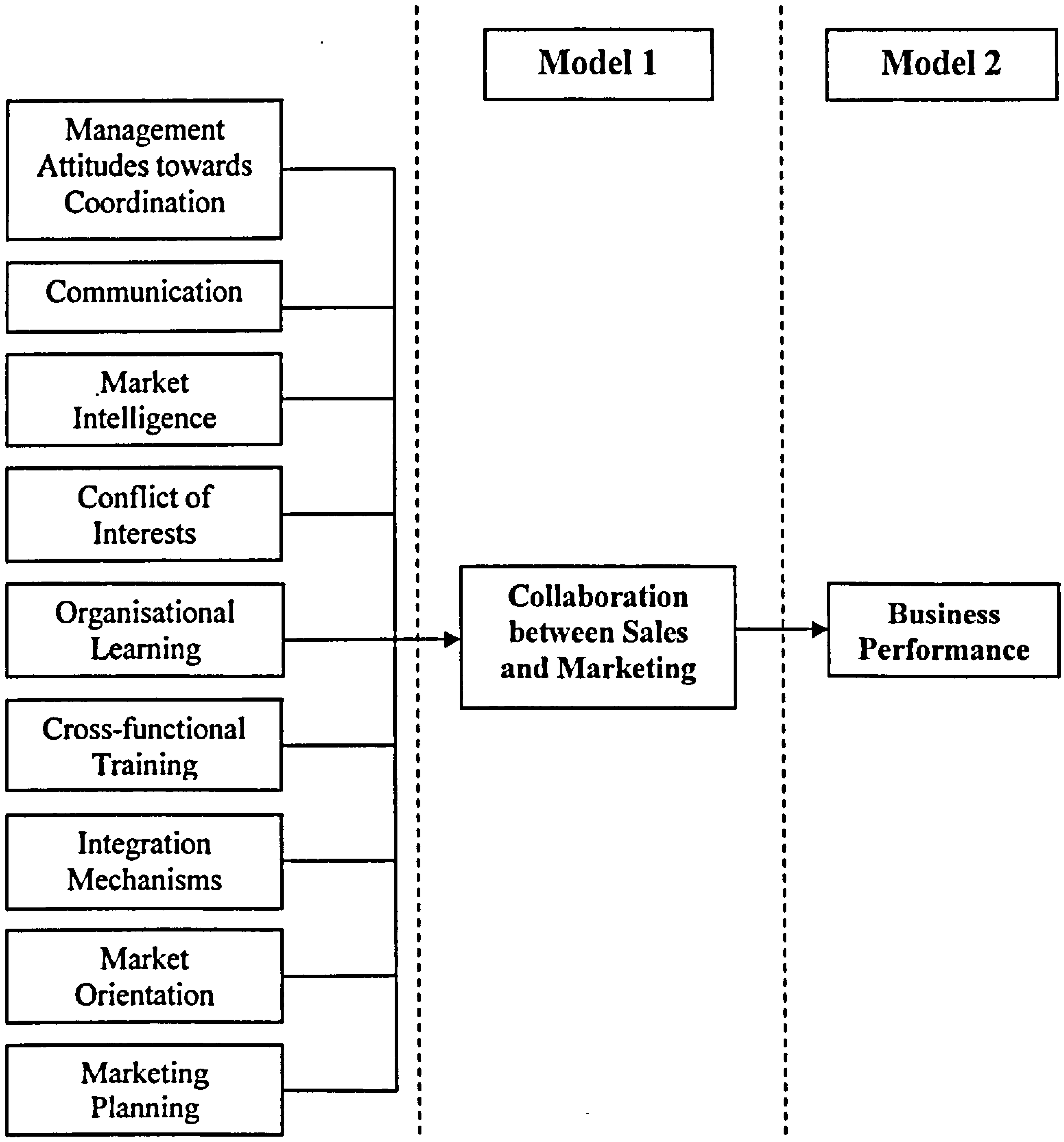
As previously discussed, there is little available literature on the benefits of collaboration between sales and marketing, although a number of writers have conceptualised the relationship by developing a framework for studying sales and marketing collaboration. Therefore, exploratory research (through case studies) will be used to aid the identification of the antecedents of collaboration so that a conceptual framework can be developed. The literature review indicates some possible variables affecting collaboration between sales and marketing and the exploratory case studies were used to confirm or refute them. The resulting conceptual framework suggested that collaboration betweens sales and marketing was a multi-dimensional construct consisting of a number of variables:

- *Management attitudes towards coordination* – This considers the influence that senior managers exert upon coordination of sales and marketing functions.
- *Communications* – This explores the nature and frequency of interaction between sales and marketing.
- *Market intelligence* – This identifies whether sales is used to collect market intelligence, how frequently this information is shared between sales and marketing, and if this information is reviewed regularly.
- *Conflict of interests* – This concerns the alignment of goals, targets and activities set for sales and marketing, and whether or not there is tension between the two functions.
- *Organisational learning* – This explores the climate of learning that exists within the organisation.
- *Cross-functional training* – This identifies the amount of training available to sales and marketing to help collaboration.
- *Integration mechanisms* – This considers the processes that senior management have put in place to aid integration between sales and marketing.
- *Market orientation* – This explores the underlying corporate philosophy regarding marketing.
- *Marketing planning* – This investigates whether marketing planning is carried out by the organisation.

Two dependent variables are measured – collaboration between sales and marketing, and business performance.

- *Collaboration between sales and marketing* is the dependent variable in Model 1, which considers whether sales and marketing are committed to working together, sharing visions and goals.
- *Business performance* is the dependent variable for Model 2 and is measured through senior management's rating of the organisation's performance, e.g. sales revenue and long-term profitability.

Figure 1.1 Antecedents and Consequences of Collaboration between Sales and Marketing



Having identified the two research questions, and developed a conceptual framework, nine hypotheses were identified for Model 1, one for each of the independent variables. The final hypothesis (H_{10}) relates to Model 2, which addresses the second research question and explores the relationship between collaboration between sales and marketing and business performance. Each hypothesis is tested through a large-scale survey of 1000 Managing Directors/Chief Executives of large UK-based organisations operating in the business-to-business arena. The aim is to identify which variables have an influence upon collaboration between sales and marketing and whether collaboration between sales and marketing affects business performance. Following the large-scale survey, confirmatory interviews are used to increase our understanding of the findings and to explore any anomalies or unexpected results.

1.4.1 Methodological Approach

The epistemological approach for this research is critical realism. Critical realism recognises the reality of the natural order, events and discourses of the social world (Bryman, 2001). The phenomenon under research considers the relationship between two social groups (sales and marketing) and, accordingly, the philosophical stance needs to recognise that concepts are a human construct and open to interpretation (Easterby-Smith *et al.*, 2002). Layder (1993:16) identified that critical realism attempts "to preserve a 'scientific' attitude towards social analysis at the same time as recognizing the importance of actors' meanings and in some way incorporating them in research". Consequently, the research must maintain a scientific approach so that the research can be replicated and validated, while at the same time incorporating the impact of human/social aspects on sales and marketing integration. The data collection method must be congruent with the philosophical stance and the context of the investigation. The research process begins with exploratory fieldwork to establish a framework for the investigation and continues with a large-scale quantitative survey conducted through a questionnaire. Finally, the survey findings are explored through confirmatory interviews. Therefore, the research adopts a triangulation approach by collecting both qualitative and quantitative data.

Senior managers (Managing Directors or Chief Executives) are targeted as the main participants in both the quantitative and qualitative parts of the research because they have an overview of the sales and marketing interface and the objectives/achievements of the organisation as a whole. The initial research indicates that senior managers influence intra-firm relationships; for example, Gupta *et al.* (1986) found that integration between functional areas is reliant partially on the senior managers' attitude to the relationship. Further interviews as part of the exploratory fieldwork are carried out with sales and marketing managers and senior managers to provide qualitative insights into the sales and marketing relationship.

1.4.2 Analytical Approach

The data is analysed through a range of methods including exploratory case studies and cross-case analysis, descriptive statistics, correlation and regression analysis. The exploratory case study findings allow for the emergence of key themes and the identification of the antecedents of collaboration between sales and marketing. The descriptive statistics will allow the exploration of the quantitative data and help to summarise the data by clarifying its main features (e.g. means and standard deviation). The correlation analysis identifies the linear relationships between specified variables and measures the strength of the relationships. The regression analysis allows for the exploration of the relationships between a dependent variable and a number of independent variables. This analysis provides evidence on the antecedents and consequences of collaboration between sales and marketing and provides insights into the relative influence of each independent variable on the dependent variable (collaboration between sales and marketing, Model 1, and business performance, Model 2, see Figure 1.1). The final part of the process is the analysis of the confirmatory interviews carried out with senior managers to provide feedback on the findings from the statistical analyses and to provide verification of the results. The data from the confirmatory interviews is grouped and analysed under headings identified in the conceptual framework (see Figure 1.1).

1.5 Structure of the Thesis

The thesis is divided into ten chapters, with supporting appendices and references. Chapter 1 introduces the rationale and background to the research. There is a discussion about the aims and objectives of the research and its theoretical contribution.

Chapter 2 reviews the concepts of sales and marketing within the organisation. The functions of sales and marketing are defined and how these functions relate to organisational objectives is discussed. The roles of Sales and Marketing Managers are examined and the development of sales and market orientation is considered. The effects that senior management perspectives, structure and organisational size have on the sales and marketing interface is reviewed.

Chapter 3 examines the concepts of integration and collaboration. The processes of integration are considered together with a discussion of the barriers to and benefits of integration and collaboration. Some of the factors affecting the level of integration in an organisation are reviewed including training, staff career paths, rewards and measures of success. The evidence for the integration of the sales and marketing functions is evaluated. The final section discusses cross-functional teams, the concept of organisational learning and the strategies and mechanisms of integration and collaboration.

Chapter 4 reviews the research methodology employed to measure collaboration between sales and marketing functions within an organisation. The chapter considers the research design, the philosophical stance, the theory behind the methodology, the research methods selected, and the reliability and validity of the research. The selected methods are evaluated and the research problem is identified. Sampling methods and the analyses of qualitative results are reviewed. The benefits of case studies are considered and a discussion of the formulation of the hypotheses undertaken. The questionnaire development and survey process is summarised and the methods of statistical analysis selected are reviewed.

Chapter 5 presents the individual case study findings from the exploratory research. The main aim of this chapter was to identify the antecedents of collaboration between sales and marketing through three case studies. Interviews were carried out with the head of sales, head of marketing and their line manager, and the results were collected under headings identified through the literature review. An understanding was gained of how sales and marketing collaborate, what the roles of sales and marketing are, if their targets and objectives are linked, how they are rewarded and monitored, and how senior management regard the interaction between sales and marketing. These findings aid in the development of the conceptual framework.

Chapter 6 discusses the development of the conceptual framework and states the hypotheses. The conceptual framework guides the case analysis in Chapter 7 and the hypotheses are tested in Chapter 8. The chapter explores the factors contributing to collaboration between sales and marketing and the impact of collaboration between sales and marketing upon business performance.

Chapter 7 this section re-analyses the data presented in the exploratory case studies (Chapter 5) under the headings identified in the conceptual framework described in Chapter 6. The data on each variable is reviewed in turn and linked to the relevant literature. The analysis reveals that there was strong evidence for the hypothesis that improvements in collaboration between sales and marketing would lead to improved business performance. The cross-case analysis provides an insight into how collaboration between sales and marketing operates.

Chapter 8 presents the statistical analysis and findings from the large-scale data collection. Each statistical analysis (descriptive statistics, correlation and multiple regression) is reviewed in turn and the findings discussed with supporting statements from the literature review. The hypotheses were tested, and the analysis identified that five independent variables were antecedent to collaboration between sales and marketing and that sales and marketing collaboration had a positive effect on business performance. In the light of the findings, a revised framework was developed.

Chapter 9 presents the findings from the confirmatory interviews. The aim of these interviews was to test the findings from the large-scale survey with three senior executives of large, UK-based organisations. The findings are analysed under the headings from the revised framework and supported by citations from practitioners' literature. The findings verify the importance of the antecedents of collaboration between sales and marketing and the impact of collaboration between sales and marketing on business performance.

Chapter 10 reviews the conclusions to the research based on an analysis of the empirical and theoretical findings. The chapter highlights the research contribution of the study, and the managerial implications of the findings are discussed. The chapter concludes with a review of research limitations and recommendations for future research.

The thesis concludes with the presentation of the appendices and references. The appendices comprise the case study questionnaire, covering letters, a copy of the research questionnaire and the background and results summary provided for the confirmatory interviews.

The next chapter will consider the functions of the sales and marketing departments and the influence of senior management perceptions on sales and marketing, as well as the effects of the size and structure of organisations.

CHAPTER 2

SALES AND MARKETING FUNCTIONS

2.0 Introduction

The aim of this chapter is to provide a context within which the sales and marketing interface can be investigated. The objective is to explore the roles of sales and marketing within organisations and explain the strategic value of the sales and marketing functions as well as to review the elements of marketing activities that have a bearing on the sales and marketing relationship. The roles and responsibilities of sales and marketing are varied, and therefore, before considering the antecedents of collaboration between sales and marketing, it is essential to understand their functions and activities. In addition, the differences and similarities between the sales and marketing functions will be discussed so that their different philosophies can be appreciated. Over the last four decades, the balance between the sales and marketing functions within organisations has changed. In 1960, Keith suggested that marketing actually emerged out of the integration of the sales and advertising activities. However, as late as 1986 Stafford and Grant outlined the Sales Manager's role as including marketing planning, market research, direct mail and advertising, but by the 1990s, according to textbooks, these roles had been removed from the sales department and firmly placed in a separate marketing department (e.g. Jobber, 1995; Kotler, 1997; Dibb *et al.*, 2001).

The review of the sales and marketing interface will begin by examining the definition and background of sales and sales management. The chapter will continue with the strategic role of the sales force, the cost of sales in comparison to other elements of marketing communication, and how sales and marketing objectives may differ. The role of the Sales Manager will be discussed. The second part of the chapter explores the activities and functions of marketing within organisations and the role of the Marketing Manager. The evolution of marketing and how it developed from sales activities is considered, and how the philosophy of a market orientation affects business performance is reviewed. The next section considers the strategic tools of marketing (Market Intelligence, Marketing Planning, and Integrated Marketing Communications) and how sales and marketing should be integrated to enable these tools to work effectively. Finally, the effects that senior management perspectives, structure and organisational size have on the sales and marketing interface are discussed.

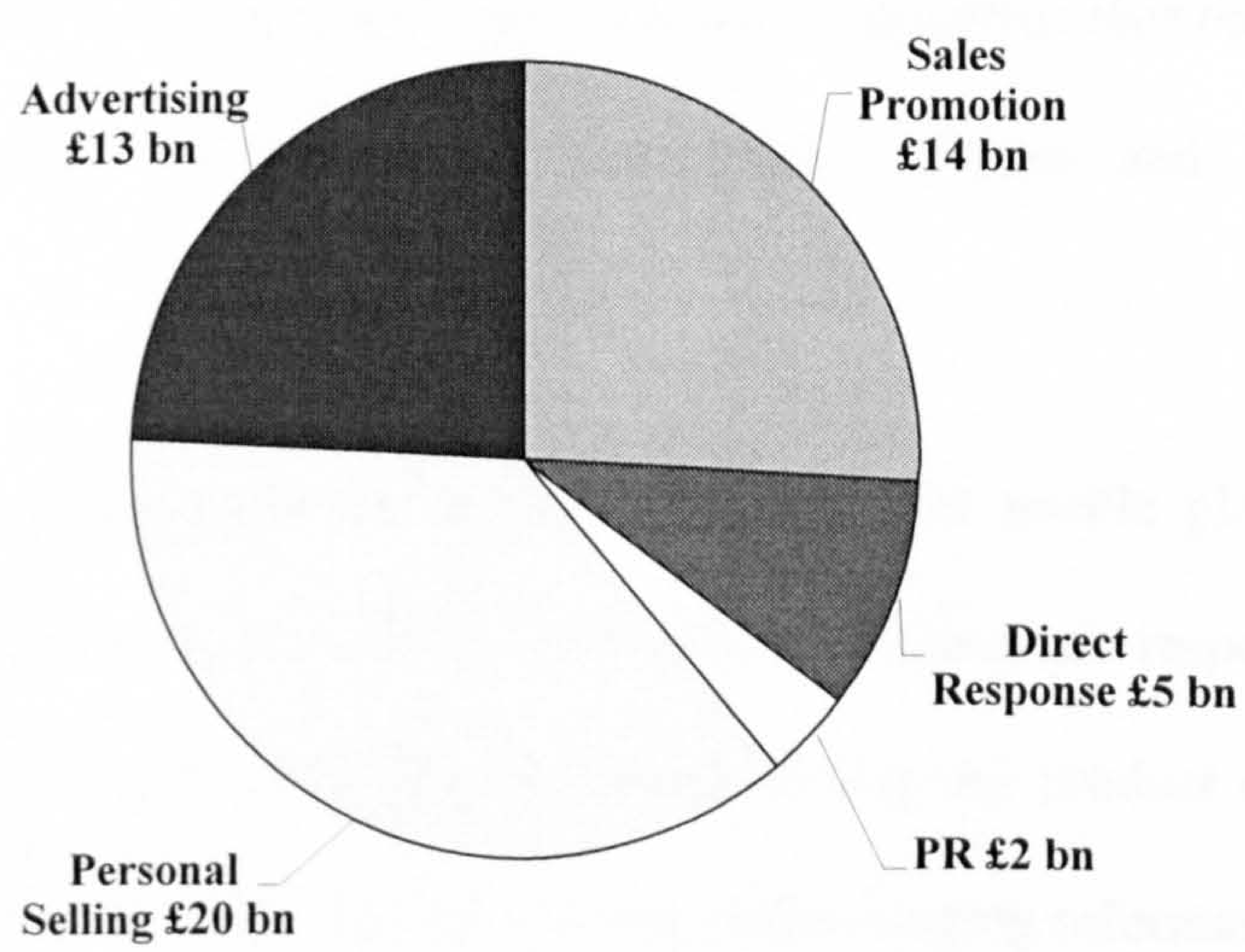
2.1 The Sales Function

The aim of this section is to identify the roles and strategic importance of sales. The activities of the sales force are examined and how their activities overlap with marketing activities is discussed. The role of the Sales Manager is reviewed and some areas of tension between the roles of sales and marketing are identified.

2.1.1 The Strategic Role of Sales

The role of sales is "to stimulate, rather than satisfy, demand for products. To persuade customers that they need a supplier's product, sales people in this role focus on achieving short-term results for their companies by using aggressive selling techniques to persuade customers to buy products" (Weitz and Bradford, 1999:243). *The Guardian* (6 May 2003) estimated that there were around a million people directly employed as Sales Representatives in the UK. A survey in 1998 of US sales and marketing managers found that the average size of sales force had decreased by 26% in the previous two years (Ligos and Cohen, 1998). This fall in the size of the sales force was reflected in the UK as the costs of maintaining the sales force increased (Jobber and Lancaster, 2000). Another reason for the reduction in sales force size is the changes in retail habits, such as the increasing concentration of buyers, particularly in the retail trade: for example, the consolidations of food outlets into a few major players like Tesco and ASDA (Wal-Mart) (Brady and Davis, 1993; Anderson, 1996; Corstjens and Corstjens, 1999). Although sales forces are smaller than they were previously, they can still be the most expensive part of marketing communications according to Doyle (2002) (see Figure 2.1). It has been found that each visit from a member of the sales force can cost over £100 (*Sales and Marketing Professional*, 2002). However, in the competitive market place, personal selling is the key to success for many organisations.

Figure 2.1 The UK Marketing Communications Mix 2000



Source: Doyle (2002:240) *Marketing Management and Strategy*.

Personal selling allows direct interaction between the buyer and the seller. This two-way communication allows for identification of the buyer's specific needs and problems, so that the presentation and demonstration of the product/service's features and benefits can be tailored to the customer's needs (Doyle, 2002). Stafford (1996) believes that personal selling could bring a sense of comfort, particularly to industrial purchasers and especially when the purchases are of high value. Establishing two-way communication is essential when selling products as the sales representative becomes the expert who interprets the benefits of the product for the customer. The sales person can use their in-depth product knowledge to match the perceived needs of the buyers as well as negotiate on price, delivery or special requirements.

> *"The role assigned to personal selling has two major dimensions: the emphasis on personal selling relative to the other elements of the marketing communication mix (advertising, direct mail, sales promotions, and public relations); and the particular set of objectives that the personal selling function is expected to accomplish."* (Ryans and Weinberg, 1981:467)

Organisations need to recognise the critical role that sales people play in their overall success (Dubinsky *et al.*, 2000). Sales Representatives are responsible for five basic types of activity: contacting customers, selling the product or service, working with wholesalers, servicing the account, and managing information to and from the seller and buyer (Cespedes, 1994). Wilson (1993) outlined the various roles that the sales person has to perform as customer partner, buyer/seller team coordinator, customer service provider, buyer behaviour expert, information gatherer, market analyst and planner, sales forecaster, market cost analyser and technologist. Therefore, to be effective "a salesperson must understand the nature of personal selling and how it relates to organisational buying behaviour" (Plank and Dempsey, 1980:143). However, despite having to achieve these complex functions, sales people are still seen as occupying low-level, low-status positions in many organisations (DeConinck, 1992).

Viswanathan and Olson (1992) and Corstjens and Corstjens (1999) believe sales volume is universally important, but must be tempered by the profit margin of the various products and the make-up of the product mix. Many organisations (especially industrial firms and those selling consumer durables) continue to focus on sales volume. Sales people should also provide other services to customers, for example local information, marketing ideas and merchandising opportunities (Cespedes, 1995). They can act as the coordinator of the marketing effort to the customers and can personalise the marketing message. As business-to-business customers become more demanding, it is common to find sales organisations under intense pressure to meet elevated customer expectations (Ingram *et al.*, 1992). In an environment where marketing channels are often shorter and the use of dealer networks or direct marketing are common, the sales force is central to the promotional mix (Simkin, 2000a). According to Weitz and Bradford (1999:241), "Sales people play a key role in the formation of long-term buyer-seller relationships." Personal selling is of particular advantage in the business-to-business environment as sales people already have an established relationship with their customers and so can combine products and services more naturally (Jackson *et al.*, 1994; Brady *et al.*, 2000). According to Plank and Dempsey (1980:143), "Firms that market to organisations usually rely on personal selling for most of their promotional effort." Therefore, it is important to the organisation's success that they focus on the credibility of the sales force in order to build trust and a long-lasting relationship with their customers (Flynn and Murray 1993).

It is proposed by Jolson (1997) and Piercy and Lane (2003) that customers are demanding superior relationships with the organisation, and that the strategic management of these sales relationships could transform the organisation. This strategic customer management approach should be based around three key issues:

- "**Intelligence** – concerned with leveraging and enhancing customer knowledge to add value to customer relationships
- **Interfaces** – refocusing sales force efforts onto the management and exploitation of critical interfaces that impact on customer value ... , and
- **Integration** – the responsibility for welding all the company activities and processes that impact on customer value into a single, seamless and sustained point of value delivery to customers." (Piercy and Lane, 2003:575–6)

Flynn and Murray (1993) and Dimopoulou and Fill (2000) found that the most important attributes of a sales person are their credibility, their knowledge and their professionalism. The sales force represents the company to its customers, finds new customers, and can answer questions about products, services and the company (see Figure 2.2). The performance of the sales person can be viewed as being a function of the following types of knowledge:

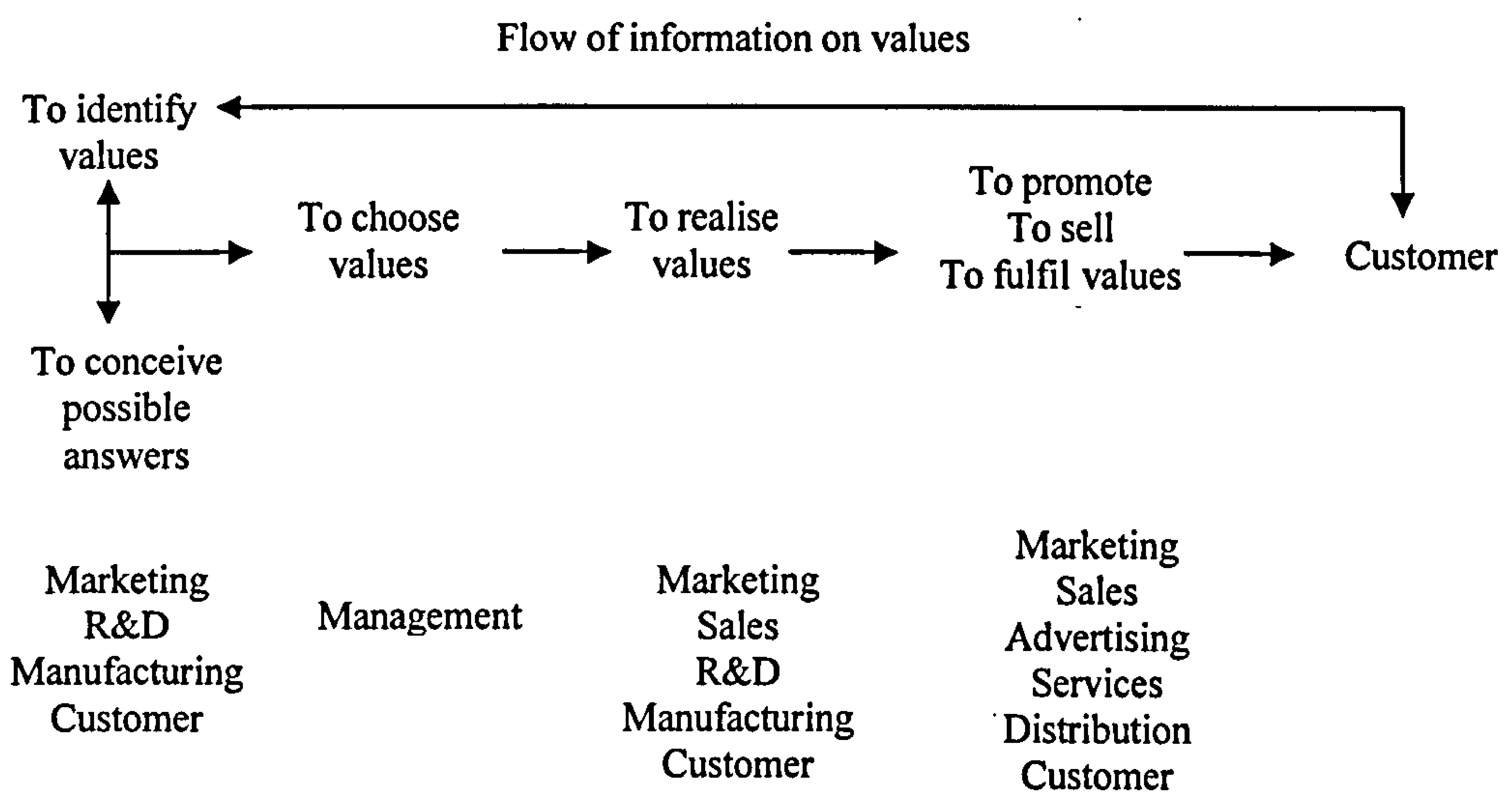
- *Product* – Not only knowledge of the product, but also its features and benefits, strengths and weaknesses.

- *Customer* – A detailed knowledge of the customer's business and how the product or service fits.

- *Knowledge of the company policy and procedures* – A good in-depth understanding of the company's organisation and the location of specialist knowledge.

- *Interpersonal and communication skills* – These skills are key not only to developing good customer relations, but also to facilitate the internal flow of market information (Ryans and Weinberg, 1981).

Figure 2.2 The Marketing of Value



Source: Michel *et al.* (2003:11) *Business-to-Business Marketing.*

Kotler and Levy (1969:15) stated: "Certainly selling and influencing will be large parts of organisational marketing; but, properly seen, selling follows rather than precedes the organisation's drive to create products to satisfy its consumers." However, modern sales people need to be organised, skilled communicators who understand how the sales role fits into the greater marketing and strategic effort if they are to be effective. Weitz and Bradford (1999:243) believe that the role of sales is "to stimulate, rather than satisfy, demand for products". Kohli and Jaworski (1990) noted that in business-to-business organisations sales people had a natural desire to be market-orientated because of their boundary-spanning role. Siguaw *et al.* (1994:107) expanded on this concept, stating that "because of their boundary-spanning role, industrial sales people could perceive some degree of role conflict stemming from inconsistent or incompatible demands made by the customer and the salesperson's firm".

2.1.2 The Role of the Sales Manager

Mehta *et al.* (2002) described Sales Managers as playing multifarious and integral roles within organisations. They may form the information link between levels of management by providing strategic and tactical input on sales- and marketing-related issues. However, in many organisations senior management have treated sales management with neglect, which may be due to their limited understanding of the diverse roles that Sales Managers have to play. In 1959, Felton identified that Sales Managers had responsibility for planning, organisation, and the selection and leadership of sales people. Cespedes (1993) outlined the responsibilities of sales management as tracking volume and market share for key brands, developing sales presentations for retail buyers and evaluating field sales performance with regard to new products, selling merchandising support and achieving optimal shelf positioning. Anderson *et al.* (1999) believed that these basic roles are constantly being expanded and can now include sales planning and budgeting, sales forecasting, strategies and tactics, identifying new product prospects, coordinating market information, motivating the sales force, designing compensation plans, allocating sales territories and setting quotas. Sales Managers can also be involved in analysing profit and cost by market segment. Dubinsky *et al.* (2000:429) stated that "few managers have more direct impact on corporate profitability than sales managers". However, some senior managers believe that the Sales Manager's role is that of some kind of super sales person (Rosenbloom and Anderson, 1984; Anderson *et al.*, 1999).

Dubinsky *et al.* (2000) highlighted that Sales Managers should focus on ensuring that sales goals are determined in the light of the organisational goals. However, if Sales Managers misunderstand the strategy behind the sales targets, then poor decisions are likely to be made in terms of directing the sales personnel's activities. It is therefore critical that strategies as well as targets are clearly communicated to all parties who are responsible for implementing them, and this should be the role of the Sales Manager (Strahle *et al.*, 1996). Anderson *et al.* (1999) have identified that another key role for a Sales Manager is to work closely with other departments (for instance, with the production or finance department) on customer credit issues, development of new products and logistics on distribution issues, and with marketing people regarding strategic plans. They should work to improve communications to and from the sales force, and continuously monitor the environment to spot new opportunities and potential threats. Anderson *et al.*

(1999) go on to say that the neglect of any of these functions may affect the efficiency and effectiveness of the organisation.

Dubinsky (1998), in a study of sales management, found that if the sales personnel performed poorly, Sales Managers were inclined to blame the sales staff rather than extra- or intra-organisational factors, or themselves. Anderson *et al.* (1999) believe that the Sales Manager is marketing's best example of the Peter Principle. Traditionally, the best sales people have been promoted to the role of Sales Manager with very little support or training. The promotion of a sales person to Sales Manager may be the cause of additional conflict between marketing and sales, as it does nothing to break down the animosity between the two departments, and it perpetuates the values and beliefs of the sales department. According to Anderson *et al.* (1999), in some companies Sales Managers are treated as if they are not part of the overall marketing team. Some senior managers fail to recognise that Sales Managers are Field-Marketing Managers who need to be fully integrated with marketing functions. Rosenbloom and Anderson (1984) identified that Sales Managers must carry out nearly all the functions of marketing management as well as those pertaining specifically to sales management. "Sales management policy should be developed with an eye toward enhancing the likelihood of the company meeting its marketing and financial goals" (Olson *et al.*, 2001:25). Simkin (2000b) indicates that without integrating sales management into marketing planning and objective setting, implementation may lead to reduced effectiveness of marketing programmes.

2.2 The Function of Marketing

Kotler *et al.* (1999:10) have defined marketing as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others". This section considers the various activities of marketing and the role of marketing management. The evolution of marketing is discussed and the philosophy of market orientation is explored.

2.2.1 The Role of Marketing

According to Webster (1997:39), "marketing has the most difficulty defining its position in the organisation because it is simultaneously culture, strategy, and tactics". The marketing concept adheres to the belief that all businesses operating in an age of abundance need to develop customer loyalties and satisfaction, and that the key to solving this problem is to focus on the customer's needs (Levitt, 1960/1986). "Whether marketing is viewed in the old sense of 'pushing' products or in the new sense of 'customer satisfaction engineering', it is almost always viewed and discussed as a business activity" (Kotler and Levy, 1969:10). Boyd and Walker (1990:25) describe marketing management as "the process of analysing, planning, implementing, coordinating and controlling programs involving the conception, pricing, promotion, and distribution of products, services and ideas designed to create and maintain beneficial exchanges with target markets for the purpose of achieving organisational objectives".

Morris and Pitt (1994:714) stated: "Marketing becomes a major vehicle for turning generic strategies into reality. Identification of sources of differentiation, segmentation of marketing, establishing bases for product positioning and targeting of the firm's resources become critical marketing concerns." However, there are dramatic shifts occurring in the role of the marketing function. There has been a growing emphasis on strategy in marketing, market positioning and marketing segmentation (Piercy, 1995). Therefore, there seem to be two aspects to marketing: marketing as a strategy that helps the organisation to respond to a changing environment, and marketing as a tactical day-to-day activity, managing the marketing of products and services through the marketing mix. Marketing strategy calls for a long-term view of organisational objectives, while marketing activities may be seen as short-term and tactical (Webster, 1997).

Marketing management is involved in the analysis, planning, implementation and control of the programmes designed to create, build and maintain beneficial exchanges and relationships with target markets for the purpose of achieving organisational objectives (Kotler, 1997). However, in many organisations "the real strategic decisions which do determine competitive advantage: product innovation, total quality, service and cost structures are inherently controlled outside the marketing function" (Doyle, 1995:24). Brady *et al.* (2000), through their research in the UK of 545 organisations, found that although many companies understood the value of marketing, only about 33% said marketing was well established in their own business. Wind and Robertson (1983) identified that there are a number of barriers to the implementation of marketing strategy, which may include the interdisciplinary isolation of marketing, the failure to examine synergy in the design of the marketing programme, the lack of rigorous competitive analysis and the lack of an integrated strategic framework. For many organisations there appears to be a strategic choice: the desired competitive position defines the role of operational marketing and sales, while the actual power and capabilities of marketing operations and sales are a major constraint on that desired position (Piercy, 1995).

2.2.2 The Role of the Marketing Manager

Felton (1959) outlined the role of the 'modern' Marketing Manager. He suggested that they should consider corporate issues rather than local ones, should have well-developed analytical and organisational abilities, and should be able to coordinate marketing activities and liaise with other managers and other functional groups. This view of marketing management was endorsed over 40 years in a number of marketing texts and journals, e.g. Levitt (1960/1986), Webster (1988), Davidson (1997), Kotler (1997) and Dibb *et al.* (2001). It has been observed that, in some organisations, the Marketing Manager may have line responsibility for the sales function as well as marketing activities such as market research, product development, distribution, advertising and sales promotions (Cespedes, 1991). However, in other organisations, personal selling is not allocated to the marketing department but is a separate and non-integrated department called 'sales' (e.g. Anderson, 1996; Webster, 1997; Dewsnap and Jobber, 1998; Yandle and Blythe, 2000). A major review in 1998 by Workman *et al.,* found that Sales Managers never reported to Marketing Managers, but reported independently to senior management.

Piercy (1995) observed that in most organisations it is relatively, and probably increasingly, rare to encounter integration of all marketing activities under a single and all-powerful Marketing Manager/Director. Mueller-Heumann (1993:703) stated: "In many companies, therefore, marketing controls much less than the 4Ps, resulting in shared responsibility for the planning and execution of marketing 'somewhere' between marketing and general management levels." This moves the emphasis of the Marketing Manager/Director away from an all-encompassing role as described by a number of writers, for example Felton (1959), Levitt (1960/1986), Webster (1988), Kotler (1997). Peter Doyle, at a seminar at Warwick Business School[1], stated that "in reality there are very few Marketing Managers or Directors in the UK who do anything other than act as Communication Managers or Directors". Piercy's research in 1995 indicated that advertising spend and allocation are often decided in the boardroom and not the marketing department, while distribution decisions may be made elsewhere in the organisation, which may 'weaken' the role of strategic marketing further. Another element of the marketing mix that may not be under the direct control of the Marketing Manager is pricing. Decisions about pricing are of a strategic nature since they usually determine the revenue flow and therefore affect directly the achievement of the overall company financial objectives (Mueller-Heumann, 1993). According to Piercy (1995), pricing is often the prerogative of the finance department and/or Chief Executive, although in some organisations it is the responsibility of sales. The area of product design and/or product line decisions may also be outside the influence of the Marketing Manager as they are often a senior management responsibility (Mueller-Heumann, 1993). In some organisations, therefore, the role of the Marketing Manager is limited to promotions/marketing communications (Piercy, 1995).

[1] Warwick Business School, University of Warwick, 20 November 2002

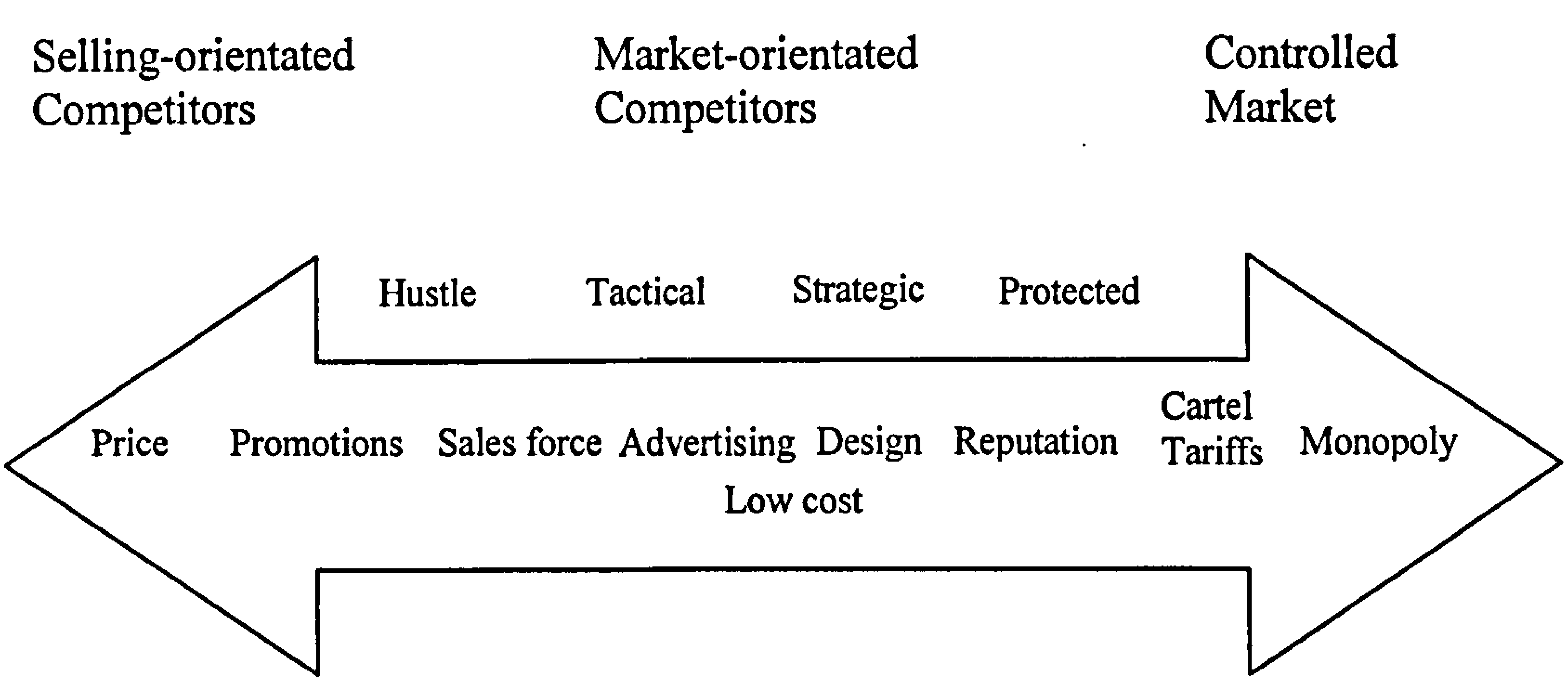
Malik (1994) proposed that the lack of marketing focus within organisations might be attributed to two factors: either non-specialists carry out the role of the Marketing Manager or, where there is a marketing specialist, they concentrate on specific functions (e.g. advertising, market research, public relations, and marketing planning). In some organisations, marketing is centred exclusively in a dedicated department, while in others a number of departments carry out marketing activities (Murray and O'Driscoll, 2002). According to Doyle (1995), in the last decade marketing ran into problems because it tried to be too functionally autonomous. In the future Marketing Managers will have to work more effectively as team players, cooperating with other functions to enhance the core processes of innovation, selling and customer service.

2.2.3 Evolution of Marketing

Most organisations had an established sales force long before they introduced formal marketing activities and the "marketing management's historical origin as an adjunct to the sales function has resulted in persistent confusion between marketing as strategy and marketing as tactics" (Webster, 1997:41). However, in time the importance of marketing management grew, possibly founded on Drucker's (1955/1969:36) view that "marketing is so basic [to organisational success] that it is just not enough to have a strong sales force and to entrust marketing to it". The marketing concept could be said to have developed as an alternative to the selling concept. The latter emphasises an inside-out approach to business where the seller tries to produce a market for its products, on the basis that if a product is correctly promoted it will sell. Under the marketing concept, on the other hand, the business is run from the outside in, or from the customer's point of view (e.g. Drucker, 1955/1969; Kotler and Levy, 1969; Gruen, 1997) (see Figure 2.3).

In mature markets, competitors have to fight to win sales, but "increased promotional expenditures, whether in advertising or personal sales efforts ... may be improperly conceived or implemented and prove ineffective" (Powers, 1989:260). In a market-orientated organisation, the culture of customer focus has to offset the short-termism of the typical sales-orientated opportunistic organisation (Webster, 1997). Many writers, including Levitt (1960/1986), Webster (1988), Davidson (1997) and Doyle (2002), have written that organisations should be market-led and that marketing should be the organisation's total focus, with sales performing a supporting role.

Figure 2.3 The War Spectrum of Mature Markets



Source: Corstjens and Corstjens (1999:15) *Store Wars.*

From the 1950s, Drucker and latterly Porter (1996) were arguing that marketing was a general management responsibility. "Marketing is not only much broader than selling, it is not a specialist activity at all. It encompasses the entire business.

It is the whole business seen ... from the customer's point of view" (Drucker, 1955/1969:36). Porter (1996) indicated that strategic positioning might be used to focus on meeting the needs of particular customer groups, thereby accessing particular customer segments or offering products that are targeted to customers in a way that creates superior customer value. Through the 1980s, marketing gained increasing importance in many organisations, a move that was supported by a number of writers (e.g. Levitt, 1983; Webster, 1988; McGee and Spiro, 1988). At the same time, the market place became increasingly competitive. "In a market-driven, customer-orientated business, the key element of the business plan will be a focus on well-defined market segments and the firm's unique competitive advantage" (Webster, 1988:37).

2.2.4 Market Orientation

"Market orientation consists of three behavioural components – customer orientation, competitor orientation, and inter-functional co-ordination" (Narver and Slater, 1990:21). Customer orientation requires that an understanding of buyers' values be developed. This knowledge can provide a framework through which organisations can create superior value for customers as compared to their competitors. Slater and Narver (1994) noted that it is essential that market orientation is a philosophy driven from senior management and not simply a marketing focus that gives marketing activities an unnecessary importance within the organisation, otherwise inter-functional conflict may result. Therefore, market orientation is an organisational philosophy or culture that coordinates activities across departments and can provide superior value to the buyer (Kohli and Jaworski. 1990; Narver and Slater, 1990). In 2000, Slater and Narver found that the contention that a market orientation was strongly associated with superior business performance was confirmed and that the results were robust across industry boundaries. Research by Morgan and Turnell (2003) found that a customer orientation and competitor orientation were also positively related to improved market performance.

Webster (1997:64) argued: "Successful marketing organisations will be structured around major customers and markets, not products, and will integrate sales, product strategy, distribution, and marketing communications competences and activities." Therefore, market-orientated organisations need to act inter-functionally and, according to research by Narver and Slater (1990) and Kohli and Jaworski (1990), market orientation is positively associated with performance. In addition, the linkage appears to be robust across environmental contexts (Jaworski and Kohli, 1993). Day (1994b:44) stated that market-orientated organisations "do not suffer unduly from organizational chimneys, silos, or smokestacks, which restrict information flows to vertical movements within functions. Instead, information is widely distributed." Therefore, in a successful market-orientated organisation different groups will listen to each other and be encouraged to lay out their ideas and requirements honestly and vigorously (Shapiro, 1988). However, research by Burns and Stalker (1961/1968), Woodward (1965), and Lawrence and Lorsch (1967, 1972) showed that success could not be correlated with a simple single set of factors. Instead, success was contingent upon a number of factors including environment, the size of the organisation, technology employed, the culture and history of the organisation, and the expectations of the employees and customers.

Kohli and Jaworski (1990) suggest that market orientation can lead to an organisation in which all departments and individuals work towards the common goal of customer satisfaction. Customer satisfaction is central to becoming market-orientated and could be a strategic goal in itself (Piercy, 1994; Doyle, 2002). Marketing should be seen as an organisational activity rather than a functional activity (Drucker; 1974; Webster, 1988). "Many companies make the mistake of thinking that becoming marketing orientated means making the marketing department the primary function of the business" (Doyle, 2002:48).

There are a number of barriers that have to be overcome when developing a market orientation (Webster, 1988). They include:

- An incomplete understanding of the marketing concept.
- The inherent conflict between short-term and long-term sales and profit goals.
- An overemphasis on short-term financially orientated measures of management performance.
- Senior management's own values and priorities concerning the relative importance of customers and the organisation's other constituencies.

The result is that in many organisations an understanding of the basic requirements of effective marketing is not always seen as a key ingredient in the development and implementation of sound business strategy (Webster, 1988). The barriers to developing market orientation may be similar to the barriers to sales and marketing integration. These include:

"Meagre marketing intelligence (information), poor internal communication, inadequate senior management support, failure to involve non-marketers, little lateral thinking, plus the planning process itself often failing to feed analysis into any strategic thinking and linking these strategic decisions to the resulting tactical sales and marketing programmes." (Simkin, 2002:121)

There is empirical evidence to show that marketing practice varies greatly from firm to firm. It varies in how much marketing is conducted and how much emphasis is placed on marketing relative to other managerial activities. The nature of marketing practice itself also varies. The type of marketing carried out, and how it is managed, organised and delivered, changes as the firm co-evolves with its market place (Murray and O'Driscoll, 2002).

2.3 Strategic Marketing and the Role of Sales

The importance of market intelligence, marketing planning and integrated marketing communications to the sales and marketing relationship is discussed. To be effective, these three activities require the input from both sales and marketing; however, literature would indicate that the activities are often either conducted in isolation or solely by the marketing department (Piercy, 1986; Simkin, 2000b). The impact of these activities on the collaboration between sales and marketing therefore needs to be considered.

2.3.1 Market Intelligence

The increasingly uncertain environment facing many organisations places greater demands on an organisation's marketing information systems (Evans and

Schlacter, 1985). Ryans and Weinberg (1981:76) identified that "a well-formulated marketing strategy is based on a thorough analysis and understanding of the company's internal and external environment". One of the main elements of market information is competitor intelligence (Porter, 1980). "Competitor intelligence has been defined as those activities by which a company determines and understands its industry, identifies and understands its competitors, determines and understands their strengths and weaknesses and anticipates their moves" (Wright *et al.*, 2002:350). However, Aaker (2001) believes that effective marketing analysis is often more complex than is generally acknowledged as it relies on the accurate identification of competitors and an understanding of their competitive strategy. Once the competitors are identified, the next step is to investigate what they are doing and what they intend to do.

Von Hipple (1989) observed that major customers could be an important source of new product and other competitor information. The sales force can also carry out critical market research and intelligence work, as well as representing the customer's needs to the company and acting as the customer's champion (Cespedes, 1991). However, in many cases, this market information may be available, but the organisational structure may fail to facilitate prompt and meaningful marketing information exchange (Evans and Schlacter, 1985). "The importance and the difficulty of integrating the various parts of an organisation increase when the organisation is required to make trade-offs, solve problems, and make adjustments to work on the basis of information from knowledge that resides in different parts of the organisation" (Mohrman, 1993:116).

Webster (1965) identified four advantages of using the sales force to collect market information: costs are low, they have established relationships with the customers, customers are more willing to discuss products with a sales person, and there is little additional effort needed to gather this information. Providing information about customer needs and assessing new market segments are two key roles of the sales force (Cross *et al.,* 2001). Webster (1965) and Olson *et al.* (2001) recommend that, because of the close contact sales people have with their customers, the sales force should be responsible for communicating relevant strategy components (such as competitor activities) in feedback to management. The sales personnel can be the eyes and ears of the organisation. Sales people play "an important role in controlling the flow of information to their colleagues and superiors inside the firm" (Bass, 1997:26). Sales people can report on the activities of competitors and changes in the market. Field sales staff are often better informed about customer requirements than senior management or Product Managers (Viswanathan and Olson, 1992; Cespedes, 1994). However, they may be reluctant to pass information on to marketing if there is not clear benefit in doing so (Homburg *et al.,* 2000).

The use of field sales staff to collect information about the market place is legitimate and efficient, and many organisations do this (Kotler and Levy, 1969). A survey of 92 US organisations by Cross *et al.* (2001:202) that considered the importance of sales force activities compared to information sources, capacity, distribution or promotion found that "forty-six (46) percent of the firms rate sales force feedback as 'extremely important,' compared to 29 percent for primary marketing research and 21 percent for analysis of competitors". It should be noted that sales people are often the first to recognise emerging marketing opportunities and problems, but they lack the means to respond with more than tactical programmes (Cespedes, 1994). Day (1994a), however, believes that sales people are motivated to provide information about customers and competitors' activities within their territory as long as they believe that their efforts will be rewarded and the information will not disappear into an organisational 'black hole'. The sales team need to be clearly briefed upon their objectives and to balance their time between negotiating a sale and collecting information (Evans and Schlacter, 1985). Darmon (2002) explores the possibility of sales people actively collecting market information and processing it so that they become more involved and expert in the needs of the market.

Jaworski and Kohli (1993) identified that market-orientated organisations rely on the organisation-wide generation of market intelligence and the dissemination of that intelligence across all departments. To achieve the successful marketing of a product or brand, marketing information needs to be integrated and disseminated across a myriad of departments to absorb uncertainty and facilitate the organisation's adaptation to changing environments (Wood and Tandon, 1994). There is mounting evidence that the use of information systems provides significant profit opportunities for the organisation and therefore they should consider carefully the effective integration of the sales personnel into their Management Information Systems (Evans and Schlacter, 1985). Intelligent use of marketing information has become a competitive necessity, particularly with the increasing segmentation of markets (Cespedes, 1993).

Pricing information and competitive activities are the most desired information, and customers are an important source of this information (Webster, 1965). However, Evans and Schlacter (1985) found that the collection of marketing information through Sales Managers by senior management tended to be informal and Sales Managers were not usually asked to verify its accuracy. On the other hand, Viswanathan and Olson (1992) observed that the sales force should serve as a conduit for the transfer of information on the market place and that Sales Managers are responsible for passing this information to the appropriate departments and individuals. Wright *et al.* (2002) indicate that competitive intelligence is so important to success that there should be a separate department to handle it. However, they do concede that it is more often an activity that is subsumed into the sales and marketing functions. If the sales team devotes time to market surveys, they should be included in the design and involved in the maintenance of the marketing information system (Michel *et al.*, 2003). "A market driven culture supports the value of thorough market intelligence and the necessity of functionally co-ordinated actions directed at gaining a competitive advantage" (Day, 1994b:43).

2.3.2 Marketing Planning

"The planning process is important because it is a fundamental means by which the institution learns about its environment" (McKee *et al.*, 1990:131). According to Kotler *et al.* (1999), the best-performing companies undertake marketing planning in a way that does not reduce creativity. Pulendran *et al.* (2003:478) indicated that marketing planning could lead to efficiencies as the adoption of marketing planning "leads to more appropriate resource allocations and improved organizational performance". Marketing planning has now become an essential strategic tool in many organisations (Simkin, 2000b, 2002). McDonald (2002) indicates that the best marketing plans emerge from an inclusive process that incorporates sales and marketing managers, as well as senior management and other functional areas. Inclusive marketing planning allows the members of the sales and marketing team to 'own' the plan and thereby facilitates effective implementation (Simkin 2000b). McKee *et al.* (1990) found that organisations that undertake comprehensive planning were likely to experience improvements in performance and those organisations that did not undertake planning were more likely to experience a decline in performance.

Despite many positive statements concerning marketing planning's beneficial effect on business performance, recent research has produced mixed results. Phillips *et al.* (2001) investigated the effects of strategic marketing planning and found that there was little direct effect on business performance. Pulendran *et al.* (2003) found indications that marketing planning is actually value-neutral as it is a process, and unless it is linked to a value-laden construct, like market orientation, it does not seem to have a direct effect on performance. This is in contrast to Slotegraaf and Dickson (2004:380), whose research found that "marketing planning capability has a direct effect on a firm's performance and that this relationship is curvilinear". However, "marketing planning quality was a significant predictor of market orientation ... . Our findings provide further evidence of the significant relationship between market orientation and business performance" (Pulendran *et al.*, 2003:492). McDonald (2002:507) indicated that the best marketing plans emerge from an inclusive process that is "based on a deep understanding of the organisation's asset base and capabilities", therefore creating superior value for the consumer. According to Simkin (2000b), more organisations are undertaking marketing planning, but many do not have the infrastructure requirements to implement their plans effectively.

2.3.3 Integrated Marketing Communications

Integrated marketing communications (IMC) concerns the integration and coordination of marketing communications activities (sometimes known as promotions). The other elements of marketing communications include advertising, sales promotions, public relations, direct mail and sponsorship (Shrimp, 2000; Pickton and Broderick, 2001; Duncan, 2002; Fill, 2002). According to Proctor and Kitchen (2002), IMC is at the very core of marketing and there has been a shift in perspective from emphasising the individuality of these elements of marketing communications towards IMC, with its perceived financial benefits and competitive advantage of offering a single, cohesive message. Weitz (1978) identified that personal selling is one of the most important parts of marketing communications, but one that has frequently been ignored. According to IMC texts (Shrimp, 2000; Pickton and Broderick, 2001; Duncan, 2002; Fill, 2002), personal selling forms an integral part of the IMC mix, but many articles do not discuss personal selling as a communication tool of IMC (e.g. Eagle and Kitchen, 1999; Grove, 2002; Kim *et al.* 2004; Kitchen *et al.* 2004). Stafford (1996) said that there is an argument to indicate that IMC could be a substitute for the physical presence of a sales person in some cases. However, IMC promotes the importance of two-way communication with the customer (which includes the sales person as identified by Stafford (1996) and Doyle (2002), although Hartley and Pickton (1999) believe that communication is limited in practice to feedback via analysis of results and market research. Organisations need to integrate customers and make them part of the integrated marketing communication planning and development process (Schultz, 1998).

According to Keller (2001), there have been changes in marketing communications since the early 1980s and the design, implementation and evaluation of marketing communication programmes are now much more challenging. Duncan and Everett (1993:37) noted that the spread of IMC "will depend on how fast the barriers of turf battles [between functional groups] and egos can be resolved". It is important, therefore, that the marketer understands the collective contribution of the IMC programme as a whole and that it should not be developed in isolation. The objective is to provide triggers by which buyers can understand the values that a brand stands for (Proctor and Kitchen, 2002). The opportunity offered to an organisation by integrated marketing communication is the ability to become more efficient. If marketing is far more than the elements of the promotional mix, as many texts indicate, then selling is far more than just an element of integrated marketing communications (Stafford, 1996). Kitchen *et al.* (2004) believe that IMC needs to become more than a discussion about the relations, or integration, of the various parts of the promotional mix if it is to become an element of strategy. "In its practical guise, IMC attempts to combine, integrate and synergise elements of the communications mix, as the strengths of one are used to offset the weaknesses of others" (Kitchen *et al.*, 2004:20). Marketers are embracing IMC as a crucial mechanism for implementation (Gruen, 1997). Duncan and Everett (1993) found that there was a positive correlation between the degree of marketing integration and an increase in sales.

2.4 Management Perceptions and Structure

This section will discuss the important role that senior management plays in integrating activities within organisations. The impact of the structure and size on the relationship between sales and marketing will also be considered.

2.4.1 Management Influence

> "*The role of top management will be to formulate and communicate a clear vision of the organisation's strategy and vision and to continually challenge the organisation to achieve excellence in implementing the direction.*" (Mohrman and Mohrman, 1993:106)

Felton (1959), Hambrick and Mason (1984), and Jaworski and Kohli (1993) identified that senior management play an important role in setting the direction and culture of the organisation. Senior management are responsible for establishing the culture of the organisation through leadership and by empowering staff to initiate and execute strategies to achieve their objectives (Slater and Narver, 1994). Child (1985) and Gupta *et al.* (1985, 1986, 1987) found that senior management should be instrumental in establishing integration between functional groups. "Top management should consider programs that encourage departments to achieve goals collectively, have mutual understanding, work informally together, ascribe to the same vision and share ideas and resources" (Kahn, 1996:147). Management need to take explicit steps to build an organisational climate that facilitates integration: for example, implementing joint reward systems and fostering a culture that is based on an understanding of each other's departmental needs. "The role of top management is facilitative, deftly combining top-down strategy guidelines while encouraging bottom-up strategy insights and responsiveness" by communicating and discussing strategy implementation across functional areas (Slater and Narver, 1994:26).

Krohmer *et al.* (2002) found that senior managers should be aware of the benefits of integration and promote cross-functional involvement of key marketing activities with other functional areas. According to Webster (1981), however, there is evidence to show that senior managers do not spend a great deal of time thinking about the marketing function as they focus on business problems and only consider marketing when they are asked to. Many senior managers therefore may not see marketing as intertwined with other business problems and functions. "Existing research on marketing's relations with other business functions shows a link between inter-functional integration and (1) elements of the organisational structure, (2) senior management actions, and (3) operating characteristics at the interface" (Dewsnap and Jobber, 1998:171). Galbraith (1973) identified that senior managers play a key role in integrating subunits by providing them with information and communicating integrated targets. The view is that "management could achieve more effective integration by first concentrating on those activities that are perceived to be most important and where dissatisfaction is the greatest" (Gupta *et al.*, 1985:20). Additionally, Menon *et al.* (1996:309) suggest, "Managers should formalize overlapping activities that require interfunctional co-ordination and should clarify roles that are mutually dependent and have potential for role ambiguity."

Marketing strategy requires a long-term perspective, but many senior managers have difficulty in assessing the trade-offs between current, short-term financial performance, and the future, long-term financial performance (Webster, 1981, 1988, 1997; Gupta *et al.*, 1985). As a result, their sales and marketing departments have been receiving confused and conflicting signals, with sales focusing on short-term targets while marketing focuses on long-term targets (Olson *et al.*, 2001). However, organisational strategies may be rejuvenated by applying three interrelated factors. These are that coordination or teamwork is necessary to identify and act on new opportunities, particularly in competitive environments; high levels of employee commitment is required to inspire and motivate them to cooperate; and finally the development of new competences are needed to allow employees to "identify and solve problems as a team" (Beer *et al.*, 1990:160). Therefore, if senior management wish to improve collaboration between sales and marketing they will need both the commitments and the tools to change the culture of the organisation. Change may be achieved through aligning roles, responsibilities and relationships between functional groups (Beer *et al.*, 1990).

2.4.2 Organisational Structure

Organisational structure may either impede or facilitate integration between functional areas. Child (1985) highlighted that although structure cannot be expected to resolve political problems, it can be designed to provide mechanisms to help to bring conflicts into the open and promote discussion. "To develop a structure so that people can integrate their efforts is one thing, but whether they will integrate even given an effective structure may be another matter" (Fincham and Rhodes, 1999:369). Woodward (1965) argued that there is a clear link between organisational structure and performance, in particular that companies that have organisational structures close to the norms of their industry are more likely to be successful than those with exceptional structures. Burns and Stalker (1961/1968) identified that there was no guarantee that organisations would find the appropriate structure for dealing with their environment.

"Standardisation of processes and integration of activities across boundaries requires top-down management systems and well-defined operating procedures" (Day, 1997:85). Child (1985) indicated that flexibility of structure might require cross-departmental meetings and teamwork focused on specific projects. In addition, although it is possible to identify specific processes that are directly affected by organisational design, such as control, integration and information processing, these processes are diffused throughout the organisation and are affected by the competence and motivation of the people who are involved. Hutt and Speh (1984:57) noted: "Different planning horizons, goals, and orientations can, however, create conflict between the marketing and sales functions regardless of the organizational structure employed." Mohrman (1993) has noted that the processes of integration, running horizontally across the organisation, are becoming as important as the hierarchical processes that have dominated much of the traditional literature on organisational structure and design. Webster (1981) believed that in many organisations where sales and marketing were separate functions, the sales department was seen as a line function, while marketing was a staff responsibility, often associated with the corporate planning. Although many organisations have centralised marketing functions, they still operate regional sales offices that can make centralisation of decision-making difficult (Day, 1997).

Viswanathan and Olson (1992) maintain that because there is a physical separation between the sales personnel and the company headquarters the organisation should operate in a highly formalised manner.

2.4.3 Effects of Organisational Size

The size of an organisation has obvious implications for the design of its structure. Very small organisations have little need for formal structures, but larger numbers of staff require division into semi-autonomous sub-units to allow effective management (Burns, 1963). Child (1985) supports the view that it is increasing size that makes specialisation possible and that organisations may eventually be able to afford specialist support services that can augment the organisation's structure, but that this specialisation also increases the need for communication and coordination. "Functional specialisation is supposed to create a system of co-operation. Yet it often ends up creating a system of competition as individuals and departments compete for scarce resources" (Morgan, 1997:30). Shipley and Jobber (1994) examined the effects of firm size on sales and management practices and found that firm size does have an influence on sales management practices, regardless of channel.

Size best explains many of the characteristics of organisational structure, for example the importance of standardisation through rules and procedures in larger organisations (Pugh, 1996). In a study of 284 UK organisations that considered organisational size and attitudes to sales and marketing, Piercy (1986) found that in two-thirds of the organisations (of varying sizes), sales and trade marketing were part of the marketing department. "If they are organised at all, advertising and marketing research would appear normally to be marketing department functions

... perhaps most importantly nearly 40% organised sales separately from marketing" (Piercy, 1986:271). In a further study, which received 466 responses, Cox (1993) found that large companies tend to separate their marketing and sales departments, whereas small companies do not. The survey asked if sales was part of the marketing department and the majority of small and medium-sized companies (49% and 51% respectively) stated that sales was part of marketing, while 55% of large companies thought that the functions were separate (12% of the total survey expressed no opinion). Cox defined a small company as one with fewer than 100 employees and a large company as one with over 500 employees and concluded that in most cases the observed differences in attitude between organisations of different sizes was caused by resource limitations rather than fundamental strategic differences.

In a separate survey of 211 companies based in the UK, Malik (1994) found that fewer than half (45%) the organisations surveyed claimed to have a marketing department, but 89% claimed to have a sales function. If there was a marketing department, 63% of these had responsibility for the sales function. In contrast, Workman *et al.* (1998), in their US and German survey, found that in the 47 organisations involved in the research none of the Sales Managers reported directly to the Marketing Manager. However, a "small marketing department also had a quasi-integrated approach by the mere fact that everyone in the department knew what was going on because all of them were involved with all major communications programs" (Duncan and Everett, 1993:31). Piercy (1986) and Malik (1994) found that the larger the turnover of the organisation, the greater the tendency was to have separate sales and marketing departments.

2.5 Chapter Summary

This chapter outlines the differences between the sales and marketing functions, but it also highlights their underlying interdependence. The effect of management and structure on the sales and marketing interface is reviewed. The primary outcome of this chapter is that, although sales and marketing have a similar aim, to increase sales, they have developed very different philosophies, working practices, strategies and roles. Therefore, there may be an underlying tension between sales and marketing (which is discussed further in Chapter 3). One of the underlying differences between the sales perspective and marketing perspective can be attributed to the different targets set for sales and marketing. Sales may have short-term, tactical targets and marketing may have long-term, strategic targets. Therefore, when conflicting strategies are needed to achieve the organisation's objectives tension may be increased. Sales and marketing need to work together at both tactical and strategic levels to be effective. It is apparent from the review of the sales function that sales do play a key role in gathering marketing information, creating customer satisfaction and building customer relationships, but to be effective they need information from marketing and knowledge of overall marketing strategies. However, in many organisations Sales Managers are excluded from the marketing planning process, and are therefore unaware of marketing objectives and cannot provide the required information. This also means an opportunity for joint target-setting is neglected. Marketing planning should therefore be undertaken in a way that allows sales and marketing to be integrated into the formalised process.

The section on management perceptions and structure highlights the importance of senior management in driving the process of integration, but the literature review finds that many managers have difficulty in setting integrated objectives and assessing the possible trade-offs between the short and long-term goals. The argument about how far structure can influence integration is considered and the importance of establishing a flexible structure that allows horizontal integration is discussed. Smaller organisations are more likely to have a single sales and marketing department, while large organisations are more likely to have separate departments, but whether they are separate or not, sales and marketing need to have active communication to be effective.

The literature review also identified a number of critical elements that influence the collaboration between sales and marketing including the influence of senior management, market orientation, marketing planning, market intelligence, organisational structure and organisational size. The influence of senior management and the structure and size of the organisation appear to have a significant impact on the relationship between sales and marketing. Market orientation, the effective use of market intelligence and the implementation of marketing planning are identified as possible antecedents to collaboration between sales and marketing. Therefore, the elements of management attitudes, organisational structure and size, market intelligence, market orientation and marketing planning will be included in the conceptual framework as possible antecedents in the research model. This chapter concludes that there are blurred boundaries and crossover roles between the sales and marketing functions. On a tactical level, Sales Managers may be responsible for sales promotions as well as for providing marketing information. Marketing Managers may be responsible for direct mail, web design and management and, in some organisations, the management of sales.

The next chapter considers the definition of integration, and the benefits of and barriers to integration and collaboration. The literature regarding the interface and integration of sales and marketing is reviewed and information on the integration of marketing with other functional areas is discussed. Finally, the processes recommended for improving integration are considered, including cross-functional teams, organisational learning, and strategies and mechanisms for integration.

CHAPTER 3

SALES AND MARKETING INTEGRATION AND COLLABORATION

3.0 Introduction

Munn (1998) discussed in *Marketing News* the relationship between sales and marketing and indicated that they should be coordinated because their functions are closely related. From the review of the sales and marketing functions in the previous chapter it was clear that, although these two functions have very different philosophies, they are required to repeatedly interact and rely on each other to be able to carry out their tasks effectively. Marketing relies on sales for feedback and valuable customer information (Colletti and Chonko, 1997) as well as to bring in orders for the products/services. In a similar way, sales personnel serve as the major link between the external environment and the internal environment (e.g. marketing, customer service and production) and are the primary income generator for most firms (Dubinsky, 1999). There is also evidence from Chapter 2 to show that successful cooperation can lead to competitive advantage and increased customer satisfaction. However, there is still some debate as to whether sales and marketing are part of the same function or are separate functions with a common goal (Yandle and Blythe, 2000).

This chapter explores the concepts of interface and integration. The definition and processes of integration are considered. The barriers to integration are discussed and the perceived benefits to the organisation of integration are outlined. There is a review of the existing relationship between sales and marketing, and of how conflict can develop between these two functions. The effects of differences in the training and career paths of sales and marketing staff are examined and the ways in which these have reinforced the development of separate departments is discussed. The section also investigates the differences in reward systems and measures of success and how these have further influenced the attitudes and values of the sales and marketing functions. The importance of communication and integration is reviewed and evidence for the integration of the sales and marketing functions is evaluated. The final section discusses cross-functional teams and the concept of organisational learning, and reviews the strategies and mechanisms for integration.

3.1 Integration and Collaboration

This section explores the concepts of integration and collaboration to identify the main factors that facilitate the process of integration and collaboration. The barriers and benefits of integration and collaboration are discussed using the literature available on the integration of marketing with R&D. The section also provides a background to the investigation into the processes and benefits of and barriers to collaboration between sales and marketing.

3.1.1 Definitions of Integration and Collaboration

"Integration refers to lateral links that coordinate differentiated subunits, reduce conflict and duplication, foster mutual adjustment, and coalesce subunits towards meeting overall organizational objectives" (Germain *et al.*, 1994:472). The traditional organisational models are largely based on the scientific management tradition in which the organisation is differentiated into functional areas and units that are specialised (Mohrman, 1993). However, the key transformation processes of the organisation are performed across functional boundaries and require the integration of resources and personnel to be effective. Integration can refer to the organisation's capacity to act coherently and was described by Lawrence and Lorsch (1967/1972:11) as *"the quality of collaboration that exists among departments that are required to achieve unity of effort by the demands of the environment"*. Khan (1996) suggests that interdepartmental integration includes both the interaction and collaboration processes, and if only one of these processes is present then it may be that a one-dimensional view of integration is appropriate. If both processes are important, then a multidimensional perspective of interdepartmental integration is preferable.

The term 'integration' refers to the strategic linking of two functionally specialist groups, in a way that preserves their individual orientations but provides unity of objective. When integrated, the departments willingly cooperate and collaborate on those management decisions and actions that are essential (Moenaert and Souder, 1990). The term integration can also be used when discussing the process by which the state of integration is achieved (Lawrence and Lorsch, 1967/1972). Research shows that managers often wish to improve integration between departments by increasing contacts through information flows (Carlsson, 1991), but it should be noted that improvements in information flows of this type do not automatically lead to successful integration (Pugh, 1979; Khan and Mentzer, 1998). The danger is that the development of information sharing and collaborative involvement may equate to more joint meetings and duplication of information (Child, 1985; Kahn, 1996). Integration can be achieved through hierarchically driven processes such as direction through supervisors, rules, procedures, and goals and objectives set by senior management (Mohrman, 1993). Research by Gupta *et al.* (1985, 1987) and Song and Parry (1992) shows that low levels of communication, joint efforts and information sharing are indicative of low levels of integration. However, it is not possible to consider integration as a continuum from low to high and place organisations along it as this view would overlook specific aspects of interdepartmental integration that should be addressed (Kahn, 1996).

The two distinct processes of interaction and collaboration may be defined as physical activities such as meetings, e-mails and telephone calls (interaction), and intangible elements such as mutual understanding, common vision and sharing information (collaboration) (Khan, 1996). Some literature focuses on interaction that emphasises the use of formal communication between departments, which represents the structural nature of cross-departmental activities including routine meetings, planned teleconferencing, memoranda, and the flow of standard documentation (Woodward, 1965; Ruekert and Walker, 1987; Griffin and Hauser, 1992). Successful organisations are moving from control systems to processes that are more flexible and promote collaboration. "Market demand for *systems solutions* requires the organisation to integrate all its own components, to focus on the system that is being developed" (Mohrman, 1993:110). These physical activities regulate communication through frequency of occurrence, and add structure to the way in which departments interrelate.

Armstrong *et al.* (1996) consider that meetings should take place at least once a month and that teams should spend up to 30% of the time on cross-functional matters to improve collaboration. "Collaboration represents the unstructured, affective nature of interdepartmental relationships" (Kahn, 1996:139) and may be defined as an affective, volitional, mutually shared process between two or more departments working together. These activities are not easily regulated and are difficult to sustain without joint efforts (Kahn, 1996). Collaboration can lead to cross-functional learning, although according to Meyers and Wilemon (1989) much cross-functional learning is transferred through informal networks, e.g. through informal discussions, worker flows and friendship ties. Child (1985:218) identified that although "formal integrative arrangements can be designed in a way that facilities rather than prevents the development of information relations", more often it is the lack of formal arrangements that encourages informal exchanges, but that these informal transfers of information are not always reliable. "Talking to each other daily means sharing perceptions and feelings as well as factual data" (Souder, 1987:177). Aspects of individual differences, in particular personality differences, are features that affect the quality of this interface (Lucas and Bush, 1988). Moenaert and Souder (1990) found that the transfer of information between departments is an important integration method for individual members of staff. A department can therefore be considered a self-contained communications network in which each individual is a pool of knowledge. As Kahn (1996) identified:

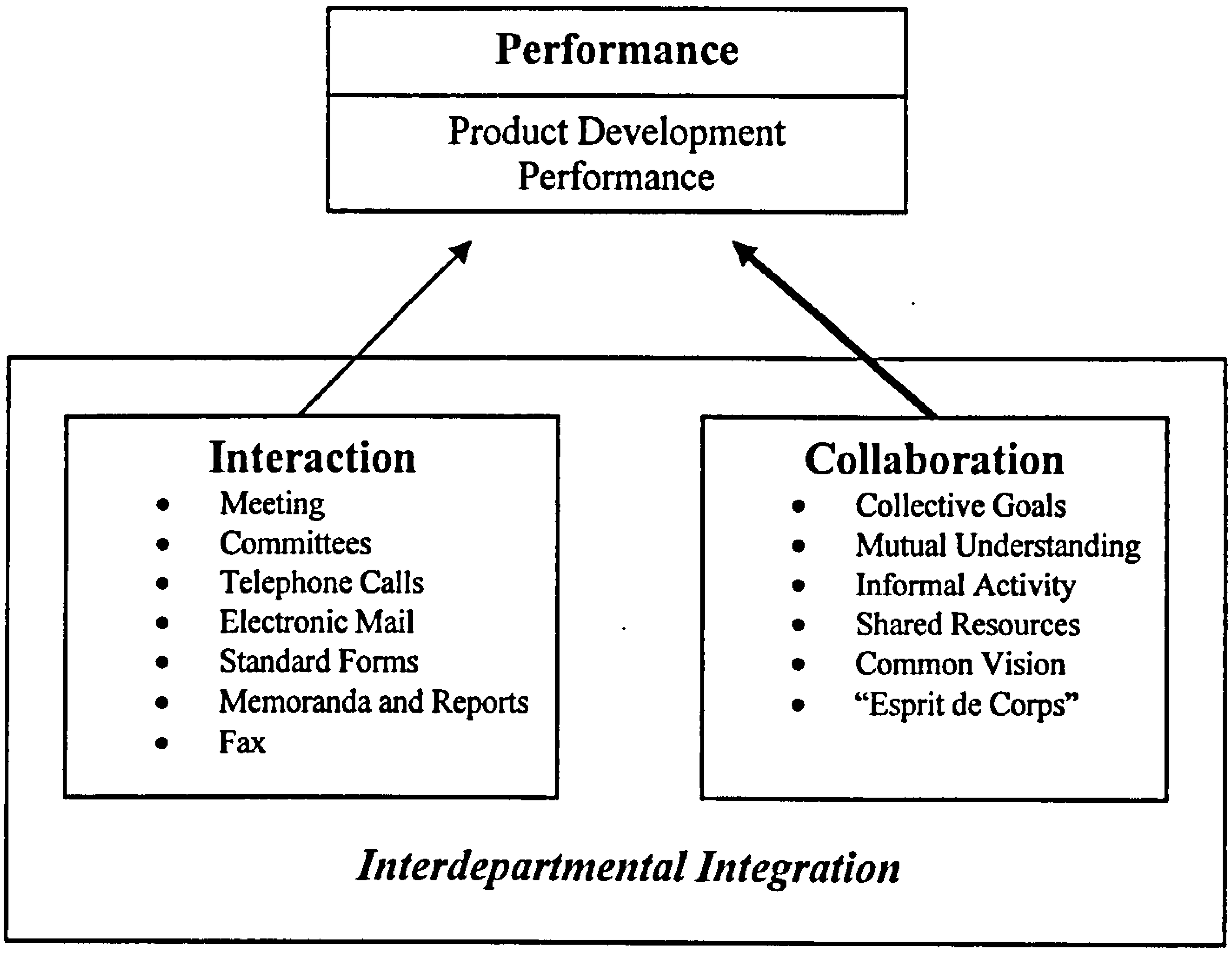
> "*Interdepartmental integration should be a priority because it is more encompassing than just team integration. Interdepartmental integration should therefore be recognized as predicting cross-function team integration and post commercialisation activities ... integration should comprise initiatives aimed at interdepartmental collaboration, not just team collaboration, along with a certain level of interdepartmental interaction, not just team interaction.*" (Kahn 1996:147)

Moenaert and Souder (1990) suggest that there are benefits from personnel and information transfers between departments. The creation of cross-functional teams is not a prerequisite to the formation of formal and informal integrating roles, such as liaisons or project management, as these can be used whether or not there is a team structure in place (Mohrman, 1993). The level of integration required may also be dependent on the environment. Galbraith (1973) indicated that in a static environment, integration devices are probably sufficient to keep the organisation heading together in the same direction so that the organisation is quick enough to respond to environmental changes. Lawrence and Lorsch (1967/1972) found that effective organisations increased their level of differentiation as their environment became more uncertain, but that this increased differentiation led to increased specialisation and interdepartmental conflict. Therefore, the more uncertain the environment became the more important integration (coordination) became to ensure continued success of the organisation.

3.1.2 The Process of Integration and Collaboration

The literature review has highlighted a number of recommended processes to establish integration and collaboration across functional groups, and indicates methods by which collaboration between sales and marketing may be improved. Thompson (1967) identified three basic mechanisms that could be used to promote integration: these were standardisation by establishing rules or procedures, plans and schedules to integrate the actions of separate units, and mutual adjustment of action after discussion between parties. Child (1985) indicated that this method of integration relies on integration through standardisation and planning, which can work well in stable and predictable environments. This bureaucratic approach to integration is relatively cheap to implement and is a tried and tested method, but it does not allow reaction to unexpected events, and once the organisation moves into a less stable environment the proliferation of paperwork and meetings may cause an overload of the system.

Figure 3.1 Model of Interdepartmental Integration



Source: Kahn (1996:141) Interdepartmental Integration: A Definition with Implications for Product Development Performance.

Kahn (1996) recognised that integration should be defined as a multidimensional process including both interaction and collaboration. Successful performance cannot be predicted based on one type of integration activity alone. The establishment of proper levels of interaction and collaboration across the dimensions promotes the opportunity for greater performance success (e.g. Narver and Slater, 1990; Morgan and Turnell, 2003). In research into the relationship between R&D and marketing, Kahn (1996) found that product development success could be achieved by emphasising interaction and collaboration across the functional groups. Regular meetings and greater documentation flows could demonstrate interaction between the two departments. Collaboration could be built on *esprit de corps,* mutual understanding and shared resources across the two departments, while senior management need to unite departmental goals (see Figure 3.1). Lawrence and Lorsch (1967/1972, 1967) found that collaboration was a good predictor of performance and that severe disharmony between departments resulted in an increase in failure rates.

Souder and Moenaert (1992) identified three integration mechanisms – task specification, organisational design and climate orientation, which is the cultural awareness of coordinations and integration among the various functions. Child (1985) and Leenders *et al.* (1994) suggest that integration can be improved through structures (such as project teams, task forces and steering committees), communication tools (like personal meetings, e-mails and teleconferencing) and human resource management using systems that include job rotation, experience planning and equal reward systems. To achieve integration, a continuum of integrative mechanisms can be used to coordinate the efforts of both individuals and groups. These mechanisms can range from formal to informal processes that create the background of integrative behaviour (Mohrman, 1993).

3.1.3 Barriers to Integration and Collaboration

This section explores the barriers and problems that exist in creating integration and collaboration between functional groups. Although sales and marketing are considered to be separate functional areas (as discussed in Chapter 2), there are many areas in which their activities cross over. The section also considers the findings from research into collaboration between marketing and R&D, and discusses the differing requirements of specialisation and collaboration, and the additional tension that this may cause. Kahn (1996) identified a range of difficulties with the integration process. There may be a situation where interdepartmental collaboration is not supported by interaction activities, e.g. there is minimal documentation of cross-functional activities. There may be confusion about senior management's priorities, or too many resources may be expended on cross-functional training to the detriment of specialist training or productivity. Eleven years earlier Gupta *et al.* (1985) identified five barriers to integration in their research into the R&D and marketing interface in the product innovation process:

- *Communication barriers* – These were created by time pressures, differences between priorities and poor timing of information exchanges.

- *Insensitivity to each other's capabilities and perspectives.*

- *Lack of senior management support for integration* – The barriers included short-term goals and the need to generate sales and increase profitability.

- *Personality and cultural differences* – Research showed that R&D saw themselves as the professional department, while marketing viewed themselves as the experts in market needs.

- *Lack of market knowledge* – Both R&D and Marketing Managers indicated that lack of knowledge about competition, markets, customers and product applications increased the barriers to integration.

Another barrier to integration and collaboration between sales and marketing is distrust. "Distrust is the extreme case of deep-seated jealousies, negative attitudes, fears and hostile behaviours", and distrust is created by a range of contributing factors, not by a single cause (Souder, 1988:11). Distrust can manifest itself in many ways, including one party feeling that the other cannot be trusted or that the other department reaps all the rewards, or one group believing that the other should come under their control (Child, 1985; Brown *et al.*, 1986; Souder, 1988). Distrust can build into feelings of hostility between different departments that have to work together. A study by Brown *et al.* (1986) found that the greater the perceived conflict between the groups, the greater the polarisation was in the inter-group attitudes. Conflict has been defined "as the behaviours or feelings that one or both of the parties have when the other party has the potential to or actually obstructs, interferes with, or makes less effective a party's behaviours associated with reaching their goals" (Weitz and Bradford, 1999:244). Pugh (1979) and Kahn and Mentzer (1998) found that integration issues can be blurred by the multiplication of committee meetings. Although these mechanisms are important in establishing integration, they do not create integration by themselves. Shapiro (1988:120) pointed out "*strategic and tactical decisions are made inter-functionally and inter-divisionally.* Functions and divisions will inevitably have conflicting objectives that mirror distinctions in cultures and modes of operation." Once conflict arises, its effects may become cumulative, as within each department the staff start pulling together and acting defensively against 'outsiders' (Child, 1985).

Gupta *et al.* (1985) found that there were marked differences between the way R&D and Marketing Managers looked at integration issues. In fact they could not agree on how integration should operate (or even the way things do operate), and this caused tension. Souder (1988) found that in the R&D and marketing interface nearly 60% of the cases studied suffered from mild or severe disharmony. "R&D and marketing departments have frequent misunderstandings and conflicts" (Souder, 1988:6), and failure to integrate is characterised by low frequency of meetings between the R&D and marketing personnel and highly specialised and organisationally separate functions. There was also a lack of understanding of the need to interact (Souder, 1988). Cultural barriers were the most frequently cited barriers to cooperation (Griffin and Hauser, 1996). According to Souder (1988), one of the most successful efforts to integrate marketing with R&D was the setting up of frequent joint meetings to discuss joint involvements, to aid project planning and to increase the sharing of information. However, there is a danger that too much interaction may overburden personnel with having to attend too many meetings and being overloaded with information (Kahn, 1996).

Ruekert and Walker (1987) found that interaction did not relate to effectiveness across all departments, which suggests that interaction may not have as much impact on performance as collaboration may have. Labianca *et al.* (1998) noted that although it had been assumed that increased frequency of interaction would reduce inter-group conflict, increased frequency of meetings might actually increase conflict if there are negative relationships between the groups. Cespedes (1993) observed that the development of informal liaison between sales and marketing experienced problems as the sales and marketing personnel thought that it was too time-consuming and treated the meetings as a 'secondary priority'. Achieving integration is not a straightforward process and organisations may experience behaviour difficulties while striving to put integration in place (Fincham and Rhodes, 1999).

Pugh (1979) identified that persistent conflict between departments and long-running disputes form a substantial barrier to interdepartmental integration and that persistent embedded conflict indicates a basic failure to integrate. Cespedes (1993:51) also found that interdepartmental liaison was ineffective because "attempts by marketing or sales personnel to alter the other's plans are viewed as infringements on other's domain". This interdepartmental 'trespassing' is aggravated by the tendency of specialists in the same department to talk exclusively to their colleagues who share common problems and experiences and may use their own language. This closeness excludes the other department's members, and while it may assist departmental integration, it may hinder interdepartmental integration. A further problem may be that specialisation may cause decision-making to become decentralised to the extent that it becomes too diffused to manage specific activities properly (Child, 1985). Red tape and empire-building by managers were identified as additional barriers to integration Pugh (1979).

Moenaert and Souder (1990) indicate that although cross-functional training and interdepartmental movement are recommended to improve integration, personnel are reluctant to perform out of role. Most individuals are not specialists in these out-of-role tasks and they feel that they may be at risk of failure, error and subsequent loss of face, as well as paying the opportunity costs of being away from their specialist role. Increased cross-functional activities could diminish employee and company productivity in the short term (Kahn, 1996). In addition, Woodward

(1965) found that where interaction was forced, inter-group relationships tended to be poor. Some attempts by management to mediate in a conflict situation between departments through negotiation, reorganisation, bargaining or personnel transfers often left deep scars and sowed the seeds for a renewed outbreak of similar problems elsewhere (Souder, 1988). If too much effort is put into integration, personnel may lose their functional skills over time, or they may lose sight of their other goals (Griffin and Hauser, 1996). Shapiro (1988:49) noted, "poor coordination leads to misapplication of resources and failure to make the most of market opportunities".

When considering the integration between different functional groups, Lawrence and Lorsch (1967) observed that the differences between functional specialists, if not checked, could lead to conflict and lack of integration. "Even when people recognise the importance of working together, the nature of any given job often combines contradictory elements that create various kinds of role conflict" (Morgan, 1997:169). Conflicts may become institutionalised causing attitudes, stereotypes, values and beliefs to interfere with business operations. In this socialised form, the underlying conflicts can be extremely difficult to identify and break down (Morgan, 1997). Brewer and Kramer (1985) found that where there are similarities in functions there is a tendency for groups to try to be distinctive, which could cause an increase in inter-group rivalry. In addition, an increase in differentiation within the organisation lowers the possibility of integration (Lawrence and Lorsch, 1967). One difficulty may be that the value of integrating across processes may be less obvious to managers and, according to Armstrong *et al.* (1996), this may explain why only a few companies achieve true integration.

The solution would appear to be to reduce conflict by reducing the levels of differentiation and having a group of homogeneous managers. However, organisations require a wide range of specialist skills if they are going to be able to respond effectively to the complexities of the commercial environment. The contradiction is that to achieve high performance, increased levels of differentiation are required, but this can lead to conflict and falling performance (Lawrence and Lorsch, 1967).

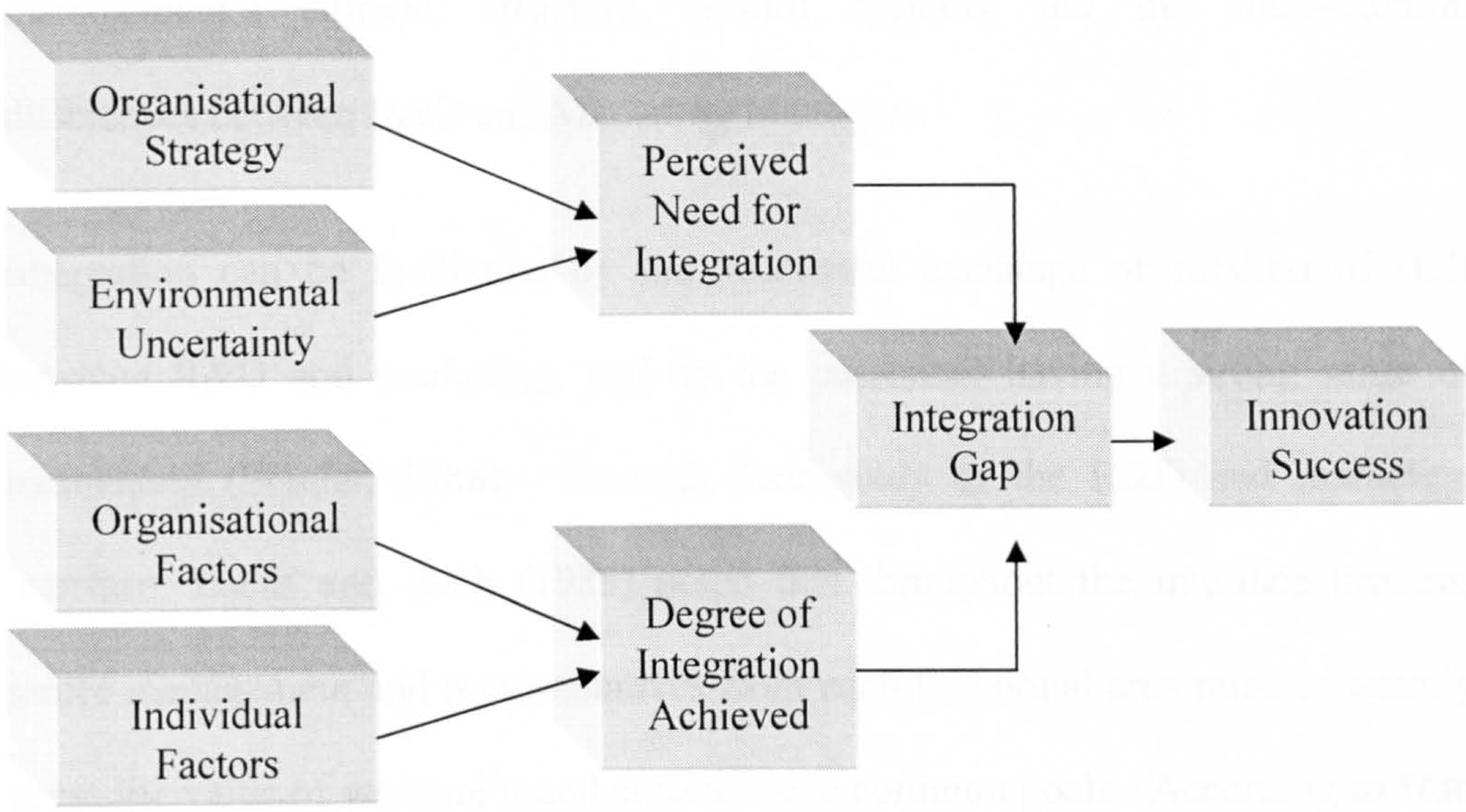
Further parallels to the attitudes and issues underlying the disharmony between R&D and marketing can be found in the relationship between marketing and sales, e.g. poor information flows, lack of role clarity, inconsistent and conflicting directions and adversarial relations (Gupta *et al.*, 1985). There are other parallels between R&D and marketing and marketing and sales; for example, Souder (1988) found that the R&D and marketing personnel were deeply concerned with their own narrow specialties and neither saw any reason to learn more about the other's work or any need for closer interaction. Neither felt it was important to inform the other of the details of their own work and both parties harboured negative feelings about the worth of the other. These attitudes can also be found in the sales and marketing interface (Cespedes, 1993; Anderson, 1996; Dewsnap and Jobber, 1998).

3.1.4 Benefits of Integration and Collaboration

The benefits of integration and collaboration between inter-functional groups have been discussed in a number of important studies, especially in the area of R&D and marketing, and this section summarises some of the benefits to organisations that have been identified. Child (1985), Gupta *et al.* (1986), Narver and Slater (1990), Kohli and Jaworski (1990), Souder and Moenart (1992), McGee and Spiro (1998) and Lapierre and Hanault (1996) identified that coordinating activities across departments can provide superior value to the customer, and research found that improvements in customer satisfaction led to improved market performance (Morgan and Turnell, 2003). Tjosvold (1988:287) found that collaboration between two groups led to "improved productivity, enhanced competence and increased confidence in work relationships. Ineffective interaction resulted in dissatisfied customers and lost business." Additionally there is "evidence from research to indicate that adequate integration is associated with superior performance of the organisation as a whole" (Child, 1985:122). Wind (1981:262) undertook a major review of the importance of integration between marketing and a range of other departments and concluded that "efficient marketing decisions require the incorporation of the considerations of other (non-marketing) business functions".

Tjosvold (1988) observed that when employees from different groups were aware that they had similar goals they acted in a more helpful and collaborative way. Some organisations now believe that cooperation leads to success and are taking steps to improve it (Griffin and Hauser, 1996). A number of organisations are structured and managed to reinforce positively informational transfers between departments, and the transfer of human resources may facilitate this. Setting up information networks between departments might also facilitate such positive information transfers (Moenaert and Souder, 1990). It has been found that where senior managers succeed in improving cross-functional activities with the marketing function organisations generally experienced superior profit levels (Krohmer *et al.*, 2002).

Figure 3.2 A Model for the Study of R&D–Marketing Interface



Source: Gupta *et al.* (1986:8) A Model for Studying R&D–Marketing Interface in the Product Innovation Process.

The literature available on the integration of marketing and R&D found that integration has many benefits for both functional areas and the organisation as a whole (e.g. Gupta *et al.,* 1986; Moenaert and Souder, 1990; Souder and Moenaert, 1992; Griffin and Hauser, 1996; Kahn, 1996). Gupta *et al.* (1987:41–42) found that a give-and-take attitude between marketing and R&D helps to develop trust and solve problems, leading to higher levels of integration and collaboration. The physical proximity of marketing and R&D were important to higher levels of integration because "proximity facilities communication, creates understanding and trust". Griffin and Hauser (1996:197) stated that "separation decreases chance meetings, serendipitous information transfer or problem clarification in the halls or around the coffee machine. Long distances between groups make face-to-face communication inconvenient, leading to decision-making delays." Gupta *et al.* (1986) (see Figure 3.2) found that the amount of integration achieved by R&D and marketing is reliant on a range of organisational factors that include senior management's attitude, structure, reward systems and the socio-cultural differences between R&D and Marketing Managers.

Integration can be facilitated by the successful exchange or rotation of staff between R&D and marketing, and by the personnel having a strong sense of partnership (Souder, 1988). Through their study of the R&D and marketing interface, Lucas and Bush (1988) noted that throughout the interface process, senior management and representatives from each functional area must constantly stress the value of working together to achieve common goals. According to Hutt and Speh (1984:57), "A central challenge for the industrial marketer ... is to minimize interdepartmental conflict while fostering shared appreciations of interdependencies." Kahn and Mentzer (1998) identified that although there had been many articles on integration from an intradepartmental perspective, the importance of integration from an interdepartmental perspective has been largely overlooked.

3.2 Conflict of Interests between Sales and Marketing

3.2.1 Introduction

This section considers the underlying reasons why conflict exists between sales and marketing and discusses the results of that conflict. "Conflict can have constructive or destructive outcomes depending on its management, and an emphasis on managing conflict requires a discriminating understanding of its causes" (Barclay, 1991:145). Dewsnap and Jobber (2000) have considered the interface between sales and marketing and found that there is evidence to suggest that while sales and marketing are interdependent, their relationship is not always seen as harmonious or collaborative. Some writers have actually gone further, describing the relationship between sales and marketing as exhibiting lack of cohesion, distrust, non-cooperation and being in conflict (Rosenbloom and Anderson, 1984; Anderson, 1996; Strahle *et al.,* 1996; Dewsnap and Jobber, 2000).

3.2.2 Reasons for Conflict

Ruekert and Walker (1987) felt that the differences between sales and marketing objectives might constitute a key area of conflict. Peter Drucker (1974) highlights just how far sales and marketing objectives can differ:

> *"Selling and marketing are antithetical rather than synonymous or even complementary. There will always, one can assume, be a need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself."* (Drucker, 1974:64)

Sales relies on marketing to promote the company and to support the sales effort, as well as to provide the sales force with information targeting those customers and prospects that offer the best opportunities (Colletti and Chonko, 1997). Sales people need more information and more marketing support than before as sales tasks often involve more customised product/service packages (Cespedes, 1994). According to Yandle and Blythe (2000:24), "it is this increasing dependency on marketing that is causing conflict to occur within the firm". Labianca *et al.* (1998:58) found that "interdependence is a necessary condition for conflict, and some form of interaction is likely in order for conflict to exist ... . This is particularly true in organisations, where the division of labor creates interdependencies and interactions that cannot be avoided." However, it should be noted that the required levels of integration between sales and marketing differ between organisations (Piercy, 1986). The highest degree of integration was found most frequently in the industrial goods market, while the lowest level of integration was most frequently found in consumer goods firms (Piercy, 1986; Shipley and Jobber, 1994).

According to Handy (1995) one of the difficulties marketing has with sales is that sales people operate on trust and not many marketing staff are given this level of freedom or trust. Most sales teams have no other option but to work away from the central location, operating independently, although they remain dependent on each other. This leads to the sales groups bonding tightly together, and often excluding links with the office personnel (e.g. marketing). "The 'culture clash' that results ... may be more real than apparent, even though the discussions of encroachment on each other's territory are conducted in jest" (Colletti and Chonko, 1997:28). Brewer and Kramer (1985) also noted that inter-group differences could be attributed to differences in beliefs and values held by the group members. Many organisations have large gaps between marketing and sales in spite of the fact there are frequent opportunities to collaborate without encroachment (Colletti and Chonko, 1997).

3.2.3 Evidence of Conflict

The relationships between marketing and sales teams are often difficult, even if the sales functions are part of the marketing department. "Historically there has been tension between sales and marketing, bred by physical and philosophical separation and by poor communication" (Lorge, 1999:27). "Although most sales forces describe their relationship with marketing as collaborative, the evidence would suggest otherwise" as different targets and incentive schemes were found to pull them in different directions (Alldredge *et al.,* 1999:119). According to Olson *et al.* (2001:25), "the sales force plays a pivotal role in implementing business and marketing strategies", but many marketing staff do not understand the role or function of sales, and because of this lack of understanding they probably miss many promotional opportunities (Cespedes, 1993). For example, trade magazines and mailings often arrive with the customer before the salesperson and include information about product developments and sales promotions that may make the sales call less effective (Colletti and Chonko, 1997). Although marketing staff may see personal selling as one element of the marketing mix and regard the sales force as a tool of marketing, many organisations treat sales as a distinct and separate function from marketing (Cespedes, 1993; Anderson, 1996; Webster, 1997; Dewsnap and Jobber, 1998). On the other hand, many sales staff may regard marketing as being a support tool for the real business of selling, seeing themselves as bringing in new business and providing everyone else in the organisation with employment and income (Yandle and Blythe, 2000).

The thinking of Sales and Marketing Managers can be very different. Sales Managers tend to think in sales volume, in the short term rather than the long term, of individual customers rather than market segments, and of fieldwork rather than deskwork (Ruekert and Walker, 1987; Cespedes, 1993; Olson *et al.*, 2001). On the other hand, Marketing Managers should think in terms of profit-planning, long-run trends, threats and opportunities, customer types, segment differences and systems for market analysis, planning and control (Kotler, 1977). Strahle *et al.* (1996) found that in a sample from the largest 1000 US organisations difficulties were experienced when trying to coordinate the sales department's goals with the marketing department's objectives. Lawrence and Lorsch (1967/1972), Hutt and Speh (1984) and Ruekert and Walker (1987) observed that a key source of inter-functional conflict may be caused by differences between the short-term objectives of departments. Several Sales Managers suggested during interview with Strahle *et al.* (1996) that they continued to stress volume goals against their better judgement to avoid being 'blamed' for a product's sales failure in the market place. Unfortunately, sales growth can be seductive and senior management may be carried away by its success and ignore many of the strategic and tactical processes that could have led to this success (Colletti and Chonko, 1997).

3.2.4 Outcomes of Conflict

Corstjens and Corstjens (1999) indicate that a lack of cooperation between sales and marketing has the potential to damage the organisation's marketing activities and possibly the overall success of the firm. Ruekert and Walker (1987:15) suggest that where mutual exchanges are important to the successful completion of a task, "conflict and poor communication are likely to have a negative effect on the co-ordination and co-operation necessary for such flows to occur effectively and efficiently." "Organisations in which tension prevails across departments are less likely to be willing to share market information or to work in concert with other departments to satisfy customer needs and expectations" (Jaworski and Kohli, 1993:63). George *et al.* (1994) found that while marketing staff are considered the specialists responsible for consumer information, they might jealously guard that information and refuse to share it with other departments. Sales people may also feel uneasy handing their information over to marketing, who in turn may feel deprived of an essential working tool without it (Michel *et al.*, 2003). "Marketing and sales managers do talk to each other, but typically when it's clear that they won't hit their numbers. Then, interaction increases significantly" (Cespedes, 1993:37). Viswanathan and Olson (1992) and Anderson *et al.* (1999) believe that Sales Managers should assist in the coordination of personnel from both the sales department and other functional areas to facilitate communication with sales contacts. According to Olson *et al.* (2001), there are no acceptable reasons for management's failure to integrate sales into the organisation's competitive strategy.

3.3 Mechanisms for Collaboration between Sales and Marketing

Literature has identified a number of factors that may influence the level of collaboration and conflict between inter-functional groups. The influence of training, career paths and rewards may create conditions that either facilitate or impede collaboration, while intra-functional communication levels may improve or damage levels of understanding. Therefore, each of these factors will be examined to explore their influence on the sales and marketing interface.

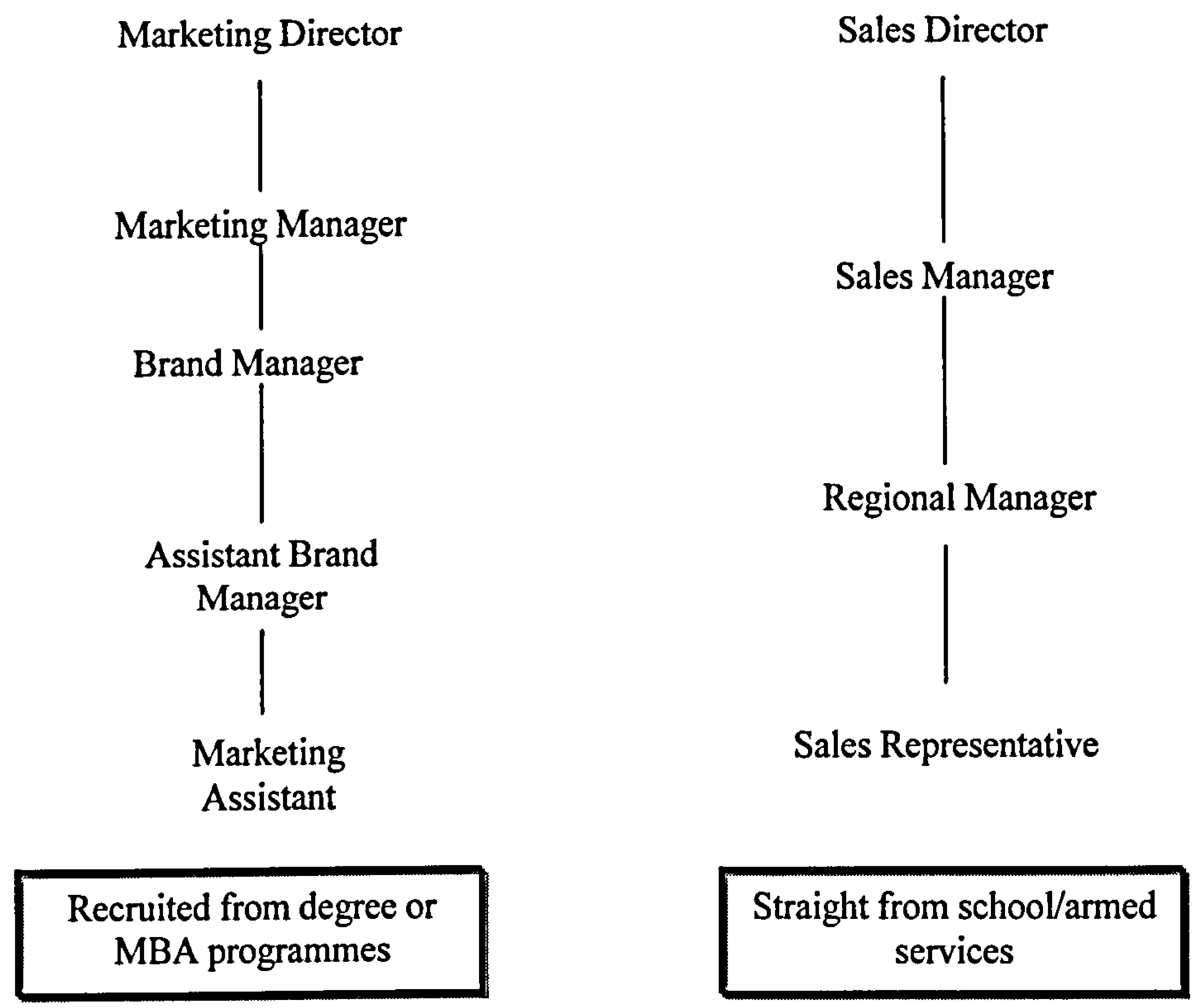
3.3.1 Training and Career Paths

"Training in organisations covers not just the acquisition of manual skills, but also the learning of the 'correct' attitudes, values, beliefs and expectations" of the organisation (Buchanan and Huczynski, 1997:106). "Education and training programs should help participants form ties and integrate activities across interdependent disciplines, functions, levels, and locations" (Cohen, 1993:203). In particular, problem-solving and conflict resolution are key to developing harmonious working partnerships (Lawrence and Lorsch, 1967/1972). However, as Beer *et al.* (1990) identified, with all training there is a danger that the new skills acquired during training courses are not used in the workplace, and therefore people end up seeing training as a waste of time. There are many references to the training of sales staff, and to their training as linked to sales success: for example, Shepherd and Ridnour (1995) and Weitz *et al.* (2004). However, there do not appear to be any articles available on training marketing staff specifically, although there are general texts on management training that could be applied to marketing staff.

Traditionally marketing and sales staff have taken different career paths and training programmes. Blake *et al.* (1968) and Cespedes (1993) indicated that backgrounds, training and experience determine groups' behaviour. According to Guenzi (2002), sales training should be aimed at increasing awareness of the advantages of adopting relational behaviours and increasing the sales person's capabilities and skills in developing relationships with their customers. It is important that the employees know what they have to do, how they should do it, how well they are expected to do it, and the consequences of underachievement or excellence (Buchanan and Huczynski, 1997). "Salespeople usually have much less technical training than marketing people, and their career paths keep them in a given sales territory for some time so that account relationships are not severed" (Cespedes, 1994:57).

Jackson *et al.* (1994:2) found that "if sales force values are not evaluated regularly, and if necessary updated, the sales force may engage in what the past dictates, rather than what is right". Traditionally marketing assistants have been recruited from degree or MBA programmes, while sales representatives were usually recruited directly from school or from the armed services (Cespedes 1993). As many marketing professionals are drawn primarily from business schools, often with prior arts backgrounds (Griffin and Hauser, 1996), they may have a more general management view of sales and marketing than sales staff. Webster (1981) indicated that there was a trend for marketing people with MBA qualifications to think alike and be risk averse. These managers may also want to move into general management too quickly, and not want to pursue a career in marketing or sales management. Marketing can also be viewed as a profession that is supported by professional bodies, e.g. The Chartered Institute of Marketing and the Chartered Institute of Public Relations, which offer professional qualifications for marketers that are instantly recognisable to many employers. These differ from the type of qualifications that are available to sales people, which are not instantly recognisable and do not have a professional body to support them in the same way.

Figure 3.3 Marketing Career Paths vs Sales Career Paths



Source: Adapted from Cespedes (1993:48) Coordination Sales and Marketing in Consumer Goods Firms.

Cespedes (1993, 1994) found that the career paths of sales and marketing staff often differed substantially (see Figure 3.3). Marketing staff are often rotated around different product groups within the department to gain additional experience, whereas successful sales people stay in a single territory building relationships with their customers, as organisations are reluctant to sever these links. Alldredge *et al.* (1999) found in a survey of packaged-goods manufacturers in the US that there is limited career mobility between sales and marketing, so there is little chance for the staff to absorb each other's perspectives. In addition, few companies have Sales Managers with any functional experience other than sales. Child (1985) supported the argument that promotional prospects can be limited for specialists (including sales people) and this can cause frustration within the organisation. Such staff are an expensive resource, and frustration can become demotivating and a source of conflict. Webster (1997) also found that many Marketing Managers who have come into their positions from sales organisations might not have been trained to think strategically or in the long term. The differences between the training and career paths of sales staff and those of marketing staff can constitute another barrier to collaboration between sales and marketing.

3.3.2 Reward Systems

"The purpose of the reward system is to align the goals of the employee with the goals of the organisation. It provides motivation and incentive for the completion of the strategic direction" (Galbraith, 2002:12). Collis and Montgomery (1998) believe that reward systems are always linked to control, while Wood (1995:31) found that "reward and control systems will influence behaviour strongly and help set the ethical climate in any particular organisation". Norvell and Worchel (1981) found that compensatory imbalances that favoured any group would be universally regarded as unfair, even when they redressed historical imbalances, and that they served to reinforce inter-group differentiation. As Child (1985:202) stated, "To be successful, the focus of rewards must be compatible with the tasks and structures laid down for the organisation."

There are many references in literature to the various methods of evaluating and rewarding sales people's performance (e.g. Piercy *et al.*, 1998; Dubinsky *et al.*, 2000), but very little on evaluating and rewarding marketing staff (e.g. Alldredge *et al.,* 1999; Fuentelsaz *et al.,* 2000). Companies continue to understand the importance of sales as the only revenue generator in the organisation (Cespedes, 1991). Therefore many sales people are targeted monthly or quarterly, and are given overall annual targets to meet. Sales staff are often paid through commission or bonuses based on sales, while marketing staff are primarily salaried (Marketing R£wards, 2001). "Where senior management put in place compensation schemes which reflect only performance, the environment will not be one to encourage sales or other personnel to act ethically ... through emphasizing performance before all other factors, organisations can lead their employees to believe that gaining sales, at whatever, cost is the criterion of success" (Wood, 1995:31). Cespedes (1993) found that many marketing staff are not aware how sales staff are compensated and evaluated in comparison to marketing staff.

The most widely used measure of sales organisation effectiveness is total sales volume (Baldauf and Cravens, 1998). Loning and Besson (2002) noted that there are two commonly set targets for marketing – sales volume and the success of advertising campaigns – but there are not any measures for total sales performance or wider marketing activities. Therefore, sales staff can be driven by performance objectives in the short term, as they know that exceeding targets will result in rewards and that failure may result in sanctions being imposed (Hultink and Atuahene-Gima, 2000). Evans and Schlacter (1985) found that 56% of sales people in the US received some form of commission/bonus as part of their reward package, with 20% on commission only, and 24% were paid through a straight salary. "A heavy emphasis on commissions often focuses the salesperson on the short term, sometimes causing them to pay insufficient attention to building long-term account relationships ... it also reduces the control the field sales manager has over the salespersons" (Ryans and Weinberg, 1981:469). Strahle and Spiro (1986) and Strahle *et al.* (1996) have recommended that the sales person's bonus scheme should be linked to the marketing strategy; for example, new businesses may wish to compensate for pre-sales activities as sales may be slow initially, but as the sales person's role moves into servicing an established account a basic salary scheme could be adopted.

Table 3.1 Characteristics of Control Systems Based on Behaviour and Results

	Control of behaviour		Control of results
-	Structured	-	Low to little structure
-	Fixed remunerations (salary)	-	Variable remuneration (commission and bonus)
-	Management supervises behaviour more than results	-	Management supervises results more than behaviour
-	Low span of control	-	High span of control
-	Significant contact with management	-	Limited contact with management
-	Performance evaluated subjectively	-	Performance evaluated on the basis of a few observable results
-	The firm supports the risk	-	The employee supports the risk

Source: Adapted from Oliver and Anderson (1985) Behaviour- and Outcome-Based Sales Control Systems: Evidence and Consequences of Pure-Form and Hybrid Governance.

Marketing staff's rewards are not usually linked to the sales success of the organisation (Marketing R£wards, 2001). "Marketing people are rewarded for increasing the profitability of the business and for introducing new products successfully, while the sales team is told to meet volume targets" (Alldredge *et al.*, 1999:120). The difference in rewards may result in different philosophies and motivations (see Table 3.1). Fuentelsaz *et al.* (2000) found that the compensation policies offered to marketing and sales staff were quite different from those in other functional areas. They concluded that "fixed salaries will prevail in those cases where it is easy to control the behaviour of the employee" (Fuentelsaz *et al.*, 2000:953), usually where the employee is risk-averse, for example marketing staff. Fuentelsaz *et al.* (2000:953) also found that "an outcome-based policy will be chosen in those cases where it is not possible to adequately control the effort made by the employee, but where it is possible to control the result of this effort".

The differences in rewards between sales and marketing may have heightened the divide between sales and marketing. Souder and Chakrabarti (1978) and Gupta *et al.* (1987) found that a joint reward system was effective when employed with R&D and marketing as both groups felt a joint responsibility for the success or failure of the project. In their study on market orientation and sales force behaviour and attitudes, Siguaw *et al.* (1994) found that a customer-orientated philosophy could be instilled in staff through a training and reward system designed to motivate attention to customer needs, while a sales orientation may be reinforced by rewarding sales volume. The reward programmes should be designed with fairness in mind. Sales staff need to feel that they are given the reward that is in line with other parts of the organisation and if a bonus structure is in place it needs to be transparent (Dubinsky *et al.*, 2000). "Differences in the outlook, occupational values, and style of behaviour can become entrenched in organisations and can cause serious problems of co-ordination" (Fincham and Rhodes, 1999:369). Both sales and marketing seem unaware of the impact of their individual decisions and actions on the other group (Cespedes, 1993). Alldredge *et* *al.* (1999) established that in many organisations sales and marketing are being pulled in two different directions by their reward systems.

3.3.3 Communication

One of the key elements of effective integration is the existence of clear lines of communication between functional departments. The amount of communication between functional areas is reflected in the frequency of contact between them and the modes available to them: for example, written, telephone, electronic or face-to-face (Ruekert and Walker, 1987). Galbraith (2002) highlights that the use of e-coordination can facilitate lateral communications within the organisation as well as vertical communications with suppliers and customers. Fisher *et al.* (1997) propose that there are two ways to improve inter-functional communications: by encouraging information-sharing behaviours particularly in organisations where there is a low frequency of communication, and by integrating goals (that are more effective where communication frequency is higher). Schultz (1998) suggested that companies should use interpersonal and cross-functional communications that keep managers focused on their customers and their attitudes, instead of on the products.

The results from the research by Moenaert *et al.* (1994:39) regarding communication flows between R&D and marketing "show that interfunctional climate has a very strong effect on interfunctional communication" and that the formalisation of activities increases significantly the communication flows between two functional areas. Effective interdepartmental communication has been linked to a number of positive outcomes in terms of business performance including improved market orientation (Kohli and Jaworski, 1990), understanding of each other's perspectives (Souder, 1988) and improved inter-functional integration (Gupta *et al.,* 1985). However, it has been noted by a number of writers that increasing communication between two functional areas does not necessarily improve integration, and increasing the frequency of communications may be detrimental to efficiency (Pugh, 1979; Child, 1985; Khan, 1996; Kahn and Mentzer, 1998). According to Ruekert and Walker (1987), the greater the similarities between two functional departments in their tasks and objectives, the greater amount of effective communication between individuals within the two departments there is likely to be. Further, the more frequent the communication between functional areas, the more formal it is likely to become. Moenaert *et al.* (1994:41) noted that "communication is a prime feature of organizing and corporate effectiveness". Lapierre and Henault (1996:163) stated that "bidirectional information transfer activities" were the key element of high-level integration. "Thus, in order to reduce uncertainty and weave together technology and market into strategy-making, there must be effective communication and integration between the technical and marketing functions" (p154). Menon *et al.* (1996) found that improvements in interdepartmental relations, communication quality and collaboration could enhance the formulation of strategy and its implication as well as reduce conflict.

Griffin and Hauser (1996) noted that functional groups are inclined to grow apart over time as they become more specialist and that as this happens communication and integration between the groups is likely to decrease to the detriment of the organisation. Galbraith (1973) noted that organisations might become too large to allow direct communication to facilitate coordination. "*Communication difficulty* refers to the effort required and the problems involved in either getting in contact with or in getting ideas across to the other party" (Ruekert and Walker, 1987:7). Souder (1988) identified that these factors might include the lack of appreciation of the other's viewpoint, communication problems that evolved into distrust, personality conflicts that senior management have allowed to exist, and cultural differences. According to Gupta *et al.* (1985), the greatest barrier to inter-functional integration was poor communications. In particular, communication difficulties were created through time pressures, differences in priorities and poor timing of information exchanges. Barclay (1991) noted that ambiguity of task between departments might lead to communication barriers and diversity in perspectives, which then leads to conflict. Menon *et al.* (1996) found that if communication barriers increase then there is likely to be an increase in conflict between functional areas. Griffin and Hauser (1996:212) suggest that to overcome communication barriers an organisation should adopt the following methods: "relocation and physical facilities design, personnel movement, informal social systems, organizational structures, incentives and rewards, and formal management processes".

3.4 Sales and Marketing Strategy – Integration and Interdependence

Rosenbloom and Anderson (1984), Strahle and Spiro (1986) and Strahle *et al.* (1996) indicate that there is a growing need to integrate sales strategy and marketing strategy. This view is widely recognised, but there has been little discussion about exactly what the link between sales and marketing strategy should be. Felton (1959) noted that lack of coordination of marketing activities leads to a reduction in profits.

"When functional area activities become 'uncoupled' from business level strategy, negative consequences are likely ... when business level strategy and functional level sales strategy are at odds, sales people who may be trying to carry out inconsistent directives will likely experience ambiguity and frustration." (Strahle *et al.* 1996:2)

This section will, therefore, consider the linkages between sales and marketing strategy, as well as how and why they should be brought closer together.

Organisational strategy and environmental uncertainty determine the need for coordination and control (Lawrence and Lorsch 1967). The achievement of both the organisation's broad common objectives and specific functional and individual goals still requires the groups to interact and share information and expertise. "The sales and marketing sub-functions are interdependent in the sense that each requires information and/or more tangible deliverables from the other in order to accomplish their functional objectives" (Dewsnap and Jobber 1998:171). This interdependence is what drives the need for integration for their mutual benefit. However, there are often discrepancies between marketing strategies and their functional implementation in the sales department's strategies, objectives and activities (Strahle *et al.*, 1996). According to Hutt and Speh (1984), effective management of complex flows of information needs good coordination between marketing and sales management functions, especially where they are separate departments. This is important to effective marketing because "while often assuming multiple decision-making roles (e.g. consult and inform), the sales function performs a pivotal implementation role" (Hutt and Speh, 1984:57).

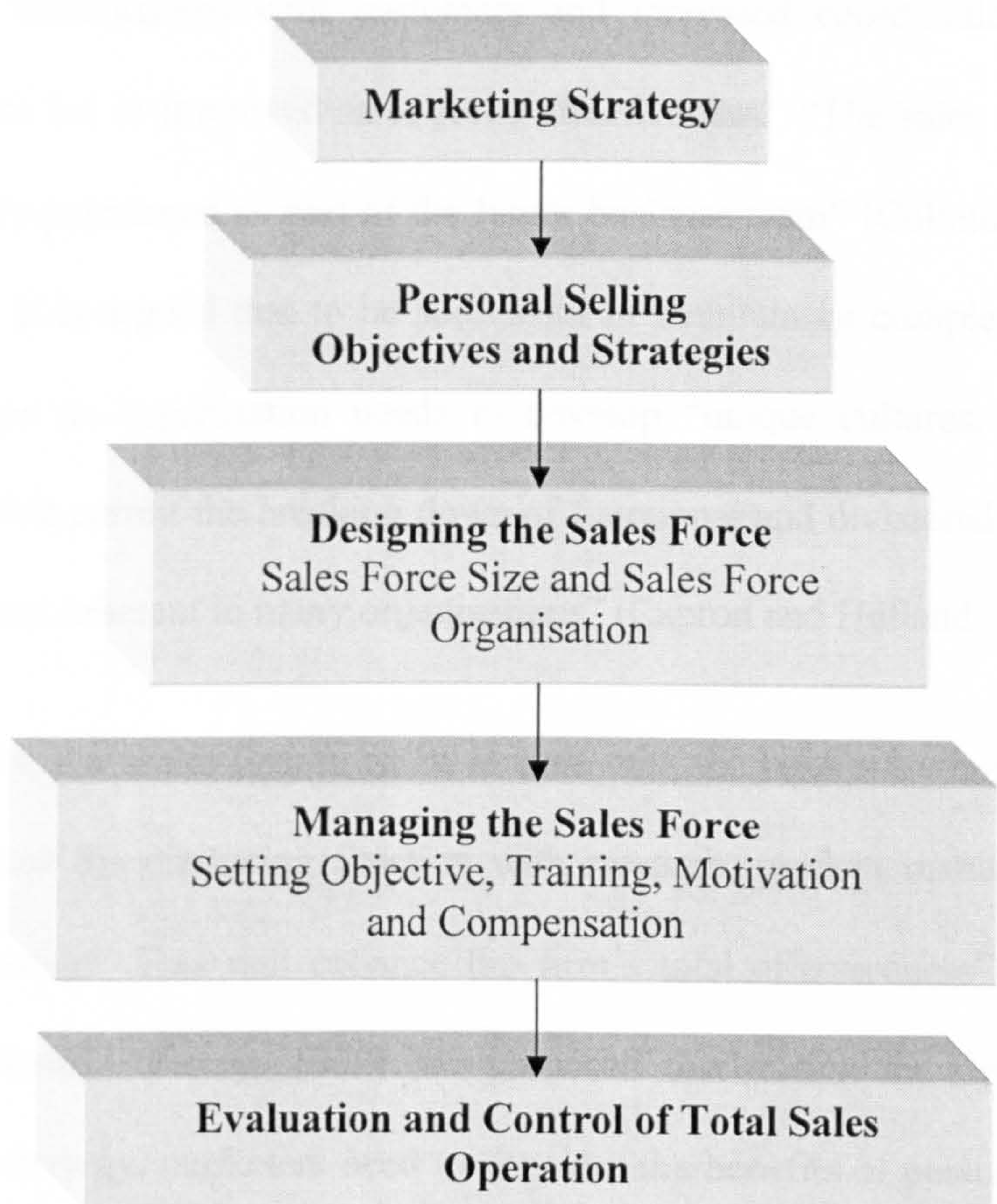
"*While every manager knows single-focus, clear-cut company strategies and selling messages are important, most firms, because of their functional organisational structures, still tend to send disparate messages to the outside world. Worse, they miss the opportunity to gain the full value for their marketing dollar that integrated programs can provide.*" (Schultz, 1998:20)

The internal perspective seems to be that sales and marketing perform two different functions. Sales often lack the cross-functional perspective required to manage benefits that could be gained from an integrated sales and marketing team (Cespedes, 1993, 1994). There is a danger in treating sales as if it were distinct and separate from marketing activities in that poor communication and an un-cooperative culture can develop between marketing and the sales force (Anderson, 1996). Organisations may be ignoring the commercial benefits of improved communication that could be gained through improvement in sales and marketing collaboration or their integration (Michel *et al.*, 2003). Personal selling should be directly linked to marketing strategy (see Figure 3.4), but this does not mean necessarily that it is part of the marketing department (Cross *et al.*, 2001; Olsen *et al.*, 2001). However, there must be recognition of the value that an effective sales force can bring into an organisation, and the sales force must be strategically positioned as part of the business team (Colletti and Chonko, 1997).

Cespedes (1991) highlighted the boundary-spanning role played by sales people between customers and the organisation. On one hand, the sales staff are communicating marketing strategy to the customer, and on the other, they send the concerns and complaints of the customer back to the organisation. According to

Rosenbloom and Anderson (1984), sales and marketing managers need to understand that they are on the same team and should cooperate to achieve organisational objectives and share information. "A strong culture may instil a sense of common mission within a sales organisation, while shared values provide ground rules for decision making" (Jackson *et al.*, 1994:2). Webster (1991) felt that culture can also provide the themes around which behaviour can be focused, and that this should lead to successful strategy formulation.

Figure 3.4 Marketing Strategy and the Management of the Sales Force



Source: Adapted from Jobber (1995:404) Principles and Practice of Marketing.

"Commercial success depends on marketing delivering strong brands and on sales developing strong trading partnerships to secure the routes to market for these strong brands" (Dewsnap and Jobber 2002:877). Personal selling cannot work effectively in isolation from the other elements in the marketing mix. However, Piercy (1986) indicated that levels of integration between marketing and sales vary considerably between organisations. Doyle (2002:49) said, "The marketing department can also play a useful role in companies as a facilitator and as a source of information and advice ... but real marketing depends on cross-functional co-operation." Piercy *et al.* (1998) found that encouraging the sales force to build long-term relationships with customers and increased coordination with other departments led to improved sales force effectiveness. "The sales force must be strategically positioned as part of the larger business team" (Colletti and Chonko, 1997:14). It is argued that to be successful in maintaining complex buyer-seller relationships an organisation needs to develop "unique cultures, systems, and processes that permit the breaking down of functional and divisional boundaries, a capability not inherent in many organisations" (Capron and Hulland, 1999:43).

"Ultimately, the entire firm must be in tune with the market by emphasizing the integration of the marketing function with research, product management, sales and advertising. This will enhance the firm's total effectiveness" (McGee and Spiro, 1988:40). Piercy (1992) has proposed that during the development of marketing strategy, marketers need to consider the benefits of persuading the rest of the organisation to review and comment on their plans, as without the participation and commitment of other functional areas within the organisation, marketing plans will not work and are unlikely even to be referred to. There is growing evidence to support the argument for the integration of the sales and marketing functions. "Unless headquarters marketing and sales force management are blended as equal partners, overall strategic plans will fail to be executed well at the critical customer contact point" (Anderson *et al.*, 1999:23). Cespedes (1993:50) found that "managers with both marketing and sales experiences are more likely to develop programs with an awareness of the reciprocal requirements". Organisations should continue to build closer cooperation between sales and marketing to achieve their common goal of satisfying customers profitably, while still developing long-term relationships (Anderson *et al.*, 1999). Successful businesses may prefer to move from transactional marketing (a one-off negotiation) to relationship marketing (a long-term, continuous series of transactions between parties) (Petrof, 1997). However, although there are many arguments for the integration of sales and marketing, there is evidence to show that the majority of large organisations still believe that two independent departments are preferable to one integrated one (Piercy, 1986; Cox, 1993; Malik, 1994).

3.5 Integration Mechanisms

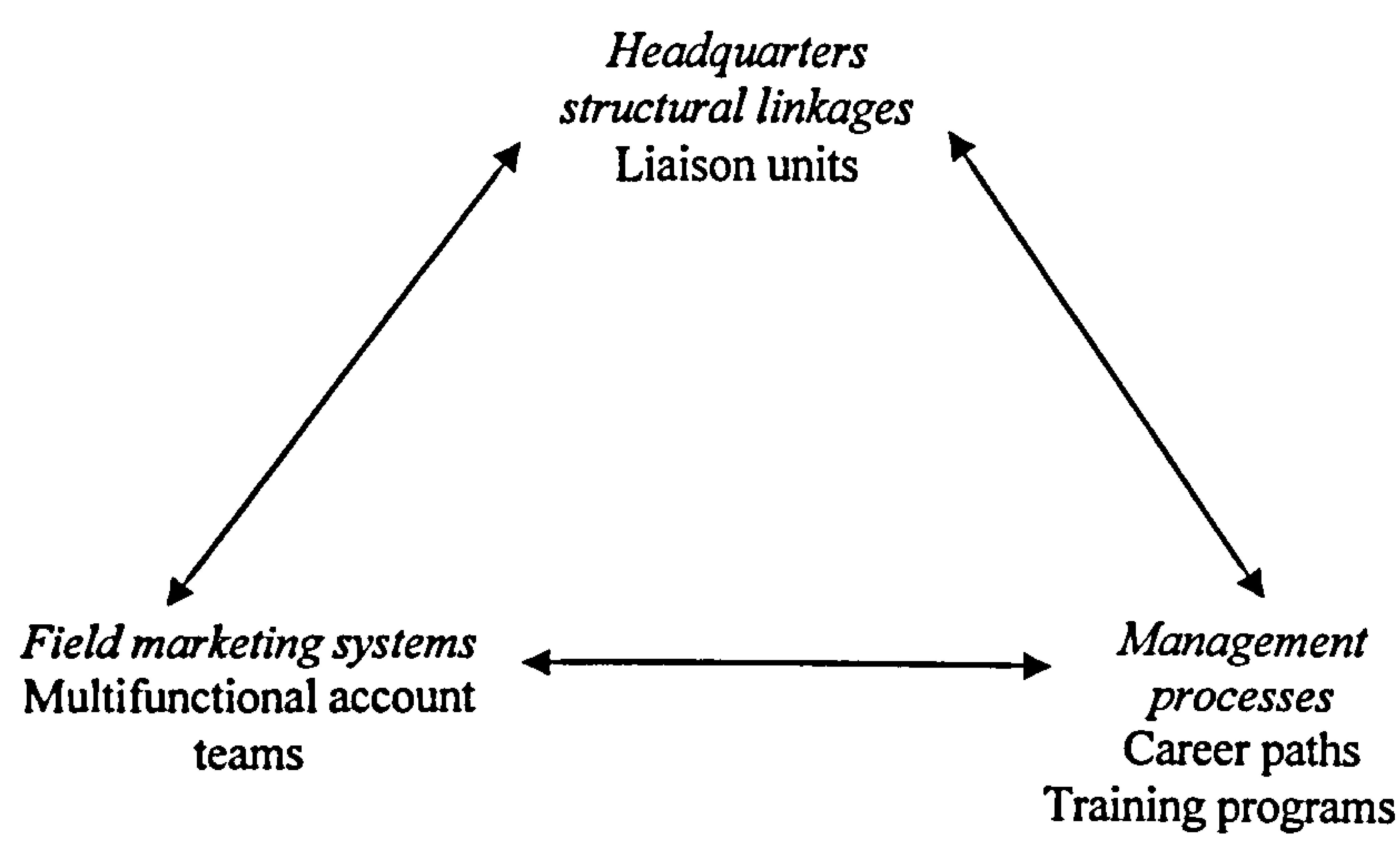
The previous sections have highlighted the importance of the sales and marketing functions within organisations collaborating to achieve greater effectiveness and efficiency. This section will consider some methods through which collaboration between sales and marketing may be improved.

3.5.1 Cross-functional Teams

Research by Di Benedetto (1999) found that cross-functional teams performed significantly better than single functional groups in decision-making concerning sales and marketing strategy. Weitz and Bradford (1999) proposed that in complex products or services (e.g. aircraft, computers, or other hi-tech products) a cross-functional team would be more productive than sales people who are independently responsible for their own territories. To enable cross-functional teams to work, "senior managers must ensure that the right structures, roles and leadership are in place ... building strong teams rather than strong functions becomes the critical senior management goal" (George *et al.*, 1994:58). In 1989, Martin and Powers suggested that cross training and a different organisational structure should help to bridge the communications gap between marketing and sales. Cross-functional working has also proved to have benefits to the organisation. These benefits are based on the ability to share and act on information developed through cross-functional networks (Cohen, 1993). Schultz (1998) highlights that lessons can be learnt from integrated marketing communications as the extensive use of interpersonal and across-function communications can break down functional silos and improve integration in general. However, it should be remembered that integration is a process that is installed across the organisation and an appreciation of the objectives and motivators of the rest of the team are vital to good management.

Lawrence and Lorsch (1967/1972) suggest that conflict can be reduced between specialist departments if interdepartmental liaison managers are established, or even the formation of special integration groups developed to solve particular problems. One method of implementing integration is to appoint a senior member of staff to coordinate activities, but this can cause an overload of responsibilities for the manager and perhaps a conflict in priorities (Pugh, 1979). However, managers may benefit from training in understanding and accommodating the points of view of others before taking on this role (Lawrence and Lorsch, 1967/1972). Shapiro (1988) noted that there is a danger in moving integrated decisions up to the senior management, as although they may have an unbiased view, they may also lack the close knowledge of the specialist. Cespedes (1993) identified three areas that could improve coordination between marketing and sales: headquarters structure, field marketing systems and management processes (see Figure 3.5).

Figure 3.5 Organisational Changes to Improve Marketing–Sales Coordination



Source: Cespedes (1993:48) Coordination Sales and Marketing in Consumer Goods Firms.

Cespedes (1993) went on to say that these elements are interdependent and that the implementation of one without the others would reduce their effectiveness. The development of structural linkages not only improves coordination, but also signals the importance of collaboration by senior management. The rotation of sales and marketing personnel was recommended on a one- to three-yearly basis to keep knowledge of marketing and sales current. Krohmer *et al.* (2002) noted that establishing job rotation could aid the transfer of information and good practice across the organisation.

3.5.2 Organisational Learning

"Learning organisations are guided by a shared vision that focuses the energies of the organisational members on creating superior value for customers ... [and] they do not hesitate to question long held assumptions and beliefs regarding their business" (Slater and Narver, 1995:71). "Every discussion of market orientation emphasizes the ability of the firm to learn about customers, competitors, and channel member in order to continuously sense and act on event and trends in present and prospective markets" (Day, 1994b:43). The reliance on greater internal and external interdependence and integration has led to an emphasis on managing business processes rather than functional departments (Fenton and Pettigrew, 2000), and this allows the development of self-managing teams and task forces. Colletti and Chonko (1997) agreed that the building blocks of corporate strategy are not products and markets but business processes, and this would include sales and marketing processes. Competitive success depends on transforming key processes to provide superior value to the customer. "This type of horizontal integration around processes allows the organisation to dismantle the hierarchy as well as functional compartmentalization" (Fenton and Pettigrew, 2000:25). Porter (1987) identified that competitive strategy should be concerned with how competitive advantage can be created in each of the businesses in which an organisation competes.

Two distinctive types of organisational learning have been identified by Argyris (1977) as Adaptive learning and Generative learning (which are also known as single loop and double loop learning). Adaptive learning can lead to the development of core competences (Prahalad and Hamel, 1990), but they are bound by the organisation's perception of itself and its environment. Generative learning concerns the ability of the organisation to be able to change norms in response to absorbed information (Argyris, 1977). "Core competences are the bases upon which an organisation achieves strategic advantage in terms of activities, skills, or know-how which distinguish it from competitors and provide value to customers or clients" (Johnson and Scholes, 1997:15). Competences as newly learned skills are necessary if people are to act as teams and solve problems. According to Loermans (2002:290), it is necessary to build a corporate architecture to "facilitate learning at the organisational level to create knowledge sharing and dissemination mechanisms across the organisation". Although formal reporting structures, explicit control systems and compensation policies are relevant to the questions of organisation, organisational resources have limited ability to create sustainable competitive advantage by themselves. However, when processes and capabilities are integrated with organisational resources, competitive advantage can be created (Amit and Shoemaker, 1993; Colletti and Chonko, 1997). The "integration of departmental resources allows the organisation to pool its collective capabilities in order to create superior value for both current and potential customers" and develop inter-functional coordination (Morgan and Turnell, 2003:260).

"The marketing function has a key role to play in the creation of a learning organisation. Because of its external focus, marketing is well positioned to appreciate the benefits of market-driven learning" (Slater and Narver, 1995:71). Cravens (1998:199) felt that "marketing professionals should guide and assist inter-functional teams in defining product-market structures, learning about markets and developing shared visions about markets and how they are likely to change in the future". Sujan *et al.* (1994) found that sales people's effectiveness also largely depends on the development of a learning orientation, as this will enable sales people to work harder and to work smarter.

According to Hult *et al.* (2002), organisational learning is a complex concept that covers both process and structure and allows the development of new ideas that have the potential to change behaviour. Day (1994a) outlined that the processes of learning in a market-driven organisation are distinguished by the following activities:

- "Open-minded *inquiry*, based on the belief that all decisions are made from the market back [to the organisation].
- Widespread *information distribution* that assures relevant facts are available when needed.
- Mutually informed mental models that guide *interpretation* and ensure everyone pays attention to the essence and potential of the information.
- An accessible *memory* of what has been learned so the knowledge can continue to be used." (Day, 1994a:10)

The creation of organisational learning should include information dissemination and the effective sharing of the interpretation of that information (Slater and Narver, 1995). Day (1994a) noted that a more open climate where learning is possible requires senior managers' support, and that the most effective way of spreading information quickly throughout the organisation is through established networks using standardised systems, languages and protocols that cross departmental boundaries.

> "*The learning process must include the ability of managers to ask the right questions at the right time, absorb the answers into their mental model of how the market behaves, share the new understanding with others in the management team, and then act decisively.*" (Day, 1994a:9)

According to Loermans (2002), an organisation can only be called a learning organisation if individual or team knowledge is captured and systemised to the benefit of the whole organisation. "Effective learning requires integrating concepts, knowledge and experience from multiple disciplines. Everyone in the organisation is a potential contributor to learning. The challenge is creating the processes and commitment to learning" (Cravens, 1998:200). "It has been established that a learning organisation generates new knowledge which helps sustain its competitive advantage, but just creating knowledge alone does not mean that knowledge is being efficiently and effectively used or managed" (Loermans, 2002:292). Collective learning is much more than the cumulative results of individual learning. Collective knowledge is found in systems, procedures and files, but the most influential knowledge is likely to be tacit (unwritten) and embedded in the process of selecting, interpreting and sharing information (Day, 1994a). Slater and Narver (1995) found that:

> "*Some companies focused on systems of business practices and redefined the way their business was conducted, whereas others concentrated on*

making functions more efficient. The latter is characteristic of adaptive learning and is typical of businesses with strong functional commitments that become core rigidities." (Slater and Narver, 1995:64)

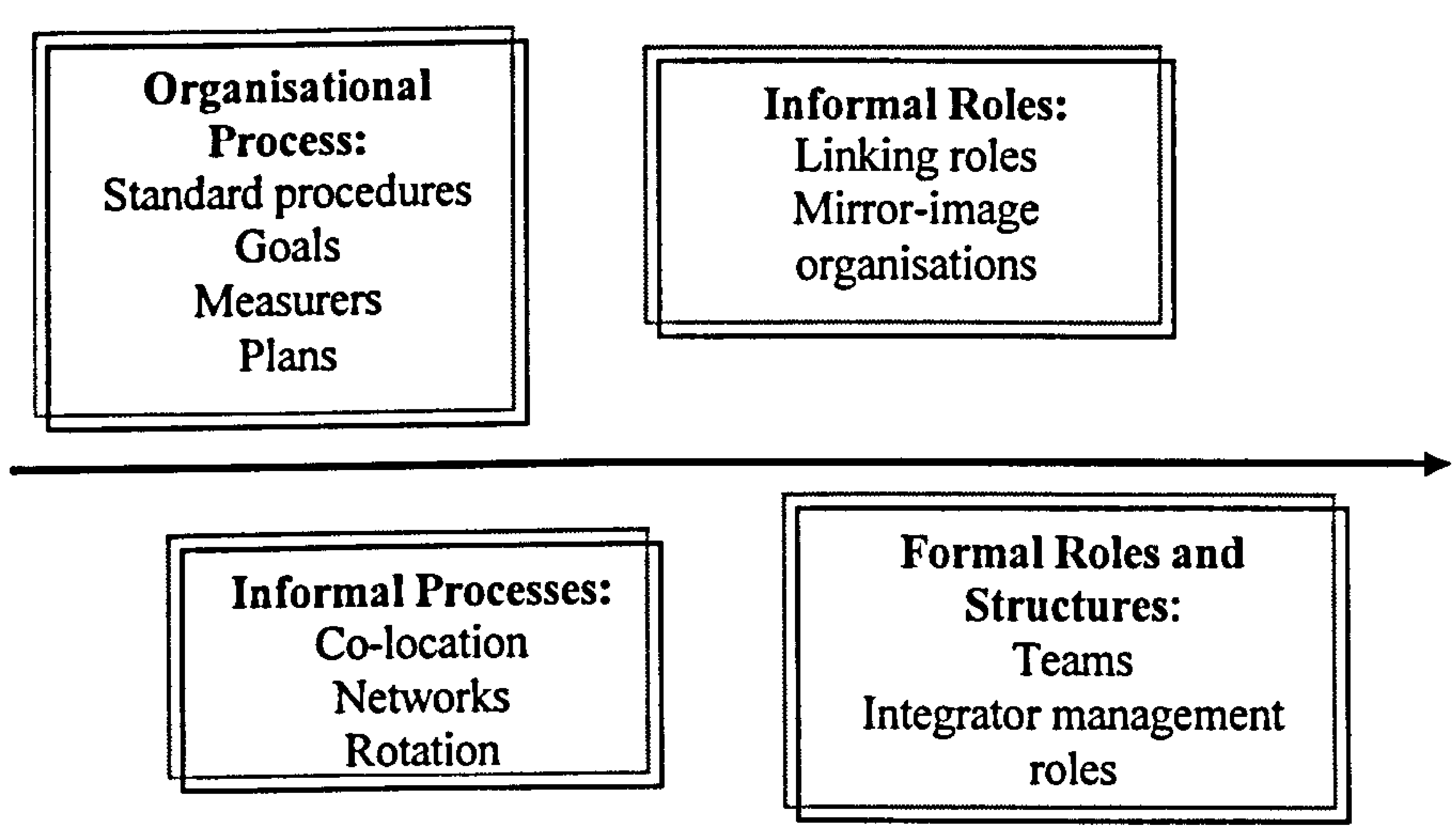
The importance of the 'informal organisation' based on friendship groups and unplanned interactions was emphasised by Morgan (1997). "Organisational learning becomes a form of cultural development and the task becomes one of identifying the organisational features that enable or obstruct such cultural development or organisational learning" (Stacey, 2003:327).

3.5.3 Strategies for Integration and Collaboration

Cespedes (1994) outlined three categories of changes to help build integration: firstly, an emphasis on headquarters structural devices such as formal liaison units between marketing and sales; secondly, changes in field marketing systems, such as the development of multifunctional account teams; and lastly, alterations in the broader management processes to include new career paths and training programmes. The development of linking mechanisms is essential to these recommendations as without them functional staff can been seen as meddling in the other groups' business without understanding the trade-offs involved (Cespedes, 1994). "Traditionally, most firms have been vertically structured around functions or departments. Decisions and activities are controlled by a well-defined hierarchy, both within the individual functions and collectively from the top down by senior management" (Day, 1997:69). The disadvantage of vertical hierarchy is that functions are prone to concentrate on their own activities and meet their own objectives, and do not talk to each other in a systematic way (Day, 1997).

The growth in importance of horizontal or lateral integration has led to a belief that "an important part of the skill set of an organisation will be the knowledge and ability to design itself so as to optimize its strategy" (Mohrman, 1993:116). The horizontal or process-orientated organisations structure themselves around a small number of strategically important processes or work flows. These organisations are likely to have fewer layers as the workforce is structured into self-managing teams (Day 1997). Horizontal "integration occurs through a fluid set of integrative mechanisms. Particularly in dynamic environments, and wherever continuous improvement is a competitive imperative, change will be the order of the day" (Mohrman, 1993:135). An understanding of the various integration approaches is critical to designing strategies and structures that allow an organisation to sustain its competitive advantage in a rapidly changing environment (see Figure 3.6).

Figure 3.6 Integrative Mechanisms



Source: Mohrman (1993:117) Roles and Structure in the Lateral Organisation.

Labianca *et al.* (1998) found that an important part of creating integration is creating positive relationships between individuals within groups and intra-group.

"Decreasing perceptions of intergroup conflict may rest upon improving intragroup relationships and, in turn, increasing in-group cohesiveness may decrease perceptions of intergroup conflict" (Labianca *et al.,* 1998:64). Ruekert and Walker (1987:7) identified a number of mechanisms that are available to organisations to reduce conflict and promote common goals. These include: "(1) avoidance of the conflict, (2) smoothing over conflicts by focusing on common interests, (3) openly confronting the issue and resolving the dispute through negotiation and compromise, and (4) resorting to higher authority to decide the issue unilaterally.... "

The following integrating processes establish the most fundamental form of integration, and integration cannot be fully effective if these processes are not in place (Mohrmon, 1993):

- *The setting of mission, strategy and values to guide over all organisational direction* – The responsibility for this lies with senior management, and a variety of mechanisms can be used to ensure that managers and other stakeholders buy into the concept.

- *Objectives setting and budgeting* – Objective setting should be aligned with strategic direction and horizontally integrated and supporting the process of improvement. The allocation of resources will need to 'follow' the objectives automatically so that managers are not required to indent for funding.

- *Career paths and development approaches* – Effective organisations are able to horizontally integrate and put an emphasis on the ability to work in teams across functional boundaries. A key benefit of cross-functional teams is that cross training can allow staff to share their experience and perspectives. However, highly trained specialists are a continuing requirement, especially in technical organisations.

- *Performance and reward systems* – Performance management needs to build in mechanisms that acknowledge personal value while reinforcing and rewarding teamwork, as well as paying attention to how the team's contribution fits into the larger organisational context.

- *Integrative communication systems* – In shared information systems and databases it is essential that a common language is used. Idiosyncratic languages and systems work against integration and may protect specialist power bases.

Blake *et al.* (1968:90) noted that integration of two groups is facilitated if the groups have "a vested interest in the outcome" and they "are convinced they can develop final positions that represent the convictions of both". The process of building a shared vision can lead to the staff achieving more than they thought they could. The vision becomes achievable as it becomes more real in the sense of a mental reality (Senge, 1990). Sharing vision is important to integration. Kahn (1996:147) emphasises the importance of collaboration and interaction, rather than interaction alone, in achieving interdepartmental integration. One implication from his research was that "top management should consider programs that encourage departments to achieve goals collectively, have mutual understanding, work informally together, ascribe to the same vision and share ideas and resources". Therefore, as many of these activities are strategic, any programme of integration should include modifications to the company's strategic planning process.

Increased collaboration between departments may be facilitated through a range of methods, from the informal lunchtime meetings, to revamped reward structures, strategic planning, cross-functional training and co-location (Kahn, 1996). The aim would be for the Marketing and Sales Managers to reach a consensus on the strategy for each product. This consensus would be reached through regular meetings and by ensuring that rewards are matched to the achievement of the overall strategic goals rather than just for meeting and/or exceeding sales volume targets (Strahle *et al.*, 1996). The redesign of reward systems would be important in providing an incentive to integrate targets and objectives, so that sales people are measured and compensated not only for achieving sales volume, but also for their overall effectiveness in implementing product strategies (Strahle and Spiro, 1986; Strahle *et al.*, 1996). Blake *et al.* (1968) found that inter-group conflict can be reduced if the group members can perceive common or superordinate goals that both groups wish to achieve.

Souder (1988) outlined some guidelines for improving relations between R&D and marketing that may be useful when considering the integration of sales and marketing. They include:

- *Take a proactive stance towards interface problems* – Parties should be required to maintain an aggressive attitude towards seeking out and facing interface problems head-on

- *Eliminate mild problems before they grow into severe problems.*

- *Involve both parties early on in the planning stages.*

- *Promote and maintain a dyadic relationship* – The two parties need to become intensely committed to each other and pursue their joint goals together. Those personnel with complementary skills and personalities are assigned to work together and may be given significant autonomy.

- *Make open communication an explicit responsibility of everyone.*

- *Use interlocking task forces* – The use of teams of cross-functional personnel will avoid the natural impression that they are two separate organisational entities and cultures.

- *Clarify the decision authorities.*

Jaworski and Kohli (1993:63) noted that there was some level of interdepartmental conflict in the culture of various departments and that it is possible to reduce that conflict by using various means "such as interdepartmental training programs, cross-functional activities, and alignment of departmental performance objectives by focusing them on markets (e.g. customer satisfaction)". Galbraith (2002) indicated that in order to foster voluntary lateral communication it is necessary to encourage interdepartmental rotation, interdepartmental events, co-location, mirror-image departments and consistent reward and measurements. Collaboration needs to be supported by interaction and it may be necessary to create new communication lines and an interaction network, which may include electronic interfaces (Kahn, 1996). Jaworski and Kohli (1993:64) commented that "interdepartmental conflict appears to reduce a market orientation, whereas connectedness appears to play a facilitative role ... it may be useful to promote interdepartmental connectedness through physical proximity of departments and through telematics" (e.g. internet and voice mail). This is particularly important between sales and marketing where sales are based away from head office. Therefore managers should "use interaction for establishing contact and familiarity between departments and then let collaboration drive the interaction process" (Kahn, 1996:147).

3.6 Chapter Summary

This chapter explores the concepts of integration and collaboration and finds that, although integration is difficult to create and to measure, it has clear benefits to the organisation. Integration is characterised by clear lines of communication, common objectives and cross-departmental activities. Through a review of the process of integration it was found that senior management's involvement in the integration process and staff 'buy in' to working more collaboratively are essential to successful integration, and that low levels of communication and information sharing are indicative of low levels of integration. Structured communication, informal communication and collaboration are all elements of successful integration. It is also important that objectives, training and reward systems be aligned to promote integration and reduce conflict.

An exploration of the barriers to integration shows that the growth of distrust and conflict between functional groups is naturally established in a competitive environment. However, distrust and conflict are two of the most difficult barriers to integration to overcome, and this cannot be achieved simply through enforced interdepartmental meetings. Although the development of cross-functional training and interdepartmental staff movement are recommended in order to improve integration, a further barrier may be that staff are reluctant to work outside their normal environment and therefore cross-functional teams may be difficult to establish. When considering the collaboration between sales and marketing, it appears that differences in goals set by management and differing career paths and rewards, as well as the departments' different perspectives on how sales and marketing success can be achieved, are substantial barriers to integration.

The benefits of integration are improved productivity and customer satisfaction. Various studies have found that these benefits relate directly to cross-functional working and collaboration between two or more groups. However, a review of the relationship between sales and marketing shows that they may not be structured in a way that aids collaboration. An evaluation of contrasts in thinking between sales and marketing finds that there are a range of factors that impede their cooperation. Sales and marketing departments often suffer from tension caused by poor communication, differences in goals and objectives and differing philosophies. A review of the training and career paths of sales and marketing staff found that their educational backgrounds differed in that marketing staff usually held higher qualifications than the sales staff. Their career paths and training also take different routes, impeding transfer of staff between departments. Further, a review of the reward structures and measures of success of marketing and sales staff was found to reinforce different objectives. Sales staff are usually measured and rewarded on volume sales, while there are few concrete measures of success for marketing staff and rewards are not usually linked to sales success. Therefore, even though sales are meant to be part of the marketing mix, it was found that their management, rewards, structure, measurement, training and career paths only reinforce the differences in their cultures and values.

Communication and its role in collaboration and integration are considered, and it has been found that the greatest barrier to integration is poor communication and that improvements in communications lead to improvements in interdepartmental relations. The integration and interdependence of sales and marketing was discussed and it was found that cooperation and reciprocal support would benefit the organisation as sales relies on marketing to prepare the market and supply market or product information, and marketing relies on sales to provide feedback on the market and products. The strategies of sales and marketing need to link together into a cohesive strategy if they are to obtain maximum benefit from their activities. The benefits of integration are further confirmed through a review of the literature on the benefits of integrating marketing and research and development.

The final section considers how integration can be improved through the development of cross-functional teams, organisational learning and the strategies and mechanisms to promote integration. Cross-functional teams should help to bridge communication gaps between functional areas and break down silos by reducing conflict. The review of learning organisations found that such organisations are guided by a shared vision that focuses the energies of the organisation on creating superior value for customers. This is achieved by challenging existing paradigms and processes, and developing and sharing information and knowledge, leading to competitive advantage. The sales and marketing functions play a key role in the development of organisational learning because of their external focus. A strategy for integration is to establish horizontal integration that can create knowledge and information flows across the organisation in order to improve customer satisfaction and competitiveness. The key tasks for senior management are to set common goals for both groups, redesign the reward systems to align values, and put structural changes in place to improve communication and cross-functional working. Essential to success is the establishment of an integrative communication system so that information can be disseminated and a shared vision developed. The outcome of the integration of sales and marketing should be to develop efficiencies, thereby improving customer satisfaction and leading to an increase in sales.

This chapter has established the importance of collaboration between sales and marketing to business performance, and has identified a number of elements that may contribute to the improvement of collaboration. The elements of conflict of interests, management attitudes towards coordination and communication were identified as possible antecedents to collaboration in Chapter 2, and are confirmed as significant contributors to collaboration between sales and marketing in this chapter. In addition, the elements of organisational learning, integration mechanisms, and cross-functional training have all been identified as possible antecedents to collaboration between sales and marketing and have been included in the research model (see Chapter 1, Figure 1.1).

CHAPTER 4

METHODOLOGY

4.0 Introduction

This chapter will consider the philosophical stance of the research, evaluate the research methods selected and identify the reasons for adopting a triangulated methodology. "Methodology is a combination of techniques used to enquire into a specific situation" (Easterby-Smith *et al.*, 2002:31). Initially qualitative techniques will be used to investigate the individual's attitude towards the relationship between sales and marketing, how these attitudes fit within the organisational structure, and the processes of the target organisations' sales and marketing interface. "The particular strength of qualitative research, for both researchers and practitioners, is its ability to focus on actual practice *in situ*, looking at how organisations are routinely enacted" (Silverman, 1998:3). The themes and patterns identified in the literature review and the qualitative research will then be tested through a large-scale survey to find out how widespread these themes and patterns are. According to Robson (1993:128–9), surveys "provide a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives ... [that] may be adapted to collect generalizable information from almost any human population". Surveys may also achieve the collection of large amounts of standardised data. Finally, confirmatory interviews will be used to verify the results. Therefore, a mixed research methodology will be employed for this study.

Easterby-Smith *et al.* (2002) stated that research may be carried out through a number of methods, and three of the main categories are those that are distinguished primarily by their outcomes – pure, applied and action research.

Pure research is intended to lead to theoretical development, which may or may not have a practical application. "Applied research is intended to lead to the solution of specific problems" (Easterby-Smith *et al.*, 2002:9). Action research allows the researcher to have a direct impact on the phenomenon being researched. Rapoport (1970:499) defined action research as "aim[ing] to contribute *both* to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually accepted ethical framework". This research falls into the 'applied' category because the research is intended to explore the interface between marketing and sales, and to identifying whether there are benefits to the organisation from improving collaboration between marketing and sales.

A second type of research categorisation is between inductive and deductive research. Deductive research is based on what is already known about a particular domain (Bryman, 2001). It "starts with existing theories and concepts and formulates hypotheses that are subsequently tested" from the vantage point of received theory (Gummesson, 2000:63). Inductive research begins with real-world data, and as this data is categorised and analysed theories emerge that can be used to formulate hypotheses. "Deductive research primarily tests existing theory, whereas inductive research primarily generates new theory" (Gummesson, 2000:64). This research is primarily inductive as the hypotheses were developed from the qualitative data, generating new concepts.

The first section of this chapter will discuss the research process, the philosophical stance, theories behind methodology and the advantages and disadvantages of the selected research methods, as well as the reliability and validity of the methods employed. The chapter continues with the identification of the research problem, the evaluation of the research process, a discussion of the development of the theoretical framework and the process of analysing the data. The chapter will conclude with a description of the process for executing the confirmatory interviews.

4.1 The Research Design

"A research design provides a framework for the collection and analysis of data" (Bryman, 2001:29). The primary aim of the research design is to provide the researcher with a guide to exploring the problem. According to Layder (1996:107), the research design should take the following considerations into account:

1) "The nature of the research problem or topic.

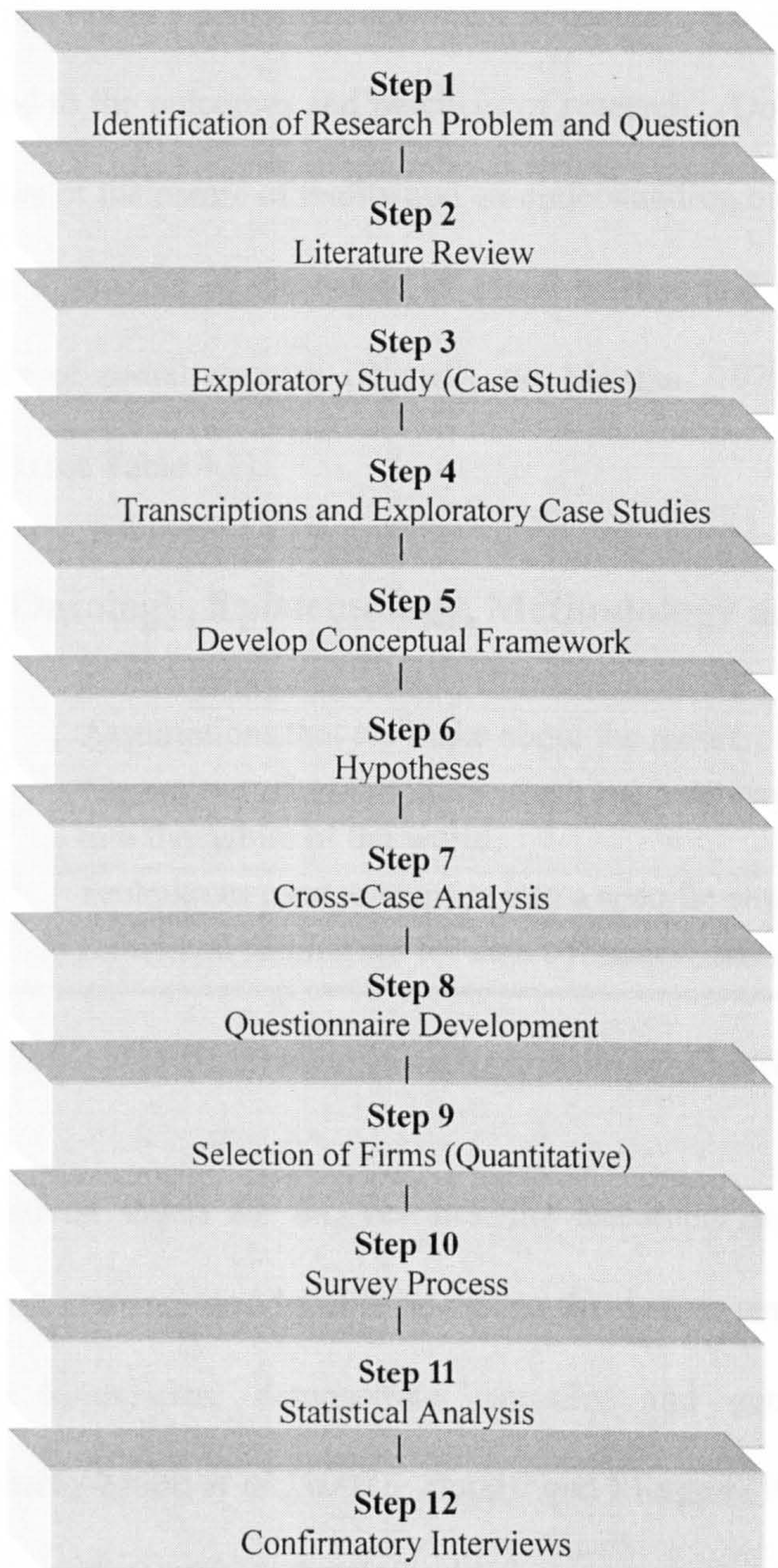
2) The research strategies, methods and data sources traditionally thought to be appropriate to a particular problem or topic.

3) The availability and accessibility of data.

4) The resources at the researcher's disposal (funding, time, equipment and assistance)."

The general principle is that research design links the research strategies with the work that is to be carried out to achieve the research objectives (Robson, 1993). The fundamental factors that influence the research design are the philosophical stance, and contrasts between qualitative and quantitative research. These, together with the choice of research methods, will be discussed in the rest of this chapter. A flow diagram outlining the development processes of the research is included (see Figure 4.1).

Figure 4.1 The Development Process of the Research



Source: Adapted from Malhotra and Birks. (2003) *Marketing Research: An Applied Approach.*

4.1.1 Philosophical Stance

"Philosophy is primarily concerned with rigorously establishing, regulating and improving the methods of knowledge-creation in all fields of intellectual endeavour" (Chia, 2002:2). "Bhaskar argues that philosophy has an important role to play in research, not as a permanent statement of position, but as conditional and intimately related to the outcomes and practices of research" (Dobson, 2001:200). Contrasting views of the nature of reality and an understanding of that reality form the basis of the discussion of the nature of social science and the suitability of various methods of social enquiry (Burrell and Morgan, 1979; Alvesson and Skodberg, 2000) (see Table 4.1).

Table 4.1 Ontology, Epistemology, Methodology and Method

Ontology:	Assumptions that we make about the nature of reality.
Epistemology:	General set of assumptions about the best ways of inquiring into the nature of the world.
Methodology:	Techniques used to enquire into a specific situation.
Methods:	Individual techniques for data collection, analysis, etc.

Source: Easterby-Smith *et al.* (2002:31) *Management Research: An Introduction.*

To adopt a positivist stance for this research the researcher would have to be independent of the research and be able to reduce the data to simple, measurable terms, develop hypotheses, demonstrate causality and generate statistical probability (Easterby-Smith *et al.*, 2002). Burrell and Morgan (1979) believe that both realism and positivism share the same objective perspective that social reality and social activities are logical and independent of the players. Bhaskar (1979) discusses the common criticism of positivism that natural-scientific methods are unsuitable for investigating human (social science) phenomena because natural science tends to ignore people's need to interpret and define their social reality. The positivist's view is that "reality is assumed to be unproblematically existing 'out there' independent of the perceptions, beliefs and biases of the researcher" (Chia, 2002:7). Therefore, by concentrating on the causes of social phenomena, the positivist may pay little attention to the subjectivity of individuals (Easterby-Smith *et al.*, 2002), and there appears to be a methodological gap between the study of human behaviour (social science) and that of natural science. Bhaskar (1979:26) argued that investigations into social sciences cannot be approached in the same way as investigations into the natural sciences because "they possess qualitatively different features". He stated: "Thus it is obvious that one can no more set out to experimentally identify (or non-vacuously simulate) the causes of the French Revolution than one can sensibly contemplate interviewing a gene" (Bhaskar, 1979:30).

To develop knowledge humans require the use of tools – linguistic, cultural and conceptual as well as material. All observation is therefore value-laden and the difference between science and social science is the 'concept-dependent' nature of social phenomena. In contrast to a positivist approach, a researcher using social constructionist philosophy (interpretivism) would interpret the subjective meaning of a variety of social actions (Bryman, 2001). The researcher gathers value-laden, contextually based data and uses theoretical abstraction to increase their general understanding of the research area (Easterby-Smith *et al.*, 2002). This can be achieved when the researcher is immersed in the setting and becomes part of the group under study in order to understand the meanings and significances that people put upon their own behaviour and that of others (Easterby-Smith *et al.*, 2002).

Neither of these philosophies, however, meets the requirements of this research because, although the effects of collaboration between sales and marketing may be observed and measured, the enquiry is, by its nature, value-laden and contextual. Consequently there are elements of both positivism and anti-positivism (or social constructionism) in the proposed research, and critical realism would appear to be the most appropriate ontology. Critical realism recognises the reality of the natural order, events and discourses of the social world and holds that "we will only be able to understand the social world if we identify the structure at work that generates those events and discourses" (Bryman 2001:13). The critical realist recognises that social conditions have real outcomes, whether or not they are recognised by the social scientist, and observes that concepts are human constructions and therefore open to interpretation (Easterby-Smith *et al.*, 2002). "Critical realism makes the distinction between external or contingent relations and internal or necessary relations among objects. Contingent relationships are those that exist between bodies that can have independent existence but nevertheless can influence one another" (Easton, 2001:106). Layder (1993:16) stated: "A central feature of realism is its attempt to preserve a 'scientific' attitude towards social analysis at the same time as recognizing the importance of actors' meanings and in some way incorporating them in research".

4.1.2 Qualitative and Quantitative Research

"Qualitative methodology and quantitative methodology are not mutually exclusive. Differences between the two approaches are located in the overall form, focus, and emphasis of study" (Van Maanen, 1979:520). The choice of philosophy and its underlying epistemological and ontological assumptions will have direct implications on the choice of method used to investigate the research question (Burrell and Morgan, 1979). Halfpenny (1979) identified ten key distinctions between quantitative and qualitative research methods (see Table 4.2). Quantitative research has its foundation in objectivity and, in principle, its application "adds rigor to research. It allows hypotheses to be tested, orders of magnitudes of the relationships between key factors to be established, and patterns to be uncovered" (Whitfield, 1998:65). For generalised conclusions to be drawn, the data collection process needs to be based on clear variables and measurable relationships and to use rigid sampling strategies that can be replicated (Moser and Kalton, 1971). "Quantitative studies are more precise, explicit, and predetermined and assume that the relevant variables can be identified in advance and validly measured" (House, 1994:17). Easterby-Smith *et al.* (2002) observed that methods such as surveys, experiments and observations could be employed to produce quantitative data. Qualitative research aims to discover the meanings of specified social realities from the participants' perspective (Reichardt and Rallis, 1994a). According to House (1994):

> "*Qualitative studies rely on more provisional questions, data collection site, people to interview and things to observe. They assume less in advance, including which variables are relevant, and are more open-ended, sensitive to context, and likely to be focused on the intentions, explanations, and judgements of participants.*" (House, 1994:17)

Table 4.2 The Main Distinctions between Quantitative and Qualitative Research Methods

Qualitative research	Quantitative research
Soft	Hard
Flexible	Fixed
Subjective	Objective
Descriptive/exploratory	Explanatory
Inductive	Deductive
Political	Value-free
Interpretivist	Positivist
Case study	Survey
Speculative	Hypothesis-testing
Grounded	Abstract

Source: Adapted from Halfpenny (1979:799) The Analysis of Quantitative Data.

Therefore, qualitative research does not measure and predict the phenomenon under study, but seeks to interpret the meanings embedded within the social setting (Van Maanen, 1979). Qualitative research frequently uses such research methods as case studies, repertory grid and diary methods (Easterby-Smith *et al.*, 2002).

4.1.3 Mixed Methodology

Brewer and Hunter (1989) observed that in most major areas of social and behavioural research multiple methods are used as a matter of course, and that researchers need not be bound to exclusively qualitative or quantitative methods. The danger of a mixed methodology is that the coherence of the ontology may be undermined by different paradigms. Reichardt and Rallis (1994b:85) stated "there are substantial differences between the qualitative and quantitative research traditions. The question is whether the qualitative and quantitative paradigms have enough similarities in fundamental values, in spite of their other differences, to form an enduring partnership." Brewer and Hunter (1989) believed that there are enough similarities between the values of quantitative and qualitative research to be compatible. "Thus it can be argued that there is a common set of beliefs that many social and behavioural scientists have that undergird a paradigm distinct from positivism or postpositivism or constructivism, which has been labelled pragmatism" (Tashakkori and Teddlie, 1998:13); therefore the use of mixed methods (particularly in social and behavioural situations) is justified.

Tashakkori and Teddlie (1998:21) "believe that pragmatists [constructivists] consider the research question to be more important than either the method they use or the worldview that is supposed to underlie the method". Therefore, the decisions regarding the use of research method will largely depend upon the development of the research question. To investigate the research question it was necessary both to consider the interaction of the sales and marketing interface (qualitative) and to identify which elements make up collaboration between sales and marketing (quantitative). Therefore, a mixed methodology was required.

> "*Multimethod strategy is simple, but powerful. For if our various methods have weaknesses that are truly different, then their convergent findings may be accepted with far greater confidence than any single method's findings would warrant. Each new set of data increases our confidence that the research results reflect reality rather than methodological error.*"
> (Brewer and Hunter, 1989:17)

Yin (2003a:5) said: "Even though each strategy has its own distinctive characteristics there are large overlaps among them", so that when planning a mixed methodology it is important to match strategies that have similarities, therefore avoiding misfits. Brewer and Hunter (1989:82) identified that the "chief advantage of the multimethod approach is not the quantity of data that it provides, but rather the data's diversity and the opportunities for comparison that this diversity affords".

4.1.4 Triangulation

Denzin (1978:291) defined triangulation as "the combination of methodologies in the study of the same phenomenon" that should strengthen confidence in the research findings. "Triangulation entails using more than one method or source of data in the study of social phenomena" (Bryman, 2001:274). Jick (1979:602) identified that "Researchers can improve the accuracy of their judgments by collecting different kinds of data bearing on the same phenomenon." Two research strategies used in combination may be mutually reinforcing and provide validity.

> "*Triangulation requires multiple sets of data speaking to the same research question from different viewpoints ... . To support these inferences, the data must be collected with truly different methods that are employed independently of one another but that are focused as tightly as possible upon the particular question being investigated.*" (Brewer and Hunter, 1989:83)

The qualitative research will focus on the strategies and processes of the sales and marketing operation and develop attitudes, themes, and patterns within the target organisations. The quantitative research considers the level of integration between sales and marketing with the aim of confirming or refuting some of the qualitative research findings. The research will conclude with confirmatory interviews to explore additional information discovered in the quantitative research.

"Triangular techniques in the social sciences attempt to map out, or explain more fully, the richness and complexity of human behaviour by studying it from more than one standpoint and, in so doing, by making use of both quantitative and qualitative data" (Cohen and Manion, 1996:233). Denzin (1978) outlined four basic types of triangulation: data triangulation, investigator triangulation, theory triangulation and methodological triangulation. Within methodological triangulation he identified two methods: within-method and between-method triangulation. Within-method triangulation occurs when "the investigator takes one method (the survey) and employs multiple strategies within that method to examine data" (Smith, 1975:290). The between-method triangulation "combines dissimilar methods to measure the same unit .... The rationale for this strategy is that the flaws of one method are often the strengths of another" (Denzin, 1978:302). This research will use between-method triangulation to investigate collaboration between sales and marketing through case studies, a survey and interviews. However, it should be noted that triangulation is not without some shortcomings and there may be replication problems, particularly with the qualitative part of the research (Jick, 1979). "Triangulation techniques, involving the reconciliation of QUAL and QUAN data sources, provide the lynchpin for improving the quality of inferences" (Tashakkori and Teddlie, 1998:169).

4.1.5 Research Methods

Research "methods must be appropriate to the nature of the object we study and the purpose and expectations of our enquiry" (Sayer, 1993:4). The advantage of using a mixed methodology of both quantitative and qualitative methods is that it allows a combination of research methods to be used. This research has always intended to use a mixed methodology of case studies, survey and confirmatory interviews. If both case studies and a survey are employed they will allow not only the generation of theory based on the interpretation of the social interactions (through the case studies), but also the measurement and prediction of the effects of those interactions (through the survey) and then verification of the findings (through the confirmatory interviews). Tashakkori and Teddlie (1998:169) suggest that many misunderstandings of trying to 'stretch' purely qualitative or quantitative research methods to fit all situations "can easily be alleviated through the use of mixed research methods and a rigorous evaluation of the internal validity and trustworthiness of the findings obtained through such methods". As almost every methodology has some type of weakness, a mixed research design allows the strengths of different methods to offset each other (Punch, 1998). Jick (1979:608–609) lists four advantages of multi-method research:

- "Researchers can be more confident of their results.
- Help to uncover the deviant or off-quadrant dimensions of a phenomenon.
- Synthesis or integration of theories.
- Triangulation may also serve as the critical test, by virtue of its comprehensiveness, for competing theories."

4.1.5.1 Case Studies

Case studies "can be described as a *research strategy of design that is used to study one or more selected social phenomena and to understand or explain the phenomena by placing them in their wider context*" (Kitay and Callus, 1998:103). Gummesson (2000:84) outlined two types of case study: "the first one attempts to derive *general conclusions* from a limited number of cases.... The second type seeks to arrive at *specific conclusions* regarding a single case because this 'case history' is of particular interest." The case studies in this research are designed to draw general conclusions on collaboration/interface between sales and marketing. "The case study is a research strategy which focuses on understanding the dynamics present within single settings" (Eisenhardt, 1989:534), which is a suitable research method to adopt when the "theory base is comparatively weak and the environment under study is messy" (Harrison, 2002:158). There are a number of advantages and disadvantages of using case studies according to Blaxter *et al.* (2002), for example:

"*Advantages*

- Case study data are drawn from people's experiences and practices and so are seen to be strong in reality.

- Case studies allow for generalisations from a specific instance to be a more general issue.

- Case studies allow the researcher to show the complexity of social life ... .

- Because case studies build on actual practices and experiences, they can be linked to action and their insights contribute to changing practice. Indeed, case study may be a subset of a broader action research project.

- Because the data contained in case studies are close to people's experiences, they can be more persuasive and more accessible.

Disadvantages

The disadvantages of case studies are linked to their advantages. In particular:

- The very complexity of a case can make analysis difficult. This is particularly so because of the holistic nature of case study means that the researcher is often very aware of the connection between various events, variables and outcomes … .

- While the contextualization of aspects of the case strengthen this form of research, it is difficult to know where 'context' begins and ends."

(Blaxter *et al.*, 2002:73)

According to Yin (2003b), there are three main uses for case studies – exploratory, descriptive and explanatory – and these can be either single case studies or multiple case studies. "Researchers in business-related subjects traditionally limit case studies to the *exploratory* use: a pilot study that can be used as the basis for formulating more precise questions or testable hypotheses" (Gummesson, 2000:85). The case studies in this research aim to identify the main themes and patterns in the relationship between sales and marketing functions to develop the hypotheses and aid the design of the questionnaire. The amount of literature and research on the interaction between sales and marketing functions is limited compared to that on other areas of marketing (e.g. buyer behaviour, customer relationship management and the interface between marketing and R&D). In addition, the interface between sales and marketing may be described as complex.

A common complaint about case study research is that it does not provide a sound basis for generalisation, as case studies may not be representative of wider social phenomena (Gummesson, 2000; Yin, 2003a). Gummesson (2000:87) noted that in some areas of research "case studies are considered to have only limited scientific value; they are characterised as 'anecdotal' and often scorned but can nevertheless be accepted as a source of ideas, circumstantial evidence, and a basis for formulating testable hypotheses". According to Eisenhardt (1989), the number of case studies required to generate theory adequately is between four and ten cases, although there are many examples of valuable research using fewer than four cases[2]. However, Glaser and Strauss (1967) suggested that the specific number of samples needed to permit generalisation may be determined by *theoretical saturation*, e.g. where the researcher is observing similar instances in each observation. In addition, Easton (2003) argued that, using the philosophical approach of critical realism, there are justifications for using a single case study to build general theory through the discovery of the causal mechanisms that work in a particular research situation.

[2] See Dyer, W. G. Jr. and Wilkins, A. L. (1991) 'Better Stories, Not Better Constructs, To Generate Better Theory: A Rejoinder to Eisenhardt' for examples of research based on fewer than four case studies.

4.1.5.2 Survey Methods

According to Hutton (1990:8), survey research "is the *method of collecting information* by asking a set of preformulated *questions* in a predetermined sequence in a structured *questionnaire* to a *sample* of individuals drawn so as to be *representative* of a defined *population*". An advantage of research through a survey is that the questions may be specifically designed to answer the research question. However, quantitative research requires that the researcher asks the right questions and only receives answers to the questions that are asked (Johnson and Harris, 2002). This can be difficult to achieve, as the researcher is often unable to check directly what the respondents understand by the questions. In addition, the survey relies on breadth rather than depth for its validity.

Conclusions from the data take the form of tables, pie charts and statistics, which may become the focus of the research report with the possible loss of linkages to wider theories and issues (Blaxter *et al.*, 2002). A further concern is that not all of the selected sample may respond if a postal survey is used (Moser and Kalton, 1971). Bryman (2001) said that quantitative researchers might produce a measurement process that creates an artificial and spurious sense of precision and accuracy, and that analysis of relationships between variables may create a static view of social life that is separate from peoples' lives. "Experimentalists are critical of surveys because of their reduced ability to control or manipulate important variables ... and for their inability to prove causal relationships" (Oppenheim, 1992:12). According to Hutton (1990:11–13), some advantages of adopting a survey are that:

- *"Questions are designed so that answers from individual interviews can be added together to produce results which apply to the whole sample ...*
- *The questions are designed to be unbiased ...*
- *Surveys lend themselves to future replication."*

The literature review and the exploratory case studies identified a number of independent variables that should be taken into account when exploring the complexities of the sales and marketing interface. Therefore, a survey through a postal questionnaire to Managing Directors/Chief Executives was selected as the most appropriate method of gaining the breadth of responses required. If a survey alone had been employed to investigate the relationship between sales and marketing, it might have been possible to identify and test the level of integration and collaboration of a wide sample, but it might not have been possible to identify the variables that contribute to integration or investigate the complexity of the relationship.

4.1.5.3 Confirmatory Interviews

Following the quantitative survey, a series of confirmatory interviews will be carried out as the analysis of the quantitative data developed a number of propositions that now need to be explored and defined. A number of writers have recommended the further exploration of findings (Tashakkori and Teddlie, 1998; Smith and Fletcher, 2004; Parasuraman *et al.*, 2004). According to Silverman (2001:290), "the distinctive contribution qualitative research can make is by utilizing its theoretical resources in the deep analysis" into specific areas of data. Miles and Huberman (1994) recommend additional research to corroborate explanations once they have been arrived at with the aim of deepening the findings, and provide systematic testing of the results. One method is to find and interview experts in the field. These 'feedback informants' may have assisted in the initial research or may be new informants, and they are provided with feedback on the initial findings. A number of "researchers have made the case for feedback a quasi-ethical one – informants have the right to know what the researcher has found" (Miles and Huberman, 1994:275). Therefore, it has been decided to carry out confirmatory interviews with a set of new informants who will be provided with the background and results from the survey before the interview. The objective will be to provide a deeper understanding of the elements of collaboration between sales and marketing and to verify the findings.

4.1.6 Reliability and Validity

Reliability "means that two or more researchers studying the same phenomenon with similar purposes should reach approximately the same results" (Gummesson, 2000:91). A reliable piece of research would enable the same answer to be produced in the same circumstances time after time, but this can only be achieved if the measurement instrument produces consistency (Johnson and Harris, 2002). "Reliability is particularly at issue in connection with quantitative research" (Bryman, 2001:29). Reliability is concerned with the consistency of measures and may be broken down into stability, internal reliability and inter-observer consistency. Stability considerers whether a measure is stable over time, internal reliability tests if the indicators that make up the scales or indexes are consistent between indicators, and inter-observer consistency is important where subjective judgement is involved in recording observations or translation of data (Bryman, 2001). To ensure the reliability of the research, it would be ideal to repeat the scales (or test) on the same people using the same methods (Moser and Kalton, 1971). The majority of the quantitative scales selected for this research have been previously used by other researchers (concurrent validity) to ensure reliability and therefore can be described as stable. In addition, the Cronbach's coefficient alpha will be applied to all scales (existing scales and new scales). The Cronbach's coefficient alpha is the most commonly used test of internal reliability and "essentially calculates the average of all possible split-half reliability coefficients" (Bryman, 2001:71). The split-half method will be used to determine the reliability of the test by gaining two scores from one test (from alternative items or parallel items) and the level of correlation provides the reliability required (Everitt, 2002).

Validity is "the extent to which researchers are able to use their method to study what they had sought to study rather than (often without being aware of it) studying something else" (Gummesson, 2000:91). According to Bryman (2001:72), "Validity refers to the issue of whether an indicator (or set of indicators) that is devised to gauge a concept really measures that concept." Validity is concerned with the integrity of the conclusions that are generated from a piece of research. There are several ways of exploring validity:

- *"content validity*, which seeks to establish that the items or questions are a well-balanced sample of the content domain to be measured;
- *concurrent validity*, which shows how well the test correlates with other, well-validated measures of the same topic, administered at about the same time;

- *predictive validity*, which shows how well the test can forecast some future criterion such as job performance;

- *construct validity*, which shows how well the test links up with a set of theoretical assumptions about an abstract construct such as intelligence [or] conservatism...". (Oppenheim, 1992:162)

If the research is not reliable, it is not valid. Different types of validity and reliability are critical at different times in the research; for example, construct validity and reliability become the major concern during the data collection processes, while internal validity is the key during the data analysis stage and external validity is crucial to the research design (Bryman, 2001). Miles and Huberman (1994) summarised a range of recommendations to assist in improving reliability and validity of qualitative research, including:

- *Objectivity/confirmability* – The use of general methods and procedures described explicitly and in detail, with a clear link as to how the data is collected.

- *Reliability/dependability/auditability* – Where the researcher's role and status are described and the research questions are clear.

- *Internal validity/reliability/authenticity* – The use of triangulation or a cohesive explanation of why it was not used, the seeking of explanations and agreements by participants, the use of internally coherent, systematically related concepts and the possibility of replication.

- *External validity/transferability/fittingness* – Organisations are adequately described to allow comparison with similar samples and the use of 'think descriptions' to assist transferability, and the sampling and outcomes have sufficient diversity to allow a broader application.

The reasons why natural scientists have difficulty with the reliability of qualitative research are that the research is difficult to replicate and therefore there are problems with generalisation. Qualitative data can also be considered subjective and not always transparent (it is not clear how the conclusions were arrived at) and therefore they may be strengthened by the use of confirmatory evidence from quantitative research (Bryman, 2001). The qualitative research that was used was based on semi-structured interviews to assist with internal consistency and stability and was supported by quantitative research through a survey.

4.2 Identification of Research Question

Punch (1998:34) identified two basic ways of developing research questions. The first way is "to identify a research area, and then develop questions within that area, working deductively from general to specific questions. Another is more inductive: to begin with some specific questions, and to work from these back to more general questions." This research adopted the first approach. The research problem emerged from a combination of issues. Firstly, academic texts indicate that sales is part of the marketing communications element of the marketing mix as discussed in Chapter 2. This would indicate that the sales function is part of marketing and that their objectives and strategies should be set as part of the overall marketing planning process. However, empirical evidence from research has found that in many organisations the sales department is a separate and discrete function (e.g. Piercy, 1986; Cox, 1993; Malik, 1994). In addition, sales objectives may be set independently of marketing and their strategies may be designed to achieve different or even conflicting targets. There is also some published research to indicate that, rather than working together, sales and marketing are often in competition or even conflict with each other (e.g. Rosenbloom and Anderson, 1984; Anderson, 1996; Strahle *et al.,* 1996). This apparent dichotomy was the foundation of the research.

The conflicting issues surrounding sales and marketing collaboration were explored through the literature review and the practitioners' literature, which led to the development of the research questions:

R_1: What are the antecedents of collaboration between sales and marketing?

R_2: Does collaboration between sales and marketing have a positive effect on business performance?

The literature review highlighted that collaboration between departments may lead to improvements in business performance (particularly between marketing and R&D) (e.g. Gupta *et al.*, 1986; Griffin and Hauser, 1996; Kahn, 1996). Collaboration may lead to operational efficiencies and customer satisfaction through increased confidence in work relationships, shared information, good practice, and improved competence (e.g. Child, 1985; Tjosvold, 1988; Souder and Moenart, 1992; Morgan and Turnell, 2003). The second research question focuses on whether collaboration between sales and marketing functions can lead to improved business performance.

4.3 Literature Review

The literature review is a summary of the existing work in the topic area and was researched through texts, journals and conference papers. The aim of the literature review is to provide an understanding of the topic area, to demonstrate a command of the subject area, and to justify the research topic, design and methodology (Hart, 2000). Searching for information on the sales and marketing interface took the researcher beyond marketing and managerial theories and incorporated views from organisational behaviour, human relations and operations. The costs of collecting secondary data are lower than for primary data collection but, as with all secondary data collection, there are costs to the researcher in time, although the initial financial costs of collecting the information have been incurred by the original generator of that information (Churchill and Iacobucci, 2002; Parasuraman *et al.*, 2004). When secondary data is used the researcher should be aware that it will have been gathered for some purpose other than the immediate study.

The literature review identified that the sales and marketing interface has not previously been studied in any depth and that it is difficult to define what the relationship between sales and marketing should be. Existing literature defined sales as a functional activity that is part of marketing communications, while marketing is a strategic activity (e.g. Jobber, 1995; Kotler, 1997; Dibb *et al.*, 2002). However, practitioners' experience and some empirical research have shown that in many organisations sales and marketing are two separate departments that have very few linkages and may be experiencing conflict. The literature review identified some of the benefits of an integrated sales and marketing operation and that these benefits could translate into improvements in business performance. Most of the existing research has been undertaken on the collaboration of marketing with other functional areas: for example, marketing with R&D, manufacturing and engineering (e.g. Souder, 1988; Griffen & Hauser, 1992; Lancaster, 1993). The literature review identified nine elements that make up collaboration between the sales and marketing functions (see Chapters 2 and 3). The initial literature review revealed that the subject area was messy and that existing literature was comparatively weak. In addition, clear hypotheses could not be drawn, so it was decided to carry out a series of case studies to identify the main themes and develop hypotheses.

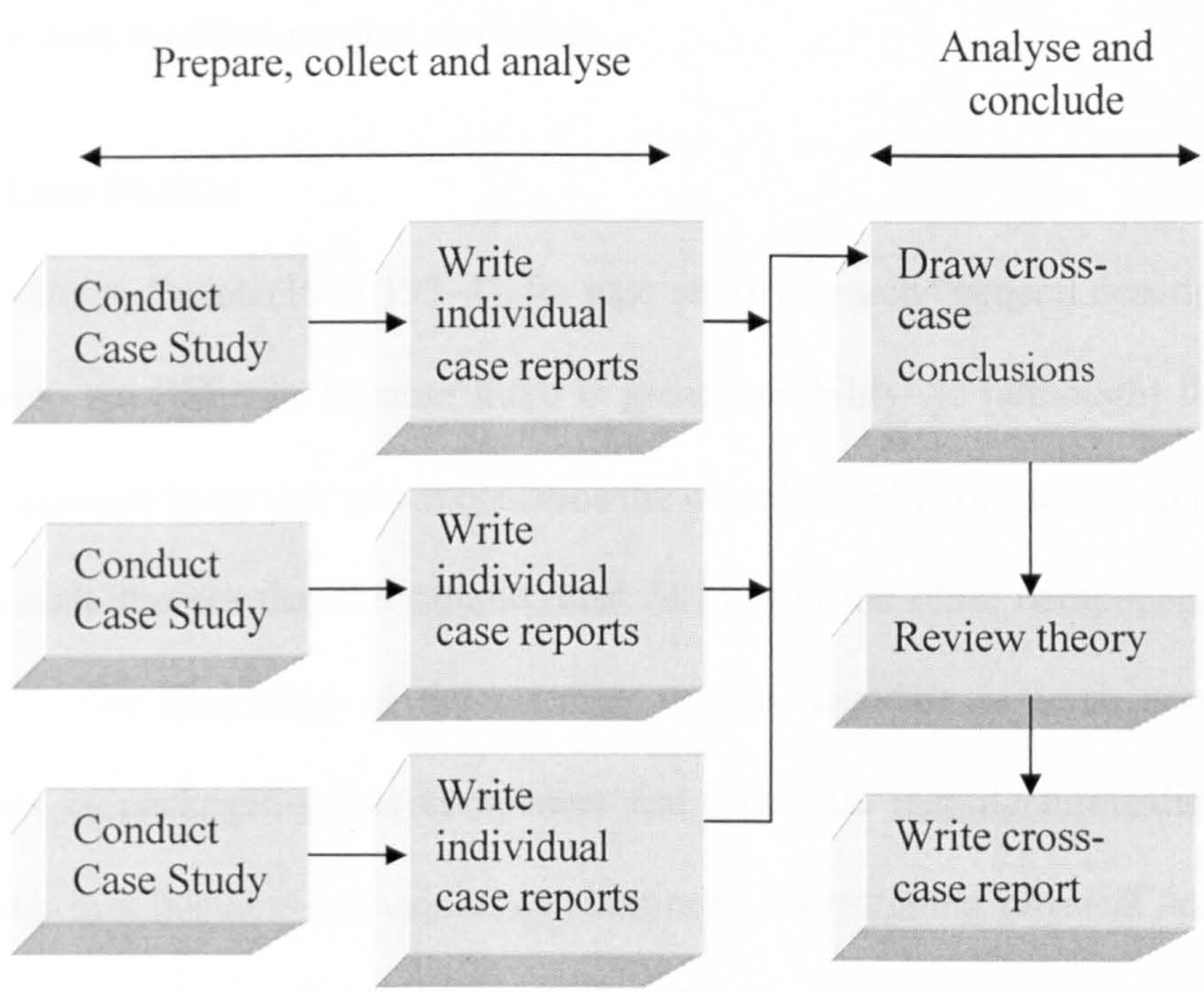
4.4 Case Studies

The literature review identified that research examining the relationship between sales and marketing is weak, and it was therefore necessary to carry out exploratory research through case studies to develop the conceptual framework and identify the research questions. Exploratory research is "helpful in breaking broad, vague problem statements into smaller, more precise subproblem statements" and to enable the development of specific hypotheses (Churchill and Iacobucci, 2002:93). Malhotra and Birks (2003), and Parasuraman *et al.* (2004) both confirm that exploratory research may be used to clarify initial beliefs and help establish the direction of research activities. These exploratory case studies took place in three large, UK-based organisations. Section 249 of the Companies Act 1985 defines a medium-sized company as demonstrating at least two of the following: having a turnover of not more than £11.2 million, a balance sheet total of not more than £5.6 million and employing not more than 250 people. All the organisations in the case studies exceeded these measures, and they therefore can be described as large. In 2002, the UK had 6690 businesses that employed more than 250 people and exceeded the £11.2 million turnover criteria (Small and Medium Enterprise, 2004). The three organisations studied are a publisher, an industrial manufacturer and a packaged goods company.

The basis for these studies was hour-long personal interviews with three members of staff: the head of sales, the head of marketing and their line manager (whose title varied depending on the type of organisation, and who was a member of the senior management team). The interviews took place in each of the three target organisations in November and December 2003. After an introduction by the interviewer, where the background of the research was explained, the interview began with some factual questions regarding the interviewee's length of service, roles within the organisation and previous experiences. All the participants were asked the same questions, which covered a range of topics including the current structure of their organisation, the orientation of the business, the main challenges facing the business, how sales and marketing are structured, how they communicate, how they set targets and objectives, and senior management's involvement in the process. There were additional questions for the senior manager concerning rewards, training, measures of success and turnover (see Appendix 1 for a full list of questions).

The main aim of the interviews was to explore the interface between sales and marketing within the context of the organisation. It was hoped that a clearer understanding would be gained of how far sales and marketing collaborate, what the roles of sales and marketing are within the organisation, if their targets and objectives are linked, how they are rewarded and monitored, and how senior management regarded this interaction. To supplement these interviews other materials were collected from a range of sources including company accounts, corporate profiles, magazine articles and press releases. The model used to analyse the data from the interviews follows that used with the Cosmos Corporation (Yin, 2003) (see Figure 4.2). Analysis of these case studies has led to the development of the conceptual framework. The conceptual framework was then used to carry out the cross-case analysis.

Figure 4.2 Case Study Method



Source: Adapted from Yin (2003a: 50) *Case Study Research Design and Methods*.

4.5 Sampling and Selection Methods

"Sampling is a procedure by which we infer the characteristics of some group of objects (a population) through experience with less than all possible elements of the group of objects (a sample)" (Smith, 1975:105). Denzin (1978:79) defined sampling as "following a set of rules that place the observer in a situation to record or elicit a set of behaviours that are expected which are presumed to have some degree of relevance for a specific concept, hypothesis, proposition or theory". There are a range of sampling methods available to the researcher including probability sampling (simple random, stratified random, multi-stage cluster sampling) and non-probability sampling (convenience sampling, snowballing, quota sampling) (Bryman, 2001; Malhotra and Birks, 2003). Three methods were used in this research: case studies, survey and confirmatory interviews. The case studies and confirmatory interviews employed convenience sampling and the survey used stratified random sampling.

4.5.1 Case Studies

According to Punch (1998:193–4), for case study research "general descriptions of sampling are difficult, because there is great variability ... [although] there is a clear principle involved, which concerns the overall validity of the research design, and which stresses that the sample must fit in with the other components of the study". The first stage of the research was to negotiate research access to a mixture of packaged-goods companies and industrial manufacturers/distributors working in a business-to-business environment. Negotiating physical access is a key component of successful research (Gummesson, 2000). Initially, seven organisations were selected using convenience sampling (the organisations were known to the researcher) and contacted. They were invited to take part in the research and five agreed to participate.

Subsequently two organisations had to withdraw because of external factors (changes in senior management and ownership). Therefore, the research proceeded with interviews with the senior manager responsible for sales and marketing, the head of sales and head of marketing of the remaining three organisations. According to Piercy (1986), Cox (1993) and Malik (1994), a significant proportion of large organisations have joint sales and marketing functions, but none of the organisations approached had this type of structure, so all three organisations sampled had separate sales and marketing functions and were representative of the initial sample of seven. Although this is a small sample, the level of access was good and the differences between the organisational types made the research more representative of the population than if the organisations had been selected from a single industry type. After interviewing these three organisations, it was decided not to find additional companies to survey because all three organisations were providing similar information[3] about the sales and marketing interface within the sample organisations.

4.5.2 Survey

The sample selected was stratified random as only wholesalers, manufacturers and publishers were selected from the population of large organisations. The logic behind probability sampling is that the units will be selected from the population by chance and that because of "hypothetical sampling distribution" the sample will, on the whole, represent the population (Brewer and Hunter, 1989:111). The sampling frame was selected to meet the needs of the research; only large organisations were selected, as they are more likely to have separate sales and marketing departments. D&B offer a reputable database listing of UK organisations that operate in a number of fields including retail, construction,

[3] Theoretical saturation, where no new information is provided by the respondents (see Glaser and Strauss, (1967:61 *cf*) *The Discovery of Grounded Theory. Strategies for Qualitative Research*).

wholesale, manufacturing, service and mining. The aim was to research a population of large, UK organisations who operate in the business-to-business field. Unfortunately, D&B could not supply exactly this sort of listing, so the sampling frame was restricted to organisations turning over more than £10 million in manufacturing (including publishing, SIC. 20–39) and the wholesale trade (SIC. 50–51). D&B supplied a listing of 3307 organisations in these categories (including the name and title of a senior executive), and from this listing a simple, random sample of 1000 organisations was selected by using a number-generating programme.

4.5.3 Confirmatory Interviews

The subjects for the confirmatory interviews were selected using a convenience sampling method. These interviews were designed to explore the findings from the survey and were undertaken with a Sales and Marketing Director of a Division of a PLC, a Strategic and Planning Director of a US multinational based in the UK and a Divisional Director of a UK-based PLC. None of these respondents had been previously selected for the survey or the case studies. These three directors represent organisations that operate in the business-to-business environment and are an industrial manufacturer, a hi-tech manufacturer and service provider, and a consumer goods company.

4.6 Interviews, Transcriptions and Exploratory Case Studies

In all cases three people were interviewed: the head of sales, the head of marketing and their line manager (whose title may vary, but who were all members of the senior management team). All the interviews were tape-recorded, with the permission of the interviewees, and later transcribed. In one organisation, the

Sales and Marketing Managers wished to be interviewed jointly, and although there were some cross-conversations on a few points, overall they did respond individually and with no obvious influence from the other person. As all three organisations are major players in their field; it was felt by both the researcher and the organisations that anonymity was important, and as a consequence of the agreement on anonymity the responses appeared to be given freely.

One of the most difficult tasks in case study research is analysing the data, and although there are recognised methods of coding data through computer packages (e.g. NVivo and NUD*IST) to facilitate analysis, none of these was used in this case as there were only eight transcripts. "The distinctive contribution qualitative research can make is by utilizing its theoretical resources in the deep analysis of small bodies of publicly shareable data" (Silverman, 2003:290). Once the transcripts had been completed, the data was gathered under a series of headings, which were loosely related to the themes developed during the interviews.

4.7 Conceptual Framework

The relevance of this research is to establish an empirical understanding of the relationship between sales and marketing and its impact upon business performance. To carry out the research it is necessary to develop a conceptual framework (which will be fully discussed in Chapter 6) to help clarify the underlying processes of collaboration between sales and marketing and to identify the dependent and independent variables (Malhotra and Birks, 2003). The process of developing a conceptual framework was complex as there were no suitable frameworks in existence. The selection of the variables was guided by the literature review and refined through the case studies.

4.8 Hypotheses

Punch (1998:39) defined a hypothesis as "a predicted answer to a research question ... . A research question states what we are trying to find out. The hypothesis predicts, *a priori,* the answer to that question." Hypotheses define the limits of the research and provide focus. "Ideally the data collected would unambiguously test the hypothesis being investigated ... . Because theoretical concepts and hypotheses are abstract, however, they can usually be operationalized in more than one way with different but still appropriate research operations" (Brewer and Hunter, 1989:33). The hypotheses and questions provide a framework within which elements of integration can be identified and tested (see below). The relationship between the variables may then be tested, thereby addressing research question R_1. R_2 addresses the question of collaboration between sales and marketing and its effect on business performance.

According to Malhotra and Birks (2003:453), "the first step is to formulate the null and alternative hypotheses. A null hypothesis is a statement of the status quo, one of no difference or no effect." Therefore, the acceptance of a null hypothesis means that there is no difference or effect on the statement. If the hypothesis is rejected then the alternative hypothesis (one where some difference or effect is expected) should be accepted. Therefore, "accepting the alternative hypothesis will lead to changes in opinions or actions" (Malhotra and Birks, 2003:453). The use of null hypothesis can lead to two types of error.

- "*Type 1 error* is believing a statement to be true when it is not (in statistical terms, this means rejecting the 'null hypothesis', i.e. the hypothesis that there is no relation between the variables).

- *Type 2 error* is rejecting a statement which, in fact, is true (i.e. incorrectly supporting the 'null hypothesis')." (Silverman, 2001:232)

The inclusion of these types of errors would damage the validity of the research. However, it was decided not to employ null hypotheses for this research.

The hypotheses were developed from the literature review and from the exploratory case study analysis. The literature review highlighted a number of factors that influence collaboration between sales and marketing (see Chapters 2 and 3). These were management attitudes, sales and marketing culture and goals, communication and conflict levels, market intelligence, organisational learning, integration mechanisms, rewards, cross-functional training, marketing planning and market orientation. These themes were then used to inform the exploratory case studies (see Chapter 5). The exploratory case study analysis confirmed that the majority of the selected factors affect collaboration between sales and marketing and provided the rationale for the development of the hypotheses. The hypotheses are based on the research questions and from the framework that will be tested using descriptive statistics, correlation and multiple regression analysis (see Chapter 6 for the conceptual framework and the hypotheses).

4.9 Cross-Case Analysis

Miles and Huberman (1994) identified two reasons for carrying out cross-case analyses: a) to enhance generalisability, and b) to deepen understanding and explanation. Both of these reasons apply to this research. By defining the dimensions of the interdepartmental relationships between sales and marketing it became possible to develop the theoretical framework (see Chapter 6). This framework was then used to re-analyse the data from the exploratory case studies against the relevant literature within the identified dimensions (see Chapter 7). The aim was to sort the large amounts of data and analyse it in a replicable way, thereby "condensing the complexity into something that is logical and understandable to others" (Harrison, 2002:177). The data was analysed under the framework headings. This analytical method is supported by Baker (1997:130): "the contents of the respondents' thoughts (beliefs etc.) are expressed in the medium of language ... and then this content is rethematized by the analyst, who typically chunks the data, categorizes it, moves it around and rearranges it into a different formation". The findings from the analysis will be carried through to the conclusions.

4.10 Questionnaire Development

According to Churchill and Iacobucci (2002), questionnaire design is not a science, but an art. "A well-designed questionnaire rather than a haphazard series of questions can make a great deal of difference to the accuracy of the data we collect, as well as simplifying the task of analysing responses" (Morris, 1993:43). The development of the questionnaire was initially based upon the themes and patterns extracted from the literature review and the cross-case analysis (see Table 4.3). These themes were placed in a logical order and questions were selected, mostly using Likert scales (see Appendix 2 for questionnaire). The Likert scale provides an ordinal scale for research into sales and marketing activities (e.g. Babakus *et al.*, 1996; Piercy *et al.*, 1999; Dubinsky *et al.*, 2001). Likert scales are used to try to ensure that the items in the scale measure similar concepts (Oppenheim, 1992) although, as Moser and Kalton (1971) indicated, the Likert

Table 4.3 Table of Operationalisation

Concept/Hypothesis	Construct	Scale	Source
Market Orientation *The market orientation is positively correlated with the level of collaboration between sales and marketing.*	Customer orientation	1) Our business objectives are driven primarily by customer satisfaction. 2) We constantly review our level of commitment to serving our customer needs. 3) Our strategy for competitive advantage is based on our understanding of our customers' needs. 4) Our marketing strategies are driven by our belief that we can create greater value for customers. 5) We measure customer satisfaction systematically and frequently. 6) We give close attention to after-sales service	Adapted from Narver and Slater (1990)
	Inter-functional coordination	7) Senior management regularly visits our current and prospective customers. 8) Sales and marketing are integrated when servicing our target market(s). 9) We share resources between sales and marketing. 10) We freely communicate information about successful and unsuccessful customer experiences between sales and marketing. 11) Sales and marketing staff understand how they can contribute to creating customer value.	Adapted from Narver and Slater (1990)
	Competitive orientation	12) Within our business, our sales people regularly share information concerning competitors' strategies. 13) We rapidly respond to competitors' actions that threaten us. 14) Senior management regularly discuss competitors' strengths and strategies.	Adapted from Narver and Slater (1990)

Management Attitudes towards Coordination *A positive management attitude towards coordination between the sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.*	Management attitude towards sales and marketing	1) Please comment on the status of marketing compared to sales.	Adapted from Piercy (1986)
	Goal alignment	2) Senior management ensures that the sales and marketing goals are closely aligned. 3) To what degree does senior management ensure that the activities of the sales and marketing departments are well coordinated?	New Scale
Marketing Planning *Marketing planning is positively correlated with the level of collaboration between sales and marketing.*	Planning activities	1) Does your organisation carry out market planning?	New Scale
	Interaction with others when planning	2) To what extent does marketing interact with members of the following areas when developing a marketing plan? a. Senior management b. Sales Director /Manager c. Operations	Adapted from Andrews and Smith (1996)
Rewards and Training *Cross-functional training between sales and marketing is positively correlated with the level of collaboration between sales and marketing.*	Reward structure	1) Approximately what percentage of total compensation for the Head of Sales is accounted for by fixed salary and incentive pay? 2) Approximately what percentage of total compensation for the Head of Marketing is accounted for by fixed salary and incentive pay?	New Scale
	Training activities	3) How frequently do you offer Team Building training for sales and marketing staff? 4) How do sales and marketing staff attend training courses? 5) How frequently is cross-functional training offered?	New Scale

Integration Mechanisms *The presence of integration mechanisms within an organisation is positively correlated with the level of collaboration between sales and marketing.*	Integration mechanisms	1) Interdepartmental committees are set up to allow departments to engage in joint decision-making. 2) There are temporary bodies set up to facilitate interdepartmental collaboration. 3) Senior managers have responsibility to coordinate the efforts of sales and marketing for a specific project.	Adapted from Germain *et al.* (1994)
	Human Resources	4) There is an opportunity for sales and marketing staff to transfer between departments.	New Scale
	Responsibilities	5) Who is responsible for the following? (sales, marketing, senior management) a. Sales force operation b. Sales forecasting c. Sales strategy d. Price setting e. Marketing research f. Market plans g. Marketing strategy h. Promotional budget	Adapted from Piercy (1986)
Organisation Learning *A commitment to organisational learning is positively correlated with the level of collaboration between sales and marketing.*	Organisational learning	1) We believe that employee learning is an investment, not an expense. 2) We believe that the sales and marketing process is improved through learning. 3) Our future sales and marketing success is at risk if we stop learning. 4) Our ability to learn is the key to improving sales and marketing processes.	Adapted from Hult *et al.* (2002)

Company Structure and Size	Structure	1) Where are sales and marketing located? 2) How are marketing and sales structured?	New Scale
	Background and size	3) Approximately how many people are employed in the organisation? 4) How many people are directly employed in sales (e.g. sales personnel or Sales Managers)? 5) How many people are directly employed in marketing (e.g. Marketing Executives or Marketing Managers)? 6) Approximate turnover (sales revenue). 7) What is the main activity of this organisation? 8) What is your job title?	Adapted from Piercy (1986)
Conflict of Interests *Conflict of interests between sales and marketing functions is negatively correlated with the level of collaboration between sales and marketing.*	Conflict	1) Sales and marketing get along well with each other. 2) When members of sales and marketing get together, tensions frequently run high. 3) Sales and marketing generally dislike interacting with each other. 4) Sales and marketing feel that the goals of their respective departments are in harmony with each other. 5) Protecting sales and marketing departmental areas of responsibility is considered the norm in this organisation. 6) The objectives pursued by the marketing department are incompatible with those in the sales department. 7) There is little or no interdepartmental conflict between sales and marketing.	Adapted from Menon *et al.* (1997)

Communication *Frequent communication between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.*	Communication	1) Please indicate the frequency with which sales and marketing communicate with each other.	Adapted Labianca *et al.* (1998)
	Meetings	2) We have interdepartmental meetings at least once a quarter to discuss market trends and developments. 3) Marketing personnel spend time assessing customers' future needs with the sales department. 4) Sales and marketing get together periodically to plan responses to changes taking place in our business environment.	Adapted from Kohli *et al.* (1993)
Market Intelligence *Shared market intelligence between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.*	Information collection	1) How formal is the organisation's approach to gathering marketing information from sales? 2) How frequently does the organisation use sales as a source of information? 3) How frequently does the organisation feedback on the use of the market information from sales? 4) How frequently does the organisation use marketing information as part of sales performance evaluation?	Adapted from Evans and Schlacter (1985)
	Storage	5) Who stores market information? (marketing, sales, senior management, other)	New Scale
	Dissemination	6) Marketing personnel spend time discussing customers' future needs with the sales department. 7) There is a lot of communications between marketing and the sales department concerning market development. 8) When the sales department finds out something important about customers, it is quick to alert other departments.	Adapted from Sinkula *et al* (1997)
		9) Who is responsible for disseminating market information? (marketing, sales, senior management, other)	New scale

Collaboration between Sales and Marketing (Dependent Variable Model 1) *Collaboration between sales and marketing functions is positively correlated with business performance.*	Team orientation	1) Cross-functional teamwork is a common way of working within sales and marketing. 2) Sales and marketing are committed to sharing their vision with each other. 3) There is agreement between sales and marketing of our organisational vision. 4) A team sprit pervades sales and marketing. 5) Sales and marketing share the same goals.	Adapted from Hult *et al.* (2002)
Business Performance (Dependent Variable Model 2)	Organisational performance	1) How successful is the organisation at generating a high level of sales revenue? 2) How successful is the organisation at generating high market share? 3) How successful is the organisation at selling those products with the highest profit margins? 4) How successful is the organisation at exceeding all sales targets and objectives during the year? 5) How successful is the organisation at generating sales of new products? 6) How successful is the organisation at producing sales with long-term profitability?	Adapted from Behrman and Perreault (1982)
	Customer satisfaction	7) Compared to you organisation's objectives, how well has your organisation performed with regard to customer satisfaction? 8) Compared to a major competitor, how well does your organisation perform concerning customer satisfaction?	Adapted from Cravens *et al.* (1993)

scale is not an interval scale and conclusions should not be drawn about the meaning of the distances between scales points. However, in research in the field of marketing, meanings are regularly drawn from the composite scores (e.g. Evans and Schlacter, 1985; Piercy, 1989; Cravens *et al.*, 1993; Menon *et al.,* 1996; Hult *et al.*, 2002).

The majority of the questions selected for the final questionnaire were indicators and measures that had been previously developed, tested and published in other research papers (e.g. Piercy, 1986; Germain *et al.,* 1994; Menon *et al.*, 1997; Narver and Slater, 1990; Hult *et al.*, 2002). This is a practice recommended by Robinson *et al.* (1991) and Churchill and Iacobucci (2002), and it also assists with the concurrent validity of the questionnaire. Some of these original questions used five-point Likert scales and some seven-point scales. All the five-point questions that were going to be used in the statistical analyses were converted to seven-point scales. All of the five-point scale questions were only used in the descriptive statistics (e.g. training and responsibilities), whereas all the seven-point scales were tested using a number of analytical techniques including correlation and multiple regression. The use of two scales in the questionnaire was to encourage respondents to think about each question in turn and not to methodically circle the same number as they worked through the questionnaire (Robinson *et al.*, 1991) (see Table 4.4).

Churchill and Iacobicci (2002) indicated that construct validity is difficult to establish, and can never be guaranteed as it is partly a matter of judgement. Existing scales could not be found for some questions (e.g. the location of sales and marketing, how sales and marketing are structured, and training) so questions were developed for these areas, some of which were nominal (yes/no) and some using Likert scales (e.g. cross-functional training, marketing planning, human resources (within integration mechanisms) and management attitudes towards coordination). According to Bryman (2001), it is important to establish that new measures have face validity and that they should reflect the concepts they are trying to measure. Face validity would indicate that there is a common thread that is being measured running through all scale items, while a more systematic approach would be known as content validity (Moser and Kalton, 1983). Content validity requires that the measure should cover a full range of attitudes relating to the element in a structured or balanced way. Moser and Kalton (1983) indicate that an appropriate way of measuring content validity would be to use the judgement of specialists in that area. The questions for the meetings section were taken from the research by Kohli *et al.* (1993) into intelligence dissemination, which was one of the measures used to test market orientation, and therefore only some of the questions were selected from the full list. Prior to use, these questions were independently tested for content validity by three marketing lecturers and three senior managers. Two scales use single measures (marketing planning and cross-functional training) and there are a number of examples of reliable research that have successfully used single-item scales (e.g. Cravens *et al.*, 1993; Moenaert *et al.*, 1994; Kahn, 1996).

To assess content validity, the initial questionnaire with the new measures was given to 25 part-time MBA students at Warwick Business School to review and its effectiveness was discussed with a small group. Part-time students were selected because they all are currently working in senior management roles. Sixteen questionnaires from this pilot survey were returned and a number of adjustments were made to the running order of the questions and their layout. In addition, three questions had to be reworded to improve their clarity because the scales had been developed and tested in the US and the language was unclear. The questionnaire was then pre-tested by being sent to 30 Managing Directors from the Warwick Business School alumni list. Hunt *et al.* (1982) noted that there is considerable inconsistency around the issue of pre-testing. Some authors suggest a pre-test sample of 12 and others of 30. There were 20 responses from this test, which resulted in further adjustments to the layout, grammar and punctuation of the questions. Four marketing lecturers then independently reviewed the questionnaire, but no other changes were made. The final questionnaire (see Appendix 2) was more easily read, had a better flow of questions and avoided leading or ambiguous questions. Churchill and Iacobucci (2002) recommended the process of questionnaire development adopted in this type of research.

4.11 Survey Process

Mail surveys are a common form of research in the field of marketing (Fox *et al.*, 1998). Other options for conducting a survey include telephone interviews, personal interviews and internet surveys (Oppenheim, 1992; Bryman, 2001). However, "the popularity of the mail questionnaire derives from the economies it offers the survey research" in comparison to other methods (Houston and Nevin, 1977:374). The main advantages of a mail survey are that it has a lower cost of data collection and processing, it can avoid interview bias, it may provide respondent anonymity and it allows access to a wide audience (Oppenheim, 1992). There are of course disadvantages to a mail survey including that there is no opportunity to correct misunderstandings with the respondents, there is no guarantee that the respondent is the person that was mailed, and traditionally there have been low or non-response rates (Moser and Kalton, 1983; Oppenheim, 1992). Taking into consideration the strengths and shortcomings of each of these methods of primary data collection, the decision was made to employ a mail questionnaire survey for this study.

Several issues influencing the response rate were taken into consideration before the survey was undertaken. Dillman (2000) recommends that the questionnaire should be designed to look appealing to the potential respondents, so particular attention was given to the overall design of the questionnaire. "The best methods to get high response rates include advance letters or telephone calls, first-class outgoing mail and hand-stamped return envelopes, monetary incentives, ... assurance of confidentiality for sensitive issues, ... follow-up questionnaires/letter" (Lambert and Harrington, 1990:6). Research has also found that mail surveys supported by academic institutions achieve significantly higher response rates than those undertaken by commercial organisations (Houston and Nevin, 1977). Therefore, the accompanying letter was sent on headed paper from the Warwick Business School. The letter explained the importance of the research and offered the respondent a summary of the findings as an incentive to participate (see Appendix 2). The letter was accompanied by a stamped addressed envelope and, to maintain confidentiality, the questionnaire did not ask for the respondent's name or company details (these details were requested only if they required a copy of the results). In addition, none of the questions included in the questionnaire were considered commercially sensitive.

Fox *et al.* (1998) identified that the majority of mail surveys still produce relatively low response rates and they recommend that four follow-up strategies can be adopted to improve response rates: 1) postcard reminders; 2) second mails; 3) telephone reminders; and 4) Dillman's (2000) multiple follow-up strategy, which combines all three. To improve the response rate the initial survey questionnaire and letter was followed by a reminder letter approximately two weeks later, and then by another questionnaire and letter approximately a month after the initial contact. To reduce bias it is then suggested that a comparison is made between the initial mail-out responses and those gained from the follow-up strategies (Fox *et al.*, 1998) and this analysis was undertaken using a chi-square test (see Table 4.6).

Table 4.4 Survey Response Rate Statistics

	Total
Sample size	**1000**
Total number of respondents	223
Total number of usable respondents	**146**
Turnover too low (less than £11m)	24
No sales or marketing dept	10
Do not do surveys	13
No longer trading	25
Unusable	5
Total number ineligible respondents	**77**
Response Rate	**14.6%**

The survey generated 223 (22.3%) responses of which 146 (14.6%) were usable responses (see Table 4.4). The response rate reached the 10–20% average range for senior management response to surveys (Menon *et al.*, 1996; Slotegraaf and Dickson, 2004). The initial letter and questionnaire (see Appendix 2) accompanied by a pre-paid return envelope (stamped) was sent to the Managing Directors/Chief Executives of 1000 large, UK-based manufacturers and wholesalers. This initial mailing received 95 responses, which is 65% of the total usable responses. This was then followed up with a reminder letter (see Appendix 2) sent two weeks later. Four weeks after the first questionnaire package had been posted, a further letter, questionnaire and pre-paid envelop were sent to those addresses from which there had been no response (see Appendix 2). Two weeks later a further reminder letter was sent (see Appendix 2). These reminders yielded an additional 51 responses (35% of total usable responses), which are classified as late responses. The unusable responses were attributable to a number of factors including 'turnover too low', 'incomplete questionnaire', 'do not do surveys' and 'gone away'. The listing from D&B requested organisations with a turnover of £10 million plus. Although it was expected that some addresses for organisations turning over less than the benchmark of £11 million (indicating a large organisation) would be received, 60% of the 'turnover too low' figure turned over less than £5 million. If this sample was representative of the listing, this would indicate that 8.7% of the organisations mailed had a turnover of less than £5 million.

Table 4.5 Activities of Organisations

	% of Organisations
Industrial manufacture	42
Consumer goods manufacture	28
Wholesalers	30
N = 146	

Table 4.5 shows the industry categories represented by percentage: 70% of the respondents were manufacturers of industrial and consumer goods, whereas 30% of the respondents were wholesalers.

A chi-square test is used to assess whether there is a difference in the trend of the proportions of two groups in a two-dimensional contingency table (Everitt, 2002). A chi-square test was used to ascertain whether there was any difference between the 'early' and 'late' respondents. There was no significant difference between these two groups (see Table 4.6 for results), reducing the concerns over non-response bias (Churchill and Iacobucci, 2002; Slotegraaf and Dickson, 2004).

Table 4.6 Early and Late Respondents Comparison

	Chi-square test*
Main activity of organisation	0.991
Approximate turnover	0.117
Marketing and sales structure	1.000
Sales and marketing location	0.526

* Not statistically significant (Sig > 0.05)
N = 146

A multivariable analysis of variance (MANOVA) test was carried out to assess whether there was any significant difference in the responses based on industry types, turnover and number of employees. A MANOVA test was selected as it "compares groups and tells you whether the mean differences between the groups on the combination of dependent variables is likely to have occurred by chance" (Pallant, 2004:217). In this case, the test included one categorical independent variable and eleven continuous dependent variables. It was found that there was no significant differences in the results based on these factors, and the results can be found in Chapter 8.

4.12 Statistical Analysis

This section discusses the statistical analysis that is used for the research. A number of statistical methods and measures are discussed together with the rationale for their inclusion in the study.

4.12.1 Statistical Approach

Research literature identifies three main types of statistical analysis.

- *Univariate – A* statistical technique that tests "whether the means for two populations differ significantly" (Whitfield, 1998:75) based on one dependent measure (mean, mode and median or standard deviation), e.g. chi-square.

- *Bivariate* – "Focuses on the simple correlation based on two variables. They show whether two variables have a tendency to move in the same or opposite directions, that is, whether they are positively or negatively correlated" (Whitfield, 1998:75). One of the most popular bivariate techniques is correlation analysis.

- *Multivariate* – A generic term that is applied to many different methods of analysis applicable to complicated data sets (Everitt, 2002). "Multivariable method of analysis may be used to explore the interrelationships among three or more variables simultaneously" (Blaxter *et al.*, 2002:217). "Most multivariate analyses use a variant of the least square technique, which is based on the principle of minimizing the sum of the squares of the vertical distances between a set of observations and a regression line" (Whitfield, 1998:75). The most popular multivariate techniques are principal components analysis and multiple regression.

A five-step approach to data analysis was adopted for this research: 1) descriptive statistics; 2) summated scales and scale reliability testing; 3) principal components analysis; 4) correlation; and 5) multiple regression. All statistical tests reported in this section were carried out with the aid of a statistical software package – SPSS.

4.12.2 Descriptive Statistics

Descriptive statistics is a general term for "methods of summarizing and tabulating data that make their main features more transparent" (Everitt, 2002:113). Descriptive statistics are usually made up of proportions, percentages and ratios or are a measure of central tendency (mean, median or mode) or measures of dispersion (range or standard deviation) (Blaxter *et al.*, 2002). This research uses descriptive statistics (percentages, mean and standard deviation) to explore background information and present on three areas: training, rewards and functional responsibilities.

4.12.3 Summated Scales

Summated scales is the combination of "several variables that measure the same concept into a single variable in an attempt to increase the reliability of the measurement through *multivariate measurement* ... separate variables are summed and then their total or average score is used in the analysis" (Hair *et al.*, 1998:3). The principle of summated scales is to try to avoid using a single-item scale to investigate a concept (Hair *et al.,* 1998), but there are examples of reliable research that have used single-item scales (e.g. Cravens *et al.*, 1993; Moenaert *et al.*, 1994; Kahn, 1996). There are two concepts in the research that are represented by a single-item scale – one was developed by Labianca *et al.* (1998) to consider communication between groups and the other is a new scale developed to discover whether organisations carry out marketing planning. A number of researchers in marketing literature support the use of summated scales (e.g. Behrman and Perreault, 1982; Piercy, 1989). The correlation test and multiple regression analysis were carried out using aggregated scales.

4.12.4 Scale Reliability and Validation

Reliability is the "extent to which a variable or set of variables is consistent with what it is intended to measure" (Hair *et al.*, 1998:90). This research uses the Cronbach alpha coefficient to test the reliability of the scales used. "The Cronbach alpha coefficient is a commonly used test of internal reliability [of scale]" (Bryman, 2001:71). "The theoretical range of the coefficient is 0 to 1. Suggested guidelines for interpretation are <0.60 unacceptable, 0.60–0.65 undesirable, 0.65–0.70 minimally acceptable, 0.70–0.80 respectable, 0.80–0.90 very good" (Everitt, 2002:101). The are many examples of research into marketing theory that use the Cronbach alpha coefficient to test internal reliability of the scales (e.g. Craven *et al.*, 1993; Germain *et al.*, 1994; Sinkula *et al.*, 1997). In addition, many of the scales used in this research were tested using the Cronbach alpha coefficient in the original research (e.g. Menon *et al.,* 1997; Hult *et al.*, 2002).

4.12.5 Principal Components Analysis

The aim of principal components analysis is to reduce the number of variables in a complex data set to a smaller set without the loss of information in terms of their common underlying dimensions (factors) (Hair *et al.,* 1998). Principal component analysis is used to group variables together by relating "the correlations among the variables to develop a small set of components that empirically summarizes the correlations among the variables" (Tabachnick and Fidell, 2001:25). The advantage of this technique is that it converts the original variables into new scales, which are uncorrelated (Everitt, 2002). A number of factors selected were based on the Kaiser rule that recommends: "Retaining all factors with eigenvalues greater than 1. The criterion is based on the idea that the eigenvalues represent the amount of variation explained by a factor and that an eigenvalue of 1 represents a substantial amount of variation" (Field, 2003:436–437). An eigenvalue usually gives "the variance of a linear function of the variables, and the elements of the eigenvector define a linear function of the variables with a particular property" (Everitt, 2002:129). A varimax rotation was the selected method for rotation of the factors. Any components with a loading less that 0.4 were rejected, based on "Stevens's (1992) suggestion that this cut-off point was appropriate for interpretative purposes" (Field, 2003:463). The validity of the new scales was tested using the Cronbach alpha coefficient (see Section 4.12.4) and then the scales were used for correlation and multiple regression analysis.

The 46 items that were made up of the variables, management attitudes towards coordination, communication, market intelligence, marketing planning, cross-functional training and integration mechanism (which have been grouped into management variables), and market orientation and organisational learning (which have been grouped into organisational variables), and finally conflict of interests were analysed using SPSS. Prior to performing principal components analysis, the suitability of the data for analysis was assessed (e.g. sample size, factorability of correlation matrix, linearity and outliers). Hair *et al.* (1998) recommended that the sample size should exceed 100 and there should be a ratio of at least 5 cases to each variable. This research meets both these requirements, as there were 9 variables and 146 cases. When considering the factorability of the matrix, examination of the correlation revealed the presence of many coefficients of .3 and above. The Kaiser-Meyer-Oklin value was .81, exceeding the recommended value of greater than 0.5 (Field, 2003). The Barlett's Test of Sphericity[4] reached statistical significance (approx chi-square 3223.057, df 903, sig 0.000); therefore principal components analysis is appropriate. When the analysis had been completed and the new scales reviewed, it was found that the measures that made up the new scales had little relationship to each other, and when analysed using correlation and regression provided no additional information. Therefore, the scales developed using principal component analysis have not been retained.

4.12.6 Correlation Analysis

Correlation is a term "used to describe a linear relationship, or association, between two *variables*" (Brace *et al.*, 2000:250). A correlation coefficient, which is a bivariate technique, is an effective way of evaluating the strengths of the relationship between two variables. The Pearson correlation (r) is a widely used

[4] Bartlett's measure tests the null hypothesis that the original correlation matrix is an identical matrix. For principal component analysis to work there needs to be some relationship between the variables and a significant test is therefore carried out. The test of significant should have a value less that 0.005 (Field, 2003)

correlation method that measures the strength of the relationship between two variables from –1.00 to 1.00. A correlation of 0 indicates no relationship at all, while a correlation of 1.00 indicates a perfect positive correlation and a value of –1.00 a perfect negative correlation (Pallant, 2004). Pearson correlation coefficients were calculated to examine the strength of the relationship between a number of variables, for example between customer orientation and inter-functional coordination, and information collection and competitive orientation. The aim of conducting this type of statistical method was to identify the strength and direction of the relationship between each set of variables.

4.12.7 Multiple Regression Analysis

Multiple regression analysis is a "family of techniques that can be used to explore the relationship between one continuous dependent variable and a number of independent variables or predictors (usually continuous)" (Pallant, 2004:134). Correlation considers the relationship between two variables and measures its strengths, while "regression determines the parameters of an equation which relates the variables, and in that way provides a method to predict the behaviour of one variable from the behaviour of the other" (Curwin and Slater, 1996:273). Multiple regression is used to measure the association between the dependent variable and many independent variables, when the relationship follows a straight line (Curwin and Slater, 1996). "The objective of multiple regression analysis is to predict the changes in the dependent variable in response to changes in the independent variables" (Hair *et al.,* 1998:14). Multiple regression can be expressed by the following formula:

$$Y = A + B_1 X_1 + B_2 X_2 + \ldots + B_k X_k$$

Where Y is the dependent variable, A is the Y intercept (the value of Y when all the X values are at zero), Xs represent the various independent variables (of which there are k) and the Bs are the coefficients assigned to each of the independent variables during regression (Tabachnick and Fidell, 1996). Within multiple regression analysis the effect of the independent variables on each other is also taken into account, so that the relationship between X_1 and X_2 is considered as well as the relationship between Y and X_1, and Y and X_2 and therefore the regression coefficients are partial (Hair *et al.,* 1998). The SPSS statistical package provides both *B* (unstandardised coefficients) and *Beta* notation (standardised coefficients). "To compare the different variables it is important that you look at the standardised coefficients, not the unstandardised ones" (Pallant, 2004:145). *B* represents the partial regression and is used to construct a regression equation, and *Beta* is where the values for different variables have been converted to the same scales so that they can be compared (Pallant, 2004). "Standardized regression coefficients are useful in multiple regression analysis because [it is possible] to compare their magnitudes across independent variables to gain insight into the relative influence of each on the dependent variable" (Parasuraman *et al.*, 2004:483). Therefore, higher regression coefficients indicate that variables are relatively more important than those with lower scores.

Once the multiple regression has been carried out, it is important to identify how trustworthy the results are. This can be achieved by comparing the ratio between the sum of the squares (regression) and the sum of the squares (total), which provides an R^2 value. The range of possibility for R^2 will be from 0 (horizontal line) to 1 (vertical line) and therefore the higher the R^2 value the more trustworthy the equation is (Parasuraman *et al.*, 2004). However, it is possible to have a high R^2 value when there is little association between the dependent and independent variables in the population and therefore the *F*-statistic is used to establish the statistical significance of the R^2 value. The "*F* test is used to test the null hypothesis that the coefficient of multiple determination in the population, R^2_{pop}, is zero" (Malhotra and Birks, 2003:529). The *F*-statistic compares the regression mean square with the error mean square. If the regression mean square is high and the error mean square is lower, "the resulting high *F*-value will tend to support an inference that the R^2-value is statistically significant" (Parasuraman *et al.*, 2004:481). The SPSS statistical package provides a table showing R, R^2 and adjusted R^2. This final figure, the adjusted R^2, is a "modified measure of the coefficient of determination that takes into account the number of independent variables included in the regression equation and the sample size" (Hair *et al.*, 1998:143). The advantage of using adjusted R^2 is that it is a useful comparison between multiple regressions with different numbers of independent variables and/or differing sample sizes. Although the inclusion of additional independent variables will always cause coefficient determinations to rise, the adjusted R^2 may fall if the independent variables have little explanatory power and/or the degrees of freedom become too small (Hair *et al.*, 1998).

There are a number of ways of selecting variables for a multiple regression analysis when there are a large number of predicted independent variables, but the most frequently used are forward, backward and stepwise.

- *Forward inclusion* – There are no initial predictor variables in the regression and therefore independent variables may be entered one at a time in descending order of contribution until the specified criteria as specified by the *F* ratio is reached.

- *Backward elimination* – All the independent variables are included and then removed one at a time based on the specified *F* ratio.

- *Stepwise solution* – A combined approach based on the two other methods (Malhotra and Birks, 2003).

It should be noted that these procedures do not necessarily provide the largest R^2 values, as important variables may never be included or may be substituted with less important variables. The stepwise solution was used in this research as the initial method of selecting variables and this was then checked by removing or entering each independent variable individually.

One complication of carrying out multiple regression analysis is the possible presence of multicollinearity. "Multicollinearity arises when intercorrelations amongst the predictors are very high" (Malhotra and Birks, 2003:538). This can cause a number of problems, including making it difficult to "asses the relative importance of the independent variables in explaining the dependent variable … . Predictor variables may be incorrectly included or removed in stepwise regression" (Malhotra and Birks, 2003:539). Therefore, it is recommended that the presence of multicollinearity be investigated before a multiple regression is interpreted. Indicators of multicollinearity are identified by reviewing the correlation matrix provided by SPSS to identify if any of the data correlates very highly (above .80), and to check the variance inflation factor (VIF) for values greater than 10 and the tolerance statistic of below 0.1 (Field, 2000). "The presence of multicollinearity does not necessarily mean the regression equation is useless. As long as the R^2-value is high and statistically significant", it can still be used (Parasuraman *et al.*, 2004:490). The analysis was checked for multicollinearity, but none was found to be present in the data.

4.12.8 Summary

A range of statistical methods will be used to analyse the data collected through the large-scale survey (see Chapter 8). Descriptive statistics will provide some insights into the data and the scales will be tested for reliability and validity using Cronbach alpha. Following the correlation and multiple regression analysis, the use of further methods of statistical analysis were considered including structural equation modelling and cluster analysis. However, these analyses will not be carried out because of the size and scope of the research and because a mixed methodology has been selected. These analytical methods may be considered for future research.

4.13 Confirmatory Interviews

The aim of the confirmatory interviews is to provide feedback on the findings and to explore them in more detail (Miles and Huberman, 1994). Three directors of large organisations will be provided with a summary of the statistical findings in advance of an interview (see Appendix 3). The summary and findings will then be used as the basis for the interview (see Chapter 9 for the discussion of the findings). The interviews are planned to take place in June 2005 and will last approximately 45 minutes each. The findings will be transcribed from tapes of the interviews. Once the transcriptions have been completed, the data will be analysed under a series of headings derived from the framework.

4.14 Chapter Summary

This chapter outlines the philosophical stance and methodological process used in the research. The philosophical stance adopted is critical realism as the research question is based in a social setting and therefore the contexts as well as the responses are important. A mixed methodology has been selected as appropriate to this research question. A mixed methodology combines a number of research methods and allows triangulation to assist in the verification of the findings. As the research question has not previously been investigated in depth, case studies are adopted to explore the relationship between the sales and marketing functions in large organisations. The case studies and the literature review assisted with the identification of research framework. The cross-case analysis will be undertaken using the conceptual framework and the hypotheses will then be developed (see Chapter 6).

The reliability and validity of the research methods used in this research have been considered and the methodologies selected (case studies, survey and confirmatory interviews) have been evaluated. The sampling methods have been discussed, the questionnaire development was reviewed and the survey process rationalised. The techniques used for statistical analysis have been described and evaluated (for findings, see Chapter 8) and finally the process of the confirmatory interviews has been reviewed (for findings see Chapter 9). The following chapter (Chapter 5) considers the findings from the exploratory case studies and Chapter 7 presents the cross-case analysis.

CHAPTER 5
EXPLORATORY CASE STUDY FINDINGS

5.0 Introduction

This chapter presents the individual case study reports for each of the three organisations interviewed. As the relationship between sales and marketing has not been the subject of an intensive study and there is little literature available on the subject, these case studies have been undertaken to clarify the insights and ideas raised by the literature review and to help develop the conceptual framework. Churchill and Iacobucci (2002:95) said, "exploratory research is appropriate to any problem about which little is known. Exploratory research then becomes the foundation for a good study." Malhotra and Birks (2003) and Parasuraman *et al.* (2004) both confirm that exploratory research may be used to clarify initial beliefs and help establish the direction of research activities.

The literature review provided many concepts and ideas that emerged from the different disciplines, but there were a number of recurrent themes (sales and marketing culture, values and views; management and structure; plans and goals; communications, meeting and technology; market intelligence; rewards and training; collaboration and conflict of interests). These themes will be used to analyse the case studies. Although the literature provided some insights into the relationship between the sales and marketing functions, it did not provide an understanding of what the antecedents of sales and marketing collaboration actually are. Therefore, the aim of this chapter is to explore the relationship and structure of the sales and marketing interface within the organisations under study to aid the development of the conceptual framework that will guide the rest of the study.

These exploratory case studies took place in three large, UK-based organisations: a publisher, an industrial manufacturer and a consumer goods company. The basis for these studies was an hour-long personal interview with each of three members of staff – the head of sales, the head of marketing and their immediate line manager (whose title varied depending on the type of organisation, but who was a member of the senior management team). The interviews took place in each of the three target organisations in November and December 2003. All the participants were asked the same questions (see Appendix 1 for a full list of questions), which covered a range of topics including the orientation of the business, the main challenges facing them, how sales and marketing are structured, how they communicate, how targets and objectives are set, and senior management's involvement in the relationship between sales and marketing. There were additional questions for the senior manager concerning rewards, training and turnover. To aid the case studies, other materials on the background and structure of the three organisations were collected from a range of sources, including company accounts, corporate profiles, web sites, magazine articles and press releases.

This chapter presents the exploratory case study analysis for each of the three organisations in turn. The structure for the case study will begin with an introduction and the background to each of the organisations, and continue by reviewing the findings under a series of themes identified in the literature review.

The chapter concludes with a summary of the findings and a rationale for the conceptual framework.

5.1 Case Study 1 – A UK Publishing Company

5.1.1 Introduction and Background

The publishing company is one of the largest UK publishers. It has an international reputation and 14 international publishing offices in countries around the world including the US, Australia, Canada, India and China. The organisation employs more than 3500 people worldwide, and has a turnover of approximately £360 million. The organisation has seen a number of reorganisations over the years, including the closure of its printing facility (now all outsourced to specialist printers), and the setting up of a central customer service and distribution centre in Northamptonshire. The organisation is divided into a number of major departments, which include academic, educational, ELT, music, hardback and paperback.

The case study is centred on one department that employs 45 people with responsibility for editorial, international sales, copyrights, commissioning, sales and marketing. There is a pro-active telesales team based at the central customer service centre in Northamptonshire. Four Sales Representatives are employed in the UK: two cover the UK market, and two are export Sales Representatives. There is a Marketing Manager and two Marketing Executives who cover a range of activities for both the home and export markets. This department also acts as a distributor for a third-party publisher, a role that includes their sales operation and distribution, but not marketing.

The interviews took place in November 2003 with the Director of Publishing (main board Director and Departmental Head), Sales Manager and Marketing Manager at their Headquarters. The accommodation is on a quadrangle that was built in the 18th century, although it has a modern reception area based in the former print facility. Overall the business and the buildings have retained some 'old world charm', including the use of an executive dining facility with silver service, now mainly used for entertaining and corporate events. Senior managers usually join other staff members in the purpose-built, subsidised refectory. Because of the age of the building the majority of the offices are either small, purpose-built offices or partitioned, larger rooms. The sales and marketing activities of this department were carried out in an open plan office area. This office contains sales, marketing and support staff, eight people in all. Editorial, copyright and production are located in separate offices nearby. The interviews took place in the Director of Publishing's and Marketing Manager's offices. The interview with the Sales Manager and Marketing Manager was conducted jointly at their request. During the interview they allowed each other space to answer the questions and seemed to talk openly about any differences between them.

The Director of Publishing is responsible for all products including editorial, sales, promotion and copyright. He has been with the organisation since the early 1970s, starting in the role of Promotions Manager, becoming the Sales Manager, and then the Sales and Marketing Manager, before becoming Director of Publishing. He currently sits on the main board and the Group Strategy Committee (responsible for the day-to-day management of the business). He also holds a number of other roles within the industry, including advising on copyright and performing rights.

He has a post-graduate diploma in arts management, which included marketing activities. At Easter 2004, he is planning to take early retirement, but he will probably retain some contact and interests in the business. During the interview, he appeared to be relaxed and very open about the situation within the business. When asked if he would prefer to work in marketing or sales he answered "*Marketing, because it appeals to my strategic side. Marketing is a strategic role in all sorts of ways, and I enjoy strategising, planning and analysing as well as doing. Actually it is a broader skill set in a sense, and I do not know what selling is any more because it is not what it used to be.*"

The Sales Manager has been with the organisation for two years, having come from a retail environment, but he does not hold any business or marketing qualifications. He has responsibility for UK and export sales and direct responsibility for all the Sales Representatives' activities. He also sets the targets and activities for the telesales team, but does not have management responsibility for them. When asked if he would rather work in sales or marketing he replied firmly, "*Sales, because I enjoy going out and meeting the customers.*" The Marketing Manager has been with the company for 20 years, although she took a career break when she worked for Southern Arts a few years ago. She holds the title of Promotions and Marketing Manager and is responsible for all brochures, catalogues, advertising and mailings. She has no formal business or marketing qualifications and when asked if she would rather work in sales or marketing she replied, "*I'd be in marketing because I think that it would be more interesting, but there again it seems to me that if you want to earn any money you have to have experience in sales.*"

5.1.2 Sales and Marketing Culture, Values and Views

Many of the strengths of this organisation have been based on its copyrights and links to academics. The organisation has the opportunity to speculate and to produce publications that may have limited appeal and may not be commercially viable. The Director of Publishing indicated that one of their advantages was to be able to identify new writers, develop them and work with them without expecting an immediate return. The organisation has specialised in publishing in a number of specific areas and has become the brand leader in those areas. Their pricing policy slightly undercuts the prices of their main competitors in each area, but their competitive strategy is to offer the best service and best availability of titles of any publisher in the industry.

The interviewees believe that the organisation is now more commercially driven than it has been in the past. All the interviewees were aware of profit targets, budgeting and sales targets, and these are integrated into the business process. To keep costs low and maintain customer service, they set up a centralised distribution centre and telesales operation in Northamptonshire about 20 years ago. This had the effect of reducing the operation/distribution costs and providing a cost saving by reducing the size of the sales force The combination of protected copyrights, niche publishing and high-quality service with lower than average prices is a successful strategy and one that has allowed this organisation to grow in a highly competitive industry. The Director of Publishing stated that "*gross profit has grown to an all time high of nearly 40% over the past seven years*". Their new commercial values are found across the organisation and they claim that they have moved from being product/publishing led to being more sales and market-orientated.

The Director of Publishing sees the department as market-orientated, and said, "*with a strong brand like ours it is very tempting to say, well anything that is done under that brand should sell. Should and doesn't, so we are much more market led.*" He went on, "*the market is the most important ingredient and then it is the right product for the market*". However, the Sales and Marketing Managers both felt that although sales and marketing were important, the organisation is still publication led. Overall, the Marketing Manager believes that the organisation does now focus on its sales and marketing activities and that the organisation is fulfilling the needs of the customers. The Sales Manager described marketing as "*assembling, accessibility, knowledge, communication, the right price, the right everything, and you are marketing something wrong if you get any of those ingredients wrong*".

The Marketing Manager had difficulty in identifying the roles of sales and marketing within the organisation. "*I suppose sales is selling, plus everything that goes into that, so it is not just going out and selling it, it is thinking about special offers in order to sell more ... I would say it is somewhat broader than that.*" The Sales Manager had a clearer idea about the roles of sales and marketing: "*Sales is selling things and marketing is making sure that people know it is there, but in the end selling and marketing in our industry are intertwined so closely because if you are marketing something, like sending out a flyer to a direct sales customer the ultimate result is that you want a sale in some way.*" The Sales Manager feels fully integrated into the whole production and marketing process, but is frustrated by the fact that at times there is insufficient emphasis or budget for the marketing activities he believes are essential. "*Occasionally we* [sales] *will go to marketing and say that we want money to do this because there is no money in the budget ... but we maybe at times have slightly different priorities and at time we have to get a balance between direct promotion and promotion through the trade.*"

The Director of Publishing is very focused on the needs of the consumer and believes that the growth of his business comes from this approach, "*reinforcing our brand, using our brand, using our USPs* [unique selling propositions] ... *we are not wooed into areas because the competition is doing that, in a way that wastes time and money then we survive. We know what we are doing.*" The Marketing Manager stated, "*We have a bulletin that the editors write the copy for twice a year, and that gives me the germ of copy to cobble together into promotional material. If I have got any questions about that or if I have got anything to say, I would pop in and say if I write that would it be right?*" The Marketing Manager's role could be described as task-orientated as she produces promotional materials and events at the request of other managers (mainly publishing and sales).

The culture of the organisation appears to be consultative, and this is evidenced by the number and frequency of cross-functional and interdepartmental meetings. The Sales Manager appreciates the value of these meetings, but at times feels that the marketing emphasis of the business has been to the end user and that it would benefit the organisation to focus on the needs of the trade. The Director of Publishing said, "*I try to create a culture of co-operation between product development, marketing and sales ... but it won't work if they don't believe it or* *respect each other and a lot of it as with a lot of things is down to mutual trust and respect. If they have got that then they tend to work together very well and they do at the moment.*" The Marketing Manager elaborated: "*Outside the department ... it gets much more hierarchical, too hierarchical. But within this office – and maybe because we have all been working together for a reasonable amount of time, that we all know each other as people and treat each other as people – everyone is listened to, I would say.*" When the Sales Manager was asked about the best element of his job, he said, "*It is the closeness of the way that the whole of the department works.*"

5.1.3 Management and Structure

The Chief Executive Officer of the organisation (CEO) chairs the Group Strategy Committee. The Director of Publishing indicated that there was no policy in place for the CEO to visit customers, although he did meet customers at major book fairs. He was unable to recall any time when the CEO had visited any of his customers, although there was a structure to allow communication about such information through main board meetings. The Director of Publishing said that it was normal for all senior members of the department to visit customers on a regular basis, and this was the norm for all the other departments as well.

The Director of Publishing explained that within the business, the structure of the sales and marketing departments seems to go through a ten-year cycle. At some point in the cycle, they adopt an integrated sales force across all departments, with a Sales Director sitting on the main board and the Marketing Managers being responsible to each Departmental Publishing Director. Over time, this structure moves to the sales forces being decentralised and embedded into each separate department, but marketing always remains departmentalised. The Director of Publishing indicated that currently they are towards the end of the cycle where some departments (including his department) have embedded sales forces, while others are still using an across-departmental sales force. The Director of Publishing sees benefits in both structures. In the centralised system, he recognised that economies of scale could operate, and that this would benefit smaller sales territories in particular where an ability to sell across the whole range of products would result in a reduction of costs. On the other hand, he also believed that the focused sales force could be advantageous, especially where the product offer is more specialised and buyers rely on the expertise of the representative.

The department is organised in a conventional functional structure where the Sales and Marketing Managers report directly to the Director of Publishing. Within this structure, however, there does seem to be a blurring of roles. The Director of Publishing said, "*They are working very closely together and the borders are very fuzzy between functions.*" The Sales Manager is not only responsible for managing the sales force, but also carries out some marketing functions; for instance, he is responsible for organising exhibitions and trade fairs and organises marketing research through the telesales operation, collects market intelligence from the sales staff and is involved in marketing planning too. In addition, he produces the department's sales figures, by product and by category, which he then distributes around the department. He also keeps contact with the market by managing a sales territory. The Marketing Manager's role focuses on point of sale, advertising and direct marketing, as well as analysis of any data related to the advertising. The

Marketing Manager also has responsibility for manually distributing sample copies both internally and externally, and manages the website.

5.1.4 Plans and Goals

According to the Director of Publishing, the senior management point of view is that the organisation sets common goals and objectives for all departments, and that planning takes place to meet these goals. The Director of Publishing said about the sales and marketing goals that "*if we remain focused, then the goals are common. When you set out on the year, everyone has bought in on where the major effort is going to be needed in terms of any new sales, back catalogue or promotions. That is a collective decision, so it becomes a common goal.*" However, later in the interview he added that the department does not have any formal marketing plans. He replied in response to a question about whether marketing plans existed for the department, "*No, but there is a marketing plan generally for each major new publication.*" Conversely, the Marketing Manager added in response to the same question, "*No, not* [marketing] *plans, I mean I know what the important titles are and I know where they have to be advertised and I know roughly how much extra advertising I can do ... advertising I make up as I go along.*" Although there are no clear marketing plans, the department does set overall financial targets for new products and the back catalogue. There is a production/publications schedule that drives the activities of the marketing department and this is discussed at the interdepartmental meeting. The Marketing Manager produces publicity and copy as dictated by the publications schedule. The Marketing Manager said, "*My targets are like support the USA office so that they get a catalogue on the internet,* [the targets are] *not money driven.*"

When discussing goals and objectives, the Director of Publishing explained, "*We have individual appraisal reviews, annual appraisal review, again where there is a common core objective in many cases, but with specific objectives tied to those, which again link into a common programme and common culture.*" Sales are given targets by senior management, for instance to '*increase sales in particular area*', but these targets are not always shared with marketing. The Sales Manager confirmed that his objectives were set at a "*very high level. We have a budget that is set at the beginning of the financial year and the target that we have to sell ... whether it is on one product or another.*" When talking about measuring success, the Director of Publishing was of the opinion that marketing success was measured. He said, "*Yes, it is probably pretty crude, but we will measure responses to advertising and such like*". He also added that they do some market research. The Marketing Manager supported the Director of Publishing: "*We use codes on publicity to ... measure success.*" However, when questioned further she added, "*We do not really do anything to measure* [marketing] *success.*" According to the Sales Manager, the organisation's sales success is measured in more concrete terms: "*they* [the representatives] *have individual targets, for their territories and each new publication has its own individual target for that current year or the first year*".

5.1.5 Communications, Meetings and Technology

Within the organisation, there were two basic tiers of communication. There is a monthly management meeting, chaired by the Director of Publishing and attended by the Sales Manager, Marketing Manager, Production Manager, Senior Editor and Copyright Manager. This meeting discusses a range of strategic issues including earning against budget and profitability against spending. This meeting was described by the Director of Publishing as the 'Board of Directors' for the department. He said, "*All of these decisions are made in a group so every monthly meeting the product development guy and the sales and marketing guys, are buying into the same things and we are not going to publish something if one of them is being brought kicking and screaming to the decision.*" The Sales Manager, however, described this meeting as a reporting meeting, where they do discuss budgets, promotions and targets, but as everyone is already aware of these targets because they are e-mailed to participating managers as the publications are brought out. The Marketing Manager said they discuss "*anything that is particularly interesting or different that would change anyone else's plans. It is a bit of a nothing meeting really, because anyone who needs to know anything already knows it so you are telling people who do not really need to know these things.*"

At the functional level, there is an interdepartmental meeting, chaired by the Marketing Manager, at which 90% of sales and marketing decisions are made. All editors, all sales and marketing people (including export) and the Production Manager are involved. The Sales Manager noted that this meeting, "*is very much new product driven, advertising or marketing, and the back list is promoted on the back of something new that is similar*". This meeting allows any item to be discussed including product development, or republishing an existing product. Any member of the department can ask for something to go onto the agenda to be discussed and the Director of Publications said that a number of new product ideas have been adopted from this meeting. If there is controversy at the meeting, most people will have the opportunity to speak but the final decision will lie with the

Chair or the Senior Editor who, according to the Marketing Manager, "*tended to pull the strands together*".

Communications within the department are quite informal. The Marketing Manager explained, "*I mean as you can see physically we are all in together, that means I think, naturally the boundary is grey ... there is an awful lot of talking and shouting across the office, so what is marketing and what is sales? So sales will think up marketing ideas and offers and things ... we have meetings, we all seem to be in the same meetings.*" As the sales and marketing staff work closely together, they do not prepare separate plans and then have to inform each other what is happening. Everyone is involved in decision-making, including new product development, and even quite detailed decisions like cover design are taken together. The emphasis is on formal communication through meetings, but supported by open, informal communication in the office. However, there are still occasions when the lines of communication can fail, especially between editorial and marketing. According to the Marketing Manager, editorial will still occasionally produce a publication that is not on the schedule.

Like most organisations, this company uses e-mails as a form of communication. The Director of Publishing said that e-mails were very useful, but the Marketing Manager said, "*Because we are in the same office we tend to talk to each other, and just use the e-mails to leave messages and confirm details.*" A website has been developed, and it is the responsibility of the Marketing Manager to update and manage it, but it is not one of the key marketing tools and the Director of Publishing said, "*I think the website is dictated a lot by the competition.*" He went on to add, "*All marketing departments have this problem of the website, I mean* *how much do you spend on printed publicity when you are spending a fortune maintaining the website, you are spending lots more money potentially.*" The Marketing Manager also mentioned that budgets had been reduced to provide additional money to spend on the website. She said, "*We can't always afford to mail stuff out that we produce when we want to mail it. We have to wait and batch it up and send it because the budgets just do not support what we used to do ... Five years ago, we hardly thought about what anything cost to mail at all, we would do it, it looked pretty and it had to go out to these 60,000 people and we would do it. We are not allowed to do it any more; we have to be much more thoughtful about planning.*" She added, "*E-marketing and the website will probably drive our future business plans.*"

5.1.6 Market Intelligence

The organisation is a member of a publishing trade body that receives information about top line sales in the market place from members. According to the Director of Publishing, there is pressure from the larger publishers to provide more information and detailed sales breakdowns to the trade body, a move that is being resisted by smaller publishers on the basis that they do not have the information systems to be able to provide this type of data. However, in 2004 more detailed market information will be available, and so this source of market intelligence should become more valuable. Apart from the information provided by the trade body (which is available to all publishing members), the organisation has done a little marketing research through survey questionnaires to end users and retailers, but this is infrequent and mainly focuses on service quality. The Marketing Manager did not mention any awareness of structured marketing research, but the

Sales Manager explained that the Northamptonshire telesales centre was carrying out basic market research with end users as well as trade customers. Although this is only a recent innovation, they collect data about where the end users had heard about the products, what they were interested in, and their names and addresses for their database. Further sources of market information are the editors who have close links with both writers and end users. The Sales Manager explained that there was no one in the structure who was responsible for storing and disseminating market information as everyone retained ownership of their own knowledge and brought it to the management meetings for discussion.

There is an extensive database of end users that has been built up over a number of years. The department's news bulletin, which gives information about new publications, writers, and events, is mailed twice yearly, but it has never been used to gather marketing research information. The majority of their marketing information comes from the sales force and is fed back to the interdepartmental meeting through the Sales Manager. The market intelligence was a combination of collected anecdotal evidence from the trade and specific market research through a group of 25 key distributors with a geographical spread. This retailer's group are asked to complete a range of questionnaires about particular subjects. These retailers also carry out small surveys of end users (four to six people) whose addresses they hold to confirm the opinions from the trade. Consequently, the sales department carries out the majority of the market research and analysis. The Publishing Director did add that even if they had more money it is not likely that they would carry out any more market research: *"If I had £50,000 to do that* [market research], *I do not think I would spend it on something like that ... it is very difficult to see if ... it really added sufficient value.*"

5.1.7 Rewards and Training

The organisation has a profit-share bonus scheme in operation for staff, including marketing but excluding sales. Sales staff are paid on a salary plus commission basis, with additional bonuses for hitting certain targets. These sales rewards apply to the Sales Manager as well, although he also is eligible for the profit share scheme, but this is based on departmental activities rather than organisational. This reward structure is under review, but it appears that the practice of rewarding sales success separately will probably be carried into the new scheme.

Training for the sales and marketing staff seems to be *ad hoc*. There are a number of internal courses (such as on the use of IT and health and safety) open to all members of staff. External courses are available on a variety of business practices, but these are functionally based, e.g. negotiation skills, direct marketing. The requirement for training is usually identified through the appraisal system. The Director of Publishing described the external training as "*not necessarily regular, but it is frequent*".

5.1.8 Collaboration

Throughout the interviews, there was a consistent message of a good working environment and harmony in the workplace. However, the Sales Manager on a few occasions during the interview said that there can be differences of opinion between sales and marketing and that these are not always resolved satisfactorily. His attitude was to let things go and move on, as conflict in such a close working environment would be unproductive. He said, "*Well you have to, otherwise it would be trenches across the office and barbed wire. You do get instances when two people will disagree very strongly about something.*" In addition, the Sales Manager felt that some of his areas of responsibility were very wide. He would have liked an assistant to take responsibility for some of the day-to-day issues, e.g. producing reports and booking exhibitions, rather than having to pass these tasks to the marketing department. Therefore, he felt responsible for these functions even though they may be viewed as purely marketing functions.

The Director of Publishing is probably someone who has a truly integrated approach to sales and marketing. He said, "*In a sense it has become one big word, 'sales and marketing'. In terms of the blurring of the edges, in that you can get a marketing person standing behind the stand at exhibitions just as you can get a sales person joining in a marketing plan. So I think that as long as it remains flexible and adapts to what publishing needs in response to the market, we could call it something else.*"

5.2 Case Study 2 – A UK Industrial Manufacturer

5.2.1 Introduction and Background

This company can trace its origins back to the early twentieth century. Since the 1990s, it has been part of a public limited company (PLC) with interests in many areas including both manufacturing and engineering support. The PLC employs 50,000 people worldwide and has a turnover of approximately £12 billion. The study will focus on the Product Management Group (referred to as the Group), which is part of a larger division that employs around 1000 people and is divided into four parts. The Group's role is to manage a portfolio of products and it employs 50 people, 35 of whom have customer contact as part of their role. They turn over approximately £90 million per annum and employ six sales people in the UK, one in the US, one in Far East, and a marketing specialist. The Group has recently appointed a Sales Support Manager who is responsible to the Vice President (VP) Sales and Marketing and whose role includes carrying out market research and market analysis, as well as keeping brochures up to date and dealing with customer enquiries.

Until 2002, some new products were being sold and marketed through a separate operation in France, but this function has now been reincorporated into the Group in the UK. The Group looks after a portfolio of six different types of product. The business is located in a modern office block in Hertfordshire. The organisation would have preferred to relocate this group to another part of the country, but the existing staff were not prepared to move and the subsequent loss of expertise if the relocation took place would have been detrimental to the success of the organisation. Until a year ago, the Group occupied two floors of the new development, but because of budget cutbacks they have reorganised the office layout and now occupy only one floor. The impression to a visitor on entering the office is that it is rather cramped, but the staff have found that the new layout has been beneficial because they are able to exchange information and work more closely with support colleagues. They have recently adopted a more relaxed dress code and therefore suits are no longer worn unless they are expecting visitors.

The interviews took place in December 2003 with the Vice President (VP) Sales and Marketing of Group, Director of Sales and the Marketing Manager. The interviews were conducted in one of their meeting rooms, which was equipped with the latest communication technology, including videoconferencing equipment and multi-media. All of the interviewees have worked for the organisation for a number of years and are experienced and experts in their fields. They all appeared to be relaxed and open during their interviews. The VP Sales and Marketing has worked for the organisation for over 21 years and holds an MBA qualification as well as a first degree. He has worked in a number of positions within the Group including Sales Representative, Director of Sales, and Customer Support Manager. He has been the VP Sales and Marketing for the past five years and during this time has been involved in a number of restructures, including the opening and closure of the French sales operation. When he was asked if he would rather work in sales or marketing, he answered "*sales* [because] *I still enjoy the contact with the customers and the closing of deals*".

The Director of Sales has been in the company for 30 years. He joined the company on their commercial apprenticeship scheme and gained an HND in Business Studies. He worked in a number of roles on the commercial side of the business before moving into sales and marketing. He then worked in a number of areas of the business within sales and marketing before joining the Group. When asked if he would rather work in sales or marketing he replied 'marketing' and said, "*I tend to be more on the marketing side and have more of a marketing bent, but I mean ... even though you are selling* [and] *you are out there in front of the customer, you are still the marketing arm to the customer.*" The Marketing Manager has held a number of positions within the organisation including Press Officer, Public Relations Manager, and Director of Public Relations and Communications for the combined sales and marketing teams. Since 1995, the

Marketing Manager has been working for the Group as their marketing specialist on a freelance basis, but in all has worked in the organisation for 36 years. The Marketing Manager also joined the company on the commercial apprenticeship scheme and gained an HND in Business Studies. When asked if he would prefer to work in marketing or sales he replied "*marketing*", but on the marketing communication side. From 1995 to 2003, the Marketing Manager worked directly for the VP Sales and Marketing, but in 2003 he became responsible to the Divisional Managing Director (based in Scotland). He said his main role is "*to be responsible for all media relations, all external relations ... development of the marketing plans and the implementation of that*".

5.2.2 Sales and Marketing Culture, Values and Views

When asked to describe the strengths of the organisation and brand values, all the interviewees identified their reliance on technology and innovation, and a historically strong brand. According to the Director of Sales, the brand's reputation is the primary factor to sales success in developing countries, followed by the price and the service offered, whereas in the developed countries it is the technology, innovation, product features, operating costs and service quality that are the most important factors in sales success. He went on to say that their market was changing rapidly all the time as a result of volatile market conditions. All the interviewees agreed that the organisation has traditionally been product/R&D led, but the Marketing Manager felt that the sales and marketing voice got stronger over the years "*to the point where it just wasn't a manufacturing led organisation any more*". The VP Sales and Marketing said, "*It is still a fairly engineering led function ... but our business is atypical, I would say that it is business winning, it is* *totally business winning centric. The whole Group lives and breaths deals.*" However, he added that he thought that the industry as a whole was market driven, "*so we are responding to what the market wants*". Although there are a limited number of competitors for this organisation, the market conditions have become more difficult in the past few years as they are competing for a finite number of customers.

When asked to define the role of sales, the Director of Sales said, "*Sales is supposed to go and find the business. Find the opportunities, progress those opportunities until you sign a contract.*" The Marketing Manager, however, believes that sales should "*home in on very carefully designed* [marketing] *campaigns ... where they know that they have got a chance of placing the product and really focusing on the specific sales tasks*". He believes that sales should not 'cold call' unless the ground has been prepared by marketing: "*if you are cold calling to some extent you are doing a marketing job*". The Director of Sales defined marketing as "*creating conditions in the marketplace so that you are able to sell your products ... it is all those soft issues of creating conditions and awareness in the market that you are offering certain products and from that the sales people can actually go ahead and try to close any business that there might be*".

The Marketing Manager supported the Director of Sales' view of the role of marketing and said, "*I think probably it is to lay the groundwork, the veneer if you like around our business, such that there is a presence in the market. So that the sales team can build upon that and actually go in with some structure behind them ... so that they don't go into the customers cold.*" He believes that there is some awareness in the market place as to who they are and what they stand for, and what products and services they are offering. The VP Sales and Marketing believes that marketing should be carrying out two basic functions: "*one to get out amongst the customer base and make sure that you really do understand what the customer wants even before the sales person turns up. Then secondly from a much more tactical point of view it is actually being able to help the sales person*" by pointing them in the right direction. The VP Sales and Marketing also said, "*The marketing function has got its antennae out, it is not looking at tomorrow's deal, they are looking at the deal next year or the year ahead ... they have got to feed the stuff back to the sales people.*" The Director of Sales said that although his department was primarily involved in sales, "*we help out with the wider responsibilities in the sales and marketing department. So we all play around a bit with the marketing as well.*" He went on to say that "*we all have got to multi-task ... we are encouraged here to plug any of the holes that there might be in our overall presentation to the market*".

The VP Sales and Marketing feels that the Group's marketing role has been limited to tactical marketing, "*in other words the promotion of the product as a direct input to the sales campaign, as opposed to strategic marketing, i.e. sort of brand awareness*". He believes that tactical marketing creates leads for sales people, but they are now in the process of developing a strategic marketing plan. The Director of Sales believes that "*you have to adjust your marketing stance given the sales situation. If you are not going to achieve your targets with the existing customer base, you have got to concentrate on new potential customers.*

Therefore you have to get your messages across to the new customers that you are in business."

5.2.3 Management and Structure

The structure of the Group has not been finalised. The Marketing Manager has just taken on the role of Divisional Marketing Manager although he will still be located in the Group. Although the Marketing Manager is freelance, the VP Sales and Marketing does not really feel that the marketing role has been outsourced as the Marketing Manager was a former employee and has worked for the Group for a number of years. The reason he gave for not employing the Marketing Manager directly was to reduce the Group headcount. The marketing functions for the Group, with the exception of the marketing communications activities, are being carried out by the VP Sales and Marketing with help from the Director of Sales and the Sales Support Manager. The sales role and structure is much clearer. The Sales Representatives are expected to become involved in customer relationship management and linking in with the group objective of retaining and developing existing customers. The world market is geographically segmented. Each sales person has a responsibility to know the customers within their segments and to identify through a series of tests which are the right customers to develop. The Director of Sales said, "*They actually have a task, they have to engage in some effective cold calling of those people and just try to interest them in the product.*"

The Marketing Manager explained that the Division had a marketing operation centre set up in the UK in the late 1980s, which ran alongside the sales organisation. The Marketing Manager was Director of Public Relations and Communications within this operation and he felt that the two elements of sales and marketing overlapped and "*got in each other's way. There were constant complaints that the marketing people, who were meant to be seeding opportunities in new markets ... were coming across or ending up doing a sales job. There were quite a lot of conflicts I perceived at that time.*" The Marketing Manager now feels that there is no conflict between sales and marketing as sales have specific targets they want to meet: "*I try and latch onto that and hopefully provide some sort of cover for them that enables them to get some benefit from that. I'm not going to get involved in particular campaigns unless they want me to.*"

The Division has recently gone through a major restructure and has removed many jobs that previously existed. The Marketing Manager pointed out that he is now covering the jobs that three to four people used to do under the old set-up. The Division has lost a great deal of marketing knowledge and expertise through its structural reorganisations. In particular, he was concerned that when the French operation was closed their marketing/customer database was lost and many key staff would not transfer. With the reorganisation that followed the closure, a generic brochure produced by product development (technical sales) replaced many of the specialist brochures that used to be produced. However, one positive result of the restructure is that, according to the Marketing Manager, senior management is encouraging them to become more internally integrated. He said, "*They are trying to bring us together as one organisation, whereas perhaps before we hadn't done so much of that. I think that there is gradual integration.*"

Within the organisation, it is a policy of the senior management, from the Chairman of the Board to the Divisional Managing Director, to visit customers. The sales department can call on any of the senior management to support their activities where necessary. The sales department are also able to call on other functional areas to support their business activities. When asked about senior management visiting customers independently, the VP Sales and Marketing said, "*There is no system to report on their meetings with customers, although we always hear if there is bad news.*" There is an integrated business plan that is the responsibility of one the senior managers based in Scotland, where most of the long-term strategic decisions are taken after consultation with the various groups within the Division. Sales are able to influence product design, adaptations and long-term product development through this consultation process. The VP Sales and Marketing said, "*We have got plenty of input into new product development ... and the subsequent developments of it.*"

5.2.4 Plans and Goals

According to the VP Sales and Marketing, the Group's objectives are "*to keep the sales as strong as possible, keep your nose clean, and don't spend too much money. You don't invest because we're not here to invest. We are here to maximise the value out of the portfolio as we are not core business.*" The success of the Group is based on sales success, "*which is broken down into value created and value maintained*". The VP Sales and Marketing also identified that the strategy of the business has changed over the past two years: "*Now there is a focus on keeping existing customers, extending their leases and persuading them to take on additional units, rather than gaining new customers.*" The Marketing Manager confirmed, "*Our strategy at the moment is to keep our products with existing customers.*" The VP Sales and Marketing said, "*We spend an awful lot of our time on, actually I suppose it's called relationship marketing. Spending a lot of* *time looking after our existing customers because we know ... the cost of swapping and finding a new customer is so high.*" However, the Director of Sales said, "*Clearly this shift from consolidating existing customers back to finding new customers is now an important element of our strategy.*" Each Sales Representative has been asked to identify ten prospective customers from their territories by the end of 2004 as they have identified that their customer base is shrinking.

According to the Director of Sales, the Group are allowed to set their own marketing and sales objectives within the budgets. Sales success is measured by the value of the revenue stream. Both the VP Sales and Marketing and the Director of Sales confirmed that their objective is to break even on the sale/lease of the product and that profit is generated through other activities of the Division that are dependent on these sales, for example training, sales of spares, maintenance and customisation. The Director of Sales explained, "*We don't make any profit here. Not in terms of our product placement because of the nature of the marketing and the original financing. However, we are profitable and our profits are in line with industry norms.*" The VP Sales and Marketing said, "*It is a very financially driven organisation. Financially and commercially driven, everything is analysed to death ... we are interested in business that makes profit.*" The primary measures for the Group are financial. The VP Sales and Marketing said, "*Turnover does not do anything for us, we do measure margin and we also measure cash.*"

The Group does not have any concrete way of measuring marketing success and the marketing goals are largely set from Scotland. The Marketing Manager said, "*I'm not measured. No, I don't think I am. I'm sure that the sales people are* *because they have got targets and bonuses.*" The VP Sales and Marketing confirmed that there is no current system of measuring marketing success. The Marketing Manager went on to talk about his goals: "*Well it's slightly driving on my own to be honest ... I've sort of derived my objectives for next year which are very simple, to get organised ... I've almost had to reinvent the wheel in many ways. So I want to get structure into the marketing budget because I don't know how I am going to run the marketing budget.*" He has been working closely with the VP Sales and Marketing to develop a marketing plan for the next 12 months (2004), which will be available in the next few weeks. The Marketing Manager explained that they had had marketing plans until recently, but because of the restructure and the different objectives of the Group, they did not put one in place last year. However, the Marketing Manager feels that there may be some conflict of interest as he now has a wider role to play in promoting other business areas of the Division. "*When I worked purely for the product management function here I was responsible to the VP Sales and Marketing, but with me taking on the wider role, of which Product Management is a part, I have to work with other people and sort of balance everybody out.*"

The marketing plan is going to be quite detailed according to the Director of Sales and will cover "*how many newsletters we are going to send out, how many conferences we are going to attend, how many interviews we are going to give to the press, etc.*". He added about the marketing plans, "*That's been worked on in conjunction with our team here and with the Division ... because some of it will be done by the Scottish office and some of it will be done by us.*" The VP Sales and Marketing identified that the conferences and exhibitions were central to these new marketing plans, and that they would be supported by some specialist press advertising and tactical marketing. However, the Marketing Manager was concerned about costs as he had limited budgets when compared to other competitors in the market place and he felt about corporate exhibitions in particular that "*the recharges are pretty horrendous*". He agreed that they were considering carrying out more exhibitions and conferences and he was keen to develop conferences speakers as a new area to progress. Although this is in the long-term planning, currently the conferences and exhibitions are being booked and organised by the sales staff. The VP Sales and Marketing said, "*I encourage all my sales staff to make suggestions as to what they think is appropriate to their market and this is then fed into the marketing plans*".

The VP Sales and Marketing identified that they found direct advertising expensive and not very effective, although they had engaged in some local advertising in Germany to support a particular product element. The Marketing Manager confirmed this view, but with qualification. He said, "*There is a school of thought that we shouldn't* [do advertising] *as it is too expensive. We do not get any value and you can't track it, which I largely agree with. On the other hand, if you don't do it you haven't got any presence. I'm strongly of the view that if I can get the budget to work this out next year I will be doing what I call some veneer advertising to build brand image.*" The Marketing Manager believes that he achieves his marketing goals by being quite strong in the trade media and in press relations. "*We do a lot of news releases, we do two or three briefings a year, and one-on-one sometimes ... I think we get pretty good coverage for what we do.*"

When the Director of Sales was asked if sales and marketing share the same goals he replied, "*We are one team, so I do not think that is an issue here.*" Some marketing objectives are being driven by sales: for example, newsletters to customers, sales exhibitions, calendars and conferences all have been created at the request of sales. The Marketing Manager felt that the sales staff are quite 'hands on' when it comes to marketing. The Director of Sales discussed the relationship between sales and marketing goals. He said, "*They should be quite closely aligned, clearly, maybe because of the timescale. Marketing is an ongoing thing and in effect you have got to be able to change the marketing mix depending on where your customer base is and where the customer targets are.*"

5.2.5 Communications, Meetings and Technology

The Director of Sales explained that there was a weekly local management committee meeting, known as the issues meeting, attended by all of the senior management of the Group. During this meeting, any interdepartmental issues can be discussed and resolved as necessary. The weekly committee meeting is also a vehicle for informing everybody of immediate plans and events that may affect the Group. However, the VP Sales and Marketing commented, "*invariably the meeting descends into a discussion of which deals we are closest to closing ... it is much more focused on that than things like internal housekeeping, processes and procedures*". He went on to add, "*Once a month the senior managers try to have an informal dinner together. Not everybody makes every time, but it helps to keep us together as a team.*" The VP Sales and Marketing explained that only sales people are told how close they are to meeting sales targets. This was confirmed by the Marketing Manager who felt that he was not in the loop with regard to the achievement of targets and setting objectives. He added, "*I think if I asked the question I would get an answer ... it's like setting my own objectives for next year which I hope were realistic and flexible ones, and which seemed the right thing to do. Maybe I'm sitting fat, dumb and happy!*"

The Marketing Manager felt that the meetings within the Group were *ad hoc* as they do not hold designated sales and marketing meetings. However, the Marketing Manager is not directly responsible to anybody within the Group. He has between four and six meetings a year with senior managers in Scotland. As the Marketing Manager works offsite, he makes the effort to walk around the office and speak to people when he comes in to up-date his information. He said, "*I always wander around and chat to people who are in, I think it is part of my role.*" The Marketing Manager went on to say that there is a business winners meeting three times a year – at the beginning of the year, mid-way through the year, and after the summer break – to check that no adaptations have to be made to sales and marketing plans. This meeting is attended by all sales and marketing staff, including the sales team and customer support. The Marketing Manager said that this meeting would allow him to be aware "*roughly what their* [sales] *plans are for the year and what their targets are*". When asked if he would be presenting his marketing plans at the next meeting in January 2004, he said, "*No, I won't be ready.*"

When the Director of Sales was asked what types of issues are discussed at the business winners meeting he said, "*I think it is difficult to say what has been on the agenda.*" However, he then added, "*We need to make sure that we all understand how we are developing certain of these marketing aspects, what the marketing* *plan is for the next 12 months, who's doing what, as well as the hard things.*" The Director of Sales believes that this meeting should happen more than three times a year because the sales team has been expanding and greater coordination is required, and there is a move to implement this. The Director of Sales said, "*There is a lot to learn from each other as to how we are all dealing with our customers and how our customers are reacting to this, and sharing that information. Because how our customers react also is influenced by the competitors' situation ... so we are going to get the team together more often next year* [2004]". This organisation has offices around the world and operates internationally, and therefore relies quite heavily on technology, for example e-mails, videoconferencing, teleconferencing and telephone calls to allow communication. These electronic communications support face-to-face meetings and members of the Group spend a good deal of time travelling to attend meetings in various parts of the world.

5.2.6 Market Intelligence

There is a variety of sources of information available to the Group. These include information from the sales personnel, databases, an extensive trade press (which runs articles on current events) and a number of intelligence services from whom they buy data. The sales personnel collate information about customer needs and competitors' activities and this is currently fed back through the VP Sales and Marketing and Business Support. According to the Director of Sales "*we've all helped to collect and pass the information to the Business Support area for analysis ... we all take it as a responsibility to try, where we can, to pick up competitive information*". With the closure of the French operation, many of the collated databases were lost, so they are currently trying to rebuild them at the Divisional HQ for all groups. The Division is hoping to appoint someone in Scotland to carry out market research and keep all the Divisional market intelligence collated. In the past R&D would go out and discuss new product development with the customers, and sales and marketing would also feed them information about customer requirements. This has now changed, as at the moment sales are driving the repackaging and tailoring their existing product to customer needs.

The Group have recently employed a Sales Support Manager to identify new markets and develop new contacts to help reduce the number of unprofitable calls by sifting out the weaker enquiries and to carry out market research. The Marketing Manager described the market intelligence situation that presently exists: "*There are a number of people who have been collecting market intelligence including the VP Sales and Marketing and myself, and the new role would consolidate all this management information into a new database.*" The VP Sales and Marketing feels that they use their market intelligence effectively "*to a degree. I think we are quite good at assessing whether there is something that we can really use or just discard it. We tend to be fairly judgemental about whether an opportunity is right for us rather than chasing everything which is presented, which I think used to happen.*"

The organisation subscribes to a number of industry databases and the sales people are expected to research these themselves to identify potential customers. The VP Sales and Marketing said market research has "*been very much driven by the sales people knowing their own particular areas themselves and keeping a watchful eye* *on what's going on in the market*". The Director of Sales expanded on the role of the Sales Representatives in collecting market intelligence. He said, "*Bearing in mind that we have had no specific person allocated to marketing, so we have all helped to collect and pass the information to the business support area for analysis depending on the quality of the information ... . So we all take it as a responsibility to try where we can to pick up competitive information, get it and bring it back in.*" The VP Sales and Marketing added, "*in my experience with sales people they are much more focused on doing the business and don't actually like sitting at home doing research*". He was concerned that market research is not being carried out in a focused way that meets the Group's requirements, and has therefore appointed the new Sales Support Manager to fill this role.

5.2.7 Rewards and Training

The organisation uses an appraisal system to monitor and review the performance of staff. They also use this appraisal system to set and monitor individual targets for the sales people. These targets are reviewed regularly as part of the ongoing sales process. The sales people are rewarded on a salary with a bonus scheme. The bonus is worth about 20% of their overall package, but it appeared to be quite complicated to work out, as it is based on a combination of profits, new business and extensions to leases, less expenses. In addition, there are divisional and corporate bonuses that are available to all staff members. The new Sales Support Manager receives a straight salary plus any organisational bonuses, and because he is freelance, the Marketing Manager is on a daily rate. There is a training budget, but it is the responsibility of the individual staff members to identify their own training needs. At present, one of the sales people is taking a part-time degree in marketing, but the VP Sales and Marketing did admit that the organisation often did not recognise the benefit of additional qualifications or training, even if they had paid for it. This frequently means that staff leave the organisation having achieved a new qualification. There are still management training schemes available in the organisation at corporate level, and there are opportunities for advancement within the organisation.

5.2.8 Collaboration

There is some evidence of cooperation between sales and marketing on a practical level: for example, the setting up and promotion of sales exhibitions and conferences. A customer calendar was produced at the request of the Director of Sales, but the Marketing Manager was unaware of how this calendar fitted into the sales and marketing objectives of the Group. The Director of Sales felt that lack of marketing support is now being resolved after "*pushing both the local general management and the divisional management. I think that we are finally starting to get our act together.*" The VP Sales and Marketing said, "*Marketing used to* [provide what we needed], *but they don't currently. They will do again at some stage in the future, but right now they don't do anything, so basically I've got my sales staff doing it for themselves.*" There is some integration with marketing planning as the sales staff make recommendations about Group marketing activities for their own areas and the senior staff can feedback their ideas and opinions to the strategic centre in Scotland.

5.3 Case Study Three – A UK Consumer Goods Company

5.3.1 Introduction and Background

This company can trace its origin back to the 1850s. Through organic growth and a series of mergers and acquisitions, the organisation has become one of the largest manufacturers of these products in the world. The organisation has been a public limited company (PLC) since the mid-1950s. In 1981 it began a series of acquisitions that moved it from being a UK manufacturer to being a worldwide manufacturer. Following this period of growth, the company has been through a number of restructures, rationalised its production and concentrated manufacturing in centres of excellence. It has manufacturing operations in France, Germany, the US, India and the UK. The company turnover in 2002 is approximately £75 million worldwide and it employs approximately 1400 people. According to the Divisional Managing Director, turnover in the UK is approximately £18 million, of which about £10 million is exported.

By 2000, the PLC was an international company specialising in producing a number of related products, but it was in serious financial difficulties. It was reported, by both the company and the media, that there was a lack of control in their US distribution operation that caused their share value to drop 55 points. The Chief Executive described the cause of the bad debts as "a lack of financial control within the organisation" (Company Accounts, 2001). The organisation had to make a provision for bad debts of £14.5 million in their 2001 accounts and the organisation was obliged to dispose of some of its assets to reduce its overall debt burden (*Daily Telegraph*, 17 November 2000). The result was a major restructure across the organisation. The UK manufacturing site, established in 1925, was sold and the manufacturing operation was downsized and relocated to Hertfordshire. Some of the products that were originally made in the UK are now manufactured in Germany and India. The UK part of the operation has become an assembly plant that receives its parts from Germany, rather than being the primary manufacturing plant.

In early 2003 there was a management buy-out of part of the organisation from the PLC, and with the help of a merchant bank they became a limited company. This led to another restructure and three Divisional Managing Directors were appointed based on the various manufacturing capabilities. There was also a restructure of the sales regions and the UK lost control of the markets in mainland Europe (that responsibility is now divided between France and Germany). The UK has retained control of the markets in the rest of the world, excluding Japan and the US, where there are wholly owned subsidiaries. It was announced in 2004 that the US manufacturing plant had been put up for sale. The reason given was that this operation no longer fitted with the core activities of the organisation. The company accounts indicate there has been a reduction in overall sales and profitability over the past five years (Company Accounts, 1998–2003). The UK division currently employs 120 staff, which is a 50% reduction on the staff employed before the move to Hertfordshire. The sales and marketing functions are made up of five representatives who cover the UK and overseas markets, two marketing people and a variety of sales support staff, including customer service and contracts.

The interviews took place in December 2003 at the UK head office in Hertfordshire with the Divisional Managing Director, Sales Manager and

Marketing Manager. The offices are based in a modern industrial unit, on a new industrial site that incorporate assembly facilities, distribution and administration. All the offices are located on the first floor and are in an open plan format, but they are currently only utilising approximately 30% of the office space. The original plan was to put the Headquarters in the remaining area, but this did not happened. The meeting with the Divisional Managing Director took place in his office, which is located at one end of the open plan area and has a panoramic view of the rest of the office space. The meetings with the Sales Manager and Marketing Manager took place in a meeting room. The only technology available in the meeting room was a teleconferencing system, television and video.

The Divisional Managing Director has worked for the organisation for 15 years. He was previously employed as a Sales Representative, the Sales Manager, the Sales Director and latterly the Sales and Marketing Director. His current responsibilities include brand and product development worldwide, as well as manufacturing in the UK and India. The Divisional Managing Director has no formal business or marketing qualifications other than continuous in-house training and development. Throughout the interview, the Divisional Managing Director was relaxed and discussed freely the sales and marketing set-up in the organisation. Also discussed were examples of some of the new products from the Indian factory. At the end of the interview the Divisional Managing Director was asked if he would prefer to work in sales or marketing if he had the choice, and he replied, "*Sales probably, although if I can allude back to what I said earlier, I think sales is a function of marketing, rather than the other way around.*"

The Sales Manager was appointed in the summer of 2003, although he had been employed with the company for over 20 years. He had previously been employed as a Sales Representative for 18 years when he had responsibility for a UK territory and also travelled to South Africa and Europe. Although he has no formal sales or marketing qualifications, he has undertaken a series of internal sales training courses. It was difficult to keep the Sales Manager to the point during the interview, and he appeared to avoid answering some questions, but it was unclear whether this was because he did not know the answers or because he wanted to avoid the subject area. At the end of the interview, the Sales Manager was asked if he would prefer to work in sales or marketing, and he replied "*marketing*".

The Marketing Manager has worked for the organisation since 1982 and has been the marketing and promotions manager for the past ten years. She also has no formal marketing or business qualifications. The Marketing Manager has functional responsibility for promotional materials including brochures, press releases, mailings, catalogues and advertising. The interview with the Marketing Manager was short and concise, but friendly. There were times during the interview when she indicated that she was not fully aware of all business processes taking place, but she tried to answer all the questions. At the end of the interview, the Marketing Manager was asked if she would prefer to work in sales or marketing, and she replied "*marketing*".

5.3.2 Sales and Marketing Culture, Values and Views

The organisation had based much of its success on its historical connection to the market. The organisation had the ability to develop products that suited the market in terms of both quality and attributes, but they have observed a steady decline in market share over the past five years, which the Divisional Managing Director thought was due to increased competition from the Far East. As a result of their loss of market share, radical changes to their sales and marketing have been made in the past 12 months. The Divisional Managing Director described the market as highly competitive with many new entrants, which he stated "*affect our profitability, which is now well below past levels*". Therefore, although the interviewees described the company as initially being product-orientated, they were aware that they should be moving towards being market-orientated. However, the interview with the Divisional Managing Director showed a degree of sales orientation and he said about their current situation that "*we need to sell our way out of the problem as a group*".

The perception of the Sales Manager is that the company has not always had an effective marketing set up: "*what we have had is an assortment of Sales Managers and an Advertising Manager, for this and for lots of reasons ... advertising can be very reactive*". He believes that marketing should "*identify the customer's needs and supplying them profitably*". However, his main objective is still to increase sales. He said, "*You will get the marketing department doing a lot of concerted campaigns, where they are doing advertising ... getting people on the ground using it* [the product], *creating demand basically.*" He also said that marketing people should be getting involved in the pull side of strategy, and sales were more the push side, loading the retailers up with plenty of stock, effectively making the retailers into the sales force. The Sales Manager, although aware of marketing principles, is demand focused. His view is that marketing is a support for sales, creating demand and supplying product information. The Marketing Manager supported the view that marketing has a sales support function and said that their "*main activities should support the sales activities, but also be pro-actively looking at the market and what is required in the market and how that can be put to use within the company*". The Marketing Manager believes that the sales role should be "*servicing existing customers, finding new customers ... and new ways of promoting our product*".

The comments on the recent changes in the company showed some confusion. The Marketing Manager said, "*I think it will now be far more customer-orientated and sales led as opposed to being* [long pause] *we recognise more now what the market needs and what we need to supply, rather than making things that nobody wants.*" When talking about goals in the new structure, the Marketing Manager answered, "*Yes, we have the same goals, but I am not sure that we have enough linkage in order to obtain those goals, always.*" The Divisional Managing Director said, "*My favourite definition of marketing is identifying and supplying the market profitably.*" He added, "*I tend to include all the things we do in the marketing function, the sales are part of that function rather than the other way around*", but this is not borne out by the views of the Marketing and Sales Managers. The Sales Manager recognised that the sales role included promoting the product, but he did not indicate how sales should fit into marketing. The Marketing Manager suggested, "*I would like to think that marketing would dominate a little more* [in the future] *just because I think that there is a lot more that marketing can do to enhance the sales situation.*" During the interviews both the Divisional Managing Director and the Sales Manager spoke extensively about the importance of the value of the brand in their future planning; however, there was very little indication during the interview with the Marketing Manager that brand values were important to the marketing effort.

5.3.3 Management and Structure

The Chief Executive Officer (CEO) based in Germany has worldwide strategic responsibility for manufacturing, sales and marketing across all the product groups and brands. However, as the current CEO comes from a manufacturing background he has decided to pass the responsibility for strategic marketing to the Divisional Managing Director of the US subsidiary, who has some expertise in this area. There was a consensus among the interviewees that the CEO has been working hard to remove barriers between manufacturing, operations, and sales and marketing worldwide. They said that the CEO has been very keen to share information around the organisation and to integrate their activities more closely. When the Divisional Managing Director was asked if the CEO visited customers, he said that he was mainly involved with the activities of the subsidiaries and his role was to ensure the smooth running of these operations. He believed the CEO would visit customers if asked, although the Divisional Managing Director "*was not disposed to ask him*".

Sales and manufacturing responsibilities have been devolved to each of the manufacturing subsidiary companies. Therefore, the Divisional Managing Director of each of the manufacturing units not only has responsibility for manufacturing, but is also responsible for the global brand values of the products that they manufacture. The pricing structure of new products is also managed directly by the Divisional Managing Directors. In the UK, both the Sales Manager and the Marketing Manager are responsible to the UK Divisional Managing

Director, but the Divisional Managing Director of the US division sets the corporate marketing objectives. The UK Marketing Manager therefore has functional responsibility for marketing and providing worldwide advertising and catalogues for the products that are manufactured in the UK and India, as well as providing all marketing activities within the UK. The UK Sales Manager has direct responsibility for all products sold in the UK, as well as worldwide responsibility (excluding Europe) for the sales performance of the products that are manufactured in the UK and India.

5.3.4 Plans and Goals

The Divisional Managing Director was very clear that the budgeting within the Division was 'bottom up', and that marketing plans were discussed briefly as part of the budgeting process. The Sales Manager indicated that he was not involved in the budgeting process and felt that the budget came from the top down. He was told by the Divisional Managing Director what the targets were for the year and that the budgets were pre-set. The Sales Manager also stated that if the budgets were not being achieved during the year they would have to be re-forecast, rather than new strategies put in to achieve the existing budget. He added, "*This is the first year that we have had a marketing plan.*" The Marketing Manager confirmed that this is the first year (2004) that they had had a formalised marketing plan.

The Divisional Managing Director said in response to the question about how marketing success is measured, "*We hope that it is reasonably focused, but what we are coming to is that most of it is rather a blunderbuss, spray shot mailing and hopefully you see some benefits from it.*" He was not aware of any scheme for measuring marketing success anywhere in the organisation. He went on to say that not all sales and marketing activities were being carried out as they should be, and that there were few linkages between sales and marketing. The Marketing Manager's response was much more straightforward: "*No* [we do not measure success]. *Frankly I can't say any more than that.*" The Sales Manager was not aware if marketing success was measured or not. Sales success is measured through turnover and unit sales by region, but sales success is not measured against profit at all. The Divisional Managing Director said, "*It should be profit, but it does not always get recorded that way.*" The Division is measured through sales success.

5.3.5 Communications, Meetings and Technology

All three respondents describe sales and marketing as having a good working relationship. The Marketing Manager described their relationship as "*excellent ... we have known each other for quite some time, we all know each other really well and we have learnt how to support each other ... we work very closely together and keep each other informed at all times about what is going on.*" Generally, the respondents thought that they had good communications between sales and marketing, but they recognised that there was a lack of communication between the internal functional groups, e.g. purchasing, credit control, distribution, customer services and finance. The Marketing Manager said, "*There are certain things that are going on that nobody knows about, except the person that is doing it.*" They have just instigated a weekly meeting for internal staff and management, and when asked about the weekly meeting the Divisional Managing Director commented that they discuss "*anything from major policy decisions to why can't we have a new hot and cold water fountain in the upstairs office*". This meeting is the only formal, regular meeting at this level that the interviewees identified. There are no formal or structured sales and marketing meetings, although the Divisional Managing Director does require a monthly written report from the Sales and Marketing Managers, and he will speak to the sales team if they are in the office. Meetings with the Sales Representatives are also infrequent, at best quarterly.

There is a monthly senior management meeting held at the head office in Germany, which includes the CEO and the heads of different divisions from around the world, and it is from these meetings that direction on marketing and sales issues is conveyed to the divisions. The Marketing Manager indicated that the CEO provided sales direction – "*he will say this is what we need to push on, or this what we need to do*" – whereas the responsibility for marketing direction comes from the head of the US subsidiary. These formal communications are supplemented by the use of technology: e-mails and mobile telephones. There is a regular company-wide meeting for marketing managers, which takes place using a number of different media, including face-to-face meetings and teleconferencing. These meetings are generally about the design of the new advertising brochures and the promotion of new products. Sales and new product development is not on the agenda, according to the Marketing Manager.

There seems to be some major confusion over product development as the company is currently using a third-party organisation to help develop new products for the market and they are buying in production-ready products. This is something that the Sales Manager seemed to be totally unaware of, and when he was asked about product development he said "*ideas are fed into the factory,* [and] *things are developed*". The Marketing Manager was not involved in the product development process at all. The policy for new product announcements also seems to be confused. The Divisional Managing Director believes that the Marketing Manager is responsible for new product launch information and completing the brochures and that he (the Divisional Managing Director) is responsible for communicating new specification changes. The Marketing Manager agreed that it was marketing's function to inform external groups about new products, while the Divisional Managing Director informed internally. However, the Sales Manager believed that all new product information comes from the marketing department and that the "*Marketing Manager would coordinate that* [new product information] *and feed it around the group*".

5.3.6 Market Intelligence

The organisation carries out very little primary research. Much of their product development is based on their ability to manufacturer quality products and on internal market knowledge, or is 'me too' product development. However, in the autumn of 2003 the Sales Manager organised a survey through a questionnaire that was distributed at a major product exhibition offering a prize draw as an incentive to reply. The results were still being compiled, but both the Marketing Manager and Divisional Managing Director were unaware of the existence of this initiative. Their two main sources of information are from the Sales Representatives and the industry trade association. The Divisional Managing Director described the sales staff as "*the eyes and ears, as far as our marketing trends are concerned*". Their information is largely concerned with competitors' activities, channel activities and responses to the product offer. The company's market intelligence from the Sales

Representatives is collated by the Divisional Managing Director on a paper-based system and stored in his office. According to the Marketing Manager, this information was not routinely distributed to marketing or sales staff although they were aware where the information was held.

The information from the trade association concerns statistical information about units sold by value and volume, sub-divided into product groups. The Divisional Managing Director stated, "*Unfortunately it is all a bit retrospective. We do see it, but usually it is about six months or a year afterwards, so there is a problem there ... but by then we probably all know what it is telling us, what we should do.*" The Sales Manager also said that they were using a government survey concerning trends in their product area that was published in 2002 based on data that was collected in 2000.

5.3.7 Rewards and Training

This company changed its reward structure for the sales staff from early 2003. This has been due to the change in emphasis for the sales people from simply visiting distributors to visiting influencers, customers and end users. The previous structure was a salary plus commission based on regional turnover, and this was felt by the Divisional Managing Director to limit the activities of the Sales Representatives to maximising their sales. "*The fact was that some decisions would be made by the sales guys that would have benefited them, but would not necessarily be best for the company.*" The new system is to reward Sales Representatives with a straight salary, although they still have regional sales targets based on the value of sales to measure performance. The Marketing Managers have only ever been rewarded on a salary basis, but there are plans to introduce a profit share for all employees. In the future, therefore, this organisation will have similar rewards systems for its sales and marketing staff, but the measures of their success will still be sales based, not marketing based or joint.

The company has a training budget and both the sales staff and marketing staff have benefited from this. The training programme is individually organised at the employee's request rather than being based on the organisational needs and objectives. The types of courses that have been employed are account management, time management and general business courses. Some of the staff in sales and marketing have formal qualifications. The marketing assistant and one of the four representatives have a first-degree qualification, but none of the management staff have business or specialist qualifications.

5.3.8 Collaboration

Marketing activities simply concentrate on catalogues, advertising and promotional events. Some of the elements of marketing strategy have been retained by the Divisional Managing Director or by senior management, including the control of pricing, market intelligence and product development. The senior management has the stated objective of becoming more market-orientated with an integrated approach across the organisation. To achieve this, according to the Marketing Manager, the company has introduced company-wide meetings for Marketing Managers, but they are only used to discuss promotional actives. Although the Marketing Manager gives feedback on past and future marketing activities to the Divisional Managing Director through a monthly report (as all the Departmental Managers are required to do), there does not seem to be any discussion of activities at meetings or a way in which sales can feed into the marketing planning process.

The Divisional Managing Director said that there are informal discussions regarding sales and marketing activities, but there are no regular meetings.

The Sales Manager has carried out his own marketing research without any consultation with either the Marketing Manager or Divisional Managing Director because he felt that they required more information about their customers' needs. During the discussion with the Sales Manager, it became clear that he was unaware of budgeting procedures, new product development processes and flows of information around the organisation that had been described by both the Divisional Managing Director and the Marketing Manager. When the Sales Manager was asked about conflict, he said, "*Yes, I think it* [conflict] *does exist at times between marketing and sales.*" He believed that there would be benefits for the organisation from closer integration between sales and marketing, but felt that this should include integration with manufacturing. The Sales Manager was unaware of any formal processes to help integration, but did know of the CEO's initiative of trying to improve integration around the organisation.

5.4 Chapter Summary

These case studies have identified and explored the main variables that affect collaboration between sales and marketing. Although the three organisations come from different industries, they all have separate sales and marketing activities. The marketing departments are mainly restricted to marketing communications activities and do not meet the description of a strategic marketing department that has been outlined by many writers. Two of the organisations placed their sales and marketing departments in the same office, but none had an integrated sales and marketing plan, although two had formal joint planning sessions. All of the organisations appeared to have harmonious working relationships, but this fell short of setting shared goals and the integration of effort to capitalise on sales.

Based on the literature review, a number of themes were identified and used to analyse the case studies in this chapter. Each theme/element was explored through each of the organisations studied to discover how each element affected the collaboration between sales and marketing. Through this analysis, it emerged that management attitudes towards coordination and conflict of interests were important antecedents to collaboration between sales and marketing. Market orientation will consider the culture, values and views of the organisation. Structure will not be retained as a variable as the research is only considering large organisations. Training and rewards will be split into two variables, and plans will become marketing planning. The findings suggested that integration mechanisms, market intelligence and organisational learning should be included in the conceptual framework. Communications was also identified as an antecedent to collaboration between sales and marketing and will include meetings and technology. Business performance is the dependent variable. The themes identified in the literature review have been combined with the exploratory findings to develop a conceptual framework (see Chapter 6). In Chapter 7 the cross-case analysis will be undertaken by combining the exploratory findings from this chapter with supporting evidence from the literature review.

CHAPTER 6

CONCEPTUAL FRAMEWORK AND HYPOTHESES

6.0 Introduction

The objective of this section is to explain the development of the conceptual framework. The chapter explores the factors contributing to collaboration between sales and marketing and the impact of collaboration between sales and marketing upon business performance. The aim is to reveal the importance of collaboration between the sales and marketing functions and its effect upon business performance, and to develop the hypotheses. The selection of the variables was guided by the literature review and refined through the exploratory case studies. The relevance of this research is that it establishes an empirical understanding of the relationship between sales and marketing and its impact upon business performance.

6.1 Developing the Conceptual Framework

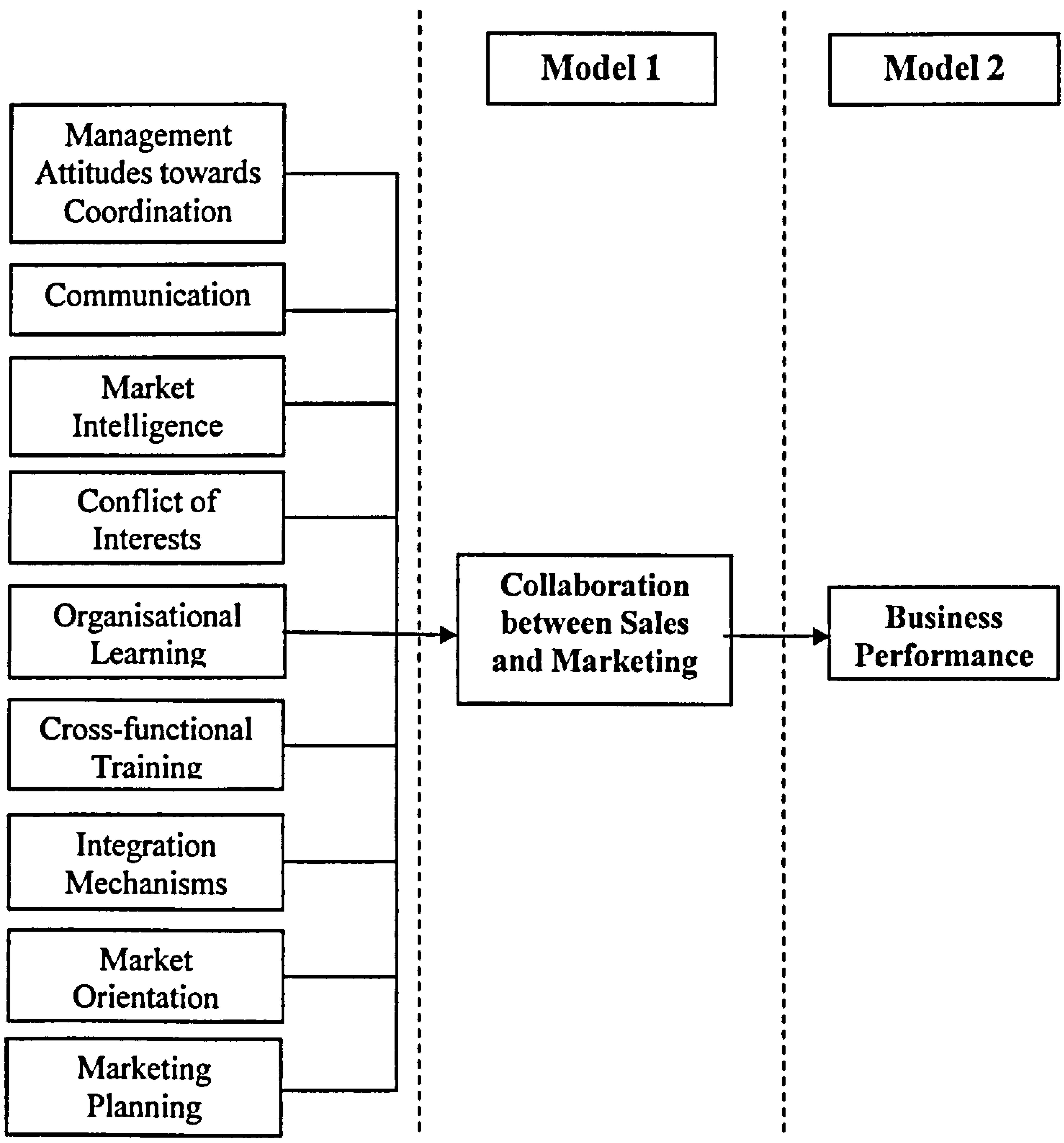
The review of the literature was divided into two parts. The first part defined the relationships between sales and marketing and the main activities of sales management and marketing management, in addition to reviewing the development of market orientation. The second part considered the interface between sales and marketing and the importance of integration and collaboration. The outcome of the literature review identified some of the main themes critical to the understanding of the interface between sales and marketing and their impact upon collaboration. A number of texts concentrated on the activities of sales and how these activities can be managed to the advantage of the organisation. There were many discussions concerning the strategic activities of marketing (although how sales could be involved in these strategic activities was not investigated), but the management of marketing activities was not considered in any depth. Marketing literature has portrayed marketing as an all-encompassing, strategic activity (e.g. Jobber, 1995; Kotler, 1997; Dibb *et al.*, 2001), but some research has identified that in many organisations marketing activities are limited to marketing communications (which should include the sales activities) (e.g. Mueller-Heumann, 1993; Piercy, 1995). The literature also revealed that market orientation and marketing planning could influence business performance (e.g. McKee *et al.*, 1990; Narver and Slater, 1990; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Morgan and Turnell, 2003; Slotegraaf and Dickson, 2004). However, the literature review did not provide clear insights into what constituted a collaborative or integrated relationship between the sales and marketing functions within organisations.

The literature on sales and marketing collaboration is limited when compared to research into other collaborative relationships, so it was necessary to draw on a range of sources from other disciplines, including the relationship between marketing and other functional areas (e.g. research and development), and organisational learning. A number of themes emerged from the literature review as influencing the relationship between the sales and marketing functions. These included management attitude towards coordination, rewards, frequency of meetings, organisational learning, organisational structure and size, market orientation and market intelligence, but it was not clear how these factors interrelated or their relative importance. Leenders *et al.* (1994) developed a conceptual framework to study the marketing and R&D interface that showed managerial variables (HRM, new product development and communication tools), company factors (structure, culture and strategy) and environmental variables feed into integration between marketing and R&D and then on into success.

The literature review further revealed that the collaboration of marketing with other functional areas appears to contribute to improved business performance in many organisations. Khan and Mentzer (1998) found that interdepartmental integration and collaboration led to improved business performance and this framework indicated that improved performance was the outcome of interaction and collaboration between marketing and other departments. The framework structure of organisational factors on one side feeding into integration (or team-working) and then into business performance was used by Dewsnap and Jobber (2000) when investigating the sales and marketing interface in packaged goods companies. Based on the literature review, it became clear that the direction of the variables in the conceptual framework should go from the organisational factors influencing coordination, to collaboration between sales and marketing, to business performance.

To develop the framework further it became necessary to conduct exploratory case studies to clarify the interrelationship of the various elements influencing collaboration. Three case studies were used to explore the themes developed from the literature review to test their relevance to establishing a collaborative working relationship between sales and marketing and the impact of this upon business performance. The data was first analysed under seven themes identified through the literature review (sales and marketing culture, values and views; management and structure; plans, goals and measures of success; communications, meeting and technology; market intelligence; rewards and training; collaboration and conflict of interests). Then a series of headings (see above) were identified to structure the exploratory case studies (see Chapter 5), which included rewards, structure, meetings and communications as separate items, as well as the other items as shown in the framework (see Figure 6.1).

Figure 6.1 Antecedents and Consequences of Collaboration between Sales and Marketing



When the framework was fully developed, meetings and communications were combined as it became clear that there was no advantage to the research in including them as separate measures. Structure and size were not included in the framework as the research was limited to large organisations operating in the business-to-business area in manufacturing or wholesaling, and therefore it was expected that the size of the organisation would have little bearing upon the outcome. In addition, rewards were excluded from the framework for, although it was found in the literature that complementary reward systems might be used to motivate staff jointly, this premise was not supported by the exploratory case study analysis that found that reward systems did not impact upon the relationship between sales and marketing. Organisational structure and size were included in the survey to aid in the comparison of early and late respondents, and rewards were included as background to the research.

6.2 Development of Hypotheses

The hypotheses have been developed from the research questions, literature review and exploratory case studies. According to Malhotra and Birks (2003:48), "hypotheses guide the research by ensuring that variables which affect relationships are included in the research design". Therefore, hypotheses have been developed for each of the antecedents and dependent variables identified in the conceptual framework. This will allow each variable to be empirically tested through the large-scale survey and either retained or rejected from the conceptual framework.

6.3 Key Constructs within the Framework and Hypotheses

The next section will outline the key constructs identified in the framework. Each antecedent is discussed in turn and the reasons for their inclusion in the framework given. The related hypothesis is stated at the end of each section. Finally, the concept of collaboration between sales and marketing and its impact on business performance is explored.

6.3.1 Management Attitudes towards Coordination

Child (1985) and Gupta *et al.* (1985, 1986, 1987) found that senior management play an important part in creating an environment to promote integration. Felton (1959), Hambrick and Mason (1984), Jaworski and Kohli (1993) and Slater and Narver (1994) noted that senior management are responsible for establishing the culture of the organisation through leadership and empowering staff to initiate and execute strategies to achieve their objectives. Kahn (1996:147) stated, "top management should consider programmes that encourage departments to achieve goals collectively, have mutual understanding, work informally together, ascribe to the same vision and share ideas and resources" and that collaboration could be built on *esprit de corps* across the two departments, with the senior management uniting departmental goals. "The role of top management is facilitative, deftly combining top-down strategy guidelines while encouraging bottom-up strategy insights and responsiveness" by communicating and discussing strategy implementation across functional areas (Slater and Narver, 1994:26). Menon *et al.* (1996:309) suggested, "Managers should formalize overlapping activities that require interfunctional co-ordination and should clarify roles that are mutually dependent and have potential for role ambiguity."

Marketing strategy requires a long-term perspective, but many senior managers have difficulty in assessing the trade-offs between current, short-term financial performance, and the future, long-term financial performance (Webster, 1981, 1988, 1997; Gupta *et al.*, 1985). The case studies found that the senior managers were aware of the importance of supporting collaboration between sales and marketing, and attempted to create environments that supported collaboration. Simkin (2002) noted that inadequate senior management support for collaboration is a major barrier to integration. Therefore, senior management attitudes towards coordination should be included in the study and may be an important antecedent to collaboration (see Chapters 2 and 3), and it is proposed that a positive management attitude towards coordination of sales and marketing goals and activities will improve collaboration between sales and marketing. Therefore the hypothesis will be:

H_1: ***A positive management attitude towards coordination between the sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***

6.3.2 Communication

According to the literature, effective communications across boundaries is a key construct in the measure of collaboration and therefore this variable was essential to the framework (Gupta *et al.*, 1985; Souder, 1988; Griffin and Hauser, 1996; Fisher *et al.*, 1997). Menon *et al.* (1996) found that improvements in interdepartmental relations, communication quality and collaboration could enhance the formulation of strategy and its implementation as well as reduce conflict. The amount of communication between functional areas is reflected in the frequency of contact between them and the modes available to them, for example written, telephone, electronic or face-to-face (Ruekert and Walker, 1987). Griffin and Hauser (1996) noted that functional groups are inclined to grow apart over time as they become more specialist and that as this happens communication and integration between the groups is likely to decrease to the detriment of the organisation. Fisher *et al.* (1997) propose that there are two ways to improve inter-functional communications: by encouraging information-sharing behaviours, particularly in organisations where there is a low frequency of communication, and by integrating goals.

Effective interdepartmental communication has been linked to a number of positive outcomes in terms of business performance including understanding of each other's perspectives (Souder, 1988) and improved inter-functional integration (Gupta *et al.*, 1985). Souder (1988) noted that frequent joint meetings to discuss joint involvements and to increase the sharing of information aided in the establishment of collaboration. The exploratory case study findings highlighted how meetings may be used to promote collaboration and that effective internal communications were used to develop cohesive strategy at operational level as well as to break down functional silos. Therefore, it is proposed that communication would constitute a key measure of collaboration (see Chapter 3) and the hypothesis will be:

H_2: ***Frequent communication between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***

6.3.3 Market Intelligence

Jaworski and Kohli (1993) identified that market-orientated organisations rely on the organisation-wide generation of market intelligence and the dissemination of that intelligence across all departments, and therefore the gathering and dissemination (sharing) of market intelligence was included as an independent variable as a indicator of collaboration between sales and marketing. Evans and Schlacter (1985) noted that in many organisations market information may be available, but their structures and processes may fail to facilitate prompt and meaningful marketing information exchange. The case studies found that all three organisations recognised the importance of including the sales force in the collection of market intelligence. The inclusion of sales into the market intelligence collection and dissemination processes is essential to establishing collaboration and improving organisational performance (Webster, 1965; Bass, 1997; Cross *et al.*, 2001; Olson *et al.*, 2001) (see Chapter 2). Therefore, it is proposed that collaboration between sales and marketing will be facilitated through market intelligence – collection, storage and dissemination. Consequently, the hypothesis will be:

H_3: ***Shared market intelligence between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***

6.3.4 Conflict of Interests

There was strong evidence in the literature review that collaboration cannot co-exist with interdepartmental conflict (Ruekert and Walker, 1987; Labianca *et al.*, 1998). Therefore, conflict of interests was included in the framework with the expectation that it would have a negative impact upon collaboration (as conflict increases, collaboration decreases). Weitz and Bradford (1999:244) define "conflict as the behaviours or feelings that one or both of the parties have when the other party has the potential to or actually obstructs, interferes with, or makes less effective a party's behaviours associated with reaching their goals in a relationship". As Corstjens and Corstjens (1999) indicated, the lack of cooperation between sales and marketing may have the potential to damage the overall success of the organisation, partly by preventing cooperation. "Decreasing perceptions of inter-group conflict may rest upon improving intragroup relationships and, in turn, increasing in-group cohesiveness may decrease perceptions of intergroup conflict" (Labianca *et al.,* 1998:64) (see Chapter 3).

There are many reasons cited for the lack of cooperation between sales and marketing, including that they have very different philosophies and that staff often have different backgrounds (Ruekert and Walker, 1987; Cespedes, 1994; Griffin and Hauser, 1996; Lorge, 1999). In addition, sales and marketing may have been set different goals by senior management and be working at cross-purposes to each other, which may also be aggravated by poor communications (Anderson, 1996; Strahle *et al*, 1996; Lorge, 1999). Some sales and marketing departments experience role ambiguity and there may be a lack of understanding of each other's roles (Cespedes, 1993). There have also been examples of sales and marketing teams blaming each other for sales failure (Colletti and Chonko, 1997). Overall, the sales and marketing interface appears to be unstable and any improvements in their relationship should be beneficial to the organisation. The case studies found a low level of conflict in all organisations, but it was found that only one of the organisations had aligned goals and activities. One of the organisations had some alignment of activities and goals, while the others had little alignment of activities and sales and marketing frequently worked independently of each other. It is therefore proposed that a reduction in conflict of interests will improve collaboration between sales and marketing and the hypothesis will be:

H_4: ***Conflict of interests between sales and marketing functions is negatively correlated with the level of collaboration between sales and marketing.***

6.3.5 Organisational Learning

Initially organisational learning may appear not to fit with the other independent variables but, as Slater and Narver (1995) highlighted, the marketing function plays a key role in establishing organisational learning. A market orientation that has been developed through adaptation to the market conditions creates the environment for organisational learning to take place (Slater and Narver, 1994). According to Day (1994b), every discussion concerning market orientation centres on the organisation's ability to learn about their customers and competitors. According to Loermans (2002:290), it is necessary to build a corporate architecture to "facilitate learning at the organisational level to create knowledge sharing and dissemination mechanisms across the organisation". A measure of learning in organisations was therefore included in the framework. The creation of organisational learning should include information dissemination and the effective sharing of the interpretation of that information (Slater and Narver, 1995), and therefore there are links to the independent variable of communication.

Day (1994a) noted that a more open climate where learning is possible requires senior managers' support and therefore there are links between organisational learning and management attitudes towards coordination. "Effective learning requires integrating concepts, knowledge and experience from multiple disciplines. Everyone in the organisation is a potential contributor to learning. The challenge is creating the processes and commitment to learning" (Cravens, 1998:200). "It has been established that a learning organisation generates new knowledge which helps sustain its competitive advantage, but just creating knowledge alone does not mean that knowledge is being efficiently and effectively used or managed" (Loermans, 2002:292). The exploratory case study findings indicated that there was evidence of tacit learning in all three organisations, but that this learning was not formalised and shared within the organisations. However, literature indicates that a learning orientation is important to establishing collaboration between sales and marketing; there are synergies between organisational learning and some other independent variables. It is therefore proposed that a commitment to organisational learning will have positive effects on collaboration between sales and marketing and the hypothesis will be:

H_5: ***A commitment to organisational learning is positively correlated with collaboration between sales and marketing.***

6.3.6 Cross-functional Training

Martin and Powers (1989) suggested that cross-functional training should help to bridge the communications gap between marketing and sales. In addition, Cohen (1993) indicated that training could help staff to form ties and integrate their activities across boundaries. Further, Buchanan and Huczynski (1997) noted that training could help staff to understand what is required of them. Therefore, cross-functional training was included as an independent variable of collaboration between sales and marketing within organisations. According to Kahn (1996), increased collaboration between departments may be facilitated through a range of methods including cross-functional training and co-location. However, some writers found that the majority of sales and marketing staff undertake independent training (Cespedes, 1994; Alldredge *et al.,* 1999) and the case studies supported this view. Training within the organisations was at best *ad hoc* and was not linked to objectives, and there was little evidence of formal training programmes. Therefore, the full effect of training on collaboration was unclear and needed further investigation. It is therefore proposed that cross-functional training between sales and marketing functions may positively effect collaboration and the hypothesis will be:

H_6: ***A commitment to cross-functional training is positively correlated with the level of collaboration between sales and marketing.***

6.3.7 Integration Mechanisms

"Integration refers to lateral links that coordinate differentiated subunits, reduce conflict and duplication, foster mutual adjustment, and coalesce subunits towards meeting overall organizational objectives" (Germain *et al.*, 1994:472). Souder and Moenaert (1992) identified three integration mechanisms – task specification, organisational design, and climate orientation, which is the cultural awareness of coordination and integration among the various functions – and emphasised the importance of a collaborative culture in establishing integration. Therefore, the presence of integration mechanisms within an organisation should indicate a high level of collaboration between sales and marketing. Labianca *et al.* (1998) found that integration might be created through establishing positive relationships between individuals within groups and inter-group. Establishing integration mechanisms can also reduce conflict according to Jaworski and Kohli (1993). Further, collaboration needs to be supported by interaction and therefore it may be necessary to create new communication lines and interaction networks (Kahn, 1996). Child (1985), Leenders *et al.* (1994) and Krohmer *et al.* (2002) suggest that integration can be improved through structures (project teams, task forces and steering committees), communication tools (personal meetings, e-mails and teleconferencing) and human resource management (job rotation). The case studies found that the organisations that were more collaborative did have some of the integration mechanisms (good communication tools, integrated structure and staff transfers) operating. It is therefore proposed that collaboration between sales and marketing will be improved through establishing integration mechanisms. Therefore, the hypothesis will be:

H_7: ***The presence of integration mechanisms within an organisation is positively correlated with the level of collaboration between sales and marketing.***

6.3.8 Market Orientation

It has been widely accepted in marketing literature that to be effective market orientation requires a high degree of integration and collaboration between staff in various functional areas (Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Webster, 1997). The inclusion of market orientation as a measure of collaboration therefore appeared to be essential. There are also strong links to a number of the other independent variables, including marketing planning, market intelligence and communication (see Chapter 2). In a successful market-orientated organisation, different groups will listen to each other, and are encouraged to lay out their ideas and requirements honestly and vigorously (Shapiro, 1988). Market-orientated organisations need to act intra-functionally according to research by Narver and Slater (1990) and Kohli and Jaworski (1990). Narver and Slater (1990) conceptualised that market orientation was made up of three components: customer orientation, competitor orientation and inter-functional orientation.

Market orientation is an organisational philosophy or culture that coordinates activities across departments (Kohli and Jaworski. 1990; Narver and Slater, 1990). Kohli and Jaworski (1990) suggest that market orientation can lead to an organisation in which all departments and individuals work towards the common goal of customer satisfaction. Webster (1997:64) argued, "Successful marketing organisations will be structured around major customers and markets, not products, and will integrate sales, product strategy, distribution, and marketing communications competences and activities." Day (1994b:44) stated that market-orientated organisations "do not suffer unduly from organizational chimneys, silos, or smokestacks, which restrict information flows to vertical movements within functions. Instead, information is widely distributed." The case study organisations had all identified the need to be more market-orientated as their environment had become more complex. The arguments for including market orientation as antecedent to collaboration appear to be robust, as a number of writers have illustrated the need for inter-functional coordination within market-orientated organisations (see Chapter 2). Therefore, it is proposed that a market orientation will have a positive effect on collaboration between sales and marketing and the hypothesis will be:

H_8: Market orientation is positively correlated with the level of collaboration between sales and marketing

6.3.9 Marketing Planning

Collaboration is essential to establishing effective marketing planning, as to plan effectively organisations are required to gather and discuss market information before formulating plans. Marketing planning is a strategic tool in many organisations (Simkin, 2000b, 20002) and inclusive planning allows members of the team to collaborate in its creation. Inclusive marketing planning also allows staff to own the plan and therefore facilitates effective implementation (McDonald, 2002). Both Shapiro (1988) and Cespedes (1993) have identified that collaboration between sales and marketing may be enhanced through joint marketing planning at both strategic and tactical levels. The exploratory case studies found that the planning process varied between the organisations. None of the organisations actually carried out marketing planning, but two of the organisations understand the importance of marketing planning in coordinating activities and are now implementing marketing planning activities. McKee *et al.* (1990) found that organisations that undertake comprehensive planning were likely to experience improvements in performance. As it was identified from the literature (see Chapter 2) that effective marketing planning requires collaboration, it was decided to include marketing planning in the framework. It is therefore proposed that marketing planning will have a positive effect on collaboration between sales and marketing and the hypothesis will be:

H_9: Marketing planning is positively correlated with the level of collaboration between sales and marketing.

6.3.10 Collaboration between Sales and Marketing and Business Performance

Collaboration between sales and marketing is the dependent variable of Model 1. The concept of collaboration is considered in this research to incorporate the concepts of integration and team orientation. There is a general confirmation in literature that these three terms are interrelated (see Chapter 3). For example, Hult *et al.* (2002) defined team orientation as the degree to which the members of the organisation stress collaboration in performing their activities and in making decisions. Lawrence and Lorsch (1967/1972:11) defined integration as "*the quality of collaboration that exists among departments that are required to achieve unity of effort by the demands of the environment*". The first part of this research was to identify the main antecedent of collaboration (Model 1). The second part was to measure the effects of collaboration between sales and marketing on business performance.

A number of writers (e.g. Child, 1985; Tjosvold, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Griffin and Hauser, 1996; Morgan and Turnell, 2003) have identified that there is a positive link between internal collaboration and business performance (see Chapter 3). Corstjens and Corstjens (1999) indicate that a lack of cooperation between sales and marketing has the potential to damage the overall success of the organisation. Therefore, poor collaboration between sales and marketing may have a detrimental effect upon business performance. Tjosvold (1988:287) found that collaboration between two groups led to "improved productivity, enhanced competence and increased confidence in work relationships". The exploratory case studies indicated that there was a link between collaboration between sales and marketing and business performance.

The interviews indicated that the most collaborative organisation (Organisation 1) was achieving the highest profit margins, while the least collaborative (Organisation 3) has profit margins below the industry norm. In addition, collaboration is not just based on close working relationships, but must be supported by aligned goals and integrative processes. A conceptual framework (see Figure 6.1) has been developed to discover the antecedents of collaboration between sales and marketing through the selected independent variables and its effects upon business performance are measured (Model 2 in the conceptual framework). Therefore, it is proposed that improvements in collaboration between sales and marketing will positively influence business performance and the hypothesis will be:

H_{10}: ***Collaboration between sales and marketing functions is positively correlated with business performance.***

6.4 Chapter Summary

The literature review identified a range of elements that could be used to measure collaboration and these factors were examined through the exploratory case studies. The antecedents of collaboration were then selected and will be used to carry out the cross-case analysis (see Chapter 7). It became clear through the case studies that the physical structure of the organisation was not central to the collaboration of the sales and marketing functions (as most large organisations have separate sales and marketing departments), and that other processes were antecedent to their relationship (e.g. alignment of goals, organisational learning, communication, and conflict). Therefore, although the literature identified rewards, structure and size of the organisation as possible antecedents of collaboration between sales and marketing, these were not included in the conceptual framework following the case studies. A conceptual framework identifying the dimensions of collaboration between the sales and marketing functions and their theorised interrelationships was developed (see Figure 6.1). The hypotheses have been developed from both the literature review and the exploratory case studies and will be tested through a large-scale survey (see Chapter 8). These results will then be reviewed through confirmatory interviews with practitioners (see Chapter 9).

CHAPTER 7
CROSS-CASE ANALYSIS

7.0 Introduction

This chapter presents the research findings obtained by re-analysing the data from the exploratory case studies, in a cross-case analysis based on the conceptual framework developed (see Chapter 6). The cross-case analysis is designed to investigate the activities that influence collaboration within the organisations researched and to aid the development of the hypotheses. The data will be analysed using the conceptual framework. The findings will be summarised in a cross-case table of analyses (see Table 7.1). The initial cross-case table of analysis summarises each organisation's position regarding the sales and marketing relationship against each of the independent and dependent variables.

Table 7.1 Cross-Case Table of Analysis

Variables	Organisation 1 The Publisher	Organisation 2 Industrial Manufacturer	Organisation 3 Consumer Goods Company
Management Attitudes towards Coordination	Senior management play a key role in coordinating activities	Focused on sales success, but marketing activities are not always aligned	Not shared
Market Orientation	Product/Marketing focused	Product/Customer focused	Product focused
Cross-functional Training	None Individual on request	None Individual on request	None Individual on request
Organisational Learning	Yes	Limited	None

Variables	Organisation 1 The Publisher	Organisation 2 Industrial Manufacturer	Organisation 3 Consumer Goods Company
Communication	E-mail Joint monthly meetings	Videoconferencing and e-mail No regular sales and marketing meeting	Phone-conferencing and e-mail A weekly general meeting
Integration Mechanisms	Integrated approach	Awareness of importance	None
Marketing Planning	By product only, not an overall plan	Previously important Future planning underway	Introducing planning for the first time.
Market Intelligence	Sales and Trade Association sources Held by individuals and disseminated through monthly interdepartmental meeting	Sourced from sales staff and from market intelligence companies Held on corporate database and disseminated on request by individuals	Sales and Trade Associations sources Held by the MD and disseminated at sales meetings.
Collaboration between Sales and Marketing	Collaborative sales and marketing	Limited collaboration between sales and marketing	No collaboration between sales and marketing
Conflict of Interests	Sales and marketing goals and activities are aligned and little conflict	Some alignment of goals and activities, but examples of working against each other Little conflict	Poor alignment of goals and activities, but little conflict
Business Performance	High margins	Good margins	Poor margins
Sales	Sales revenue	Sales revenue and profit	Sales revenue
Marketing	Advertising response	None	None

The only variation from this framework will be the inclusion of two background elements highlighted in the literature review as possibly having an impact upon collaboration between sales and marketing – rewards and organisational structure (see Table 7.2). The discussion following the table amalgamates the key concepts from the literature review with the findings from the case studies and acts as a summary of the activities of sales and marketing within each organisation.

Table 7.2 Background Variables

Background Variables	Organisation 1 The Publisher	Organisation 2 Industrial Manufacturer	Organisation 3 Consumer Goods Company
Rewards	Sales – salary and commission, plus profit reward for Sales Manager Marketing – salary	Sales – salary and bonus based on a number of factors Marketing – consultancy	Sales – salary Marketing – salary
Structure	Separate departments in one office	Separate departments Marketing off site	Separate departments in one office

7.1 Management Attitudes towards Coordination

"Top management should consider programs that encourage departments to achieve goals collectively, have mutual understanding, work informally together, ascribe to the same vision and share ideas and resources" (Kahn, 1996:147). The Director of Publishing (Organisation 1) said about the sales and marketing goals that "*if we remain focused, then the goals are common. When you set out on the year, everyone has bought in on where the major effort is going to be needed in* *terms of any new sales, back catalogue or promotions. That is a collective decision, so it becomes a common goal.*" Ruekert and Walker (1987) found that the more similar two functional departments are in their tasks and objectives, the greater amount of communication can be observed between individuals in the two departments. According to the Director of Publishing, the senior management point of view is that the organisation sets common goals and objectives for all departments, and that planning takes place to meet these goals. Tjosvold (1988) observed that when employees from different groups were aware that they had similar goals they acted in a more helpful and collaborative way. However, there is some evidence from the interviews to show that departments in Organisation 1 are not always integrated. For example, the editorial department are able to produce publications of which sales and marketing are not aware, but still have to support. Sales are still working independently as they are sometimes given targets that do not come from the meetings but directly from the Director of Publications, and are not shared with other departments in the organisation.

Rosenbloom and Anderson (1984) believe that managers need to understand that they are on the same team and should cooperate to achieve organisational objectives and share information. Within Organisation 2, there is evidence of shared goals, which are to keep sales as strong as possible by strengthening the relationships with existing customers and to identify potential new customers. Doyle (1995) stated that the objective of business is to create relationships with customers that will support future profits and growth. When asked about goals, the Director of Sales replied that they shared the same goals: "*We are one team, so I do not think that is an issue here.*" However, the Marketing Manager had a slightly different perspective and said that he was deriving his own objectives because he was not in the loop with regard to the achievement of targets and setting objectives. He added that if he wanted information he would just have to ask. The Marketing Manager also felt that there might be some tension over shared objectives in the future when he takes on Divisional responsibility. Jaworski and Kohli (1993) and Slater and Narver (1994) noted that senior management are responsible for establishing the culture of the organisation through leadership and empowering staff to initiate and execute strategies to achieve their objectives. Therefore, senior management play a key role in strategy formation and they need to ensure that this is communicated across all functional groups.

Organisation 3 have been set objective by the CEO of improving profitability through a market orientation, but because of their current situation the need for sales revenue is driving this Division's activities. Therefore the Divisional Managing Director and Sales Manager are focusing on selling, while the Marketing Manager's objectives are set centrally. When talking about goals in the new structure, the Marketing Manager answered, "*Yes, we have the same goals, but I am not sure that we have enough linkage in order to obtain those goals.*" The responsibility for marketing direction comes from the Head of the US subsidiary. The Sales Manager's main objective is still to increase sales. Webster (1988) identified that sales volume is still the most important corporate objective to many organisations and Strahle *et al.* (1996) found that many Sales Managers continued to stress volume goals.

In spite of all the literature saying that sales is a subset of marketing and that sales and marketing goals should be linked (see Chapter 2), there is strong evidence from these organisations showing that sales and marketing strategies have not been derived from mutually agreed objectives. In a number of instances sales and marketing have been set different targets and goals, and they are not always compatible. Integration relies on sales and marketing having similar objectives, and if they are set individual targets and goals they may experience misunderstandings and try to pull in different directions, which may lead to conflict.

7.2 Market Orientation

The Director of Publications of Organisation 1 sees the department as being marketing led with the emphasis on supplying the needs of the customers. He said, "*With a strong brand like ours it is very tempting to say, well anything that is done under that brand should sell. Should and doesn't, so we are much more market led.*" According to McGee and Spiro (1988:40), the effectiveness of the organisation will be enhanced when "the entire firm must be in tune with the market by emphasizing the integration of the marketing function with research, product management, sales and advertising". However, the Sales and Marketing Managers both felt that although sales and marketing were important, the organisation is still publication (product) led. This difference in views is supported by the interviews, which found evidence of both marketing and product orientation. The emphasis of the Department is on promoting new publications, which are then used to promote the back catalogue. The Sales Manager feels that the marketing emphasis of the business has been to the consumer, but that sometimes it would benefit the organisation to focus on the needs of the trade customer. The culture of the organisation seems to be consultative and the number and frequency of the cross-functional meetings evidence this. Webster (1991) believes that culture can also provide the themes around which behaviour can be focused, and that this should lead to successful strategy formulation. The Director of Publishing said, "*I try to create a culture of cooperation between product development, marketing and sales ... but it won't work if they don't believe it or respect each other.*" The Sales Manager feels that he is fully integrated into the production and marketing process, although he did identify that there are times when there were differences in the priorities of sales and marketing.

The Marketing Manager and VP Sales and Marketing have both described Organisation 2 as being product/R&D focused. This focus has led to high-quality products being produced in the past and this has helped to build their strong brand reputation and therefore sales success. Because of the changing market conditions, and as their competitors have become more customer focused, Organisation 2 have been forced to be more flexible in their approach to the market. In a market-orientated organisation, the culture of customer focus has to offset the short-termism of the typical sales-orientated opportunistic organisation (Webster, 1997). The VP Sales and Marketing thought the industry as a whole was market driven, he said, " *so we have to become market driven to survive*". However, he also said that the organisation was about winning business: "*The whole Group lives and breaths deals.*" The culture of the organisation is quite individualistic in that they motivate themselves and set their own targets, and then set about achieving them. They do have good communication between each other through technology, but there is limited collaboration between sales and marketing. It is argued that to be successful in maintaining complex buyer–seller relationships an organisation needs to develop "unique cultures, systems, and processes that permit the breaking down of functional and divisional boundaries, a capability not inherent in many organisations" (Capron and Hulland, 1999:43).

In the past Organisation 3 was in tune with market needs, and although they were product led, they were satisfying the needs of the customer and were building strong brand values that are still important today. Dewsnap and Jobber (2002) identified that success depends on marketing delivering strong brands, and sales developing strong customer relationships. Both the Divisional Managing Director and Sales Manager mentioned the importance of their brands in future planning, but there did not seem to be any emphasis on brand values in the discussion of the Marketing Manager. All the interviewees described the organisation as moving towards market orientation, but the interview with the Divisional Managing Director showed a degree of sales orientation and he said about their current situation, "*We need to sell our way out of the problem as a group*". According to Webster (1981), many senior managers have difficulty in assessing the trade-offs between current, short-term financial performance, and the future, long-term financial performance. The Marketing Manager commented, "*I think it will now be far more customer-orientated and sales led ... rather than making things that nobody wants.*" The change of values and goals in Organisation 3 may be evidenced by their intention to undertake marketing planning during the coming year. The organisation may have the wish to change and meet the needs of the environment, so becoming more market-orientated, but they do not appear to have the necessary processes in place to make these changes at present. According to Simkin (2000b), many organisations do not have the infrastructure required to implement their marketing plans effectively. This inability to change to meet their new challenges may be due to a lack of collaborative culture and ineffective communication. All three organisations have been product led and are facing a rapidly changing market place. They all are in the process of trying to change their culture to a more market-led focus, but they are finding that existing attitudes and practices are difficult to change. The majority of managers interviewed accepted that the market had changed and understood the necessity of adapting their orientation, but many of the managers have not bought in to the new orientation or put processes in place.

7.3 Cross-functional Training and Organisational Learning

All three organisations have an approach to training that does not appear to be linked to any human resource strategies or a cohesive staff development scheme. Their training does not seem to have any linkages to long-term organisational strategy so they have missed some of the benefits that training can offer. Guenzi (2002) believes that there are advantages in adopting training schemes to encourage sales or marketing people's capabilities and skills in developing relationships. Cohen (1993) indicated that training can help form ties and integrate activities across the organisation, but none of the target organisations has any training schedules to encourage teamwork of any kind.

In Organisations 1 and 3 there is no skills transfer between sales and marketing functions as the marketing department is completely separate from sales and there are no crossover staff or cross-functional teams operating. Weitz and Bradford

(1999) noted that the formation of cross-functional teams to sell complex products would be more productive than a team composed of sales people responsible for their own accounts. In Organisation 2, there is some degree of cross-functional work mainly as a result of the complexity of the product. Sales can call on other departments to support their operation. There is little cross-functional work in Organisation 2 between sales and marketing, although sales staff do get involved in marketing activities in particular areas related to their territories. There are also opportunities for staff to move around the organisation and change functional area, and there is no evidence of this type of movement within the other two organisations. Slater and Narver (1995) stated that the creation of organisational learning should include information dissemination and the effective sharing of the interpretation of that information. Although there is evidence that all the target organisations share information between sales and marketing, it is apparent that the organisations are operating at different levels of effectiveness. In Organisation 1 there appears to be a greater reliance on interdependency and integration so that information is shared and discussed across the whole department. Morgan and Turnell (2003:260) found the "integration of departmental resources allows the organisation to pool its collective capabilities in order to create superior value for both current and potential customers".

Organisation 2 have a more limited number of information flows inside and outside the Group. There is an upward flow of information through the collection and storage of information through reports and discussions at weekly management meetings, but there is little evidence of a downward flow of information or horizontal sharing of learning. Loermans (2002) argued that an organisation can only be called a learning organisation if individual or team knowledge is captured and systemised to the benefit of the whole organisation. In Organisation 3 there is no evidence of this type of learning, and although the organisation does have meetings and reporting systems they do not seem to have the ability to share this information effectively. Day (1994a) stated that organisational learning is more than the cumulative results of individual learning. Collective knowledge is found in systems, procedures and files, but most influential knowledge is likely to be tacit (unwritten) and embedded in the process of selecting, interpreting and sharing information. There do not appear to be any processes within Organisation 3 to allow this to happen, but tacit knowledge undoubtedly exists as all of the interviewees had worked for the organisation for many years and expressed their confidence in their understanding of the market.

There was very little evidence of formalised training programmes within these organisations; at best it was *ad hoc* and not linked to company objectives. Therefore, there was little encouragement for staff to learn new skills and to transfer learning across the organisation. There was evidence of tacit learning in all three organisations and individual staff held most of the organisational knowledge, but this knowledge is not systemised and spread to the rest of the organisation. In Organisations 1 and 3 marketing knowledge and intelligence was retained within individual departments and not shared throughout the organisation. Organisation 2 do have some systems for the disseminations of knowledge across the organisation and therefore demonstrate greater organisational learning.

7.4 Communications and Meetings

Ackroyd (2002) highlighted the fact that organisations need to become more flexible in turbulent environments, and that high levels of communication and coordination are needed to achieve flexibility. Organisation 1 have good formal and informal communication links. The formal communications are through meetings (as discussed in Chapter 5) and the informal communications take place in the open plan office through frequent interaction. There is an extensive use of e-mail, primarily to leave messages and confirm details rather than as an information dissemination tool. This communication network goes beyond just sales and marketing and includes other functional activities within the department. Schultz (1998) highlights that extensive use of interpersonal and across-function communications can break down functional silos and improve integration in general.

Communication flows need to be coordinated if they are to be effective, especially where there are distinctly separate marketing and sales departments (Hutt and Speh, 1984). The basis for communication in Organisation 2 is through information technology. E-mails and mobile phones are widely used to keep the Group members in contact with each other as they travel around the world to various meetings. Child (1985) and Anderson (1996) have identified that there are benefits to integration in using IT communications to share information and physically link separate individuals interactively. Interdepartmental communication between sales and marketing is either informal or through the VP Sales and Marketing. As the Marketing Manager said, "*I always wander around and chat to people who are in. I think it is part of my role.*"

Although socially there are good informal links in Organisation 3, there was very little evidence of formal linkages between sales and marketing within the organisation. In some instances, they were unaware of each other's activities, and they did not have clear communication systems or joint targets. The organisation has poor communications systems through their middle management and this was illustrated when the Sales Manager was not aware that they had outsourced new product development and did not know where sources of product information came from. Strahle *et al.* (1996) and Anderson *et al.* (1999) point out that the Sales Manager needs to be informed and aware of what is happening with the business units if they are to be effective. Therefore, there is a danger that Organisation 3 will be unable to integrate the sales and marketing efforts effectively. Gupta *et al.* (1986) and Song and Parry (1992) found that poor communication, uncoordinated effort and lack of information sharing are indicative of low levels of integration.

The three organisations demonstrate a wide range of communication efficiency. Organisation 1 communicate frequently both formally and informally, while Organisation 3 found it difficult to communicate even key information around the sales and marketing departments. Poor communications in Organisation 3 has lead to misunderstandings of the direction and objectives of the organisation, as well as a poor understanding of each other's responsibilities and activities at departmental level. Effective internal communications are important in developing a cohesive strategy at an operational level as well as for breaking down functional silos. Communications are also an important part of integration as good communication allows the exchange of information and ideas and the development of understanding of each other's responsibilities and activities.

All three organisations have regular senior management meetings where they discuss major issues regarding finance and long-term strategy and report on current activities and progress. Organisations 1 and 3 hold their management meetings monthly and Organisation 2 meet weekly. At a functional level, however, there is considerable variation in the frequency and type of meeting held. Organisation 1 appears to be very collaborative in the way they use their meetings. In addition to the management meeting, they hold a monthly interdepartmental meeting that is chaired by the Marketing Manager. This meeting allows the sales, marketing and editorial departments to discuss in detail ideas for new publications and the development of existing publications as well as their promotional activities. This meeting is also used to develop their forthcoming strategy that is linked to the new publications schedule. They rely on interdepartmental meetings to drive the activities of the sales and marketing departments. As the Marketing Manager said, 90% of all decisions come from the interdepartmental meetings held once a month, which were described as very informal. Strahle *et al.* (1996) found consensus could be reached through regular meetings and by ensuring that rewards are matched to the achievement of the overall strategic goals.

Organisation 2 do not have a formal meeting structure other than the 'business winners' meeting that is held three times a year, and is attended by all sales and marketing staff and chaired by the VP Sales and Marketing. The Marketing Manager indicated that the 'business winners' meeting allows him to be aware of what is happening during the year and what the targets are, but he did not present on his marketing activities at these meetings. It was indicated by the Director of Sales that these meetings were currently sales driven, but they are under review and in the future will include market planning as well as sales activities and will be more frequent. This should benefit the organisation because, as Souder (1988) said, one of the most successful efforts to integration is the setting up of frequent joint meetings to discuss joint involvements, aid project planning and increase the sharing of information.

Organisation 3 do not hold any structured sales and marketing meetings and sales meetings are held infrequently. The organisation recognised that there was a lack of communication between departments and the Marketing Manager stated that there are activities going on in the Division that no one else knows anything about. Souder (1988) identified a lack of understanding of the need to interact as a danger to collaboration within organisations. The Marketing Manager of Organisation 3 attended regular company-wide Marketing Managers meetings where they discussed advertising and promotion for new products, but sales and new product development were not included. Routine meetings, teleconferencing, memoranda, and the flow of standard documentation may represent interaction rather than collaboration (Woodward, 1965; Ruekert and Walker, 1987). Although the interviewees felt that they had good communication between sales and marketing because they are in the same office, they did recognised that there was a lack of communication between the internal functions. To overcome this, the Division has just instigated a weekly meeting for all internal staff and management, but the Divisional Managing Director commented that it was used to inform staff rather than consult and it had no formal agenda. According to Souder (1988), failure to integrate is characterised by low frequency of meetings. Therefore, although this organisation believes that they have a reasonable level of collaboration, there is evidence to indicate that this belief is misplaced.

Organisations 2 and 3 may be disadvantaging their collaboration process by not holding regular meetings between sales and marketing to discuss cross-functional activities and targets. Armstrong *et al.* (1996) indicated that interdepartmental meetings should take place at least once a month to improve collaboration. The benefits of regular meetings are supported by Khan (1996), Ruekert and Walker (1987) and Griffin and Hauser (1992). However, according to Child (1985), Cespedes (1993) and Kahn (1996) there is a danger that too many meetings may duplicate information and overburden staff. Organisation 1 are deriving benefits from the information flows resulting from frequenct meetings. Ruekert and Walker (1987) and Griffin and Hauser (1992) identified that this type of information flow is beneficial to an organisation. As the Marketing Manager of Organisation 1 identified, occasionally publications were produced that had not been discussed at the meeting and therefore, as Labianca *et al.* (1998) warned, frequency of meetings will not necessarily create integration.

7.5 Integration Mechanisms

Child (1985) and Leenders *et al.* (1994) suggest that integration can be improved through structures (such as project teams, task forces and steering committees), communication tools (like personal meetings, e-mails and teleconferencing) and human resource management using systems that include job rotation, experience planning, and equal reward systems. Krohmer *et al.* (2002) noted that job rotation of employees could aid the spread of information and good practice across the organisation. Senior management should play an important part in integration and take explicit steps to build an organisational climate that facilitates integration (Child, 1985; Gupta *et al.*, 1985, 1987), for example fostering a culture that is based on an understanding of each other's departmental requirements. Cravens (1998) said that senior managers are responsible for creating, changing or eliminating organisational processes. The organisations were not using any explicit integration mechanisms.

Organisation 1 rely upon their monthly management meetings and the interdepartmental meetings to coordinate and integrate the activities of the departments. They do not use any other formal cross-functional working-groups or teams to achieve specific objectives. As sales and marketing share the same office, there are indications that informal communications are good and that this may aid their collaborative processes. However, there were no examples of job rotation and all staff seem to be either sales trained or marketing trained. Organisation 2 do not use short-term, cross-functional teams to integrate sales and marketing; however, there are regular meetings within the Group to allow activities to be coordinated and information to the shared. As the Marketing Manager said, the meetings within the Group were *ad hoc* and infrequent. Although there was no job rotation, there are indications that this is something that Organisation 2 are looking to improve as they strengthen their planning processes and build a more integrative structure.

Organisation 3 feel that they have good communications between sales and marketing, but there was lack of communication between other functional groups. However, they had no integrative mechanisms within the organisation at all and there was no evidence of job rotation. The Marketing Manager stated, "*There are certain things that are going on that nobody knows about, except the person that is doing it.*" If integration mechanisms were established, this type of independent activity might be avoided. Cross-functional teams created to achieve specific objectives are one way in which the disparate activities of this organisation could be aligned. To achieve integration, a continuum of integrative mechanisms can be used to coordinate the efforts of both individuals and groups. These mechanisms can range from formal to informal processes that create the background of integrative behaviour (Mohrman, 1993). Although none of the organisations studied employed job rotation between sales and marketing staff, Cespedes (1993) indicated that the development of structural linkages not only improves coordination but also signals the importance of collaboration by senior management. The rotation of sales and marketing personnel was recommended on a one- to three-yearly basis to keep knowledge of marketing and sales current. Krohmer *et al.* (2002) also found that job rotation of employees could aid the spread of information and good practice across the organisation.

7.6 Marketing Planning

Shapiro (1988) and Cespedes (1993) have identified that coordination between sales and marketing can be enhanced through joint marketing planning at both strategic and tactical levels. "The planning process is important because it is a fundamental means by which the institution learns about its environment" (McKee *et al.*, 1990:131). However, as Piercy (1995) described, the role of marketing may be reduced to that of Communications Manager and this is demonstrated in each of these organisations as their Marketing Managers' roles in each case are limited to advertising, brochures, point of sales and PR. Few of the traditional elements of marketing strategy are under the control of marketing and are therefore not included in the marketing planning process. Marketing strategy calls for long-term objectives whereas marketing activities may be short-term and tactical (Webster, 1997). All of the organisations exhibit short-term planning traits in their marketing planning activities, although Organisation 2 have expressed their intention to tie their marketing plans into the organisation's objectives in the future.

Organisation 1 rely on the schedule of publications to drive their marketing planning, but there is no evidence to show that they have strategic marketing planning based on an appreciation of their internal and external strengths or opportunities. According to the Marketing Manager, there is no marketing communications plan and she makes her advertising schedule up as she goes along. The Sales Manager carries out exhibition planning and trade promotions, although the budget holder is the Marketing Manager. This causes some tension within the organisation, as the Sales Manager feels frustrated by the fact that at times there is insufficient emphasis or budget for the marketing activities he believes are essential. Marketing and sales are aware of what has to be achieved and which publications are coming out through their publications meetings, but without an appreciation of the market it is difficult to understand how they intend to communicate their long-term aspirations for their products or their brand. According to Simkin (2000b), many more businesses are undertaking marketing planning, but most do not have the infrastructure requirements to implement the plans effectively.

Organisation 2 are in the process of formulating a detailed marketing and communication plans for 2004/5. Ryans and Weinberg (1981:76) identified that well-formulated marketing plans are based "on a thorough analysis and understanding of the company's internal and external environment". Without planning there can be inefficiencies; for example, this year a customer calendar was produced at the request of the Director of Sales, but the Marketing Manager was unaware of how this calendar fitted into the sales and marketing objectives of the Group. Marketing planning is something that has happened in previous years, but because of the restructure they did not formulate a plan for the current year. The proposed plan is important to both the Group and the Division as it underlines their intentions of how they are going to address the changes in the market. This plan will encompass Group objectives and Divisional objectives and will be implemented by both the Group and the Division. Colletti and Chonko (1997) and Piercy (1992) warn against the danger of leaving sales out of marketing planning, but the VP Sales and Marketing is keen to include suggestions and information from the sales staff. He said, "*All my sales staff make suggestions as to what they think is appropriate to their market and this is then fed into the marketing plans.*"

In Organisation 3, marketing planning has been very *ad hoc* and goal-setting was almost non-existent, except sales by value and unit. There is a Divisional budget for marketing activities that is gradually used up through the year on advertising, catalogues and exhibitions. As in Organisation 1, the Marketing Manager uses her experience to select where and when to promote the products, but does not have a planned schedule. According to Simkin (2000a), when marketing activity is *ad hoc*, short-term and tactical as exhibited by Organisation 3, a sales-orientated culture can be demonstrated. Malik (1994) proposed that the lack of marketing focus within organisations might be exhibited when the marketing specialist concentrates on specific functions, for example advertising, market research, public relations, and marketing planning, and less on pricing, selling and new product development.

The three organisations demonstrate varying levels of marketing planning. All three are undertaking marketing activities, but formal planning procedures are not in evidence. Planning is also an important part of integration so that individuals/departments can understand how their activities fit into the overall objectives of the department/organisation, as well as across functional boundaries. Objectives and targets are unlikely to be effectively met without this understanding. McKee *et al.* (1990), Simkin (2000b, 2002) and Slotegraaf and Dickson (2004) found that organisations that undertake comprehensive planning were likely to experience improvements in performance and those organisations who did not undertake planning were more likely to experience a decline in performance.

7.7 Market Intelligence

The importance of market intelligence should not be underestimated. Wright *et al.* (2002) identified that organisations that understand their competitors through market intelligence are able to evaluate their strengths and weaknesses more effectively and anticipate competitors' moves. Further, greater benefit can be derived for the organisation if the market intelligence is effectively analysed and shared. Organisation 1 mainly collect market intelligence through the sales force, trade body, and discussions with end users and writers. Organisation 1 do little formal marketing research; the information that is gathered is opportunistic rather than planned. The Sales Manager indicated that there is no one in the structure who is responsible for gathering market intelligence; everyone retains ownership of their own data, which is then disseminated through the interdepartmental meeting once a month. According to Viswanathan and Olson (1992) and Cespedes (1994), sales are often better informed about customer requirements than senior management. The sales force in Organisation 1 are not given specific targets or rewards for the collection of market intelligence. However, according to Evans and Schlacter (1985), sales teams need to be clearly briefed upon their objectives and to balance their time between selling and collecting information.

Organisation 2 place a greater importance on market intelligence and have always had processes for collection, storage and dissemination; however, at present things are a little bit 'messy'. The existing databases were lost with the closure of the French operation and they are trying to rebuild them. Although there is value placed on market intelligence, there are no rewards for sales staff for collecting it. Business Support analyses and disseminates marketing information, and in the future a new appointee based at the Divisional headquarters will collate it. According to Wright *et al.* (2002), competitive intelligence is so important to the success of an organisation that it should be handled by a separate department, and therefore belong to the organisation rather than to one department. The new Sales Support Manager based at the Group's offices in Hertfordshire will carry out marketing research and analysis on new business opportunities. Organisation 2 have processes in place to collect and disseminate information on their environment and they are quite effective in their use of that information in identifying new business opportunities. They are in a highly competitive and volatile environment with only a limited number of players. Ackroyd (2002) found that the more turbulent the environment, the more flexible the organisation needs to be so that they can develop an awareness of the possibility of emergent problems and of new opportunities that cannot easily be predicted. Organisation 2 are customising their products and contracts to meet their customers' individual needs, which indicates a degree of flexibility. Dubinsky (1999) identified that sales personnel serve as the major link between the external environment and the internal environment. The sales force is also responsive to their individual territories and feedback information to the organisation where it can be stored and integrated with the market information they buy in.

Organisation 3 rely heavily on their Sales Representatives for market intelligence regarding competitor and channel activities. Cespedes (1991) and Olson *et al.* (2001) identified that the sales force should be responsible for feeding back to the organisation customer and competitor information arising from their interaction with their customers. The Divisional Managing Director stores all information from the Sales Representative in a paper-based system that is kept in his office. Little analysis takes place and the data is not routinely distributed. Evans and Schlacter (1985) identified that market information may be available in any organisation, but the organisation's organisational structure may fail to facilitate prompt and meaningful marketing information exchange. After the collection of market intelligence, it needs to be disseminated across boundaries (Wood and Tandon, 1994). Organisation 3 are similar to Organisation 1 in that they do not actively collect marketing information and they have employees with a considerable amount of accumulated knowledge. Anderson *et al.* (1999) said when the environment is highly competitive, organisations should work to improve communications to and from the sales force, and continuously monitor the environment to spot new opportunities and potential threats. This monitoring of the environment may be happening but there are no processes to disseminate the information through the organisation, and there is a danger that they may be becoming out of touch with the environment and therefore unable to react effectively to the increasing number of competitors in this industry. Organisation 3 do receive information from trade bodies but this is often 6 to 12 months out of date and, as the Divisional Managing Director said, they probably know what it is telling them before it arrives. There is one possible strength in their market intelligence system, which is that the Sales Representatives are paid a salary rather than commission and can therefore spend time gathering marketing information and feeding it back.

All three organisations used their sales force as a source of marketing information but only one then analysed this information effectively and fed it back to the rest of the organisation, including the sales force, so that they could alter their message. In Organisation 3, the marketing information was collected and stored but was not analysed or disseminated (even to the Marketing Manager or Sales Manager). This organisation are aware of the importance of market intelligence but seemed unable to develop a routine system of analysis and dissemination. The vital marketing information from the organisation's sales force has effectively fallen into a 'black hole' (Day, 1994a). Organisation 1 have processes in place to gather marketing information from the sales force and for disseminating this information to senior managers for planning purposes. However, they do not have any systems for disseminating the results of analysis or other information collected back to the sales force, so they are not able to adjust their actions and may feel that their information is not valued. Organisation 2 appear to place the greatest value on market intelligence and they are able to use this information to target their customers effectively. There has been a considerable amount of research into the collection, verification, analysis, storage and dissemination of market intelligence, and this has identified that reliable market intelligence, effectively used, can be a source of competitive advantage.

7.8 Conflict of Interests

Lorge (1999:27) identified: "Historically there has been tension between sales and marketing, bred by physical and philosophical separation and by poor communication." All three organisations exhibit some degree of conflict in terms of having poorly coordinated actions, conflicting priorities, and different goals and objectives. However, as Shapiro (1988:120) pointed out, "Functions and divisions will inevitably have conflicting objectives that mirror distinctions in cultures and modes of operation." Therefore, it is quite normal for organisations to have some conflict of interests between sales and marketing, but this should not have significant impact on the level of collaboration.

The Sales Manager of Organisation 1 said that there can be differences of opinion between sales and marketing and they are not always resolved satisfactorily. His attitude was to let things go and move on, as conflict in such a close working environment would be unproductive. Morgan (1997) noted that although individuals may recognise the importance of working together, any given job contains a number of contradictory elements that may create various kinds of conflict. The interviews revealed that the goals and activities were well aligned, and there were few tensions, although there were at times evidence of tension. The Sales Manager sometimes feels frustrated when there is insufficient emphasis or budget for the activities he believes are essential. "*Occasionally we* [sales] *will go to marketing and say that we want money to do this because there is no money in the budget ... but we maybe at times have slightly different priorities and at times we have to get a balance between direct promotion and promotion through the trade*." In addition, sales may be given targets by senior management, for instance to increase sales in a particular area, but these targets are not always shared with marketing.

In Organisation 2, the Marketing Manager explained that in the past there had been quite a lot of conflict between sales and marketing as a result of overlapping roles and lack of focus. He now feels that there is less conflict between sales and marketing as sales have specific targets and he sees the marketing role as preparing the market for the sales staff. The VP Sales and Marketing indicated that sales staff are able get more involved in marketing by making recommendations about marketing activities, and the senior staff can feedback their ideas and opinions to the strategic centre. Blake *et al.* (1968) found that inter-group conflict could be reduced if the group members can perceive common goals that both wish to achieve. According to the Marketing Manager, the Group is becoming more internally integrated because senior management is trying to bring them together as one operation. He went on to say, "*I think that there is gradual integration*." Hutt and Speh (1984) identified that marketing management can play a crucial role in reducing conflict between departments through developing an appreciation of the interdependencies of the roles.

All of the interviewees from Organisation 3 seemed to be aware that conflict between sales and marketing does sometimes exist, but there do not seem to be any formal methods to overcome this. When considering the integration between different functional groups, Lawrence and Lorsch (1967) observed that the differences between functional specialists, if not checked, could lead to conflict and lack of integration. There was evidence that the Sales Manager does not understand the company's processes: for example, he did not understand how new product development or sales forecasting took place, and he did not consult with either senior management or marketing before carrying out market research. Hutt and Speh (1984), Ruekert and Walker (1987) and Strahle *et al.* (1996) believe that the differences between sales and marketing objectives may constitute a key area of conflict. The Marketing Manager is set objectives that are independent of the sales effort or the objectives of the Division. She also attends the weekly Divisional meetings, but these do not include discussions on objectives or marketing planning. Labianca *et al.* (1998) identified one of the causes of inter-group conflict as the quality and frequency of interpersonal interaction. Therefore, there is evidence that there is conflict of interests between sales and marketing within Organisation 3. There was little alignment of goals and activities by senior management and little communication on core issues. However, there was no evidence of tension between the two functions.

Within the three organisations, there was evidence of different levels of conflict of interests. Organisation 3 also demonstrated low levels of conflict, but exhibited poor collaboration evidenced by poor communication and low levels of inter-functional working. Their goals and activities were not always aligned and this was causing considerable problems, with poor understanding of each other's roles and priorities within the organisation. The solution would appear to be to reduce conflict by increasing the levels of inter-functional working (Armstrong *et al.*, 1996) and establishing a culture of give-and-take (Gupta *et al.*, 1987). Organisation 1 appeared to be the most integrated of the three organisations studied but there was evidence of underlying tension, and while conflicting goals may be set for sales and marketing, these appear to be short-term and did not affect the long-term objectives of the organisation. Organisation 2 are in the process of aligning their goals and activities and there was little evidence of tension between sales and marketing. With these improvements, conflict of interests should be reduced to low levels.

7.9 Collaboration between Sales and Marketing

The term 'integration' refers to the strategic linking of two functionally specialist groups, which preserves their individual orientations but provides unity of objective (Moenaert and Souder, 1990). Within Organisation 1 there appears to be a high level of collaboration, supported by aligned goals, good communication and effective integrative processes. As Ruekert and Walker (1987) observed, the more similar two functional departments are in the tasks and objectives, the greater amount of communication can be observed between individuals in the two departments. According to the Director of Publishing in Organisation 1, the structure of the organisation allows communications to flow vertically through the organisation and there are well-established horizontal communications. He explained that the organisation sets common goals and objectives for all departments, and that cross-functional planning takes place to meet these goals. Mohrman (1993) stated that integration can be achieved through hierarchically driven processes such as direction through supervisors, rules, procedures, goals and objectives set by senior management. When talking about the interface between sales and marketing, the Director of Publishing said, "*In a sense it has become one big word, 'sales and marketing'... . So I think that as long as it remains flexible and adapts to what publishing needs in response to the market, we could call it something else.*" The organisation has a policy of collaboration within the Department, both formally and informally, although cross-departmental (divisional) communications are more limited.

In Organisation 2, there is some evidence to show that they are encouraging collaboration between sales and marketing through the proposed changes in structure and new planning processes. There is also evidence of shared aspirations and objectives. Sales and marketing believe that they are one team and can call on members of other functional areas to support the sales operation. The Group is sales led, and although there is collaboration between marketing and sales, the VP Sales and Marketing believes that marketing is not meeting their current needs, so the sales staff are taking some marketing activities on themselves with the support of the Marketing Manager and VP Sales and Marketing. Moenaert and Souder (1990) found that integrated departments willing to cooperate and collaborate will act on management decisions to the benefit to the organisation.

Organisation 3 appear to have little knowledge or experience of integrating marketing activities and therefore there is little evidence of integration and collaboration between sales and marketing. The Marketing Manager's objectives are set centrally and discussed at the cross-divisional Marketing Managers meetings, but these discussions are not directly related to the Division's activities. Because of the small number of individuals working in sales and marketing, there are close working relationships between all staff members, which may help overcome some of the poor collaboration that exists within Organisation 3. However, collaboration is not just based on close working relationships, but must be supported by aligned goals and integrative processes. Mohrman and Mohrman (1993) believe that senior management should formulate a clear vision and a strategy to challenge the organisation to achieve excellence. The Chief Executive Officer (CEO) of Organisation 3 has tried to remove barriers between manufacturing, operations, and sales and marketing. He is very keen to share information around the organisation and integrate their activities more closely. However, it could be argued that the Divisional Managing Director is still primarily sales-orientated, which may be due to his training and background. When asked about sales and marketing, he said he thought that sales are part of marketing, but he does not appear to be able to generate processes to enable integration between sales and marketing to take place. The lack of integrative processes in Organisation 3 could be improved by senior management, and through the integration of activities across departments and well-defined operating procedures (Day, 1997).

The research found that there is some conflict between sales and marketing in all three organisations primarily caused by different procedures, objectives and perspectives. However, Organisations 1 and 2 have developed a collaborative working environment, which may be due to senior management influences, good communications and sensitivity to each other's goals. Gupta *et al.* (1985) identified that the absence of these factors (with negative culture and lack of market knowledge) could be barriers to integration. The evidence from the organisations would indicate that the senior management within the three organisations do understand that they play a pivotal role in coordinating and integrating sales and marketing activities. However, they are experiencing different degrees of success in achieving integration, which may be due to a number of factors including the culture of the organisation, resistance from individual managers, poor communication and inadequate processes.

7.10 Business Performance

To measure sales and marketing success, Loning and Besson (2002) have argued that there are only two widely used measures – sales volume and the success of advertising campaigns. Organisation 1 codes their advertising and then measure the responses. However, this process appears to be carried out independently by both the Sales Manager and the Marketing Manager. Although they are making some effort to track the response to promotional materials, there is no other measure of marketing success. Sales success is measured at a number of different levels, for example at organisational level, at product category level and at individual new product level. Each of these has different targets and it means that the success of new products can be evaluated. Sales Representatives have territory targets that include measuring new product success. Profit is also targeted and measured at all three levels. Overall, Organisation 1 report an above average profit margin of almost 40%. This is well above the industry norm.

The VP Sales and Marketing of Organisation 2 stated that the Group's objective was to keep sales as strong as possible and not spend too much money. According to Baldauf and Cravens (1998), the most widely used measure of organisation effectiveness is total sales volume. There has been a change of emphasis in this Group from generating new business to customer retention through extending leases, and therefore the sales staff are rewarded on this basis. They are also asked to identify ten new customers each year as part of their targets, although cash and margins are still important measures. Some marketing goals are centrally set and the Marketing Manager derives his own objectives from these overall goals. Currently there is no way of measuring the effects of the marketing, but the introduction of the new marketing plan from 2004 may change this. Griffin and Hauser (1996) believe that cooperation leads to success, but the outcome will depend on the measures of success used. Organisation 2 enjoy a healthy profit margin in line with industry norms.

To aid in the development of market orientation it is necessary to move away from financially orientated measures of success (Webster, 1988). However, Organisation 3 are totally revenue driven and are reporting below average profit margins for the industry. The Divisional Managing Director said, "*It should be profit ...* [but] *the whole Division is measured through sales success.*" There is no formal way of measuring marketing success and there were very few linkages between activities. As marketing are not involved in the measures of success that are important to the sales department, they could have different motivations (Ruekert and Walker, 1987; Cespedes, 1993). As this organisation only measure the activities of sales and there is no tangible way of measuring the success of marketing, it is difficult to provide rewards for marketing staff other than company-wide bonus schemes or sales performance schemes. Galbraith (2002) indicated that to develop collaboration there should be consistent rewards and measures of success.

The importance of having similar measures of success for sales and marketing is that it helps to align goals and motivation. Sales and marketing measures of success will have to differ because of the nature of their activities, but there does not seem to be any way of measuring the impact of marketing on sales success in these organisations. Marketing is almost carried out for its own sake, and there are few measures of its effectiveness. Sales, on the other hand, are subject to a range of measures of success, but the majority focused on generating sales volume. There was evidence to show that Organisation 1 were the most collaborative, and also achieved the highest margins in terms of industry norm and had an established market share, whereas Organisation 3 exhibited the least collaboration between sales and marketing and had the lowest gross profit (well below the industry norm). Although this measurement of business success cannot be attributed solely to sales and marketing collaboration, it does indicate a positive correlation between collaborative behaviour and business performance. Krohmer *et al.* (2002) found that where senior managers succeed in improving cross-functional activities within the marketing function, organisations experienced superior profit levels.

7.11 Background Variables

The literature review identified that rewards and structure may have an impact on the relationship between sales and marketing. This section considers whether rewards may be used to promote collaboration and how sales and marketing staff are rewarded. Structure may also affect the relationship between sales and marketing so this section examines the roles of marketing and sales staff, lines of responsibility and how activities are allocated.

7.11.1 Rewards

"To be successful, the focus of rewards must be compatible with the tasks and structures laid down for the organisation" (Child, 1985:202). Two of the three companies currently have a reward system that link sales bonuses to revenue generation. These reward systems are strongly linked to the measures of success of each of the organisations. Linking rewards to achieving short-term objectives can lead to short-term thinking as described by Gupta *et al.* (1985), Ruekert and Walker (1987), Webster (1988), Cespedes (1993), Strahle *et al.* (1996) and Webster (1997). Organisational 1 have tried to refine their reward systems by having a profit-based bonus for the Sales Manager based on the Department's activities, but the Sales Representatives are still paid salary and commission only. Marketing staff are included in the company-wide profit-share bonus scheme, which is linked to organisational success and excludes the sales staff. Alldredge *et al.* (1999) found that sales and marketing can be pulled in two different ways by their reward systems and this may affect sales success. Organisation 2 have a more complicated bonus scheme based on a number of factors as described in Chapter 5. Although they still have a reward system based on sales success, they have tried to refine their rewards to encourage building long-term relationships with the customers. Galbraith (2002:12) identified that "The purpose of the reward system is to align the goals of the employee with the goals of the organisation." Organisation 3 have adopted a salary scheme for all their staff. However, the sales staff still have a target to meet, which they are measured against to evaluate their performance. Although there is no commission scheme, these sales targets create a desire to achieve sales. Flexibility in rewards allows staff to create sales through building long-term relationships and participating in other sales-related activities (Ryans and Weinberg, 1981; Fuentelsaz *et al.*, 2000).

Although all three organisations have different reward systems, the emphasis is still on sales generation rather than linkages to marketing strategies. None of the organisations measure or reward their marketing staff on sales or marketing success of any kind. Strahle and Spiro (1986) and Strahle *et al.* (1997) both indicate that linked reward systems are one way of ensuring that goals are aligned. Only one of the three organisations surveyed had a company bonus scheme that provided an incentive for its marketing staff, but this may not be representative of current practice in the majority of organisations.

7.11.2 Structure

The three organisations that took part in the research were business units of larger organisations and had separate sales and marketing functions. In each organisation the Marketing Manager was primarily responsible for marketing communication activities that supported the product, rather than responsible for marketing strategy. Organisations 1 and 3 have a traditional hierarchal structure, with the Sales and Marketing Managers reporting to the Head of the Division. Both sales and marketing are located in the same office. However, in Organisation 3 some of the marketing direction comes from outside the Division. Organisation 2 have split the reporting process for the Sales and Marketing Managers, and have outsourced their marketing communication activities but retained market intelligence and marketing research in house. According to Griffin and Hauser (1996), the separation of sales and marketing can cause decision-making delays as the transfer of information, either formally or informally, may become more difficult.

Organisation 1 have tried using both a centralised sales force and a departmentally based sales force, but has always retained marketing as a departmental activity. At present, the sales force is departmentally based, and as Collis and Montgomery (1998) found, outright sharing of resources is not always the best way to capture synergies. The Director of Publishing believes that a focused sales force can add value to the organisation through specialisation. Nystrom (1985) observed that success can depend on whether the strategy and structure of the company matches the environment. Although sales and marketing are separate functions, they appear to be working collaboratively and there is evidence of overlapping responsibilities. For example, marketing research activities carried out by telesales and exhibitions are both the responsibility of the Sales Manager.

When the interviews took place the structure in Organisation 2 was in the process of change, with the Marketing Manager no longer responsible to the VP Sales and Marketing but to the Divisional Head as he was taking on a broader divisional role. The VP Sales and Marketing explained that marketing is not currently meeting the needs of the sales department, so they have employed a Sales Support Manager to look after brochures, marketing research and intelligence. In addition, the Director of Sales has been asked to cover some tactical marketing activities, but this may be because the Group does not employ the Marketing Manager full time, rather than because of structural issues. Day (1997) indicates that boundary-spanning roles require senior management to define operating procedures. This structural change may create a barrier to sales and marketing collaboration as the Marketing Manager will be focused on Divisional activities rather than Group activities.

Although Organisation 3 appear to be clearly structured, on further examination there are some ambiguities. For example, the roles of each function are blurred, with areas like pricing and product design under the direct control of the Divisional Managing Director, marketing research being carried out by the Sales Manager, and the Marketing Manager's objectives being set cross-divisionally rather than by the Division. Woodward (1965) points out that there is a clear link between structure and performance although, as Drucker (1955/1969) highlighted, good structure does not ensure good performance. The structure of Organisation 3 seems to be in a state of confusion, with staff members influenced by a number of different managers and factors. Additionally, successful organisational structure should facilitate organisational learning and knowledge transfer across functional areas (Loermans, 2002) and this does not appear to be happening within Organisation 3.

All three organisations have separate sales and marketing functions, but there is some overlapping of roles and responsibilities between sales and marketing. There is evidence that some of the tasks usually associated with marketing in literature (Boyd and Walker, 1990; Kotler, 1997), e.g. pricing, marketing research, exhibitions and marketing strategy, are being carried out by sales staff or senior management. Overlapping marketing roles have been observed in other organisations by Mueller-Heumann (1993), Piercy (1995) and Murray and O'Driscoll (2002). The only tasks that are controlled solely by the Marketing Manager in these organisations are advertising, direct mail, PR, websites and catalogues. None of the sales tasks are shared with marketing, but sales forecasting and budgeting (traditionally Sales Managers' tasks, according to Stafford and Grant (1986) and Anderson *et al.* (1999)) were the responsibility of the senior management in these organisations. Therefore, although all three organisations have traditional sales and marketing departments, the allocation of roles does not follow the format described in marketing literature.

7.12 Implications of Research

The exploratory case studies and literature review have identified a number of variables that affect or are affected by collaboration between sales and marketing and a conceptual framework has been developed (see Chapter 6). The qualitative data is used to analyse the nature and drivers that are associated with collaboration between sales and marketing and business performance. Each of these variables has been explored through the cross-case analysis, which brings together the data from the literature review and case studies. The aim is to supply evidence to support the conceptual framework, by providing an understanding of what the organisations are doing within the context of the conceptual framework with the relevant theory. This section supported the concept that management attitudes towards coordination, communications, market intelligence, conflict of interests, integration mechanisms, market orientation and marketing planning are variables affecting collaboration between sales and marketing. The variables of organisational learning and cross-functional training were supported by the literature review and there was some evidence from the case studies that they affected collaboration between sales and marketing, but both variables need further investigation as the relationship was not clear. However, the exploratory case studies found that rewards, structure and size, although they have been included as background variables, do not have a direct affect on collaboration between sales and marketing and they were therefore not included in the conceptual framework. These results have supported the propositions outlined in Chapter 6.

7.13 Chapter Summary

The objective of conducting exploratory research via the case studies was to gain an insight into the sales and marketing interface in three organisations researched (see Chapter 5) and to develop a conceptual framework based on the variables and relationships found in the literature and case studies. The data from the interviews provided an insight into collaboration between sales and marketing, in particular its structure and variables. There are similarities between these organisations: they are all business units of larger organisations and their sales and marketing functions are structured separately. In addition, the role of marketing in all three organisations is limited to marketing communications, with the strategic functions carried out by senior management.

The exploratory case studies and the literature identified a number of variables as contributing to the level of collaboration between sales and marketing. These have been used to analyse each organisation and to draw up a cross-case analysis. The literature review suggested that the interface between sales and marketing exhibits a degree of conflict and therefore low integration and collaboration. The proposition is that 'higher levels of collaboration between sales and marketing lead to an improvement in business performance'. Further to the positive effect of collaboration on improving business performance, the literature review identified that there may be additional benefits if senior management set shared goals.

Within the three case studies, different levels of collaboration were identified by their performance at each variable. Organisation 1 exhibited the greatest degree of collaboration between sales and marketing through their frequent meetings, excellent communications and senior management support of integration, and they derived additional benefit from having shared goals. Some areas of collaboration were identified as weak, for example limited marketing planning and weak systems for the dissemination of market intelligence. Skills were not transferred across departmental boundaries and staff training is not linked to objectives. However, Organisation 1 are very successful in terms of sales success and consumer brand awareness.

Organisation 2 are a leading player in their field, but they are being adversely effected by rapidly changing environmental conditions and increasing competition that they have not been able to respond to, which has led to a reduction in business performance. The analysis showed that the organisation does exhibit limited levels of collaboration. The sales and marketing departments have a shared goal – that of sales success – but on the whole their targets and activities are not aligned. They are very effective at collecting and disseminating market intelligence and use IT to communicate effectively between departments. However, they have infrequent meetings, marketing planning has been weak and their structure could be seen as poor as marketing operates off-site. Senior management are aware of the importance of integration and there is evidence to show that they are becoming more collaborative through improved marketing planning activities and increased frequency of meetings.

Organisation 3 show the least collaboration between sales and marketing of the organisations studied, based on the variables used to analyse their effectiveness. Their reward system allows the sales staff to undertake other activities and they gather marketing information efficiently, but they do not have effective processes to allow them to disseminate this information. They have infrequent meetings, their communications are poor and their objectives and targets are not aligned. They are an international company with worldwide operations and a high-quality brand image, but there are indications that they have been losing sales and market share for the past five years. Senior management are trying to improve integration, but this has not yet reached functional level. To date, sales and marketing have not had the direction and drive to integrate and this may be mainly due to a lack of sales and marketing planning to focus their diverse activities.

Based on these findings, the literature review and the exploratory case studies, a series of hypotheses have been developed (see Chapter 6) and a survey questionnaire developed (see Appendix 2). The results from this survey will be presented in Chapter 8. These cross-case analyses have given an insight into how collaboration of the sales and marketing functions operate in each of the organisations under study, thereby extending knowledge and understanding of this interface.

CHAPTER 8

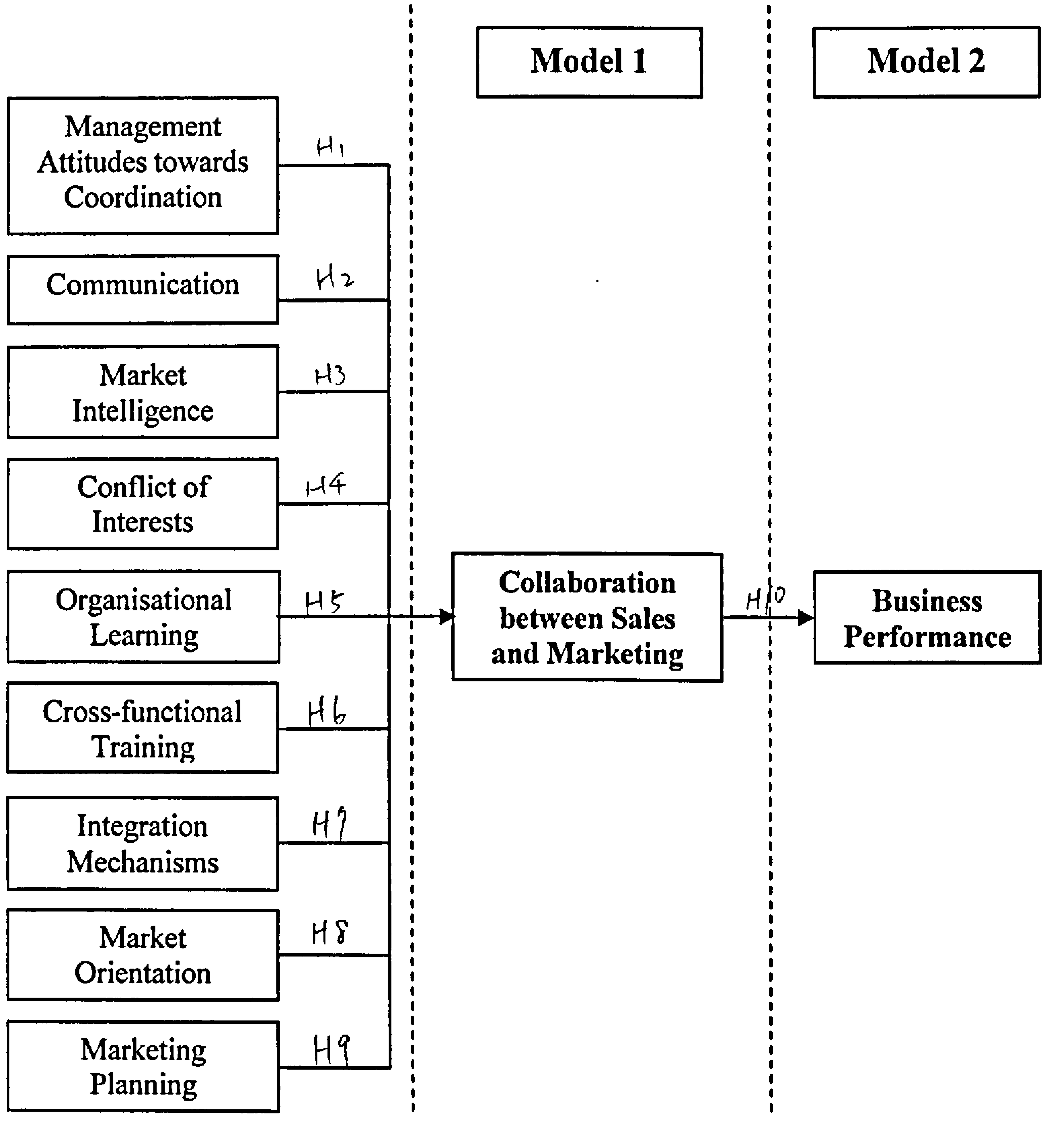
QUANTITATIVE STUDY

8.0 Introduction

This chapter will present the findings from the large-scale survey carried out with senior managers of large, UK-based organisations who operate in the business-to-business environment using the statistical methods outlined in Chapter 4. Each variable will be examined, and the results will be presented through descriptive statistics, correlation and multiple regression. The data concerning the respondents and sample profile findings are considered (see Section 8.1). The descriptive statistics (summarised in Table 8.7) will provide an overview of the data collected and present the mean and standard deviation for each item (see Section 8.2). This section continues with a discussion of the preliminary findings and highlights those areas of the research that are not included in the statistical analysis (training, rewards and organisational structure), but that do provide background information on the sample.

The chapter continues with a discussion of the advantages of using summated scales. Scale reliability and the items removed from the scales are then considered (see Section 8.3). The correlation tables are compiled and the findings discussed in relation to the conceptual framework (see Section 8.4). The conceptual framework (see Figure 8.1) was developed from the literature review and the case study findings, and is tested in this chapter (the discussion of the framework can be found in Chapter 6). Section 8.5 presents the results of the regression analysis. The aim of the regression analysis was to establish the statistical relationships between each of the variables. From the multiple regression analysis, it emerged that the conceptual framework needed to be revised and a new framework has been developed (see Figure 8.2). This framework indicates that some of the variables do not have a direct relationship to collaboration between sales and marketing, but the results indicated that they do influence marketing planning and they have therefore been retained in the revised conceptual framework. The chapter concludes by testing each hypothesis and the results are summarised in Table 8.19.

Figure 8.1 Antecedents and Consequences of Collaboration between Sales and Marketing



8.1 Respondents and Sample Profile

The research was concerned with the collaboration between sales and marketing and how it was perceived by the organisation and therefore it was important that the respondents had an overview of the sales and marketing relationship, and an understanding of the culture and direction of the organisation. The questionnaire was addressed to the Managing Director/Chief Executive (by both name and title) of each organisation; 83.6% of the responses were completed by Senior Managers (Directors) of which 70.5% were Chairman, Chief Executive Officers, Managing Directors, Directors, or General Managers. Marketing Executives (11.6%), Sales Executives (4.8%), Sales and Marketing Managers (3.5%) and other Senior Managers, including Business Development, Finance or Customer Liaison Managers (6.1%), completed the remaining responses (see Table 8.1).

Table 8.1 Respondents' Job Title Analysis

	No. of cases	% of cases
Chairman/CEO/MD/Directors/General Managers	108	70.5
Sales Directors/Managers	7	4.8
Marketing Directors /Managers/Executives	17	11.6
Sales and Marketing Directors/Managers	10	6.9
Business Development Managers	4	2.7
Other HR Managers/Accountant/ Customer Liaison Manager	5	3.4
Total number of Senior Managers (Directors)	**122**	**83.6**
N = 146		

The respondents represented a number of different types of organisations including industrial, consumer goods and wholesalers who operate in the business-to-business environment. Although there were publishers in the sample set, none responded (see Table 8.2).

Table 8.2 Industry Type

	No. of Organisations	% of Responses
Industrial manufacture	61	42
Consumer goods manufacture	41	28
Wholesalers	44	30
Publishers	0	0
N = 146		

The sample design required that only manufacturers and wholesalers that can be classified as large organisations were selected (turnover of more than £11 million). D&B provided a suitable listing that met these requirements. One thousand organisations were randomly selected from the list provided by D&B; however, the organisations who responded did vary in size. There were 76 (52%) organisations with a turnover of between £11 million and £20 million, 39 (26.7%) with a turnover of between £29 million and £50 million, and 31 (21.3%) with a turnover of more than £50 million (see Table 8.3).

Table 8.3 Approximate Turnover

	No. of Organisations	% of Responses
£11m–£20m	76	52
£21m–£50m	39	27
More than £50m	31	21
N = 146		

Table 8.4 shows the categorisation of the sample by number of employees. Sixty percent of all the respondents employed between 51 and 250 employees, with only 11% employing more than 500 employees. The listing requested from D&B asked for a selection of organisations based on industry type and turnover (in excess of £10 million), and therefore the number of employees was not a selection criterion. However, 78% of the organisations selected employed fewer than 250 employees, which is below the number of employees required to meet one of the government's three definitions of large organisations (turnover, balance sheet total and number of staff).

Table 8.4 Approximate Number of Employees

	No. of Organisations	% of Responses
Fewer than 50 employees	26	18
51–250 employees	87	60
251–500 employees	17	12
501–1000 employees	9	6
More than 1000 employees	7	5
N = 146		

8.1.1 Analysis of Variance in Results

To discover if there was any variance in the results between a number of cases, a multivariable analysis of variance (MANOVA) test was used. A MANOVA test was selected as it "compares groups and tells you whether the mean differences between the groups on the combination of dependent variables is likely to have occurred by chance" (Pallant, 2004:217). The three groups tested were industrial type, approximate turnover and approximate number of employees (see Table 8.5).

The Wilks' Lambada test showed that there was no significant difference between the groups.

Table 8.5 Comparison of Variance between Groups

MANOVA Test	Wilks' Lambda*		
	Value	Sig.	Partial Eta Squared
Industry Type	.842	.359	.083
Approximate Turnover	.829	.257	.090
Approximate Number of Employees[1]	.815	.709	.066
*Not statistically significant (Sig > 0.05) N = 146			

[1]For this test employee numbers 501-1000 and more than 1000 were combined as the total number of cases for each group was not sufficient to support the MANOVA test individually. Prior to combining these two groups, T-tests were conducted to confirm that there was no significant differences between the two groups (Sig.>0.05).

The lack of significant difference between the groups indicates that large organisations react in a similar manner to the sales and marketing interface. This would confirm that the results should be applicable to all large organisations operating in a business-to-business environment.

8.2 Descriptive Statistics

8.2.1 Descriptive Statistics by Item

Descriptive statistics provide an overview of the data from the quantitative research. This section will present the mean and standard deviation of each item and of each scale showing the relative significance of each item, as well as the measures used and the origin of the scales. Additionally, descriptive statistics will be used to explore the five constructs of the data that have not been evaluated statistically. These constructs include training, rewards, functional responsibilities and organisational structure. Standard deviation will be used to describe the variance in the data set from a given arithmetic mean, and large values represent more variation from the mean than small values (Curwin and Slater, 1994).

Table 8.6 Mean and Standard Deviation – Average Scales

	Number of Items	Mean	Standard Deviation	N
Market Orientation	14	5.14	0.74	146
Management Attitudes towards Coordination	2	3.86	1.41	146
Integration Mechanisms	4	3.58	1.48	146
Conflict of Interests	7	2.67	0.96	146
Market Intelligence	7	4.60	1.11	146
Marketing Planning	1	4.12	1.66	146
Communications	4	4.90	1.30	146
Organisation Learning	4	5.64	0.94	146
Cross-functional Training	4	3.67	1.73	146
Collaboration between Sales and Marketing	5	5.31	1.21	146
Business Performance	8	4.84	0.90	146

The data in Table 8.6 shows that the standard deviation for each item varies from 0.73 to 1.73. Therefore, there are no items with a standard deviation of more than 1.73, which indicates that the responses are closely aligned to the mean.

> *"The standard deviation is, therefore, a measure of how well the mean represents the data. Small standard deviations (relative to the value of the*

mean itself) indicate that data points are close to the mean. A large standard deviation (relative to the mean) indicates that the data points are distant from the mean (i.e. the mean is not an accurate representation of the data)." (Field, 2003:6)

In marketing literature, Likert scales may be considered to be continuous (e.g. Piercy, 1989; Craven *et al.,* 1993; Pulendran *et al.*, 2003). All the questions are constructed with the use of a continuous scale/data between 1 and 7.

8.2.1.1 Market Orientation

Table 8.7 shows the sources and descriptive statistics by item. Various scales are discussed and initial conclusions drawn. Each construct was individually discussed in terms of its relationship to the research questions and related literature. The organisations surveyed appear to have a positive response to market orientation (m = 5.14, SD = 0.74) that would indicate that the majority of the respondents have this orientation. The average mean for customer orientation is 5.14 (SD = 0.80), which would indicate that they have an understanding of buyers' values thereby creating superior value for customers (Narver and Slater, 1990; Slater and Narver, 2000). Inter-functional collaboration has an average mean of 5.20 (SD = 0.96), which would indicate that the organisations are coordinating functions across departments to create superior value (Narver and Slater, 1990). Finally, the average mean for competitive orientation is 5.03 (SD = 1.10), indicating that they are seeking to improve market performance by focusing on their competitors' activities (see Chapter 2).

Table 8.7 Source and Descriptive Statistics

Scales	Item	Mean	Standard Deviation	N	Measurements	Scale
Market Orientation						
Customer Orientation	1) Our business objectives are driven primarily by customer satisfaction.	5.00	1.10	146	1 = Not at all 7 = To an extreme extent	Adapted from Narver and Slater (1990)
	2) We constantly review our level of commitment to serving our customers' needs.	5.12	1.21	146		
	3) Our strategy for competitive advantage is based on our understanding of our customers' needs.	5.55	1.02	146		
	4) Our marketing strategies are driven by our belief that we can create greater value for customers.	5.31	1.27	146		
	5) We measure customer satisfaction systematically and frequently.	4.44	1.56	146		
	6) We give close attention to after-sales service.	5.40	1.27	146		
Inter-Functional Coordination	7) Senior management regularly visit our current and prospective customers.	4.98	1.52	146	1 = Not at all 7 = To an extreme extent	Adapted from Narver and Slater (1990)
	8) Sales and marketing are integrated when servicing our target market(s).	5.26	1.27	146		
	9) We share resources between sales and marketing.	5.30	1.40	146		
	10) We freely communicate information about successful and unsuccessful customer experiences between sales and marketing.	5.27	1.35	146		
	11) Sales and marketing staff understand how they can contribute to creating customer value.	5.22	1.08	146		
Competitive Orientation	12) Within our business, our sales people regularly share information concerning competitors' strategies.	4.97	1.39	146	1 = Not at all 7 = To an extreme extent	Adapted from Narver and Slater (1990)
	13) We rapidly respond to competitors' actions that threaten us.	5.13	1.28	146		
	14) Senior management regularly discuss competitors' strengths and strategies.	5.01	1.37	146		

Scales	Item	Mean	Standard Deviation	N	Measurements	Scale
Management Attitudes towards Coordination						
	15) Senior management ensure that the sales and marketing goals are closely aligned.	4.83	1.49	146	1 = Not at all 7 = To an great extent	New Scale
	16) To what degree does senior management ensure that the activities of the sales and marketing departments are well coordinated?	5.01	1.49	146		
Integration Mechanisms						
Human Resources	17) There is an opportunity for sales and marketing staff to transfer between departments.	3.95	1.73	146	1 = Not at all 7 = To an great extent.	New Scale
Integration Mechanisms	18) Interdepartmental committees are set up to allow departments to engage in joint decision-making.	3.74	2.00	146	1 = Rarely used 7 = Frequently used	Adapted from Germain *et al.* (1994)
	19) There are temporary bodies set up to facilitate interdepartmental collaboration.	2.91	1.90	146		
	20) Senior managers have responsibility to coordinate the efforts of sales and marketing for a specific project.	4.91	1.69	146		
Conflict of Interests						
	21) Sales and marketing get along well with each other (Reversed).	2.39	1.21	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Menon *et al.* (1997)
	22) When members of sales and marketing get together, tensions frequently run high.	2.34	1.56	146		
	23) Sales and marketing generally dislike interacting with each other.	2.27	1.47	146		
	24) Sales and marketing feel that the goals of their respective departments are in harmony with each other (Reversed).	3.21	1.61	146		
	25) Protecting sales and marketing departmental areas of responsibility is considered the norm in this organisation.	3.30	1.70	146		

Scales	Item	Mean	Standard Deviation	N	Measurements	Scale
	26) The objectives pursued by the marketing department are incompatible with those of the sales department.	2.15	1.47	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Menon *et al.* (1997)
	27) There is little or no interdepartmental conflict between sales and marketing (Reversed).	3.04	1.86	146		
Collaboration between Sales and Marketing						
	28) Cross-functional teamwork is a common way of working within sales and marketing.	4.85	1.44	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Hult *et al.* (2002)
	29) Sales and marketing are committed to sharing their vision with each other.	5.07	1.39	146		
	30) There is agreement between sales and marketing of our organisational vision.	5.05	1.39	146		
	31) A team sprit pervades sales and marketing.	5.17	1.47	146		
	32) Sales and marketing share the same goals.	5.45	1.22	146		
Market Intelligence						
Information Collection	33) How formal is the organisation's approach to gathering marketing information from sales?	3.69	1.52	146	1 = Very informal 7 = Very formal	Adapted from Evans and Schlacter (1985)
	34) How frequently does the organisation use sales as a source of information?	5.44	1.32	146	1 = Very infrequently 7 = Very frequently	
	35) How frequently does the organisation feedback on the use of the market information from sales?	4.62	1.59	146		
	36) How frequently does the organisation use marketing information as part of sales performance evaluation?	4.24	1.62	146		
Dissemination	37) Marketing personnel spend time discussing customers' future needs with the sales department.	4.41	1.67	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Sinkula *et al* (1997)
	38) There is a lot of communication between marketing and the sales department concerning market development.	4.64	1.68	146		

Scales	Item	Mean	Standard Deviation	N	Measurements	Scale
Dissemination	39) When the sales department finds out something important about customers, it is quick to alert other departments.	5.13	1.59	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Sinkula *et al* (1997)
Marketing Planning						
	40) Does your organisation carry out market planning?	4.12	1.66	146	1 = Not at all 7 = To an extreme extent	New Scale
Communications and Meetings						
Communications	41) Please indicate the frequency with which sales and marketing communicate with each other.	4.66	1.62	146	1 = Seldom, less than once a week 7 = Frequently, more than five times a day	Adapted from Labianca *et al*. (1998)
Meetings	42) We have interdepartmental meetings at least once a quarter to discuss market trends and developments	5.23	1.91	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Kohli *et al*. (1993)
	43) Marketing personnel spend time assessing customers' future needs with the sales department.	4.60	1.69	146		
	44) Sales and marketing get together periodically to plan responses to changes taking place in our business environment.	4.84	1.63	146		
Business Performance						
Organisational Performance	45) How successful is the organisation at generating a high level of sales revenue?	4.77	1.40	146	1 = Needs improvement 7 = Outstanding	Adapted from Behrman and Perreault (1982)
	46) How successful is the organisation at generating high market share?	4.69	1.32	146		

Scales	Item	Mean	Standard Deviation	N	Measurements	Scale
Organisational Performance	47) How successful is the organisation at selling those products with the highest profit margins?	4.59	1.42	146	1 = Needs improvement 7 = Outstanding	Adapted from Behrman and Perreault (1982)
	48) How successful is the organisation at exceeding all sales targets and objectives during the year?	4.59	1.47	146		
	49) How successful is the organisation at generating sales of new products?	4.34	1.39	146		
	50) How successful is the organisation at producing sales with long-term profitability?	5.02	1.21	146		
Customer Satisfaction	51) Compared to your organisation's objectives, how well has your organisation performed with regard to customer satisfaction?	5.03	1.07	146	1 = Much worse 7 = Much better	Adapted from Cravens *et al.* (1993)
	52) Compared to a major competitor, how well does your organisation perform concerning customer satisfaction?	5.66	1.14	146		
Organisation Learning						
	53) We believe that employee learning is an investment not an expense.	5.66	1.22	146	1 = Strongly disagree 7 = Strongly agree	Adapted from Hult *et al.* (2002)
	54) We believe that the sales and marketing process is improved through learning.	5.56	1.06	146		
	55) Our future sales and marketing success is at risk if we stop learning.	5.71	1.11	146		
	56) Our ability to learn is the key to improving sales and marketing processes.	5.58	1.14	146		
Cross-functional Training						
	57) How frequently is cross-functional training offered to sales and marketing staff?	3.67	1.73	146	1 = Seldom, less than once a year 7 = Frequently, more than five times a year	New Scale

8.2.1.2 Management Attitudes towards Coordination

Management attitudes towards coordination considers the role that senior management play in coordinating sales and marketing activities and goal alignment and has a mean of 4.83 (SD = 1.49) and 5.01 (SD = 1.49) respectively (see questions 15 and 16). This would indicate that senior management believe that they play a key role in aligning sales and marketing activities. A number of writers in this field have identified that aligning goals between departments is important in achieving collaboration and integration (Hutt and Speh, 1984; Tjosvold, 1988; Mohrman, 1993; Kahn, 1996; Strahle *et al.*, 1996). Felton (1959), Hambrick and Mason (1984), Jaworski and Kohli (1993) and Slater and Narver (1994) noted that senior management are responsible for establishing the culture of the organisation through leadership and empowering staff to initiate and execute strategies to achieve their objectives. Therefore, senior management plays a key role in strategy formation and they need to ensure that this is communicated across all functional groups. The benefits of aligned goals are reduced conflict, productivity and a more collaborative and helpful working environment. However, Strahle *et al.* (1996) found that it is difficult to align goals between sales and marketing as senior management were setting short-term sales goals that were in conflict with the long-term objectives.

8.2.1.3 Integration Mechanisms

Question No. 17 in integration mechanisms asks if there is an opportunity for sales and marketing staff to transfer between departments and has a mean of 3.95 (SD = 1.73). This would indicate that there are few opportunities for sales and marketing staff to transfer between departments in the surveyed organisations. The transfer of staff between departments has been recommended by a number of writers including Moenaert and Souder (1990), Cespesdes (1993) and Mohrman (1993) as a tool to promote integration and collaboration. However, Woodward (1965) and Ruekert and Walker (1987) indicated that staff are often reluctant to perform out of role and if forced may become resentful, and conflict may result.

Question No. 18 asked if interdepartmental committees are set up to allow departments to engage in joint decision-making and has a mean of 3.74 (SD = 2.00), and question No. 19, which asks if there are temporary bodies set up to facilitate interdepartmental collaboration, has a mean of 2.91 (SD = 1.90). These findings contravene the recommendations of a number of writers (including Gupta *et al.*, 1986, 1987; Khan, 1996; Schultz, 1998) who suggest that organisations should use interpersonal and cross-functional communications to build integration (see Chapter 3). Question No. 20, which considers senior managers' responsibility towards coordination of sales and marketing, has a mean of 4.91 (SD = 1.69). This would indicate that the surveyed organisations believe that it is the responsibility of the management to coordinate the efforts of sales and marketing for specific projects, although the answers to the previous questions indicate that this is not a frequent occurrence.

8.2.1.4 Conflict of Interests

The responses from the organisations regarding conflict of interests has a mean of 2.67 (SD = 0.96), indicating that conflict between marketing and sales was low, but not totally eradicated. The literature review suggests that there is often a degree of conflict between sales and marketing that may be indicated by poor communication (Lorge, 1999), high levels of distrust and non-cooperation, and lack of cohesion (Rosenbloom and Anderson, 1984; Anderson, 1996; Shrahle *et al.*, 1996) (see Chapter 3). Ruekert and Walker (1987) noted that the differences between sales and marketing objectives could be a key contributor to this conflict.

8.2.1.5 Collaboration between Sales and Marketing

Collaboration between sales and marketing considers cross-functional teamwork and goal alignment. The mean is 5.31 (SD = 1.21), indicating that collaboration is prevalent in the sample organisations. There are many benefits to cross-functional teamwork according to Mohrmon (1993), including that it can allow staff to share their experience and perspectives, therefore avoiding the impression that sales and marketing are two separate organisational entities (Souder, 1988). The alignment of goals provides the opportunity for collaboration and integration. Brown *et al.* (1986) and Tjosvold (1988) observed that when employees from different groups are aware that they have similar goals they act in a more helpful and collaborative way. However, it is essential that senior management be involved in setting aligned goals (Mohrman, 1993; Khan, 1996). Hutt and Speh (1984) and Strahle *et al.* (1996) found that setting aligned goals for sales and marketing can be difficult in many organisations and may create conflict. It would appear that goal alignment and cross-functional working is a key element in building collaboration between sales and marketing, and the majority of the sample organisations were operating in a collaborative manner.

8.2.1.6 Market Intelligence

In market intelligence, question No. 33 asks how formal the organisation's approach is to gathering marketing information from sales. The mean was 3.69 (SD = 1.52), indicating that some organisations were not integrating sales into the collection of market intelligence in a formal manner. A number of writers identified that there are advantages in using the sales force to collect marketing information (Webster, 1965; Kotler and Levy, 1969; Olson *et al.*, 2001). Webster (1965) identified four advantages of using the sales force to collect market information: costs are low, they have established relationships with the customers, customers are more willing to discuss products with a sales person, and there is little additional effort needed to gather this information (see Chapter 2). The other items in this section, which ask about the frequency and use of information collected from sales and the dissemination of market intelligence, have a mean of 4.60 (SD = 1.11). This indicates that sales are involved in gathering market intelligence in an informal manner and that other market intelligence activities are taking place.

8.2.1.7 Marketing Planning

The research found that although some organisations are carrying out marketing planning, the mean score of 4.12 (SD = 1.66) would indicate that this is not a widespread activity. Corstjens and Corstjens (1999) found that a lack of cooperation between sales and marketing has the potential to damage the organisation's marketing activities and possibly the overall success of the firm. This low mean score for marketing planning was surprising as the mean for market orientation was relative high, and therefore in these organisations the importance placed on market intelligence should have been high. McKee *et al.* (1990), Simkin (2000b, 2002) and Slotegraaf and Dickson (2004) identified that marketing planning is a key activity to successful marketing.

8.2.1.8 Communications

Communications has a mean score of 4.90 (SD = 1.30). In an integrated company, communications would be expected to feature more highly. Armstrong *et al.* (1996) consider that frequent meetings should take place at least once a month and that teams should spend up to 30% of their time on cross-functional matters to improve collaboration. Ruekert and Walker (1987), Souder (1988) and Griffin and Hauser (1992) also identified that communication flows and meetings were key to developing collaboration and interaction. However, many of the sampled companies did not even meet once a quarter to discuss market trends and developments (question No. 42) (M = 5.23, SD = 1.91), although they appear to have regular communications between sales and marketing (question No. 41) (M = 4.66, SD = 1.66). Cespedes (1993) suggests that the development of informal liaison between sales and marketing experienced problems as the sales and marketing personnel thought that it was too time-consuming and treated the meetings as a 'secondary priority'. Child (1985) and Khan (1996) warned that developing too many meetings could be counterproductive and could duplicate effort.

8.2.1.9 Business Performance

The scale relating to business performance has a mean of 4.83 (SD = 0.90), which is higher than the median of the scale, but not significantly. The respondents appear to believe that the performance of the organisation could be improved, although the mean for the question (No. 52) relating to customer satisfaction compared to their major competition shows that the majority of the respondents believed they were performing as well as or better than their competitors (M =

5.66, SD = 1.14). Morgan and Turnell's (2003) research found that an improvement in customer satisfaction has led to improved market performance. Additionally there is "evidence from research to indicate that adequate integration is associated with superior performance of the organisation as a whole" (Child, 1985:122). Narver and Slater (1990) and Morgan and Turnell (2003) believed that the proper levels of interaction and collaboration allow the development of strong business performance. Krohmer *et al.* (2002) found that where senior managers succeed in improving cross-functional activities with the marketing function organisations experienced superior profit levels. Moenaert *et al.* (1994) and Griffin and Hauser (1996) observed that improvements in the communication between two functions have positive impacts on success.

8.2.1.10 Organisational Learning

Organisational learning has a mean of 5.64 (SD = 0.94), which is the highest mean overall. The majority of the organisations are indicating that they believe that learning is a key activity and critical to their sales and marketing success. Learning organisations are focused on creating superior value for customers (Slater and Narver, 1995). The "integration of departmental resources allows the organisation to pool its collective capabilities in order to create superior value for both current and potential customers" (Morgan and Turnell, 2003:260) and develop inter-functional coordination. Day (1994a) found that Senior Managers' support is required to spread information effectively and quickly throughout the organisation across departmental boundaries. Sujan *et al.* (1994) found that sales people's effectiveness depends on the development of a learning orientation. "It has been established that a learning organisation generates new knowledge which helps sustain its competitive advantage" (Loermans, 2002:292). As the learning processes are deeply embedded within the organisation, they are difficult for competitors to identify and imitate (Slater and Narver, 1994).

8.2.1.11 Cross-functional Training

Question No. 57 considers how frequently cross-functional training is offered to sales and marketing staff and has a mean of 3.67 (SD = 1.73), which is below the medium. This would indicate that there is very little cross-functional training between sales and marketing staff in the organisations surveyed. Martin and Powers (1989) suggested that cross-functional training should help to bridge the communications gap between marketing and sales staff and therefore should be encouraged.

8.2.2 Background Data

The following section discusses the data that will not be included in the statistical analysis. The literature review identified that these factors probably have an influence upon collaboration between sales and marketing, but this was not confirmed in the exploratory case studies. This data provides additional background information on the organisations sampled to provide a complete picture of their activities and views.

8.2.2.1 Training

The research into training showed that there is little training offered to sales and marketing staff within the organisations surveyed (see Table 8.8). Team building training occurs in some of the organisations, although this only happens once or twice a year. Although individual training is the most frequently occurring method of receiving training (M = 2.71, SD = 1.18), a good proportion of those organisations sampled offered training to marketing and sales staff together (M = 2.37, SD = 1.20). Moenaert and Souder (1990), Mohrmon (1993) and Kahn (1996) noted that training across functional groups could allow staff to share their experience and perspectives. "Education and training programs should help participants form ties and integrate activities across interdependent disciplines, functions, levels, and locations" (Cohen, 1993:203). The results suggest that there may be opportunities for building collaboration between marketing and sales through training and team building.

Table 8.8 Frequency and Type of Training Offered to Sales and Marketing Staff

	Mean	Standard Deviation	N	Scales
Do Sales and Marketing staff attend training courses				
Individually	2.71	1.18	146	1 = Not at all 5 = Frequently
Only sales staff	2.52	1.36	146	
Only marketing staff	2.12	1.08	146	
All sales and marketing staff together	2.37	1.20	146	
How frequently is Cross-functional Training offered to sales and marketing staff?	3.67	1.73	146	1 = Seldom, less than once a year 7 = Frequently, more than 5 times a year
How frequently do you offer Team Building training for sales and marketing staff?				
Sales	2.25	1.15	146	1 = Seldom, less than once a year 5 = Frequently, more than 5 times a year
Marketing	1.99	1.07	146	

8.2.2.2 Rewards

In a survey conducted by Marketing R£wards (2001) it was found that sales staff are often paid through commission or bonuses based on sales, while marketing staff are primarily salaried. The research found that the rewards that are offered to Sales and Marketing Managers/Directors are also dissimilar, with 28% of Marketing Managers on a salary compared to only 11% of Sales Managers. Alldredge *et al.* (1999) established that in many organisations sales and marketing staff are being pulled in two different directions by their reward systems. The research found that Sales Managers/Directors are predominately rewarded by some form of salary plus bonus/commission payment and that only 11% are on salary (see Table 8.9).

Table 8.9 Rewards for Sales Managers/Directors

	Number of cases	%
Salary	16	11
Salary and Commission	24	17
Salary and Bonus (based on sales success)	72	50
Salary and Bonus (based on company success)	6	4
Salary, Bonus and Commission	17	12
Commission only	1	1
Total number of cases	**146**	**100**

Ryans and Weinberg (1981) found that a heavy emphasis on bonus/commission based on sales could lead to an emphasis on short-term targets rather than long-term strategies. The research figures indicate that the average split between salary and bonus/commission was 80% salary and 20% bonus/commission. Strahle and Spiro (1986) and Strahle *et al.* (1996) have recommended that the sales person's bonus scheme should be linked to the marketing strategy. Although this may seem to be an accepted recommendation, there is little evidence to show that sales rewards are being linked to marketing strategy. The research found that 50% of organisations reward their Sales Manager/Director through a salary with a bonus based on sales success.

Table 8.10 Rewards for Marketing Managers/Directors

	Number of Cases	%
Salary	41	28
Salary plus Bonus based on Sales success	12	8
Salary plus Bonus based on Company success	67	46
Salary plus Bonus based on Marketing success	4	3
Salary plus Bonus bases on Sales, Marketing and Company success	8	5
Salary plus Bonus based on Sales and Company success	11	8
Salary plus Bonus based on Marketing and Company success	3	2
Total number of cases	**146**	**100**

Marketing staff on the other hand appear to receive a range of rewards. 28% of the sample receive salary only, and therefore their income is not directly affected by organisational performance (see Table 8.10); 61% receive a bonus based on company success, which may be outside the direct control of the Marketing Manager/Director; 21% receive rewards based on sales success, thereby aligning the rewards with those of the sales staff. The average split between salary and bonus for marketing staff is 90% for salary and 10% for bonus. Only 10% of the Marketing Managers in the sample received a bonus based on some kind of marketing success and none of the Sales Managers/Directors received a bonus based on marketing success. When considering integration between marketing and R&D. Souder and Chakrabarti (1978) and Gupta *et al.* (1987) found that a joint reward system was effective in aligning goals, as both groups felt a joint responsibility for the success or failure of the project. The reward systems currently being offered to Sales and Marketing Managers would appear to make it difficult for collaboration to be established between sales and marketing staff. If bonuses or commission schemes are based on sales, then staff may be focused on transactional selling rather than collaborative activities with marketing.

8.2.2.3 Organisational Structure

The literature review indicated that large companies tended to separate their sales and marketing activities. Cox (1993) found that 55% of his sample of large companies had separate sales and marketing activities. This research found that 57% of the sample had separate sales and marketing activities (see Table 8.11).

Table 8.11 Sales and Marketing Structure

	No. of Organisations	% of Organisations
Joint Dept.	63	43
Two Separate Depts.	83	57
N = 146		

The results show that organisations with a turnover between £11 million and £20 million were equally likely to have joint or separate sales and marketing departments. Organisations with a turnover between £21 million and £50 million were more likely to have separate sales and marketing departments (51%), while 81% of organisations with more than £50 million turnover had separate sales and marketing departments. Therefore the larger the organisations, the more likely they are to have separate sales and marketing departments.

The location of the sales and marketing departments was considered to be an issue as the marketing and R&D literature found that physical proximity may promote integration and collaboration (Gupta *et al.,* 1987). Griffin and Hauser (1996:197) stated that "Separation decreases chance meetings, serendipitous information transfer or problem clarification in the halls or around the coffee machine. Long distances between groups make face-to-face communication inconvenient, leading to decision-making delays." The research found that 40% of sales and marketing staff were located in the same office and therefore should experience few barriers to communication, while a further 42% were located in the same building but not the same office (see Table 8.12).

Table 8.12 Location of Sales and Marketing Departments

	No. of Organisations	% of Organisations
In Separate Buildings	26	18
In the Same Office	59	40
In the Same Buildings	61	42
N = 146		

When considering the antecedents and consequences of market orientation, Jaworski and Kohli (1993) identified that physical proximity was important to inter-functional cooperation. Eighteen per cent of the sample located their sales and marketing departments in different buildings and therefore could be experiencing communication and inter-functional cooperation difficulties that would need to be overcome using communications tools (e.g. e-mails, intranet and teleconferencing) and other integrative processes (Handy, 1995).

8.3 Summated Scales and Scale Reliability

The objective of using summated scales in this study was to test reliability by combining several variables that measure the same concept into a single scale. According to Hair *et al.* (1998:116–117), summated scales provide "a means of overcoming to some extent the measurement error inherent in all measured variables … . A second benefit of the summated scale is its ability to represent the multiple aspects of a concept in a single measure." The reduction of multiple variables into a smaller number of measures increases reliability and assists in the evaluation of the findings. Principal component analysis also reduces the number of variables in a complex data set by identifying common underlying dimensions and was therefore employed. Principal component analysis produces new scales that contain uncorrelated items (Hair *et al.*, 1998; Tabachnick and Fidell, 2001; Everitt, 2002). When principal component analysis was applied to the research, three new scales were produced: management variables, organisational variables and conflict of interests. Management variables included measures that were known as management attitudes towards coordination, communication, market intelligence, marketing planning, cross-functional training and integration mechanism. Organisational variables were made up of the measures market orientation and organisational learning, while conflict of interests remained unchanged. When the analysis had been completed and the new scales reviewed, it was found that the measures that made up the new scales had little relationship to each other, and when analysed using correlation and regression provided no additional information. Therefore, the scales developed using principal component analysis have not been retained.

Table 8.13 Mean, Standard Deviation and Coefficient Alpha Based on Revised Scales

	Number of Items	Number of Items retained	Coefficient Alpha	Mean	Standard Deviation	N
Market Orientation	14	14	0.84	5.14	0.74	146
Management Attitudes towards Coordination	3	2	0.85	4.91	1.37	146
Integration Mechanisms	4	2	0.68	3.32	1.70	146
Conflict of Interests	7	7	0.73	2.67	0.96	146
Market Intelligence	7	7	0.84	4.60	1.11	146
Marketing Planning	1	1	N/A	4.12	1.66	146
Communications	4	3	0.83	4.60	1.10	146
Organisation Learning	4	3	0.86	5.62	0.98	146
Cross-functional Training	1	1	N/A	3.67	1.73	146
Collaboration between Sales and Marketing	5	2	0.78	5.31	1.21	146
Business Performance	8	6	0.86	4.66	1.08	146

The table above shows the revised aggregated scales (see Table 8.13). Two of the scales use single items of measurement (Marketing Planning and Cross-functional Training) as no existing measures were found. However, there are examples of reliable research that have used single-item scales (e.g. Cravens *et al.*, 1993; Moenaert *et al.*, 1994; Kahn, 1996). Reliability of the multi-item scales was tested using the Cronbach alpha, which has been widely used in marketing research.

"The Cronbach alpha coefficient is a commonly used test of internal reliability [of scale]" (Bryman, 2001:71) and provides a measurement between 0 and 1. Although the scale for integration mechanisms scored a low, but acceptable (Everitt, 2002), coefficient alpha of 0.68 it has been retained for analysis as it is a key measure that was identified by both the literature (e.g. Leenders *et al.,* 1994; Souder, 1988) and the case study analysis.

Table 8.14 Items Removed from Scales

Scale	Items Removed
Integration Mechanisms	No. 17 There is an opportunity for sales and marketing staff to transfer between departments.
	No. 20 Senior managers have responsibility to coordinate the efforts of sales and marketing for a specific project.
Collaboration between Sales and Marketing	No. 28 Cross-functional teamwork is a common way of working within sales and marketing.
	No. 29 Sales and marketing are committed to sharing their vision with each other.
	No. 30 There is agreement between sales and marketing of our organisational vision.
Communications	No. 41 Please indicate the frequency with which sales and marketing communicate with each other.
Business Performance	No. 51 Compared to your organisation's objectives, how well has your organisation performed with regard to customer satisfaction?
	No. 52 Compared to a major competitor, how well does your organisation perform concerning customer satisfaction?
Organisation Learning	No. 53 We believe that employee learning is an investment not an expense.

The majority of the measures were selected because they have been previously tested and validated by other research (see Table 8.7), and had all produced positive results. The exceptions were marketing planning, cross-functional training and management attitudes towards coordination. To measure these elements, scales were specifically devised and were tested for content validity by managers and academics (see Chapter 4). Even though the majority of the scales had been validated by other research, nine items were not retained as their exclusion strengthened the Cronbach alpha test (see Table 8.14).

8.4 Correlation

Correlation measures the linear relationship between variables (Field, 2003). The table included averaged scales to construct the correlated scales. The relationship between the variables was measured using Pearson's correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity had occurred. Kline (1998:96) noted, "'correlation does not imply causation', ... although a substantial correlation could indicate a causal relation". Therefore, although there might be some variables that are highly correlated, this does not guarantee causality. The following analysis uses the literature to support propositions and correlation statistics. The table below shows the guide used to determine the strength of the correlation between the variables.

Table 8.15 Determining the Strength of the Relationship within Correlation

r = .10 to .29 or r = –.10 to –.29	Small
r = .30 to .49 or r = –.30 to –.49	Medium
r = .50 to 1.00 or r = –.50 to –1.00	Large

Source: Adapted from Pallant (2004:120) SPSS Survival Guide

8.4.1 Findings and Analysis

The table below shows the correlations found between the independent variables. Nine variables have a high level of correlation and five variables have non-significant correlations (see Table 8.16). Conflict of interests is the only variable that displays a negative correlation between the variables, so as conflict increases, the measures of the other variables decrease. Weitz and Bradford (1999:244) define conflict as "the behaviours or feelings that one or both of the parties have when the other party has the potential to or actually obstructs, interferes with, or makes less effective a party's behaviours associated with reaching their goals in a relationship". The tables indicated there were six other variables that correlated with conflict of interests and four variables that did not correlate with conflict of interests. The latter were marketing planning, integration mechanisms, organisational learning and cross-functional training, all of which had a significance level of less that 0.05 and were therefore not included in the correlation table.

8.4.1.1 Conflict of Interests

Conflict of interests displayed a high negative correlation with collaboration between sales and marketing ($r = -.542$). Brown *et al.* (1986) found in their study that the greater the perceived conflict between the groups, the greater the polarisation was in the inter-group attitudes. Therefore, as levels of conflict increase between sales and marketing, the levels of team-working and collaboration decrease and the level of integration will fall. Conflict of interests displayed medium negative correlation with management attitudes towards coordination ($r = -.440$). Gupta *et al.* (1985) noted that senior management support is needed to create integration and reduce conflict. Therefore, management can play a positive role in reducing conflict between departments. Lawrence and Lorsch (1967/1972), Hutt and Speh (1984) and Ruekert and Walker (1987) observed that a key source of inter-functional conflict may be caused by differences in the short-term objectives between departments. In particular, management should participate through supporting goal alignment and ensuring that activities are coordinated. Mohrmon (1993) indicated that the alignment of objectives by senior management would help to reduce conflict.

The research indicates that there is a negative relationship between conflict of interests and market orientation ($r = -.369$), which supports research by Jaworski and Kohli (1993) that found that interdepartmental conflict appears to reduce market orientation. Communication and conflict of interests were also negatively correlated ($r = -.287$). Ruekert and Walker (1987:15) suggest "conflict and poor communication are likely to have a negative effect on the co-ordination and co-operation". When groups are not communicating conflict can increase as a lack of understanding of perspectives may lead to discord and disagreements. Gupta *et al.* (1985), Souder (1988) and Labianca *et al.* (1998) noted that frequent misunderstandings and conflict were found in organisations with a low frequency of meetings. Finally, conflict of interests is negatively correlated against market intelligence ($r = -.352$), which may indicate that there is a causal relationship between the collection and dissemination of market intelligence and the level of conflict between marketing and sales. A process of creating market intelligence relies on sales staff facilitating the flow of information to their colleagues (Bass, 1997). Conflict could be a barrier to sharing information as functional areas may

Table 8.16 Correlation Table Using Revised Scales

	Market Orientation	Management Attitude towards Coordination	Integration Mechanisms	Conflict of Interests	Market Intelligence	Marketing Planning	Communications	Organisation Learning	Cross - functional Training	Collaboration between Sales and Marketing	Business Performance
Market Orientation	1.00										
Management Attitudes towards Coordination	.523**	1.00									
Integration Mechanisms	.286**	.409**	1.00								
Conflict of Interests	–.369**	–.440**	—	1.00							
Market Intelligence	.631**	.499**	.248**	–.352**	1.00						
Marketing Planning	.394**	.347**	.474**	—	.384**	1.00					
Communications	.455**	.452**	.474**	–.287**	.501**	.451**	1.00				
Organisation Learning	.321**	.182*	—	—	.342**	.280**	.175*	1.00			
Cross-functional Training	.243**	.284**	.345**	—	.219**	.368**	.220**	.323**	1.00		
Collaboration between Sales and Marketing	.561**	.599**	.306**	–.542**	.581**	.362**	.503**	.296**	.165*	1.00	
Business Performance	.504**	.336**	.235**	–.282**	.392**	.432**	.401**	.243**	.169*	.467**	1.00

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
N = 146

retain any information that they believe may give them an advantage over another functional group.

8.4.1.2 Collaboration between Sales and Marketing

A high level of correlation was found in the research between collaboration between sales and marketing and management attitudes towards coordination (r = .599). Collaboration between sales and marketing (Model 1) is the dependent variable for the multiple regression analysis. Child (1985) and Gupta *et al.* (1985, 1986, 1987) found that senior management should play an important part in integration. Gupta *et al.* (1985) identified that lack of senior management support for integration was a barrier to integration. Mohrmon (1993) and Labianca *et al.* (1998) found that the responsibility for creating conditions for integration lies with senior management. The high correlation between collaboration between sales and marketing and management attitudes towards coordination indicates that without management support collaboration would be severely reduced.

Collaboration between sales and marketing was highly correlated with four other variables: market intelligence (r = .581), market orientation (r = .561), conflict of interests (r = –.542, negative correlation) and communications (r = .503). The research has found that collaboration between sales and marketing is important to cross-functional integration between sales and marketing. Functional managers need to understand that they are on the same team and should cooperate to achieve organisational objectives and share information (Rosenbloom and Anderson, 1984). Cespedes (1994) and Cravens (1998) also recommended that the development of integrated functional teams relies on information-sharing and close cooperation in achieving organisational objectives. One of the key functions of market orientation is that staff have to operate inter-functionally and this view is supported by Narver and Slater (1990) and Kohli and Jaworski (1990). Therefore, market orientation may be strengthened by strong collaboration between sales and marketing. Market orientation requires the organisation to focus on the customer's needs and cooperate to meet those needs. Beer *et al.* (1990) found that coordination or teamwork is necessary to identify and act on new opportunities, particularly in competitive environments.

There is also a high correlation between collaboration between sales and marketing and market intelligence (r = .581), which reflects the need to operate as a team to share market information between the sales and marketing functions. Poor teamwork could reduce their motivation and ability to share information. Moenaert and Souder (1990) observed that the setting up of information networks between departments might facilitate positive information transfers. Collaboration between sales and marketing was also highly correlated with communications (r = .503) and several writers have highlighted the importance of effective communication in developing collaboration between sales and marketing (Mohrman, 1993; Armstrong *et al.*, 1996; Khan, 1996; Shapiro, 1988). Effective communication may take the form of formal communications (e.g. meetings and teleconferencing) or informal communications (e.g. coffee-room chats and telephone conversations). Leenders *et al.* (1994) suggest that integration can be improved through structures (such as project teams, task forces and steering committees), communication tools (like personal meetings, e-mails and teleconferencing) and human resource management using systems that include job rotation and experience planning.

Collaboration between sales and marketing gained medium correlations with marketing planning (r = .362) and integration mechanisms (r = .306), and a low correlation with organisational learning (r = .296) and cross-functional training (r = .165). Cross-functional training would appear to have little impact on integration. However, according to the respondents in the research, the level of cross-functional training between sales and marketing is very infrequent and therefore this finding may not be significant. The medium correlation between integration mechanisms and collaboration between sales and marketing was initially a surprise as it was expected to correlate highly. Khan (1996) said that interdepartmental integration is promoted through the use of initiatives and mechanisms to build collaboration and interaction. However, several writers (Ruekert and Walker, 1987; Cespedes, 1993; Labianca *et al.*, 1998) have indicated that too many integration mechanisms may overburden managers and therefore impede integration. Further, a strong collaboration between sales and marketing does not necessarily require the support of integration mechanisms. The creation of cross-functional teams is not a pre-requisite to the formation of formal and informal integrating roles, such as liaisons or project management, as these can be used whether or not there is a team structure in place (Mohrman, 1993).

8.4.1.3 Market Orientation

Market orientation displayed high correlations with four other variables: market intelligence (r = .631), management attitudes towards coordination (r = .523), collaboration between sales and marketing (r = .561) and business performance (r = .504). The relationship between market orientation with management attitudes towards coordination and collaboration between sales and marketing has been discussed above, but the relationship between market orientation and business performance is particularly important. Jaworski and Kohli (1993), Slater and Narver (2000) and Morgan and Turnell (2003) found that market orientation is positively associated with improved performance, and the linkage appears to be robust across environmental contexts. The research supports the contention that market-orientated organisations will have improved business performance. More recent research by Pulendran *et al.* (2003:492) also found that there was a significant relationship between market orientation and business performance, and they noted that "marketing planning quality was a significant predictor of market orientation". Market orientation and market intelligence were expected to display a high correlation, as part of the measure for market orientation considers information sharing. Jaworski and Kohli (1993:53) identified that "market orientation refers to the organization-wide generation of market intelligence, dissemination of the intelligence across departments, and organization-wide responsiveness to it". Also Day (1994b:43) stated: "Every discussion of market orientation emphasizes the ability of the firm to learn about customers, competitors, and channel member in order to continuously sense and act on events and trends in present and prospective markets."

There was a low correlation between market orientation and integration mechanisms ($r = .286$) and cross-functional training ($r = .243$). The results were disappointing as they indicate that integration mechanisms play little part in market orientation, especially as Cravens (1998) felt that in market-orientated organisations marketers should help to develop inter-functional teams to create shared visions about the markets and future activities. However, the results from the descriptive statistics show that few of the organisations surveyed had established integration mechanisms (M = 2.61, SD = 0.96, see Table 8.7), which may have some impact on the organisations' level of correlation with other variables. Cross-functional training was also expected to have a higher correlation with market orientation, especially as Siguaw *et al.* (1994) found that a customer-orientated philosophy could be instilled in staff through training.

Market orientation displays a medium level of correlation with communication (r = .455), marketing planning (r = .394) and organisational learning (r = .321), and a negative correlation with conflict of interests (r = –.369). It was expected that significant relationships would be found between communication and market orientation, as communication between departments plays a key role in facilitating a market orientation. Menon *et al.* (1996) found that improvements in interdepartmental relations could enhance the formulation of strategy and reduce conflict. Departments will need to share information to be able to react to both competitors' activities and customers' needs (Schultz, 1998; Galbraith, 2002). The low relationship between market orientation and marketing planning was disappointing as active marketing planning was expected to strengthen market orientation, and market orientation is highly correlated with business performance. Simkin (2000a, 2002) indicated that poor marketing planning can damage market orientation and that marketing activities should be strategic rather than tactical.

8.4.1.4 Cross-functional Training

The variable that displayed the least correlation with the other variables was cross-functional training. However, cross-functional training did correlate with marketing planning (r = .368), organisational learning (r = .323) and integration mechanisms (r = .345) but, as stated previously, the research found very little evidence of cross-functional training between marketing and sales occurring in the organisations surveyed (see Chapter 3). There is an obvious link between general training and marketing planning as training may be required to develop the skills that allow marketing planning to be carried out effectively. In addition, organisational learning needs a supportive environment to operate within, which may initially be created through training and cross-functional training in particular. Buchanan and Huczynski (1997) identified that training helps in establishing the cultural attitudes, values and believes of the organisation. The relationship between integration mechanisms and cross-functional training has been explored in literature. Mohrman (1993) found that integration mechanisms could range from formal to informal processes that create the background of integrative behaviour. "Education and training programs should help participants form ties and integrate activities across interdependent disciplines, functions, levels, and locations" (Cohen, 1993:203). In 1989, Martin and Powers suggested that cross-functional training should help to bridge the communications gap between marketing and sales. However, there is little evidence from the research that cross-functional training is taking place. Cross-functional training displayed a low level of correlation against other variables (management attitudes towards collaboration, r = .284 and communications, r = .220) except conflict of interests, which was no significant correlation.

8.4.1.5 Integration Mechanisms

Although integration mechanisms did not correlate highly with any other variable, there was a significant correlation with communication (r = .474) and marketing planning (r = .451). This would indicate that the organisations surveyed did not place high importance on establishing integration mechanisms, although the literature found that this was important to achieving integration. Cespedes (1994) believed that the development of linking mechanisms is key to establishing integration as without them departmental staff can been seen as meddling in the other groups' business without understanding the trade-offs involved. Child (1985), Leenders *et al.* (1994) and Krohmer *et al.* (2002) suggest that integration can be improved through structures, communication tools and human resource management, e.g. job rotation. In addition, Mohrmon (1993) said that integration is unable to be fully effective if these processes are not in place. A significant relationship between communications and integration mechanisms was not unexpected, as effective communications are required to facilitate interdepartmental cooperation (Moenaert *et al.*, 1994).

8.4.1.6 Market Intelligence

Market intelligence displayed a high correlation with a number of other variables. Apart from market orientation (r = .631) and collaboration between sales and marketing (r = 581, see 8.4.1.3), market intelligence had a high correlation with communications (r = .501). A high correlation was expected between market intelligence and communications as they both consider the sharing of information between the sales and marketing functions (Schultz, 1998). Marketing information needs to be integrated and disseminated across departments to achieve effective use of the information and facilitate the organisation's adaptation to changing environments (Wood and Tandon, 1994).

In many cases this market information is available within organisations, but the organisation's structure may fail to facilitate prompt and meaningful marketing information exchange (Evans and Schlacter, 1985). Consequently, if communication is not occurring between marketing and sales, marketing information can be lost. Market intelligence had high-medium correlation with management attitudes towards coordination (r = .499). Management attitudes towards coordination considers the alignment of sales and marketing activities and goals, and market intelligence is about supplying the information to achieve these goals. Souder (1988) and Kahn (1996) highlight the importance of aligning goals to improve integration. Blake *et al.* (1968) found that inter-group conflict could be reduced if the group members can perceive common or superordinate goals. There is medium correlation with all other variables except for market intelligence and integration mechanisms (r = .284) and cross-functional training (r = .219), which were low.

8.4.1.7 Organisational Learning

According to Loermans (2002), an organisation can only be called a learning organisation if individual or team knowledge is captured and systemised to the benefit of the whole organisation. Organisational learning displayed medium or low levels of correlation with the other variables, which was surprising as higher correlation was expected with collaboration between sales and marketing, market orientation and market intelligence, as they require information sharing across functional boundaries. Organisational learning had medium correlation with market intelligence (r = .342), cross-functional training (r = .323) and market orientation (r = .321). The "integration of departmental resources allows the organisation to pool its collective capabilities in order to create superior value for both current and potential customers" and develop inter-functional coordination (Morgan and Turnell, 2003:260).

There was a low correlation between organisational learning and business performance (r = .321), collaboration between sales and marketing (r = .296), management attitudes towards coordination (r = .182) and communications (r = .175). Again, this was a disappointing result as literature indicated that there should be a higher correlation between these variables. For example, Slater and Narver (1995) found that the creation of organisational learning should include information dissemination and the effective sharing of the interpretation of that information. There was no significant correlation between organisational learning and integrations mechanisms or conflict of interests.

8.4.1.8 Management Attitudes towards Coordination

One key variable that was identified in the research as being important to collaboration was management attitudes towards coordination. As discussed previously, management attitudes towards coordination has a high correlation with collaboration between sales and marketing (r = .599). To enable cross-functional teams work, "senior managers must ensure that the right structures, roles and leadership are in place ... building strong teams rather than strong functions becomes the critical senior management goal" (George *et al.*, 1994:58). Jaworski and Kohli (1993) and Slater and Narver (1994) noted that senior management plays a key role in strategy formation and they need to ensure that this is communicated across all functional groups. There is also a significant correlation between management attitudes towards coordination and communications (r =

.452). Gupta *et al.* (1985) identified that one of the barriers to integration is poor communications. Once aligned goals have been set by senior management, communication is required to allow the interplay between departments and to strengthen team focus. Souder (1988) believes that senior management may facilitate good communications between departments. There are also medium correlations between management attitudes towards coordination and integration mechanisms (r = .409). Kahn (1996) found that collaboration could be built on *esprit de corps* across the two departments, with the senior management uniting departmental goals. Integration mechanisms are another way of allowing coordination to take place and will only be implemented with management's backing.

8.4.1.9 Marketing Planning

Marketing planning does not have a high correlation with any other variable, but there appears to be a significant relationship between marketing planning and integration mechanisms (r = .474) and business performance (r = .432). The relationship between marketing planning and business performance is supported by McKee *et al.* (1990) and Simkin (2000b, 2002). Slotegraaf and Dickson (2004) also found a positive relationship between these two variables, although Pulendran *et al.* (2003) found that the relationship is actually value-neutral and the positive effects on business performance are probably indirect. Marketing planning is positively correlated to market orientation and it is this variable that has a high correlation to business performance. Marketing planning also displays a medium correlation with communications (r = .451), market intelligence (r = .384) and management attitudes towards coordination (r = .347). A link was expected between these variables as strong marketing planning is likely to involve gathering market intelligence and good communications between the sales and marketing functions to optimise the planning process and the support of management. McDonald (2002:507) indicated that the best marketing plans emerge from an inclusive process that is "based on a deep understanding of the organisation's asset base and capabilities" and create superior value for the consumer. A low correlation was found between marketing planning and organisational learning (r = .280). All other variables have been previously discussed.

8.4.1.10 Communications

Communications is an important variable that correlates highly with collaboration between sales and marketing (r = .503) and market intelligence (r = .501), both of which relationships have been discussed previously. Communications also has a medium correlation with integration mechanisms (r = .474), market orientation (r = .455), management attitudes towards coordination (r = .452) and business performance (r = .401). Effective communications is a vital element of collaboration and therefore influences many of the other variables. All of these relationships are discussed above (or below). Communications also has a low correlation with conflict of interests (r = –.287), cross-functional training (r = .220) and organisational learning (r = .175).

8.4.1.11 Business Performance

Business performance is the dependent variable in the multiple regression in Model 2. Business performance displays high correlation with market orientation (r = .504). Morgan and Turnell (2003) found that customer orientation and competitor orientation were both positively related to improved market performance (as discussed above). Business performance had a medium correlation with collaboration between sales and marketing (r = .467), communications (r = .401), market intelligence (r = .392) and management attitudes towards coordination (r = .336). Several writers have considered the importance of the relationship between collaboration and business performance. Lawrence and Lorsch (1967/1972, 1967), Ruekert and Walker (1987) and Krohmer *et al.* (2002) found that collaboration led to improvements in performance. Drucker (1955/1969) and Woodward (1965) argued that there is a clear link between management attitudes towards coordination (e.g. aligning goals) and improved performance. The development and communication of good market intelligence throughout the organisations is likely to lead to improved customer focus and therefore improved business performance. Proctor and Kitchen (2002) found that marketing activities are an ongoing necessity to successful organisations and improved business performance. Business performance had a low correlation with conflict of interests (r = –.282), integration mechanisms (r = .235) and cross-functional training (r = .169) indicating that these variables do not have such a strong impact on business performance.

8.5 Multiple Regression

A multiple regression analysis was performed between the variables to identify the important relationships. Collaboration between sales and marketing was the dependent variable in Model 1 and business performance was the dependent variable in Model 2. These dependent variables were compared to all the independent variables. The analysis was performed using SPSS regression, by inserting and removing independent variables individually. The data was tested for outliers, normality, linearity, and homoscedasticity of residuals. No outliers were found, no cases had missing data and the total number of cases (N) numbered 146. It was found that only management attitudes towards coordination, conflict of interests, market intelligence, organisational learning and communications had any relationship with collaboration between sales and marketing. Table 8.17 presents the multiple regression statistics in two ways – the first part presents the statistics from the regression analysis (Direct Effect on Dependence Variables) and the second part shows the changes in the statistics (Summary of Hierarchical Regression, Analysis of Variables – R^2, F, and Sig F).

The four independent variables that did not have any impact upon collaboration between sales and marketing were integration mechanisms, cross-functional training, marketing planning and market orientation. These findings suggested that a new framework should be developed. This section will consider the relationship between the five independent variables identified through multiple regression that have a relationship with collaboration between sales and marketing. Then collaboration between sales and marketing relationship with business performance will be examined. The relationship between the independent variables and market orientation and marketing planning will be explored and finally market orientation and marketing planning's relationship with business performance will be discussed.

Table 8.17 Multiple Regression Using Revised Scales

Direct Effect on Dependence Variables									
Dependent	**Independent**	**B**	***Beta***	**R**	**Adjusted R^2**	**F**	**Sig. of F**	**t**	***p***
Collaboration between Sales and Marketing	Management Attitudes towards Coordination	.232	.260	.753	.551	36.636	.000	3.713	.000
	Conflict of Interests	–.376	–.298					–4.711	.000
	Market Intelligence	.226	.216					2.983	.003
	Communication	.141	.168					2.517	.013
	Organisational Learning	.165	.133					2.240	.027

Summary of Hierarchical Regression, Analysis of Variables					
Dependent	**Independent**	**Adjusted R^2**	**R^2 Change**	**F Change**	**Sig. F Change**
Collaboration between Sales and Marketing	Management Attitudes towards Coordination	.355	.359	80.670	.000
	Conflict of Interests	.447	.096	25.197	.000
	Market Intelligence	.522	.076	23.141	.000
	Communication	.539	.020	6.237	.014
	Organisational Learning	.551	.016	5.016	.027

Direct Effect on Dependence Variables

Dependent	Independent	B	*Beta*	R	Adjusted R^2	F	Sig. of F	t	*p*
Market Orientation	Market Intelligence	.265	.417	.691	.467	43.338	.000	5.447	.000
	Management Attitudes towards Coordination	.105	.193					2.482	.014
	Collaboration between Sales and Marketing	.124	.203					2.448	.016

Summary of Hierarchical Regression, Analysis of Variables

Dependent	Independent	Adjusted R^2	R^2 Change	F Change	Sig. F Change
Market Orientation	Market Intelligence	.268	.273	54.148	.000
	Management Attitudes towards Coordination	.448	.183	48.008	.000
	Collaboration between Sales and Marketing	.467	.022	5.995	.016

Direct Effect on Dependence Variables

Dependent	Independent	B	*Beta*	R	Adjusted R^2	F	Sig. of F	t	*p*
Marketing Planning	Market Orientation	.406	.181	.597	.338	19.940	.000	2.345	.020
	Communications	.233	.204					2.456	.015
	Cross-functional Training	.181	.189					2.594	.010
	Integration Mechanisms	.305	.260					3.253	.001

Summary of Hierarchical Regression, Analysis of Variables

Dependent	Independent	Adjusted R^2	R^2 Change	F Change	Sig. F Change
Marketing Planning	Market Orientation	.149	.155	26.422	.000
	Communications	.238	.093	17.723	.000
	Cross-functional Training	.293	.048	12.206	.001
	Integration Mechanisms	.338	.028	10.582	.001

Direct Effect on Dependence Variables

Dependent	Independent	B	*Beta*	R	Adjusted R^2	F	Sig. of F	t	*p*
Business Performance	Collaboration between Sales and Marketing	.416	.467	.467	.213	37.057	.000	6.339	.000

Direct Effect on Dependence Variables

Dependent	Independent	B	*Beta*	R	Adjusted R^2	F	Sig. of F	t	*p*
Business Performance	Market Orientation	.738	.504	.504	.249	49.142	.000	7.010	.000
Business Performance	Marketing Planning	.282	.432	.432	.181	33.121	.000	5.755	.000
Business Performance	Market Orientation	.518	.354	.543	.294	31.220	.000	4.198	.000
	Collaboration between Sales and Marketing	.239	.269					3.189	.002
Business Performance	Collaboration between Sales and Marketing	.318	.357	.541	.288	30.354	.000	4.755	.000
	Marketing Planning	.194	.303					4.033	.000
Business Performance	Market Orientation	.579	.395	.565	.310	33.514	.000	5.268	.000
	Marketing Planning	.180	.277					3.686	.000

Direct Effect on Dependence Variables

Dependent	Independent	B	*Beta*	R	Adjusted R^2	F	Sig. of F	t	*p*
Business Performance	Market Orientation	.420	.287	.592	.337	25.597	.000	3.404	.001
	Marketing Planning	.157	.240					3.208	.002
	Collaboration between Sales and Marketing	.195	.219					2.639	.009

Summary of Hierarchical Regression, Analysis of Variables

Dependent	Independent	Adjusted R^2	R^2 Change	F Change	Sig. F Change
Business Performance	Market Orientation	.249	.254	49.142	.000
	Marketing Planning	.310	.065	13.589	.000
	Collaboration between Sales and Marketing	.337	.032	6.967	.009

8.5.1 Collaboration between Sales and Marketing

The regression analysis demonstrates a strong relationship between a number of independent variables (management attitudes towards coordination, conflict of interests, market intelligence, organisational learning and communication) and collaboration between sales and marketing. Collaboration between sales and marketing has an Adjusted R^2 value of .551, $F (5,140) = 36.636$ and $p <0.001$ (see Table 8.17), which indicates that these independent variables explain 55% of the variability of value of collaboration between sales and marketing. If these variables were the only contributors to collaboration between sales and marketing then the R values would have been 1.00. The remaining 45% of the variability of the values would be made up of variables that were not measured by this model. Table 8.17 shows the five-step regression analysis with collaboration between sales and marketing as the dependent variable. The variable of management attitudes towards coordination has the strongest F change of 80.670 and therefore has the greatest influence on collaboration between sales and marketing. Organisational learning demonstrates the least significant influence on collaboration between sales and marketing with an F change of 5.016.

There are some reservations about the direction of the relationship between market intelligence and collaboration between sales and marketing, as collaboration between sales and marketing may be an antecedent of market intelligence. To be efficient market intelligence relies on groups working together and sharing information. Therefore, there may be a bidirectional relationship between market intelligence and collaboration between sales and marketing. The five independent variables tested provide a significant positive predictor of collaboration between sales and marketing. It should also be noted that conflict of interests has a negative relationship with collaboration between sales and marketing (e.g. if conflict of interests increases, collaboration between sales and marketing decreases).

8.5.2 Market Orientation

The regression also highlighted a possible statistical relationship between market intelligence, management attitudes towards coordination and collaboration between sales and marketing and market orientation, with an Adjusted R^2 of .467, with an $F(3,142) = 43.338$ and a $p < .001$. A relationship between collaboration between sales and marketing and market orientation was indicated so that an improvement in collaboration between sales and marketing could lead to an improvement in market orientation. The regression analysis shows that by adding collaboration between sales and marketing to the other two independent variables the Adjusted R^2 changes from .448 to .467, with a sig. F change of 0.16. This suggests that the level of collaboration between sales and marketing may contain information about market orientation that has not been captured elsewhere in the model.

8.5.3 Marketing Planning

Marketing planning was found to have a statistical relationship with four other variables: integration mechanisms, market orientation, cross-functional training and communications (Adjusted $R^2 = .338$, with an $F(4,141) = 19.940$ and a $p < .001$). The only variable that integration mechanisms and cross-functional training have any impact upon was marketing planning, and therefore this became a dependent variable to allow an analysis of the relationship between these variables and marketing planning. Communications is an antecedent of marketing planning, as well as being an antecedent of collaboration between sales and marketing. Market orientation has an influence upon marketing planning and has a significant impact upon it with an Adjusted $R^2 = .149$ and an F Change of 26.422. Therefore, an indirect relationship exists from collaboration between sales and marketing, through market orientation to marketing planning and finally to business performance.

8.5.4 Business Performance

A regression analysis was then performed between collaboration between sales and marketing and business performance (Dependent Variable 2). It was discovered that there was a relationship of Adjusted $R^2 = .213$, with an $F(1,144) = 37.057$ and $p < .001$. Initially a higher relationship between these two variables was anticipated but, on reflection, a 21.3% explanation of business performance by collaboration between sales and marketing should be considered significant, as this model did not measure other variables that may contribute to creating improvements in business performance. Currently there is no other research into sales and marketing collaboration with which to compare these results.

Through the multiple regression analysis, it has been identified that market orientation and marketing planning also have a strong relationship with business performance. The Adjusted R^2 value is .310, with an $F(2,143) = 33.514$ and $p < .001$. A recent research paper (Sin *et al.*, 2005) that considered the relationship between market orientation and business performance in manufacturing organisations found an R^2 value of .250. The results from the survey showed that market orientation and business performance had an Adjusted R^2 value of .249 ($R^2 = .254$) with an $F(1,144) = 49.142$ and $p < .001$. This would suggest that the research finding is consistent when comparing results on business performance with market orientation in similar field of study.

Pulendran *et al.* (2003:492) carried out research into the interrelationship between marketing planning quality, market orientation and business performance, and found that "the impact of marketing planning quality on business performance is indirect rather than direct ... [but that] marketing planning quality was a significant predictor of market orientation" (Adjusted R^2 .13). Our research results found that marketing planning had a more direct impact upon business performance than in Pulendran *et al.* (2003) as the results showed an Adjusted R^2 value of .181 (with an $F(1,144) = 33.121$ and $p < .001$). It should be noted, however, that these two studies were not identical and used different measures. The results therefore confirm that there is an indirect relationship between these variables (market orientation, communication, cross-functional training and integration mechanisms) and business performance through marketing planning, but if 19% of successful marketing planning may be attributed to these four variables then 81% may be made up of other factors. As identified by Simkin (2000b), an organisation needs an effective infrastructure to carry out marketing planning, which may include the involvement of other departments, corporate objectives, analytical tools and budget setting[5]. Therefore, marketing planning is a cross-functional activity that requires the development of supporting processes before it can be effectively implemented. It should be noted that, according to these results, collaboration between sales and marketing has no direct relationship upon marketing planning but does have an indirect relationship through market orientation.

[5] See McDonald, M. (2002) Marketing Plans. 5th edn for a further discussion of factors affecting marketing planning.

8.5.5 Multiple Regression Summary Findings

The multiple regression analysis tested the relationship between the independent variables and collaboration between sales and marketing. The analysis showed that not all of the variables had a direct relationship with collaboration between sales and marketing, but that five variables (management attitude towards coordination, conflict of interests, market intelligence, organisational learning, and communications) contribute 55.1% variability of value to collaboration between sales and marketing. Two of the independent variables, marketing planning and market orientation, were found to be dependent variables in their own right. The research found that the remaining independent variables (cross-functional training and integration mechanisms) have no impact on collaboration between sales and marketing.

The multiple regression analysis demonstrates that there is a relationship between collaboration between sales and marketing and business performance. The research found a 21.3% variability of value between these two variables. The five independent variables (management attitude towards coordination, conflict of interests, market intelligence, organisational learning, and communications) have an indirect relationship with business performance through collaboration between sales and marketing. Further, this analysis highlights that collaboration between sales and marketing and market orientation has a combined effect of 28.8% variability of value of business performance. Collaboration between sales and marketing does have an important relationship to business performance, both directly and indirectly through market orientation and marketing planning. However, it should be noted that there are possible mediators and moderators (e.g.

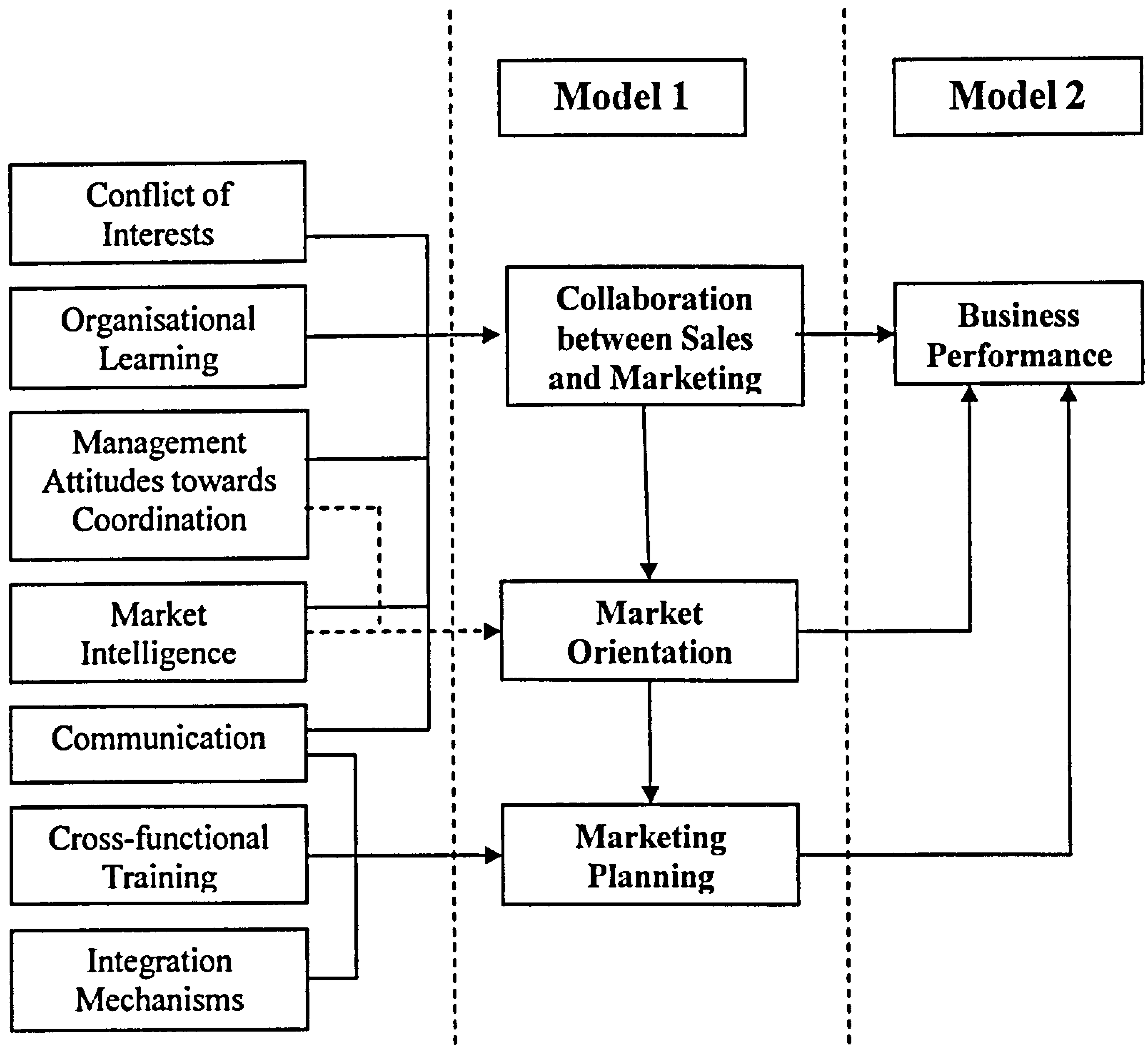
environment, customers and competitors) that have an influence on business performance, which have not been included in the scope of this research and have therefore not been tested. The multiple regression findings indicate that collaboration between sales and marketing can be seen both as an antecedent of market orientation and as a direct contributor to improved business performance.

8.5.6 Development of Revised Framework

Following the review of the regression analysis, it became clear that the construct validity of the original framework was in question and there was a need to revise the framework in the light of the findings. It was discovered that two of the independent variables that were expected to be measures of collaboration between sales and marketing did not exhibit this relationship. Market orientation and marketing planning emerged as possible dependent variables and were not antecedent to collaboration between sales and marketing. Further analysis showed that collaboration between sales and marketing was a possible antecedent of market orientation and that market orientation appeared to be an antecedent of marketing planning.

Market orientation was measured by the scales developed by Narver and Slater (1990) which are a recognised measure that has been used by a number of other researchers including Greenley (1995), Pelham and Wilson (1996) and Sin *et al.* (2005). Therefore, there is a degree of confidence in the results concerning market orientation and collaboration between sales and marketing. However, the survey was not designed to measure marketing planning quality, but focused on whether the organisations surveyed carried out marketing planning. Therefore, the scale used to measure marketing planning did not fully measure all aspects of this variable and there is some doubt about the relationship between marketing planning and market orientation. However, the independent variables that are the antecedent of marketing planning have been adequately measured (based on existing scales) and therefore there is a degree of confidence in the relationship between the independent variables and marketing planning. A new framework was developed (see Figure 8.2) to explain the interdependence of the variables based on the regression analysis.

Figure 8.2 Revised Antecedents and Consequences of Collaboration between Sales and Marketing



8.6 Discussion of Hypotheses

8.6.1 Introduction and Hypotheses

The previous section provided detailed information on the results from the statistical sample through descriptive statistics, correlation and multiple regression. These results highlighted the patterns and interrelationships between the key variables. This section will consider each of the hypotheses in relation to these results. The hypotheses are shown below. The first hypothesis relates to the relationship between the sales and marketing functions. H_1 to H_9 address the first research question: R_1 '***What are the antecedents of collaboration between sales and marketing?***' Hypothesis H_{10} addresses the second research question: R_2 '***Does collaboration between sales and marketing have a positive effect on business performance***?'

Table 8.18 Summary of Hypotheses

Model 1	
H_1:	***A positive management attitude towards coordination between the sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***
H_2:	***Frequent communication between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***
H_3:	***Shared market intelligence between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***
H_4:	***Conflict of interests between sales and marketing functions is negatively correlated with the level of collaboration between sales and marketing.***
H_5:	***A commitment to organisational learning is positively correlated with the level of collaboration between sales and marketing.***
H_6:	***Cross-functional training between sales and marketing is positively correlated with the level of collaboration between sales and marketing.***

H_7:	***The presence of integration mechanisms within an organisation is positively correlated with the level of collaboration between sales and marketing.***
H_8:	***Market orientation is positively correlated with the level of collaboration between sales and marketing.***
H_9:	***Marketing planning is positively correlated with the level of collaboration between sales and marketing.***
Model 2	
H_{10}:	***Collaboration between sales and marketing functions is positively correlated with business performance.***

8.6.2 Discussion and Results of Hypothesis Testing

This section considers each hypothesis in turn and tests them against the results from the large-scale survey. Each hypothesis will either be accepted or rejected. The first hypothesis stated that:

H_1: ***A positive management attitude towards coordination between the sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***

The statistical results indicate that there is a strong relationship between management attitudes towards coordination and collaboration between sales and marketing. The correlation statistics (see Table 8.16) showed a high correlation ($r = .599$) between these two variables and the multiple regression *Beta* value was .260 (see Table 8.17). These results confirm the view that management support for coordination of the sales and marketing functions is a key variable in establishing collaboration. However, it should be noted that while a negative attitude towards coordination may be detrimental to the collaboration between sales and marketing, a neutral management attitude to coordination may not prevent collaboration existing. As the data collection was directed to Managing Directors/Chief

Executives of large organisations, these results show that the majority of this group (M = 4.91, SD = 1.37, see Table 8.13) consider it important to establish collaboration of sales and marketing functions through alignment of goals, and coordination. Therefore, hypothesis H_1 is **accepted.**

The second hypothesis stated that:

H_2: Frequent communication between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.

The establishment of frequent communications between sales and marketing functions through meetings and other exchanges was considered to be essential to creating collaboration between sales and marketing. The results found that there was a high correlation of $r = .503$ (see Table 8.16) between the two variables. The multiple regression analysis showed a *Beta* value of .168 (see Table 8.17) indicating that good communication is a significant element in establishing collaboration. If sales and marketing are not communicating with each other, they may be unable to collaborate because they cannot share ideas, values and information. Of course, the method of communication need not be through formal meetings and may take place informally, even outside the work environment. Alternatively, communications may be established through electronic means, but the concept of sharing information on market needs, competitor activities and customer information would be fundamental to improving responses and building a collaborative environment. The strength of the relationship between communication and collaboration between sales and marketing means that hypothesis H_2 is **accepted.**

The third hypothesis considers the relationship between market intelligence and collaboration between sales and marketing.

H_3: ***Shared market intelligence between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.***

The rationale for including this element as one of the variables for collaboration is that market intelligence cannot be effectively used to the benefit of the organisation unless it is shared between sales and marketing, and if organisations are sharing marketing information this would be an indication that they are being collaborative. Although this appears to be a circular argument, there is evidence to show that sales staff will withhold market intelligence if they believe that the information is not being included in the marketing planning process. Therefore, it is difficult to assess whether market intelligence is an antecedent of collaboration between sales and marketing or an indication that collaboration is taking place. The research found that there was a high correlation between market intelligence and collaboration between sales and marketing *with* an r = .581 (see Table 8.16) and a multiple regression *Beta* value of .216 (see Table 8.17) and therefore hypothesis H_3 is **accepted**. However, there is one reservation: it is possible that a type 1 error has occurred, as it is unclear whether market intelligence is a predictor or an indicator of collaboration. This will be investigated further through the confirmatory interviews (see Chapter 9).

The fourth hypothesis considers the relationship between conflict of interests and collaboration between sales and marketing. It was expected that this relationship would be inverse: as conflict rises, collaboration is expected to fall, and that is what has occurred.

H_4: Conflict of interests between sales and marketing functions is negatively correlated with the level of collaboration between sales and marketing.

Conflict of interests and collaboration between sales and marketing have a high correlation of $r = -.542$ (see Table 8.16) and a multiple regression *Beta* value of –.298 (see Table 8.17). This displays one of the strongest relationships in the statistics and indicates that collaboration between sales and marketing requires a low level of conflict of interests. Although conflict has been shown by research to have some positive effects (e.g. Barclay, 1991) in the form of competitive rivalry increasing output, in this case it is believed that conflict of interests between sales and marketing had no positive side effects. There have been many differences identified between the values and goals of sales and marketing, and any additional conflict or friction between these two functions is likely to damage their relationship. Increasing levels of conflict adversely affect the sales and marketing relationship and therefore their ability to collaborate successfully. Therefore, hypothesis H_4 is **accepted.**

The fifth hypothesis considers the relationship between organisational learning and collaboration between sales and marketing.

H_5: A commitment to organisational learning is positively correlated with the level of collaboration between sales and marketing.

There is research to indicate that a commitment to organisational learning creates superior value for customers (e.g. Slater and Narver, 1995; Morgan and Turnell, 2003) and therefore it was believed that it would have a positive bearing on collaboration between sales and marketing by generating new knowledge that could then be shared and discussed. The results show that there is only a low correlation between these two variables with an r = .296 (see Table 8.16). However, the multiple regression had a *Beta* value of .133 and the effects of organisational learning increased the overall adjusted R^2 of collaboration between sales and marketing (see Table 8.17). In addition, the descriptive statistics found that organisational learning had a mean of 5.62 (SD = .0.98 see Table 8.13) and therefore was considered to be an important element of sales and marketing success to Managing Directors/Chief Executives. Consequently, organisational learning does have an effect on collaboration between sales and marketing and hypothesis H_5 is therefore **accepted.**

Hypothesis six considers the effects of cross-functional training upon collaboration.

H_6: A commitment to cross-functional training is positively correlated with the level of collaboration between sales and marketing.

Cross-functional training does not appear to have any impact upon sales and marketing collaboration. It was expected that cross-functional training would have an impact upon integration processes and that it would facilitate interdepartmental understanding and collaboration. Literature indicated that training together and spending time together outside the work environment would build new relationships both formally and informally, which would then translate into improved collaboration. The statistics indicate that there is a low correlation between these two variables (r = .165 see Table 8.16) and cross-functional training had no impact upon the dependent variable in the multiple regression. However, the descriptive statistics found that fewer than 50% of the sampled organisations were offering cross-functional training and this might be the reason that there was so little effect on collaboration between sales and marketing. The descriptive statistics also found that organisations offering sales and marketing staff joint training had a mean of M = 3.67, (SD = 1.73) (see Table 8.13). Therefore, hypothesis H_6 is **rejected.**

Hypothesis seven considers the relationship between integration mechanisms and collaboration between sales and marketing.

H_7: The presence of integration mechanisms within an organisation is positively correlated with the level of collaboration between sales and marketing.

The correlation showed a low-medium relationship between integration mechanisms and collaboration between sales and marketing with an r = .306 (see Table 8.16) and the descriptive statistics found a low mean of 3.32 (SD = 1.70, see Table 8.13). These results indicate that there was some relationship between integration mechanisms and collaboration between sales and marketing, but the multiple regression analysis found that there was no impact upon the dependent variable (collaboration between sales and marketing) when integration mechanisms were included. There is some evidence to indicate that few of the sampled organisations had any processes in place to facilitate integration and this may have influenced the findings. Therefore, although the findings indicate some correlation between integration mechanisms and collaboration between sales and marketing, the overall evidence suggests that hypothesis H_7 is **rejected.**

Hypothesis eight considers the relationship between market orientation and collaboration between sales and marketing.

H_8: Market orientation is positively correlated with the level of collaboration between sales and marketing.

The research found that market orientation was highly correlated with collaboration between sales and marketing ($r = .561$, see Table 8.16) and it appeared that market orientation would have a strong impact upon collaboration. The literature review found that inter-functional coordination was one of the measures of market orientation. Although the variables were highly correlated, it was unclear what the direction of the relationship was. The regression analysis showed that collaboration between sales and marketing has an impact upon market orientation (*Beta* value = .203, see Table 8.17) and that there is no reverse relationship. Therefore, hypothesis H_8 is **rejected** and an alternative hypothesis could be suggested that 'collaboration between sales and market orientation is positively correlated with the level of market orientation'. However, it is possible that a type two error has occurred.

Hypothesis nine considers the relationship between marketing planning and collaboration between sales and marketing.

H_9: Marketing planning is positively correlated with the level of collaboration between sales and marketing.

The literature review highlighted the importance of cooperation and communication in carrying out effective marketing planning and therefore this variable was included to explore the relationship of marketing planning with collaboration between sales and marketing. Marketing planning is an inclusive process based on an understanding of the organisation's capabilities, its markets, and how the organisation can exploit its environment. This indicates that successful organisations would have to have good collaboration to allow them to create effective marketing plans. The correlation results indicated that there is a relationship between marketing planning and collaboration between sales and marketing with a medium correlation of $r = .362$ (see Table 8.16). However, the regression analysis showed that marketing planning had no impact on collaboration between sales and marketing. Therefore, hypothesis H_9 is **rejected.**

Hypothesis ten considers the relationship between collaboration between sales and marketing and business performance.

H_{10}: Collaboration between sales and marketing functions is positively correlated with business performance.

The relationship between collaboration between sales and marketing and business performance relates to research question R_2 and considers the impact of collaboration on business performance. The cross-case analysis established the importance of collaboration between sales and marketing, but did not establish a direct link between collaboration and improvements to business performance. Both the literature review and the cross-case analysis indicated that improved performance should result from effective collaboration between sales and marketing, but there was no empirical evidence to support this proposition. The correlation analysis found that collaboration between sales and marketing had a high-medium correlation of $r = .467$ (see Table 8.16), and the regression analysis had a *Beta* value of .467 and an adjusted R^2 of .213 (see Table 8.17). Both statistical analyses found a relationship between collaboration between sales and marketing and business performance and therefore hypothesis H_{10} is **accepted.**

Table 8.19 Summary of Hypothesis Results

Hypothesis		Outcome
H_1:	A positive management attitude towards coordination between the sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.	**Accepted**
H_2:	Frequent communication between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.	**Accepted**
H_3:	Shared market intelligence between sales and marketing functions is positively correlated with the level of collaboration between sales and marketing.	**Accepted**
H_4:	Conflict of interests between sales and marketing functions is negatively correlated with the level of collaboration between sales and marketing.	**Accepted**
H_5:	A commitment to organisational learning is positively correlated with the level of collaboration between sales and marketing.	**Accepted**
H_6:	Cross-functional training between sales and marketing is positively correlated with the level of collaboration between sales and marketing.	**Rejected**
H_7:	The presence of integration mechanisms within an organisation is positively correlated with the level of collaboration between sales and marketing.	**Rejected**
H_8:	Market orientation is positively correlated with the level of collaboration between sales and marketing.	**Rejected**
H_9:	Marketing planning is positively correlated with the level of collaboration between sales and marketing.	**Rejected**
H_{10}:	Collaboration between sales and marketing functions is positively correlated with business performance.	**Accepted**

8.7 Chapter Summary

This chapter began with a summary of the type of respondents, industry type and number of employees from the large-scale survey. The research found that 83.6% of the respondents were senior management of large, UK-based organisations who operate in the business-to-business arena. Senior managers were selected because they had an overview of the sales and marketing interface and therefore represented the target group. The remaining 16.4% were sales and/or marketing executives who, although relevant to the survey, represented a particular view of the organisation's operations. The chapter continued with a detailed analysis of the data carried out using descriptive statistics, correlation and regression analysis. The descriptive statistics summarised the data through the mean and standard deviation for each of the items and the results are supported by selections from the literature review. Three elements (rewards, cross-functional training and organisational structure) were not analysed through multivariable analysis as the case studies indicated that they were not relevant variables in the consideration of the sales and marketing collaboration. Additional background information regarding the structure and location of sales and marketing departments, the types of training offered to sales and marketing personnel, and the rewards offered to the heads of sales and marketing were reviewed in this section. The results showed that the majority of the organisations sampled had separate sales and marketing departments that were located in the same building and that rewards differ between sales and marketing personnel with rewards for head of sales still emphasising the transactional nature of sales.

The correlation analysis found positive relationships between the majority of the variables and highlighted where the strongest relationships existed. The five independent variables that correlated most strongly with collaboration between sales and marketing were management attitudes towards coordination, market intelligence, market orientation, conflict of interests and communications.

Additionally, market orientation was highly correlated with management attitudes towards coordination and market intelligence. Market intelligence was also highly correlated with communications. These results indicated that there are strong relationships between these variables, but that some relationships need further investigation. The correlation analysis also demonstrated positive relationships between business performance and collaboration between sales and marketing, market orientation and marketing planning. Therefore, additional analysis is also needed to identify the nature and direction of the relationships between these four variables.

The regression analysis showed the direction of the relationships between the variables and indicated how far the independent variables can explain variation in the dependent variables. This analysis found that there were three dependent variables in Model 1 (collaboration between sales and marketing, market orientation and marketing planning) and that five of the independent variables measured made up 55% of the variability of value of collaboration between sales and marketing. This would indicate that by focusing on these variables (management attitudes towards coordination, conflict of interests, market intelligence, communication and organisational learning) an organisation would be able to influence collaboration between sales and marketing. It was also found that three independent variables contributed to 46.7% of the variance of the value of market orientation and that four variables contributed 33.8% of the variance of the value of marketing planning. The findings indicated that collaboration between sales and marketing may be antecedent to market orientation and that market orientation may contribute to marketing planning, but these results need further investigation. The research demonstrates that collaboration between sales and marketing, market orientation and marketing planning explain 33.7% of the variance of the value of business performance (Model 2). Collaboration between sales and marketing has a direct effect on business performance and contributes 21.3% of the variance of the value. Therefore, improvements in collaboration between sales and marketing will have a positive effect (both directly and indirectly) on business performance. Based upon the results of the regression analysis, a revised framework of the antecedents and consequences of the collaboration between sales and marketing has been developed (see Figure 8.2).

The research process identified ten hypotheses; each was tested and the results were discussed in this chapter (see Section 8.6). Six of the ten hypotheses were accepted. Therefore, five of the antecedents of collaboration between sales and marketing have been identified, which partially answers research question one (R_1). The research found that there is a positive relationship between collaboration between sales and marketing and business performance, which answers research question two (R_2). The next stage of the research is to review the statistical findings through three confirmatory interviews with senior executives from large organisations operating in the business-to-business arena and consider some of the practitioners' literature that is available on sales and marketing integration/collaboration (see Chapter 9).

CHAPTER 9

PRACTITIONERS' VIEWPOINT

9.0 Introduction

This chapter presents the findings from the confirmatory interviews and a review of practitioners' literature. The confirmatory interviews were undertaken to provide feedback on the findings from the questionnaire survey and verification of the results (see Chapter 8). The further exploration of findings is recommended by a number of writers including Tashakkori and Teddlie (1998), Smith and Fletcher (2004) and Parasuraman *et al.* (2004). Miles and Huberman (1994:41–2) suggest that qualitative data may be used to validate, interpret and clarify quantitative findings. They also recommend the research design adopted by this study – "exploratory fieldwork, leading to the development of quantitative instrumentation, such as a questionnaire. The questionnaire findings can be further deepened and tested systematically with the next round of qualitative work." Therefore, confirmatory interviews will be used to increase our understanding of the findings from the large-scale survey and to explore any anomalies or unexpected findings. The practitioners' literature provides a review of the relationship between sales and marketing and highlights current concerns within the subject area.

The interviews took place in June 2005 with three Directors of large UK-based organisations who operate in the business-to-business environment and who have previously worked in both sales and marketing. Each interviewee was sent a copy of a summary of the findings (see Appendix 3), including the background to the research, the revised framework and the proposed questions, about a week to ten days before their interview. All three interviews took place away from their business premises, in suitably quiet and relaxed environments. The interviews were recorded with the respondents' permission and each lasted approximately 45 minutes. Respondent 1 is the Sales and Marketing Director of a division of a large UK PLC. The organisation is an industrial manufacturer that supplies a range of finished goods and components. This organisation operates globally. Respondent 2 is a Strategic and Planning Director (with responsibility for marketing) for a UK-based division of a US multinational with responsibilities for Europe. The organisation supplies hi-tech equipment manufactured in both the UK and the US both to the end user and through wholesales/retail operations. Respondent 3 is the Divisional Director of a UK-based PLC that manufactures consumer products, which it distributes worldwide. This organisation operates through a network of wholesalers and retailers.

The questions used in the confirmatory interviews were developed from the survey findings. The choice of questions was very general to encourage the participants to express their views fully on the findings. The aim of the interview was to enable the participants to talk about all aspects of the findings and to identify any areas they wished to explore further. The first two questions (shown below) were designed to explore the interviewees' experience of the sales and marketing interface, and find out whether conflict existed between their sales and marketing functions and, if so, how this was dealt with. The third and fourth questions explore their thoughts on the independent variables highlighted by the research, and identify whether they felt any other variables should be included. The final two questions discuss their opinions on the importance of collaboration between sales and marketing to business success and whether they felt these findings would help to improve practices within organisations.

1) From your experience, have you found any evidence of conflict between the sales and marketing functions?

2) Do you have any stories of good practice in the sales and marketing interface?

3) Do you agree that these variables can affect collaboration between sales and marketing?

4) Are there any other variables that you would include to measure sales and marketing collaboration?

5) How important do you think sales and marketing collaboration is for success?

6) Do you think that these findings would help an organisation trying to improve sales and marketing collaboration?

The first section of this chapter will consider the practitioners' literature on collaboration between sales and marketing. This review supports some of the arguments that have been made in the academic literature, and it has been included to provide confirmation that the sales and marketing interface is an area under current debate and in recognition of the fact that it is an important real-world topic. Each of the antecedents to collaboration (as identified by the findings and illustrated by the revised framework, see Figure 9.1) is discussed in turn. Section 9.3 considers three antecedents to business performance as identified by the large-scale survey. Section 9.4 discusses the effects of these antecedents on business performance. Section 9.5 reviews other possible contributors to collaboration between sales and marketing as identified by the interviewees. The final section before the chapter summary considers the implications for the research of the confirmatory interviews.

9.1 Collaboration between Sales and Marketing – Practitioners' Views

9.1.1 Arguments for Collaboration of Sales and Marketing

The practitioners' literature highlights some of the key opinions, issues and concerns of managers in the sales and marketing area and provides background information to the confirmatory interviews. Several writers have considered the importance of integrating sales and marketing activities. Lynch (1990:6) said, "Marketing is *not* an activity carried on in an ivory tower by specialists; it is an integral part of the sales effort. Its aim should be to create the environment that most effectively and most quickly helps the sales force to do their job." It has been argued that there are some very powerful reasons for proposing that the sales force should be seen as part of the marketing function. Primarily it is because the sales force can legitimately be considered as the key to organisational success and therefore they must be responsible for implementing marketing strategy. Sales activities must be consistent with the marketing concept. Sales are one of the many methods of communicating with the customer, and they must all deliver the same message (Wilson, 1994).

Other writers have discussed how a more collaborative approach between sales and marketing may be achieved. Munn (1998) suggested that successful collaboration requires the marketer to 'walk in the shoes' of sales people so that they understand the driving factors of the selling process when they are the channel to the customer. One way of establishing collaborative working between sales and marketing is to develop a clear go-to-market message indicating the company's value propositions and customer business requirements (Watkins, 2003). Lauterborn (2003) suggested that producing a marketing plan without integrating sales is like designing a battle plan for tanks and ground troops and leaving the air force to 'do its own thing'. "Sales could be engaged at the outset of any marketing programme. If marketing initiatives are formulated in the absence of sales input, they are probably doomed to failure" (Sclater, 2005:21). It therefore may be argued that leaving sales out of marketing planning is a serious mistake, especially as sales are the main link to the customer, particularly in business-to-business organisations. According to Brannan (1998:95), "If they sing from a different hymn book than the rest of us, they could damage the whole selling process."

9.1.2 Barriers to Collaboration between Sales and Marketing

The difficulties of sales and marketing behaving collaboratively have been consistently highlighted in a number of articles (e.g. Munn, 1998; Arthur, 2002; Athens, 2003; Watkins, 2003). Watkins (2003:1) stated, "Neither marketing nor sales thinks this interface is working particularly well." This may be because there is a lack of understanding within organisations about each other's role (Krol, 2003). "Most companies have never understood how the two relate, much less established rules for their cooperation. In some companies, the two are like separate fiefdoms, competing for credit and resources" (Lauterborn, 2003:9). Arthur (2002) found that the traditional sales and marketing set-up could lead to "finger pointing" as they think of themselves as different departments. "Whatever the reasons, this culture clash has become an impediment to generating revenue" (Krol, 2003:1). Therefore, there is a concern that a poor sales and marketing interface may damage business performance. Watkins (2003:1) points out: "There has only been a critical, crippling disconnect between the marketing and sales functions in many b-to-b businesses." It has been argued that "sales and marketing departments, which ought to work together in a symbiotic supportive way, too often get bogged down in turf wars" (Krol, 2003:1). Arthur (2002) suggested that joint exercises between sales and marketing would reduce turf wars because they both are able to gain valuable information from the process. However, both marketing and sales must acknowledge the problems and commit to resolve them (Arthur, 2002; Watkins, 2003).

A further element in creating the poor relationship between sales and marketing functions may be setting of conflicting or non-aligned goals. Marketing has been described as strategic, while sales is seen as tactical; in other words marketing identifies the goals and sales will meet them (Allen and Wooten, 1998). This view was supported by Sclater (2005:19), who said "meeting short-term sales targets in the case of sales staff vis-à-vis long-term brand-building for marketers – goes a long way to defining the inherent tensions between them". However, sales also work in the longer time frame through developing customer relationships and building value chains, and therefore sales and marketing may have aligned objectives and strategies, but it requires top-down senior management commitment and support (Holden, 1999).

9.1.3 Section Summary

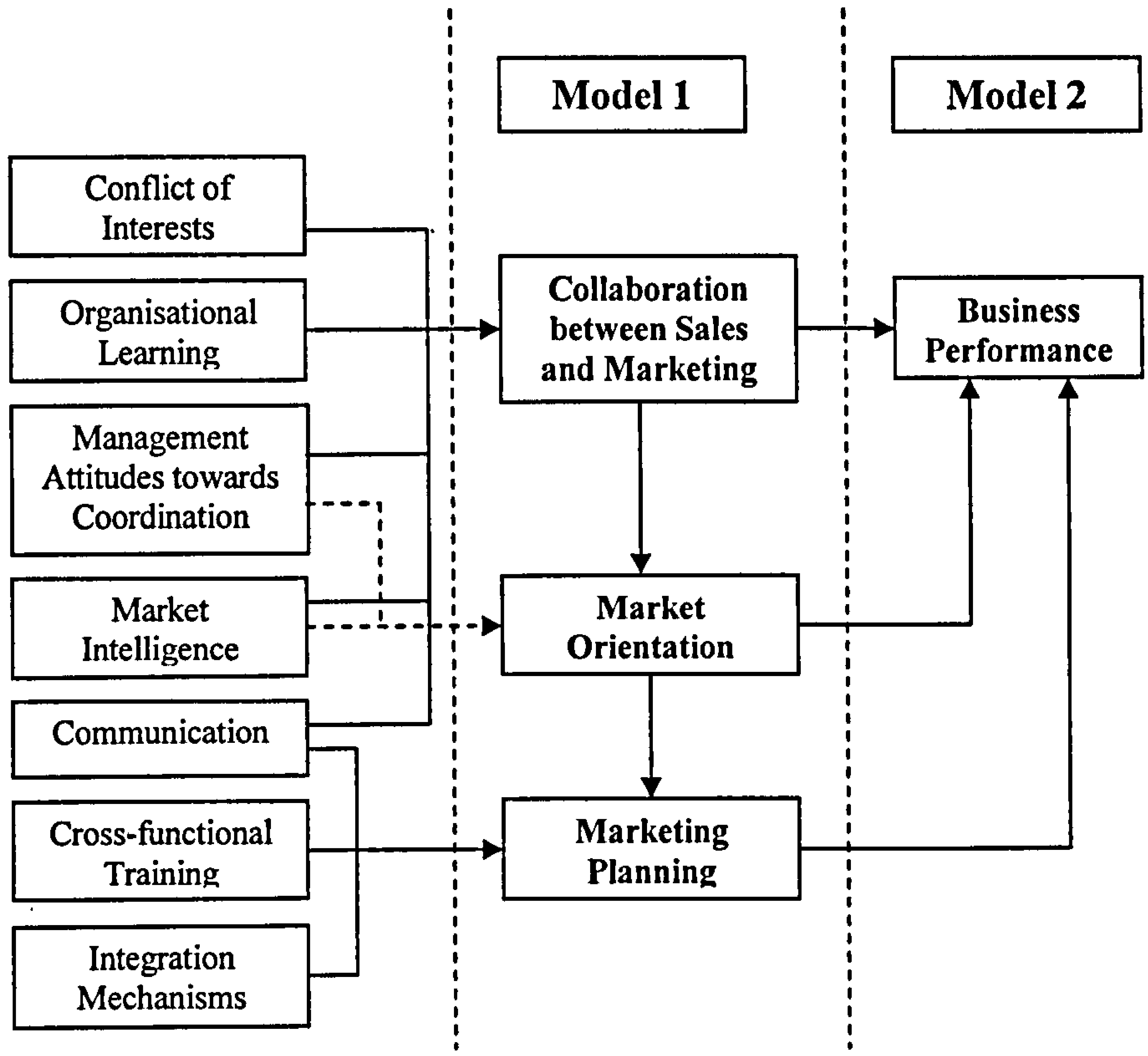
For over 20 years marketing practitioners have discussed the concept of integrating sales and marketing activities (e.g. Wilner, 1982; Lynch, 1990; Munn, 1998; Curry and Curry, 2000; Sclater, 2005). There has been a consistent concern expressed about the poor relationship that exists between sales and marketing in many organisations, and a number of recommendations have been suggested as to how the relationship can be improved. The consensus appears to be that improvements in collaboration between sales and marketing could improve the bottom line by focusing the organisation's activities upon selling and customer satisfaction and by ensuring that sales and marketing share a similar vision.

9.2 Antecedents to Collaboration

9.2.1 Introduction

Identifying the antecedents to collaboration between sales and marketing addresses research question one (R_1). This section will discuss the respondents' views of each of the five identified antecedents of collaboration between sales and marketing (management attitudes towards coordination, communications, market intelligence, conflict of interests and organisational learning). Initially, there were seven variables identified as possible antecedents to sales and marketing collaboration. However, following the large-scale survey and the analysis of the results, it was discovered that cross-functional training, integration mechanisms, market orientation and marketing planning had no bearing on collaboration between sales and marketing. Based on the results of the multiple regression, a revised framework was developed and this was presented to the respondents with the findings. (See Figure 9.1 and Appendix 3 for Background and Results.)

Figure 9.1 Revised Antecedents and Consequences of Collaboration between Sales and Marketing



9.2.2 Management Attitudes towards Coordination

Management attitudes towards coordination considers if senior managers are focused on aligning the activities and goals of sales and marketing, and creating a culture of cooperation. The large-scale survey findings indicated that management attitude does play an important part in collaboration between sales and marketing, with high correlation of r = .599 and a *Beta* value of .260 (see Chapter 8). Each respondent discussed how management could help achieve collaboration between sales and marketing based on their experiences. Respondent 1 explained that management's attitude towards coordination between sales and marketing "*is absolutely key, the behaviour and style of the guy at the top is actually crucial*". Respondent 2 said, "*I would suggest management attitudes to team-working, and* *especially within the business-to-business sector, is absolutely fundamental.*" He went on to say, "*When we had a weak Chief Executive, the whole thing fell apart.*" The organisation had experience of a Chief Executive who allowed the organisational objectives to become disconnected and silos to become established.

Respondent 3 noted that, "*You have to recognise that fact* [that sales and marketing need to work together] *and the management have to try to ensure that the two groups have similar goals. I think the way to do that is to be quite up-front about the overall company strategy and how each group fits into that.*" The survey questions asked about management's role in ensuring that sales and marketing goals were aligned and how well their activities are coordinated. Respondents 2 and 3 had experience of poor alignment of sales and marketing goals and activities and explained that senior managers have to play a key role in aligning sales and marketing goals. Respondent 2 found that there were barriers to achieving goal alignment even at senior levels. He said, "*In my previous company we spent a fortune trying to break down the structural barriers .... It was very painful to try to break the barriers between sales and marketing, and we ended up getting rid of a number of senior manager positions to do it.*" Respondent 1 said that the key for his organisation was that "*the goals and purpose of the organisation must be very clearly set by whoever is in charge to say this is where we are going, so that everybody has a clear understanding of what the mission is and what the objective is to achieve*". Respondents 1 and 2 felt that sales and marketing need to be integrated at board level too, and that the separation of these functions at this level was detrimental to the organisation. Respondent 1 felt very strongly that sales and marketing functions should not be represented separately at board level and that the integration of sales and marketing should be lower down the organisation, represented by a single board manager.

Practitioners' literature supports the concept of the importance of senior management's role in coordinating sales and marketing activities. Holden (1999) identified that it is essential to have senior management commitment and support to integrate sales and marketing, as well as the willingness of the sales and marketing staff to make it work. Wilner (1982:32) stated that "the key to success is concentration on five fundamental principles aimed at integrating the sales force into the marketing effort:

- Defining a clear sales mission;
- Providing adequate guidance;
- Using sales compensation as a management tool;
- Striving for a sharp end user focus;
- Carving out a strong marketing role for sales management."

Practitioners have therefore considered the concept of integrating sales with the marketing effort for over 20 years. Athens (2003) believes that positive leadership is essential to sales and marketing integration. However, Krol (2003) highlighted that, even if senior managers recognise the problems of sales and marketing conflict, their solutions often fall short. The practitioners and respondents support the concept that senior managers have to be involved in creating a culture of cooperation and that ensuring that their goals and activities are aligned is part of this process.

9.2.3 Communications

The establishment of frequent communications between sales and marketing functions through meetings and other exchanges was considered to be essential to creating collaboration between sales and marketing with a high correlation of r = .503 (see Chapter 8) and a *Beta* value of .168 (see Chapter 7). All three respondents held the view that communications were vital to effective collaboration. In fact, Respondent 3 felt about the findings that "*Communication was a surprisingly low score ... I think it is key to keeping people hooked in on what the business is trying to do. I think it is a very import issue if you want to try and bring the culture together and you have got sales and marketing teams being managed separately, ... one of the clues about getting over that is to have people as knowledgeable as possible about where they fit into the big picture.*" Respondent 1 felt that effective communications are difficult to achieve and said: "*Communication is an absolute nightmare, I often despair of the subject of communication. Everybody knows that it is something you have to do, it is almost a mantra that you must be communicating, but it does not matter how much you do, you go and ask people about communication and it is always a big problem in the organisation – staff say, 'nobody tells me anything*!'." Respondent 2 explained that he has regular meetings between sales and marketing as well as with other groups. Respondent 3 highlighted that informal communication is even more important than formal communication; it gives a clearer message, especially to people lower down the organisation. Respondent 3 went on to say, "*If you have a* *number of forums for communication it is possible to have more junior members sitting in on meetings so they are aware of how managers are interacting and the things that are discussed.*" Respondent 1 believes, "*You cannot have effective communication unless someone is saying that collaboration is a good thing.*"

The practitioners' literature on communication is limited, which may indicate that practitioners have not focused on this area. However, Krol (2003:1) noted that "communication between departments is key – the more the better", but that there may be difficulties in establishing solid communications links, particularly between sales and marketing, as they may be located in different parts of the business. Krol (2003:1) went on to say, "If you have no closed-loop reporting, you better make sure you're talking to your sales people at least on a weekly basis." Therefore, establishing effective communication, both formal and informal, is beneficial to creating collaboration across the organisation as well as between marketing and sales, but it may be difficult to achieve with the amount of information staff members have to absorb from a variety of sources. The strength of the relationship between communication and collaboration between sales and marketing has been supported by the respondents as they believe that good communications are necessary to the integration of sales and marketing activities.

9.2.4 Market Intelligence

The research found that there was a high correlation between market intelligence and collaboration between sales and marketing with an $r = .581$ (see Chapter 8) and a multiple regression *Beta* value of .216 (see Chapter 8). All the respondents had identified that good market intelligence was essential to business success and that it is important that organisations had systems in place to ensure that market intelligence was gathered and shared across the whole organisation. There was some confusion about why market intelligence should play such a key role in collaboration between sales and marketing, but the consensus appeared to be that it was more to do with the presence of systems enabling the sharing of information than the actual collection of market information. The respondents also recognised the importance of creating a system for sharing market intelligence being a 'soft target' in the process of establishing collaboration between sales and marketing. Respondent 2 said, "*You could be talking about a market intelligence system, because a market intelligence system requires a degree of collaboration in collecting information and information sharing.*" Respondent 1 said, "*Once you overcome the initial inertia* [of sharing information] *it becomes very powerful, because everyone wants to go and put a piece into the jigsaw ... anyone can go and look at it.*" Respondent 2 said, "*The ability to share information and therefore to collaborate is important to success.*"

However, Respondent 1 highlighted the problems of including everyone in the gathering of market intelligence. He said, "*Market intelligence is a very powerful thing, simply because knowledge is power and there are people in some organisations who won't share things simply because of that very fact, you have to get over that for a start. People will only share market intelligence if they think that they are going to benefit by the same process. The usual way to report market intelligence is upwards, not ever downwards. It should be easy to pull it out for everyone's benefit.*" Respondent 3 explained that in industries where the environment is changing all the time (e.g. pharmaceuticals and education), it is really important that the sales people feedback to the organisation what is happening.

There was also a general recognition, both by the respondents and in the practitioner's literature, of the importance of including sales in the market intelligence system. According to Butler (1996), consumers rely on sales representatives for expertise on products. The organisation relies on sales to feedback the customer's/consumer's demands for new products. The best sales people spot the trends before the competition, forecast growth opportunities and warn about downturns. "B-to-b marketers can become more effective at generating qualified leads by first working with sales" (Watkins, 2003:1). However, in Chapter 8 it was identified that there is a possibility that a type 1 error has occurred, as it is unclear whether market intelligence is a predictor or an indicator. The practitioners' views indicate that market intelligence may be an indicator of collaboration as it can underpin coordination and involves sharing and communication. Therefore, hypothesis H_3 **accepted without reservation.**

9.2.5 Conflict of Interests

Conflict of interests and collaboration between sales and marketing have a high correlation of $r = -.542$ (see Chapter 8) and a multiple regression *Beta* value of –.298 (see Chapter 8). There are a number of theories available to explain the reasons for conflict between sales and marketing, but the focus of the research was not on personal clashes between functions, but on where the source of tension between two apparently interdependent functions may be found. Respondent 1 said, "*Why is there an inherent conflict between sales and marketing? My understanding of the conflict between sales and marketing is one of perspective,* *over time. It's that sales tends to be very here and now, this week, next week, close it by the end of the year, come on we are focus driven, we have got targets to reach. Whereas marketing is much longer term, it is all about what is the brand, about positioning the company in the market place, it's about strategy and tactics, and building* [market] *share.*"

Respondent 2 noted that: "S*ales and marketing can have different perspectives on the market, which can be the source of disagreements. Sales are at times pulled towards short-term targets against marketing's long-term targets. Of course, this is something that senior management should try to avoid with planning, but it happens and sometimes cannot be avoided.*" However, conflict is not always present between sales and marketing, as Respondent 3 noted: "*In the organisations that I have worked in, sales and marketing have been fairly well integrated, but I have observed in other companies that conflict can exist.*" Respondent 1 observed: "*The reality of life is that different functions do get into conflict between each other, it is not just sales and marketing, although they do get linked together.*" Both Respondent 2 and Respondent 3 were very aware of how conflict of interests between sales and marketing can be very destructive and were keen to point out that organisations must be aware of problems and aim to improve collaboration through aligning activities. Respondent 3 suggested to avoid conflict: "*I run a monthly meeting with the Sales Manager, Marketing Manager and Product Development Manager, and the purpose of the meeting it to share information and talk about future plans and strategies.*"

Athens (2003:1) indicated that there is an urgent need for sales and marketing to work more closely together, but that too often they work independently. "Sales feels like they're the ones on the firing line, therefore they should receive the credit, and marketing feels they're often ignored or their efforts are unappreciated. They would like to receive credit for sales activities. Somewhere in between lies the truth" (Krol, 2003:1). Allen and Wooten (1998) highlighted that in some large organisations, particularly with separate marketing and sales functions, marketing should identify goals and sales needs to be able to meet them, but that one of the problems is that of political posturing between the two departments. Each of these writers found that conflict of interests and poor alignment of activities impeded collaboration between sales and marketing, and the respondents confirmed the need for closer working relationships and greater compatibility of objectives. All of the respondents agreed that the reduction of conflict of interests is essential to establishing effective collaboration between sales and marketing, and that this can be achieved by reducing the competitive elements and ensuring that activities are aligned.

9.2.6 Organisational Learning

There is published research to indicate that a commitment to organisational learning creates superior value for customers, and therefore it was believed that it would have a positive bearing on collaboration between sales and marketing by generating new knowledge that could then be shared and discussed. The results show that there is only a low correlation between these two variables with an $r = .296$ (see Chapter 8). However, the multiple regression analysis demonstrated that organisational learning was an antecedent to collaboration between sales and marketing (see Chapter 8). There were indications during the interviews that the respondents were unclear exactly what 'organisation learning' was and how it related to collaboration. However, Respondent 1 found that "*there is a huge amount of information that is known within the organisation, but person A does not know that certain information would be useful to person B and person C does not know what A and B know ... to me the trick about it is to make it easy for people to share that information.*" Respondent 3 spoke about the role learning played within the organisation and believed that they went out of their way to support learning through their training programme, which allows staff to transfer between departments and to share responsibilities for the development of future products and better service quality for its customers. Respondent 1 explained, "*It is about trust. Once one person starts to share information, once you get that culturally happening, people want to come back and start telling you what they have found out. But it is quite a hard one* [idea] *to get over, because some people are not in that mindset.*"

Arthur (2002:5) indicated that learning is important, and part of that is learning from mistakes: "*Failure is underestimated, we learn more sometimes by our failures than by our accomplishments.*" Sharing information, building on competences and adjusting to the opportunities in the environment are indicators of organisational learning, and all require collaboration between staff. The respondents supported this concept as they believed that organisational learning does have an affect upon collaboration between sales and marketing.

9.3 Contributors to Business Performance

9.3.1 Introduction

The research discovered that two independent variables were not antecedent to collaboration between sales and marketing, but were antecedent to business performance. Market orientation and marketing planning were not only antecedent to business performance, but also had a relationship with some of the independent variables identified in the research. In addition, collaboration between sales and marketing was found to be an antecedent to market orientation. Each of these variables and their impact on business performance were discussed with the Respondents individually (see Figure 9.1).

9.3.2 Collaboration between Sales and Marketing

The research indicated that there was a medium-high correlation between collaboration between sales and marketing and business performance of $r = .467$, with a *Beta* value of .467 and an adjusted $R^2 = .213$ (see Chapter 8). When the respondents were posed the question about collaboration between sales and marketing relating to improved organisational performance, they all replied that they believed that the ability of sales and marketing to work together successfully plays an essential role in improving business performance. Respondent 1 explained that sales and marketing should be closely integrated: "*they both need each other*". Respondent 3 stated, "*I think that it* [collaboration] *is a key issue.*" Respondent 1 expanded: "*How important do I think sales and marketing collaboration is for success? Very, very important, I really do. You can get away without it in the short term ... but sooner or later they* [sales and marketing] *will diverge.*" He went on to say that he felt collaboration between sales and marketing did not just affect business performance but also had a number of other benefits to the organisation, including improved working environment, and better systems that also fed into a market orientation. These opinions were supported by Respondent 3, who said, "*There is no doubt that collaboration between sales and marketing* *has a bearing on business performance and is good practice. The question is how you are going to achieve that?*"

The practitioners' literature identifies why sales and marketing collaboration is important to achieving business success. Athens (2003:1) highlighted: "You'd expect sales and marketing to be aligned in any successful organisation – yet in fact the opposite is often true. The reality is that sales and marketing need to synch up or sink. The two need to be integrated in order to build customer relationships, enhance brand, capitalise on leads, improve market share and to boost revenue." However, Curry and Curry (2000:40) found that "an ever increasing number of companies realize that marketing and sales are two interrelated activities that have the common goals of creating customers, keeping customers and maximizing customer profitability". Both the respondents and practitioners' literature confirm that collaboration between sales and marketing has the ability to positively impact upon business performance.

9.3.3 Market Orientation

Initially market orientation was identified as a possible antecedent to collaboration between sales and marketing. However, the survey research found that the relationship was from collaboration between sales and marketing to market orientation with a high correlation of $r = .561$ (see Chapter 8) and a *Beta* value = .203 (see Chapter 8), and that there is no reverse relationship, although a type two error may exist. Further, there was a positive relationship between market orientation and business performance with a correlation of $r = .504$ and with a *Beta* value = .504, and an adjusted R^2 of .249. Two other antecedents to market orientation were also identified by the research: market intelligence (*Beta* value =

.417) and management attitudes towards coordination (*Beta* value = .193). These findings were discussed with the respondents.

Respondent 1 said, "*To be successfully market-orientated senior management needs to set the agenda. Sales and marketing have to work together to achieve this and you need to know what your customers want and what your competitors are doing.*" Respondent 3 works for an organisation with a strong market orientation. He said, "*The whole thing has to be customer centric and we gave all of our staff a prescriptive, a hierarchy of priorities ... the first priority was the customer, the second priority was the company, the third priority was your work group, and the fourth one was yourself.*" Respondent 2 said, "*I can see how collaboration between sales and marketing would feed into market orientation, after all to create a market orientation everyone has to work together towards the same goal.*" After discussing the importance of the organisation's orientation, all the respondents agreed that collaboration between sales and marketing and market intelligence were important antecedents to market orientation, in fact essential ones. If sales and marketing were not working together collaboratively, it would be unlikely that an organisation would be able to share information effectively to meet the customers' needs or have the ability to adapt to their environment. Additionally, all three respondents could see how a market orientation can influence business performance. The respondents support the concepts that collaboration between sales and marketing is an antecedent to market orientation and that market orientation has a positive impact upon business performance.

9.3.4 Marketing Planning

The correlation results indicated that there maybe a relationship between marketing planning and collaboration between sales and marketing with a medium correlation of r = .362 (see Chapter 8). However, the regression analysis showed that marketing planning was not an antecedent to collaboration between sales and marketing (see Chapter 8, Figure 8.2). The regression analysis also showed that marketing planning had an impact on business performance with a *Beta* value = .362. The results also showed that there were four variables that had an impact upon marketing planning: these were cross-functional training, integration mechanisms, communication and market orientation[6]. The results also show that cross-functional training and integration mechanisms do not have any bearing upon the collaboration between sales and marketing. These findings were discussed with the respondents.

The respondents were generally surprised that cross-functional training was part of marketing planning and that it was not an antecedent to collaboration between sales and marketing (this concept was not explored further as the respondents moved onto the importance of marketing planning). However, further discussion prompted Respondent 2 to say, "*In many ways planning is an activity that requires information, but it also requires an understanding of departmental roles and the expectations of the organisation in regard to planning. Therefore cross-functional training would be logically linked to marketing planning.*" He added, "*I can see that training fits in to planning. We have a standard format for marketing*

[6] Four independent variables were identified as antecedent to marketing planning – cross-functional training (*Beta* value of .189), integration mechanisms (*Beta* value of .260), communications (*Beta* value of .204) and marketing orientation (*Beta* value of .181) (see Chapter 8)

planning and the staff receives training on how to produce plans. In the process of planning, everyone needs to understand their roles and each others' roles ... so training is really important to achieve this." Respondent 3 admitted that marketing planning did not feature strongly in their organisation, but they do carry out a limited amount of planning and he identified that to develop this aspect further training would have to considered. Respondent 2 indicated: "*to me sales plays an important part of the planning process. Without the sharing of market knowledge we are unable to plan effectively.*" Respondent 1 said, "*I can see how temporary groups can form to carry out activities such as marketing planning, because of course marketing planning should not be an isolated activity.*"

The three respondents had already identified that market orientation was essential to business performance and that marketing planning plays its role in achieving success. Respondent 2 was the only one who questioned why market intelligence was not a separate antecedent to marketing planning, but after discussion was satisfied that market intelligence is a necessary part of market orientation and therefore was included as market orientation feeds into marketing planning. The research found that integration mechanisms such as forming temporary cross-functional groups to carry out specific activities and joint decision-making, as well as senior management coordination of specific activities, did not affect collaboration, but did have an influence on marketing planning. According to Wilson (1994:11), "The real solution lies in a mutual appreciation of the roles and problems of marketing strategists and salespeople. Such understanding depends on factors like good communications, training and job rotation." All three respondents recognised that cross-functional training, communication, integration mechanisms and market orientation could be used to improve marketing planning and could therefore be antecedent to this variable. They also agreed that marketing planning did have a positive impact on business performance.

9.4 Business Performance

In the original framework, business performance was the dependent variable and was the consequence (benefit) of improved collaboration between sales and marketing. The relationship between collaboration between sales and marketing and business performance relates to research question R_2, which considers the impact of collaboration on business performance. The correlation analysis found that collaboration between sales and marketing has a high-medium correlation of $r = .467$ with business performance (see Chapter 8) and the regression analysis had a *Beta* value of .467 and an adjusted R^2 of .213 (see Chapter 8). Respondent 3 said, *"There is no doubt that collaboration between sales and marketing has a bearing on business performance and is good practice*." Respondent 2 admitted, *"I have never thought of business performance being influenced by collaboration between marketing and sales until now. I can see the link, because I was aware that collaboration across the whole organisation was the right thing to do. I will have to think about this more and discuss the implications at our next sales and marketing meeting*."

Market orientation and business performance had a Pearson correlation coefficient of $r = .504$ and a *Beta* value = .504, and an adjusted $R^2 = .249$ (see Chapter 8), while marketing planning demonstrated a correlation of $r = .432$ and a *Beta* value = .432, and an adjusted $R^2 = .181$ (see Chapter 8). The adjusted R^2 for collaboration between marketing and sales, market orientation and marketing planning against business performance was .337. The research demonstrated that collaboration between marketing and sales contributed to improvements in business performance, both directly and indirectly through market orientation. All three respondents considered that collaboration between marketing and sales was crucial to improving business performance. Athens (2003) found that there is increasing evidence to indicate that collaborative organisations are achieving greater business performance, but the specific problems of sales and marketing are urgent and in need of immediate attention. Curry and Curry (2000) support the concept that improved integration between sales and marketing can lead to improvements in business performance. Both the statistical analyses and the practitioners' review found a positive relationship between the collaboration between sales and marketing, market orientation, and marketing planning against business performance.

9.5 Additional Contributors to Collaboration

9.5.1 Introduction

During the interviews, the respondents identified a number of other factors that they believed might have an impact on collaboration between sales and marketing that had not been considered by the research. This section will present their opinions, supported by practitioners' literature where appropriate, together with a short discussion of their relevance to this research.

9.5.2 Contributors to Collaboration

During the interviews, the respondents identified a number of other possible factors that may contribute to collaboration. Respondent 3 said, "*You might have included product development ... marketing people have to be closely in touch with* *product development, so if you can get sales involved with product development that would help cohesion.*" In addition, he said, "*The other factor is fulfilment, it is another bit of the marketing mix, but the quality of the company's fulfilment will affect their brand, whether they are in business-to-business or business-to-consumer. The Director in charge of fulfilment should be in the same loop as the Sales and Marketing Managers ... I do not think that any company these days can afford to operate in separate pots, they are asking for trouble.*" Respondent 2 said, "*Collaboration has to have training as part of the process. Therefore, I am surprised to see that it is not playing a greater part in sales and marketing collaboration. When we introduced team-working, cross-functional training was an important element.*"

9.5.3 Rewards

The literature review originally indicated that rewards might be used both as an incentive to collaborate and, by aligning rewards, a method of reducing conflict (see Chapter 3). The interviewees supported these basic concepts. Respondent 3 said, "*The other thing about staff culture is that it is affected by the remuneration model, so you can have one group on salary and the other on bonuses and commission, this can create different cultures.*" Respondent 1 noted that sales people can measure their output more than any other people in the organisation and therefore they can be rewarded on their achievements, but others in the organisation may become jealous because they feel that they [sales] cannot do the job without them, and they may not cooperate if this will just get the sales staff a massive bonus. He added, "*Any human being will respond to sticks and carrots.*" Respondent 1 also explained that in terms of promoting cooperation within the organisation rewards can have a short-term benefit, but in the long term they do not change behaviour. If you are not careful with your reward structure, you will end up creating conflict rather than solving the problem of collaboration.

All of the respondents agreed that sales and marketing should have similar bonus schemes, although they have different functions. Respondent 3 discussed aligning rewards: "*You can have a bonus system that rewards company activities. Eventually, we did away with the commission structure and put the Sales Manager on the same sort of bonus as the Marketing Manager. Probably 60% was related to the business unit performance* [for both managers], *and then 40% was based on different criteria, more suited to the individual. These objectives were set at their annual appraisal.*" Respondent 2 noted that "*rewards have to be sanctioned* [by senior management] ... *sales people are the easiest people to motivate or to stimulate.*" This is the main reason for the development of different reward systems. All three respondents felt that rewards were an issue in collaboration between sales and marketing, but they all had slightly different views. Respondent 3 tried to use rewards to align activities. Respondents 1 and 2 used rewards as a motivational tool for sales and there appeared to be little linkage between these rewards and marketing activities. Rewards may be an area that requires further research to discover the real impact of rewards on goal alignment in the sales and marketing context.

9.5.4 Resource Allocation

Another issue raised by the respondents as possibly influencing collaboration between sales and marketing was that of resources and their allocation. Both Respondent 1 and Respondent 2 identified that resource allocation could be a source of conflict and that it may be used to improve collaboration between sales and marketing. Respondent 1 explained, "*It is important for sales and marketing to have control of their own resources to stop them 'locking horns' internally and allow them to get on with their job. If you do not give people the ability to control to a degree the level of resource to deliver then you are making their job impossible in my experience. One way to manage this process is to give them some budget each ... this can be key to collaboration. You have to have mutual respect between functions.*" Respondent 2 felt that resource management is a big issue in collaboration. Allocating the marketing communications and promotions expenditure between different parts of the mix is a complex task, and one that is made more difficult if the potential recipients of the budgets have different functional directors. Respondent 1 also felt that conflict of interests may come down to budget and goals: "*It usually comes down to money ... and how you split the budget? It is strategic and tactical ... Another aspect may be that sales want to focus the marketing budget on one product to achieve a target, whilst the marketing people may want to focus on something else, like positioning of the product.*" This area may be worth exploring in future research, although resource allocation may be more to do with creating or reducing conflict than with offering solutions to collaboration between sales and marketing.

9.5.5 Organisational Integration

The final point that was raised during the interviews was the importance of collaboration across the organisation. Respondent 1 said, "*Collaboration must go across all departments, not just sales and marketing.*" Respondent 2 explained, "*If I was tackling collaboration I would not just tackle the relationship between sales* *and marketing, but the whole relationship within the organisation, and address the question of team-building.*" Respondent 1 believes "*the concept of organisations being sales led, marketing led, engineering led, etc., these are symptomatic of an organisation that is not collaborating, because no one function should actually dominate.*" Respondent 2 said, "*my previous company we spent a fortune trying to break down the structural barriers, but the breaking down of these traditional barriers has to happen.*" There have been a number of studies into the integration of marketing with other functional areas, but investigating collaboration across the organisation was outside the scope of this research. However, it does highlight how important inter-functional collaboration is to the organisation and underlines the general belief that collaboration leads to improvements in performance.

9.6 Implications of Research

The confirmatory interviews and practitioners' literature have confirmed that the collaboration between sales and marketing is an area of concern to many organisations and that business performance may be improved through its adoption. Two respondents identified that organisations can survive without collaboration in the short term, but in the long term it is disastrous. In addition, if conflict of interests develops between sales and marketing, business performance can be adversely affected. Respondents 1 and 2 felt that collaboration between functional areas should be a company-wide objective and their organisations had strived towards achieving collaboration. Organisation 1 carried out a major restructure to facilitate collaboration. Respondent 3 highlighted that sales and marketing should collaborate with production, R&D and finance departments;

however, the area of sales and marketing collaboration was probably the most pressing in the current highly competitive environment.

The respondents felt that each of the independent variables contributed to improving collaboration in different ways. Conflict of interests was an essential concept in that its reduction was fundamental to improving collaboration. Each respondent had an understanding of how conflict of interests between sales and marketing could arise, but could not see any way of removing the basic tension created by short-term sales targets and long-term marketing targets. However, they identified that an overarching, cohesive sales and marketing strategy for their activities could reduce conflict and help in establishing improved collaboration. One element that was essential to the reduction of conflict of interests, therefore, was for management to focus on the alignment of sales and marketing goals and activities, although they recognised that there were times when short-term targets had to be different in order to achieve specific goals. However, the disadvantages of setting differing short-term targets for sales and marketing could be overcome if the other function was aware of these short-term targets and their purpose.

Management attitudes towards coordination are perhaps the most important element for establishing collaboration, according to the respondents. They all had experience of senior management either facilitating or impeding collaboration. Apart from aligning goals and objectives, senior management need to buy in to the concept of collaboration between sales and marketing, as without their support organisations would fail to establish integration. The practitioners' literature supported the importance to collaboration of management support. The respondents identified the variables of communications, learning organisations, and market intelligence as being important antecedents to collaboration between sales and marketing. All the respondents set up formal communications to improve collaboration between sales and marketing, but it was highlighted that indirect communications were as important to effective communications. All had regular meetings of sales and marketing staff and encouraged team-working.

Two of the respondents questioned how market intelligence could be an antecedent to collaboration, but they all agreed that the concept of sharing market intelligence throughout the organisations was important. One respondent pointed out that market intelligence could be considered a system, and the idea of using market intelligence as a 'soft target' to aid collaboration was met with approval. Two respondents suggested that if the systems were in place to make sharing of intelligence transparent within the organisation then collaborative behaviour would be enhanced. Sharing information is also essential to learning organisations, and each of the respondents provided evidence to show that they worked in organisations that could be described as learning organisations, even if they were not aware of it as a process. Each organisation represented traded in intellectual rights for many of their product line-up and exhibited collaborative behaviour with other divisions or operated joint ventures with other organisations. Therefore, organisational learning and market intelligence are confirmed as antecedents to collaboration.

Each of the respondents discussed rewards, although none of them believed that aligning rewards alone would bring about collaboration. They did feel that sales staff needed to be motivated by some form of commission or bonus, but it was important that sales and marketing rewards were broadly aligned so they did not create conflict. Aligning rewards was considered one method of encouraging collaboration in the short term and as a way of reducing conflict. Therefore, the respondents could understand why rewards were not part of the conceptual framework in this research. All three respondents believed that collaboration between sales and marketing affects business performance not only directly, but also indirectly through market orientation.

9.7 Chapter Summary

The aim of this chapter was to use interviews with senior managers to verify the findings of the quantitative research and provide a deeper understanding of the variables, and to reveal any limitations of the research. The comments by the respondents were linked to supporting practitioners' literature. The most important result from the confirmatory interviews was that the interviewees supported all of the proposed variables. Before the confirmatory interviews were carried out, the inclusion of market intelligence had been in question; however, the practitioners' view was that sharing of market intelligence might underpin collaboration between sales and marketing by improving coordination and communication. In addition, the practitioners suggested four other possible areas of research: contribution to collaboration between sales and marketing by other departments, rewards, resource allocation and organisational integration.

The confirmatory interviews found that sales and marketing collaboration was improved through the effects of the independent variables identified in the research. The respondents also confirmed that they believed that collaboration between sales and marketing could lead to improvements in business performance. They indicated that this improved business performance might be derived through a greater understanding of the market and team-working. The other benefits of collaboration identified by the respondents were improvements in the working environment and in how their activities fit into the overall strategy of the organisation, and a clearer understanding of sales and marketing roles. It was noted that collaboration between functional areas is beneficial if encouraged throughout the organisation, but that the collaboration between sales and marketing is of primary importance, particularly in markets with rapidly changing environments.

CHAPTER 10

CONCLUSIONS: THEORETICAL AND EMPIRICAL FINDINGS

10.0 Introduction

The objective of the research was to discover the antecedents and consequences of collaboration between sales and marketing. The research emerged from the identification of a dichotomy that exists when considering the sales and marketing interface. The literature review identified the sales function as part of the communications element of marketing (e.g. Weitz, 1978; Shrimp, 2000; Fill, 2002), and that therefore sales and marketing should be working together symbiotically (even if they are two separate departments). The reality is that in most organisations sales and marketing are two separate, discrete functions that frequently work independently of each other. There is evidence from academic and practitioners' literature to show that the relationship between sales and marketing can often be poor, exhibiting distrust and even conflict (Wind and Robertson, 1983; Rosenbloom and Anderson, 1984; Munn, 1998; Alldredge *et al.*, 1999; Lorge, 1999; Dewsnap and Jobber, 2000; Arthur, 2002; Athens, 2003; Watkins, 2003). The literature review also identified that the relationship between sales and marketing has not been researched in depth and there is a gap in the academic literature. Further, the literature review found that there should be benefits from collaboration between sales and marketing in terms of business performance and customer satisfaction, but there is no empirical evidence to support this view (Gupta *et al.*, 1986; Souder and Moenart, 1992; Webster, 1997; McGee and Spiro, 1998).

The research was designed to answer two questions:

R_1: What are the antecedents of collaboration between sales and marketing?

R_2: Does collaboration between sales and marketing have a positive effect on business performance?

A mixed methodology was adopted to examine these questions. The research commenced with a literature review and exploratory case studies to develop a conceptual framework and to clarify the hypotheses. The hypotheses were tested using a large-scale, quantitative survey directed to Managing Directors/Chief Executives of large, UK-based organisations operating in the business-to-business arena. The study was completed with qualitative, confirmatory interviews with three senior managers to provide additional insights to the findings. This chapter will consider the theoretical contribution made by the research through reviewing each of the antecedents to collaboration between sales and marketing. Further, the research will consider the consequences of collaboration between sales and marketing and whether it has an effect on business performance. The next section will outline the managerial implications of this research, as well as highlighting any limitations of the research and identifying the future research directions.

10.1 Theoretical Contribution

There is very little academic literature devoted to the relationship between the sales and marketing functions within organisations, although a number of writers have started to investigate the importance of this relationship (e.g. Cespedes, 1993; Strahle *et al*, 1996; Dewsnap and Jobber, 2000, 2002). Cespedes (1993) found that the sales and marketing interface was experiencing problems created by different philosophies, training and rewards systems. He also found that there was little understanding of each other's functions; staff felt that informal communications were too time consuming and infringed on each other's domains. The exploratory case studies in the research found that there was evidence that sales and marketing did not work well together, their goals were not always aligned and there was a lack of understanding of each other's roles. Cespedes (1993) believed that rotating staff between sales and marketing and a mutual understanding of the reciprocal benefits of cooperation would facilitate integration, but that the support of senior management was required if this was to succeed. The large-scale survey found that fewer than half the organisations surveyed had opportunities for sales and marketing staff to transfer between departments (see Chapter 8) and this supported the findings in the initial case studies, where there was no rotation of staff at all. However, both the large-scale survey and the confirmatory interviews affirmed the importance of senior management support for sales and marketing collaboration.

Strahle *et al.* (1996) noted that tension was created between sales and marketing when their goals and objectives were out of alignment. Therefore, it was proposed that sales and marketing cooperation could be enhanced through aligning their goals and rewards, as well as undertaking frequent meetings to exchange information and carry out planning. The research confirmed that communication, management attitudes towards coordination and conflict of interests (with organisational learning and market intelligence) are all antecedents of collaboration between sales and marketing, but the variable of rewards required further investigation. Dewsnap and Jobber (2000, 2002) investigated the sales and marketing interface and found that sales and marketing are both independent of each other and interdependent, and that they need to work together to gain mutual benefits, but at present their relationships are not always seen as harmonious or collaborative. Although these studies have highlighted some of the difficulties experienced between sales and marketing and indicated possible antecedents to sales and marketing collaboration, they have not provided an investigative framework or empirical evidence on the benefits of collaboration. This research seeks to fill some of the gaps that exist in the literature in relation to the sales and marketing interface.

10.1.1 Antecedents to Collaboration between Sales and Marketing

One contribution of this research is the development of a theoretical framework that identifies and tests some of the antecedents of collaboration between sales and marketing (which relates directly to R_1). As previously explained, there has been little or no research into the relationship between sales and marketing, and it was unclear what the antecedents to collaboration might be. The study identified five antecedents to collaboration between sales and marketing and this section continues with a discussion of each antecedent in turn.

10.1.1.1 Management Attitudes towards Coordination between Sales and Marketing and Conflict of Interests

Management attitudes towards coordination and conflict of interests are the two variables that provide the greatest impact on collaboration between sales and marketing with a combined adjusted R^2 of .447. Conflict of interests concerns the alignment of goals, targets and activities set for sales and marketing, and whether or not there is tension between the two functions. The variable of management attitudes towards coordination considers the influence that senior managers exert upon the coordination of sales and marketing functions and whether they align sales and marketing goals. The reason that these two variables have been combined is that they also have an impact upon each other. It should be noted that conflict of interests has a negative impact upon collaboration: as conflict of interests increases, collaboration between sales and marketing decreases. Management attitudes towards coordination between sales and marketing plays a part in reducing conflict of interests through the alignment of goals and activities of the two functions. Mohrmon (1993) indicated that the alignment of objectives by senior management would help to reduce conflict. In addition, increasing conflict of interests makes it more difficult for senior managers to ensure that the working environment is harmonious and that both groups understand their roles with the organisation. Therefore, these two variables are considered together in this section, although they are two independent antecedents to collaboration between sales and marketing.

10.1.1.1.1 Management Attitudes towards Coordination

Management attitudes towards coordination between sales and marketing identifies whether senior management actions have an effect upon collaboration between sales and marketing and considers if sales and marketing goals and activities are aligned or are working against each other. It has been accepted in literature that one of the main factors that cause differences between sales and marketing is that sales targets may be short term whereas marketing targets are more long term, and this can be a source of inter-functional conflict (Lawrence and Lorsch, 1967/1972; Hutt and Speh, 1984; Ruekert and Walker, 1987; Webster, 1997). If sales and marketing are going to be equal partners in developing long-term marketing strategy there has to be consideration by senior management that their goals and activities need to be aligned and not working against each other. The large-scale survey found that management attitudes towards coordination has an impact on collaboration between sales and marketing with a *Beta* value of .260 with r = .599. This finding supports the contention of Strahle *et al.* (1996) that sales and marketing goals should be aligned to achieve collaboration between the two functions. In addition, Child (1985), Gupta *et al.* (1985, 1986, 1987) and Menon *et al.* (1996) agreed with the general principle that senior management's support and a focus on goal alignment are important to any successful inter-functional coordination. The case studies indicated that senior management do play a role in coordinating sales and marketing activities and there is strong evidence from the case studies to show that sales and marketing strategies have not been derived from mutually agreed objectives. There were a number of examples in the case studies of sales and marketing being set different targets and goals and these are were not always compatible.

There are, however, occasions when organisations will have to respond rapidly to environmental conditions and therefore sales may have different (short-term) goals from marketing. Respondents 1 and 2 indicated in the confirmatory interviews that on occasion sales have to be set short-term targets in response to market or internal conditions. However, this should not cause increased conflict of interests if the setting of different goals is supported by good communication between the two groups and an understanding of each other's priorities (Ruekert and Walker, 1987). Respondent 2 in the confirmatory interviews said, "*Sales are at times pulled towards short-term targets against marketing's long-term targets. Of course, this* *is something that senior management should try to avoid with planning, but it happens and sometimes cannot be avoided.*" Senior management should be aware of the consequences of their actions and that coordination across departments should provide superior customer value (Kohli and Jaworski, 1990; Narver and Slater, 1990). Felton (1959), Hambrick and Mason (1984), Jaworski and Kohli (1993) and Slater and Narver (1994) noted that senior management are responsible for establishing the culture of the organisation through leadership and by empowering staff to initiate and execute strategies to achieve their objectives. Therefore, senior management plays a key role in strategy formation and they need to ensure that this is communicated across all functional groups. It was found that management attitudes to coordination had a mean of 4.91 (see Chapter 7). All three respondents in the confirmatory interviews strongly supported the view that senior management plays a fundamental role in aligning goals and activities between sales and marketing, and this supported the findings of the large-scale survey.

The importance of the inclusion of sales in strategic decision-making was highlighted by Brannan (1998) and Cross *et al.* (2001) and was supported by all the respondents, in both the case studies (see Organisation 1) and the confirmatory interviews. Respondent 3 noted: "*I think the way to do that is to be quite up-front about the overall company strategy and how each group fits into that.*" Cross *et al.* (2001) and Olson *et al.* (2001) outline the importance of including sales in marketing strategy formation, while Lauterborn (2003) suggested that producing a marketing plan without integrating sales is like designing a battle plan for tanks and ground troops and leaving the air force to 'do its own thing'. The research findings confirm that senior management play a key role in aligning goals and activities of sales and marketing, and without their support it would be difficult for the organisation to improve collaboration between sales and marketing.

10.1.1.1.2 Conflict of Interests

This variable has proved to be one of the most important antecedents to collaboration. All three respondents in the confirmatory interviews highlighted that conflict of interests needs to be low to allow collaboration between sales and marketing. Ruekert and Walker (1987) and Labianca *et al.* (1998) indicated that collaboration cannot co-exist with interdepartmental conflict. The measures for conflict of interests consider how well the activities of sales and marketing are aligned (rather than whether senior management align goals) and how well they interact with each other. It was found that if conflict of interests is high, collaboration between sales and marketing is reduced. The quantitative statistics provide a *Beta* value of $-.298$ with $r = -.542$ (see Chapter 8). Both Respondent 2 and Respondent 3 in the confirmatory interviews recognised that conflict of interests between sales and marketing can be very destructive and were keen to point out that organisations must be aware of increasing tensions and aim to improve collaboration through aligning activities.

There is published research to indicate that, rather than working together, sales and marketing are often in competition or even conflict with each other (e.g. Rosenbloom and Anderson, 1984; Anderson, 1996; Strahle *et al.,* 1996). The case studies highlighted that there is some conflict of interests between sales and marketing in all three organisations, primarily caused by different procedures, objectives and perspectives. However, it was found that Organisation 1 (and to a lesser extent Organisation 2) had developed collaborative working environments, which were mainly due to senior management influences, good communications and sensitivity to each other's goals. Therefore, conflict of interests may be reduced by increasing the levels of inter-functional working (Armstrong *et al.*, 1996) and developing a culture of give-and-take (Gupta *et al.*, 1987). Menon *et al.* (1996) found that improvements in interdepartmental relations, communication quality and collaboration could enhance the formulation of strategy and its implementation as well as reduce conflict. Therefore, when trying to improve collaboration between sales and marketing the level of conflict of interests must be considered.

10.1.1.1.3 Summary

There is an inherent tension between the sales and marketing functions in many organisations and this may be due to a number of factors, including different backgrounds and perspectives, poor communications, and non-alignment of activities and goals by senior management. Therefore, it is essential that senior management are involved in setting aligned goals (Mohrman, 1993; Khan, 1996). Brown *et al.* (1986) and Tjosvold (1988) observed that when employees from different groups are aware that they have similar goals they act in a more collaborative way. Therefore, senior management play a key role in ensuring that sales and marketing goals are aligned, objectives and roles are clearly defined, and sales and marketing have equal input into strategy formation. The alignment of activities should reduce the conflict of interests between sales and marketing and improve collaboration between sales and marketing.

10.1.1.2 Communications

Communication explores the nature and frequency of interaction between sales and marketing and has been identified as an antecedent to collaboration between sales and marketing (with a *Beta* value of .168, with r = .503, see Chapter 8). Ruekert and Walker (1987) suggested that poor communications are likely to have a detrimental affect on coordination. In addition, Gupta *et al.* (1985) found that the greatest barrier to inter-functional integration was poor communications and that once senior management has aligned goals, communication is required to allow the interplay between departments and the development of a team focus. The respondents in the confirmatory interviews were very positive about the contribution of communications to collaboration between sales and marketing. Respondent 3 felt that "*communication was a surprisingly low score ... I think it is key to keeping people hooked in on what the business is trying to do. I think it is a very import issue if you want to try and bring the culture together and you have got sales and marketing teams being managed separately.*" Therefore, without effective communications it is unlikely that sales and marketing can share goals, reduce tension and align their activities.

Griffin and Hauser (1996) highlighted that the physical separation of sales and marketing can cause communications difficulties either formally or informally. The three respondents from the confirmatory interviews indicated that informal communications were as important as formal and they encouraged a culture of frequent interaction between sales and marketing. Organisation 3 from the case studies may be undermining their collaborative processes, as they do not hold regular meetings between sales and marketing to discuss cross-functional activities and targets. Organisations 1 and 3 believed they had good informal communications, but there was evidence of a lack of understanding of each other's functions and their activities were not fully aligned. Gupta *et al.* (1986) and Song and Parry (1992) found that low levels of communication, unified efforts and information-sharing are indicative of low levels of integration. Senior management can initiate the process that aligns sales and marketing goals and activities, but unless there is communication, sales and marketing may still take different paths and tension may continue to develop.

Senior management need to understand the importance of communications so that sales and marketing are able to work together in a symbiotic way. Souder (1988) confirmed that senior management can facilitate communication between departments, but Child (1985) and Khan (1996) warned that too many meetings may be counterproductive. Leenders *et al.* (1994) noted that there are many ways in which communication can take place including e-mails and teleconferencing, so personal meetings do not have to be relied upon to improve communications. Only Organisation 1 from the case studies held regular meetings to establish formal communications between sales and marketing, and these meetings were supported by good informal communications. This organisation was found to be the most successful of the three studied. Therefore, to be effective in improving collaboration between sales and marketing, meetings need to be focused and beneficial to both parties, and staff need to fully participate in the meetings.

Dewsnap and Jobber (1998) highlighted that sales and marketing are interdependent and therefore need to work together. Hutt and Speh (1984) also noted that communication flows need to be coordinated to be effective, especially where there are distinctly separate sales and marketing departments. All three respondents in the confirmatory interviews mentioned that they hold regular cross-functional meetings. Cespedes (1994) noted that the development of linking mechanisms is key to establishing integration as without them departmental staff can been seen as meddling in the other group's business without understanding the trade-offs involved. Therefore, once sales and marketing goals and activities have been aligned communications becomes fundamental to ensuring that each other's roles and perspectives are understood. Communication plays a key role in driving the alignment of activities and promoting understanding and information exchange, and unless there is regular communication, sales and marketing collaboration will be adversely affected.

10.1.1.3 Market Intelligence

Market intelligence identifies whether the sales staff are used to collect market intelligence, how frequently this information is shared between sales and marketing, and if this information is reviewed regularly. Market intelligence was included as an antecedent to collaboration between sales and marketing as Webster (1965), Bass (1997) and Olson *et al.* (2001) identified that the inclusion of sales into market intelligence and an effective dissemination of information is essential in establishing coordination and improving organisational performance. This suggested that there was some relationship between market intelligence and collaboration between sales and marketing. The case studies found that all three organisations were aware of the importance of collecting market intelligence and used their sales force as a source of marketing information. However, only Organisation 2 from the case studies analysed this information effectively and fed it back to the rest of the organisation, including the sales force, so that they could alter their message. The statistics found that market intelligence was antecedent to collaboration with an r = .581 and a *Beta* value of .216 (see Chapter 8). However, there were concerns that a type 1 error had occurred as the direction of the relationship between market intelligence and collaboration between sales and marketing was unclear, and market intelligence may have been either a predictor or an indicator of collaboration.

The respondents from the confirmatory interviews clarified the relationship. All three respondents confirmed that good market intelligence was essential to business performance and that it was important that organisations had systems in place to ensure that market intelligence was gathered and shared across the whole organisation. Respondent 2 said, "*You could be talking about a market intelligence system, because a market intelligence system requires a degree of collaboration in collecting information and information sharing.*" The idea of using market intelligence as a 'soft target' (e.g. Blake *et al.*, 1968 – 'superordinate goals') to aid collaboration was met with approval by the respondents. Two respondents suggested that if the systems were in place to make sharing of intelligence transparent within the organisation then collaborative behaviour would be enhanced. Respondent 1 said, "*Market intelligence is a very powerful thing, simply because knowledge is power, …* [but there are] *people who will only share market intelligence if they think that they are going to benefit*", and this concept was supported by Homburg *et al.* (2002). Market intelligence does play a key role in collaboration between sales and marketing as it underpins coordination and involves sharing information and communication. Respondent 2 said, "*The ability* *to share information, and therefore to collaborate, is important to success.*" Marketing information needs to be integrated and disseminated across departments to achieve effective use of the information and facilitate the organisation's adaptation to changing environments (Wood and Tandon, 1994). The research has provided a better understanding of the relationship between collaboration between sales and marketing and market intelligence. It was found that although market intelligence could be seen as an output of a good collaborative process, it also had a role to play as an aid to inducing collaboration between sales and marketing, as it relies on good communication and the aligning of activities to collect and disseminate the information throughout the organisation.

10.1.1.4 Organisational Learning

Organisational learning is about the ability of managers to react to information and debate issues, and considers the requirement to change in response to their environment and have the ability to learn from others (Argyris, 1977). The quantitative survey found that organisational learning had a *Beta* value of .133, with r = .296 (see Chapter 7), indicating that there is a relationship between organisational learning and collaboration between sales and marketing. Loermans (2002:290) suggests that it is necessary to build a corporate architecture to "facilitate learning at the organisational level to create knowledge sharing and dissemination mechanisms across the organisation". In the case studies, there was evidence of tacit learning in all three organisations, but individual staff held most of the organisational knowledge. As this knowledge was not systemised and spread to the rest of the organisation, a culture of organisational learning could not be said to be occurring. Meyers and Wilemon (1989) found that much of cross-functional learning is transferred through informal networks, e.g. through informal discussions, worker flows and friendship ties, which did not seem to be present in the case study organisations. It was identified that Organisation 1 from the case studies placed greater reliance on interdependency and integration so that knowledge was shared and discussed.

The descriptive statistics found that organisational learning has a mean of 5.64 (SD = 0.94) (see Chapter 8). The majority of the organisations in the survey indicated that they believe that learning is a key activity and critical to their sales and marketing success. "The learning process must include the ability of managers to ask the right questions at the right time, absorb the answers into their mental model of how the market behaves, share the new understanding with others in the management team, and then act decisively" (Day, 1994a:9). All the three respondents from the confirmatory interviews found it difficult to respond to the concept of organisational learning. They felt that it was important that management play a key role in establishing a culture that supports organisational learning, but they were unable to express how their organisations were responding to the need for a culture of organisational learning. However, the respondents were able to see how organisational learning would facilitate collaboration between sales and marketing. Therefore, the research establishes that organisational learning is an antecedent to collaboration between sales and marketing.

10.1.2 Other Considered Variables to Collaboration between Sales and Marketing

The literature review and the exploratory case studies identified that there were a number of other possible antecedents to collaboration between sales and marketing. These included market orientation, marketing planning, integration mechanisms and cross-functional training. After completing the statistical analysis of the large-scale survey, it was found that these four variables were not antecedent to collaboration between sales and marketing, but there were other important relationships between the variables. It was discovered that collaboration between sales and marketing with management attitudes towards coordination and market intelligence were antecedents to market orientation. It was also established that market orientation with communications, cross-functional training and integration mechanisms were antecedents to marketing planning. Both market orientation and marketing planning were found to have independent relationships with business performance.

10.1.2.1 Integration Mechanisms

Integration mechanisms considers the processes that have been put in place to aid integration between sales and marketing, e.g. interdepartmental committees set up to affect joint decision-making, senior management coordination of specific cross-functional projects and job rotation. Integration mechanisms were included as the literature review identified that integrative mechanisms would aid the establishment of collaboration between sales and marketing. Souder and Moenaert (1992) identified three integration mechanisms – task specification, organisational design and climate orientation. Child (1985) and Leenders *et al.* (1994) suggest that integration can be improved through structures (such as project teams, task forces and steering committees), communication tools (like personal meetings, e-mails and teleconferencing) and human resource management using systems that include job rotation, experience planning, and equal reward systems. Krohmer *et al.* (2002) noted that job rotation of employees could aid the spread of information and good practice across the organisation. Mohrman (1993) said that to achieve integration a continuum of integrative mechanisms could be used to coordinate the efforts of both individuals and groups. These mechanisms can range from formal to informal processes that create the background of integrative behaviour.

It was discovered from the case studies that none of the organisations used integration mechanisms to coordinate either short- or long-term activities or projects. Neither did any of the organisations facilitate job rotation. However, these findings could have been a local phenomenon. Therefore, integration mechanisms were retained in the large-scale survey to test whether these findings were widespread. The survey found that integration mechanisms had a mean of 3.32 (see Chapter 7), so of the sample fewer than half of the organisations used integration mechanisms. The correlation analyses found that integration mechanisms and collaboration between sales and marketing had a low-medium correlation with $r = .306$. However, the regression analysis indicated that integration mechanisms was not antecedent to collaboration between sales and marketing, but that it was antecedent to marketing planning (see Chapter 8). Integration mechanisms does, therefore, seem to have some impact on collaboration between sales and marketing, but this research has found that it is not antecedent to it.

10.1.2.2 Cross-functional Training

Cross-functional training identifies the amount of training available to sales and marketing to promote collaboration. Like integration mechanisms, cross-functional training was included as an antecedent to collaboration between sales and marketing because the literature identified that training had an impact on integration. Martin and Powers (1989) suggested that cross-functional training should help to bridge the communications gap between marketing and sales. In addition, Cohen (1993) indicated that training could help staff to form ties and integrate their activities across boundaries. The case studies found that none of the organisations carried out cross-functional training, as all training was attended individually and provided on request. It was decided to test this finding in the large-scale survey, but only a single measure was used as suitable measures could not be found. The results indicated that fewer than half the surveyed organisations offered cross-functional training between sales and marketing ($M = 3.67$, see Chapter 8). Cross-functional training and collaboration between sales and marketing had a low correlation of $r = .165$ and the regression analysis indicated that there is no relationship between these two variables. This finding is supported by Khan's (1996) research into collaboration between marketing and R&D, which found that investment in cross-functional training brought little return to the organisation. Therefore, cross-functional training is not an antecedent to collaboration between sales and marketing.

10.1.2.3 Marketing Planning

The research investigates whether marketing planning is carried out by organisations. Both Shapiro (1988) and Cespedes (1993) have identified that collaboration between sales and marketing may be enhanced through joint marketing planning at both strategic and tactical levels. McDonald (2002) also identified that inclusive marketing planning allows staff to take ownership of the activities and therefore improve implementation. As the literature identified that effective marketing planning requires collaboration, it was decided to include marketing planning in the large-scale survey, even though none of the organisations in the case studies undertook marketing planning. However, two of the organisations understood the importance of planning in coordinating activities and were in the process of implementing new marketing planning activities. The descriptive statistics indicated that just over half the organisations surveyed carried out marketing planning (M = 4.12, see Chapter 8) and the correlation between marketing planning and collaboration between sales and marketing was r = .362 (see Chapter 8). However, the regression analysis indicated that marketing planning was not antecedent to collaboration between sales and marketing.

The regression analysis showed that marketing planning was an antecedent to business performance (see Chapter 8). This supported the findings of McKee *et al.* (1990) and Slotegraaf and Dickson (2004), who indicated that organisations that undertake comprehensive planning were likely to experience improvements in performance. The respondents in the confirmatory interviews agreed that marketing planning did have a positive impact on business performance. The regression analyses also identified that market orientation (*Beta* value of .181), cross-functional training (*Beta* value of .189), communications (*Beta* value of .204) and integration mechanisms (*Beta* value of .260) were antecedents to marketing planning. Therefore, the statistical analysis showed that marketing planning has no relationship with collaboration between sales and marketing.

10.1.3 Benefits of Collaboration between Sales and Marketing

The main contribution of this research is the provision of empirical evidence on the importance of collaboration between sales and marketing. The research establishes that greater collaboration between sales and marketing contributes to improvements in business performance. In addition, this research has found that collaboration between sales and marketing has a positive impact on market orientation and market orientation has a positive impact on business performance[7].

10.1.3.1 Market Orientation

Market orientation was initially selected as a possible antecedent to collaboration between sales and marketing as the literature indicated that to be effective market orientation requires a high degree of integration and collaboration between staff in various functional areas (Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Webster, 1997). As discussed before, market orientation (see Chapter 3) is a philosophy based on the principle that the organisation needs to create the necessary behaviour to generate superior value for buyers and superior performance for the organisation. Narver and Slater (1990) identified three components for a market orientation – customer orientation, competitor orientation and inter-functional cooperation. The case studies found that all three organisations were product led, although they were trying to change their culture towards a market-orientated focus. This indicated that they were aware of the

[7] Market orientation has already been identified through academic literature to have a positive impact on business performance (e.g. Kohli and Jaworski, 1990; Narver and Slater, 1990; Morgan and Turnell, 2003).

importance of a market orientation in improving business performance, but they were all finding that it is difficult to change existing attitudes and practices within the organisation. Webster (1997:64) argued, "Successful marketing organisations will be structured around major customers and markets, not products, and will integrate sales, product strategy, distribution, and marketing communications competences and activities." Kohli and Jaworski (1990) and Narver and Slater (1990) identified that a market orientation encouraged the coordination of activities across departments to provide superior value to buyers. The research found that market orientation was highly correlated with collaboration between sales and marketing with r = .561.

However, the regression analysis indicated that the direction of the relationship was reversed. Market orientation was not an antecedent to collaboration between sales and marketing, but collaboration between sales and marketing may be an antecedent to market orientation with a *Beta* value of .203 (see Chapter 8). The respondents from the confirmatory interviews agreed that collaboration between sales and marketing would positively reinforce a market orientation. Respondent 2 said, "*I can see how collaboration between sales and marketing would feed into market orientation, after all to create a market orientation everyone has to work together towards the same goal.*" In a successful market-orientated organisation, different groups will listen to each other and are encouraged to lay out their ideas and requirements honestly (Shapiro, 1988). The research also identified that market orientation had a positive impact on business performance with an adjusted R^2 value of .249 and a *Beta* value of .504. These results are similar to a recent study by Sin *et al.* (2005) that considered the relationship between market orientation and business performance in manufacturing organisations.

Jaworski and Kohli (1993), Slater and Narver (2000) and Morgan and Turnell (2003) found that market orientation is positively associated with improved performance and the linkage appears to be robust across environmental contexts. Pulendran *et al.* (2003:492) stated, "Our findings provide further evidence of the significant relationship between market orientation and business performance." There has been a significant amount of research concerning the effects of a market orientation on business performance. Research has also identified the importance of inter-functional cooperation and the positive effects that this can have on market orientation. What have not been previously considered are the effects that sales and marketing collaboration have upon market orientation, particularly as these two functional areas would probably be in the vanguard of most organisations in implementing market orientation. This research has found that collaboration between sales and marketing may have a positive impact on market orientation, but further research is required.

10.1.3.2 Business Performance

The aim of the research was to identify the consequences of collaboration between sales and marketing. The research has found that improvements in collaboration between sales and marketing have a positive effect on business performance. The findings support the contention put forward in both practitioners' and academic literature that a stronger relationship between sales and marketing may lead directly to improvements in performance. The case studies initially indicated that there was a relationship between collaborative sales and marketing functions and improvements in performance. The most collaborative of the three organisations (Organisation 1) has the strongest business performance, with a strong market position and a gross profit of almost 40% on average. The organisation that had the weakest collaboration between sales and marketing was losing market share and was struggling to remain profitable. Although this is not conclusive evidence, it would indicate that a collaborative approach to sales and marketing is a positive influence within the organisation.

The regression analysis found that collaboration between sales and marketing and business performance have a *Beta* value of .467 and an adjusted $R^2 = .213$ (see Chapter 7). These statistics indicate that there is a strong relationship between these two variables. Narver and Slater (1990) and Morgan and Turnell (2003) believed that the proper level of interaction and collaboration allows the development of strong business performance and the findings confirm these opinions. The respondents confirmed that collaboration between sales and marketing was critical to improving business performance. Respondent 3 said, "*There is no doubt that collaboration between sales and marketing has a bearing on business performance and is good practice.*" Corstjens and Corstjens (1999) indicate that a lack of cooperation between sales and marketing has the potential to damage the overall success of the organisation. Therefore, poor collaboration between sales and marketing may have a detrimental effect upon business performance.

10.1.3.3 Summary

The research identified a number of other benefits of collaboration between sales and marketing through the case studies and confirmatory interviews. The reduction of tension between sales and marketing staff contributes to improved working conditions and better relations between staff. The integration of marketing activities, sharing knowledge, improving processes and sharing best practice should lead to more focused marketing campaigns and improved customer relations. The greater sharing and discussion of market intelligence and the alignment of goals provide a shared vision of customers' needs and an improved reaction to changes in the environment. Finally, the improvement of interactions between sales and marketing staff may have a positive influence on intra-functional integration across the whole organisation.

10.2 Managerial Implications

The interface between sales and marketing staff in some organisations has been found to exhibit high levels of conflict and poor collaboration. It has been established that conflict between sales and marketing can damage business performance and impede collaboration between sales and marketing. The research has established that conflict can be addressed through team-working, greater alignment of goals and an improved understanding of each other's perspectives. As conflict is negatively related to collaboration between sales and marketing, a reduction in conflict will lead to an improvement in collaboration, but there is a two-way relationship between these two variables and therefore an improvement in collaboration between sales and marketing will have the effect of reducing conflict. An improvement in collaboration between sales and marketing can be achieved through exploring the antecedents of collaboration between sales and marketing identified in the research. Therefore, the principle implications are:

1) Senior management are required to focus on aligning goals and activities between sales and marketing, and encouraging a culture of cooperation between the two groups.

2) Organisations should aim to reduce conflict by improving communications and inter-functional working between sales and marketing.

3) Collaboration between sales and marketing may be influenced through the antecedents identified in the research.

When trying to improve collaboration between sales and marketing the initial focus should be on senior managers' attitude towards coordination. Their role is to ensure that the goals and visions of the organisation are communicated across the whole organisation, and specifically that sales and marketing goals and activities are aligned and shared. It is essential that sales and marketing should not be set conflicting objectives by senior management as this leads to an inability for them to work symbiotically and increases tension between the two groups. The increase of tension and non-alignment of goals and activities causes conflict of interests to increase, which has a negative effect on collaboration between sales and marketing. It is therefore essential that senior management commit to creating the conditions that allow collaboration between sales and marketing to be established, and prevent conflict of interests from occurring.

Communications between sales and marketing plays a key role in building the collaborative process. The exploratory case studies indicated that the organisations that had relatively low levels of communications between sales and marketing staff also had the least collaborative sales and marketing functions. This would indicate that communications between sales and marketing is an area that can be improved through the encouragement of both formal and informal communication. The research found that regular meetings that allow the exchange and discussion of information and joint decision-making, supported by good informal communications between sales and marketing staff, were essential to promoting a mutual understanding of each other's perspectives, maintaining the alignment of activities and creating high levels of collaboration between sales and marketing.

The importance of market intelligence processes in creating and maintaining collaboration between sales and marketing was established through the research. Market intelligence was identified as a possible 'soft target' in creating a climate for improving collaboration. Managers are required to establish processes for the sharing and dissemination of marketing information. This is critical as it has been shown that sales staff are a key source of market and customer information, but there is a tendency for them to control the information they collect as a method of creating functional power. Conversely, marketing also is a source of critical marketing information that is rarely shared with sales staff for similar reasons. Therefore, senior management should establish the sharing and dissemination of market intelligence as being mutually beneficial to both sales and marketing. In addition, the recipients of the data must value the information shared in order for market intelligence to work as a tool of collaboration. It may be beneficial to the organisation to set up a separate department for the collection, storage and dissemination of market intelligence for the whole organisation for the dual reasons of providing a clear sign of the importance of marketing information and preventing the control of information as a method of creating departmental power.

Senior management and sales and marketing staff need to understand the importance of sharing knowledge within the organisation and creating organisational learning. If organisations stop learning and improving their processes they are unlikely to be able to adapt successfully to the changing environment. Organisational learning encourages individual initiative and creativity while building team-working. Therefore, senior management needs to be able to improve the interactions between sales and marketing staff while maintaining their individual, functional creativity. The survey found a high level of organisational learning in the sample and therefore there is strong senior management support for creating organisational learning within these organisations. Therefore, the establishment of successful and productive collaboration between sales and marketing requires the long-term commitment of senior managers and sales and marketing staff.

The research has indicated that collaboration between sales and marketing may have a positive impact upon market orientation, but further research is required. It is widely recognised that a market orientation can be beneficial in creating improvements in business performance. The study has also found that collaboration between sales and marketing has a direct and independent impact upon business performance and is therefore an area that should be a focus for senior management in the future.

10.3 Limitations and Future Research

10.3.1 Introduction

This research primarily identifies the antecedents to collaboration between sales and marketing and its effects on business performance. As with any study in social sciences, a number of limitations have emerged as the research progressed. A critical realism approach was adopted, which recognises the importance of human constructs upon the research. There are a number of other approaches that might have been used including positivism and social constructivism. A positive approach would have allowed the scientific testing of the antecedents of collaboration between sales and marketing, and this would have been adopted if the antecedents had been clearly identified. However, as the antecedents to collaboration between sales and marketing were unclear, it was important to gain a consensus between viewpoints on what they should be. The research therefore required input from actors working in the field of sales and marketing who had insights into the meanings within relationships.

The research was conducted through a mixed methodology utilising both case studies and a survey, allowing the data to combine quantitative evidence with qualitative insights. However, there are limitations to a mixed methodology. For example, it may be hard to reconcile disparate sources of data that indicate different conclusions (Easterby-Smith *et al.*, 2002): there were several antecedents that were identified by the literature review that were not supported by the qualitative case studies (e.g. rewards), that with hindsight should have been included in the study. There are also some practical limitations to this research, particularly in the measures used in the questionnaire for the large-scale survey and selection of antecedents, but these limitations also create opportunities for future research. Therefore, the following sections will identify possible limitations to the study and directions for future research into collaboration between sales and marketing.

10.3.2 Case Selection and Surveys

Case studies were selected to provide an insight into the interrelationship of sales and marketing from the point of view of head of sales, head of marketing and their line manager (who was also a member of the senior management team). From the outset, it was decided that this research was only going to be based in large, UK-based organisations (turnover in excess of £11 million, see Chapter 4) who operate in the manufacturing, wholesale or publishing industries in the business-to-business arena. Although the three companies that were selected fulfilled the criteria, this was a convenience sample based on a combination of the researcher's personal contacts and those organisations that were willing to provide the level of access required. The case studies may have been strengthen by the random selection of organisations, because the three organisations selected are all based in the south-east of England and none of these organisations operates in the *fmcg* market sector. The initial intention was to include more than three case studies in the research, but two other organisations had to withdraw at the last minute as a result of internal matters and one of these would have been considered as operating in the *fmcg* sector.

Because of the limitations imposed by the PhD process, there was not sufficient time to negotiate access with additional organisations. Although the inclusion of a small number of cases may have restricted the data collected, the results were promising and displayed a degree of concordance that allowed the conceptual framework to be developed. Additionally, the limitations of the small selection of organisations for the case studies were mediated by the inclusion in the research of the large-scale survey, which was nationwide and included organisations that operate in a much wider range of industries, including *fmcg* organisations. The research might have been enhanced by the use of additional confirmatory interviews, or a focus group might have provided additional data. However, it was decided that three confirmatory interviews were sufficient as the respondents were providing very similar results ('theoretical saturation', see Glaser and Strauss, 1967).

The large-scale survey had a number of limitations including the sampling set provided by D&B. The sampling frame requested was for large, UK-based organisations operating in the business-to-business arena. However, the sampling frame provided included organisations of all sizes, from those with a turnover of less than £5 million upwards. The consequence was that the response rate was reduced from 17% to 14.6%, as the responses from the smaller organisations had to be excluded. However, it is worth noting that Menon *et al.* (1996) and Slotegraaf and Dickson (2004) consider any response rate between 10% and 20% to be acceptable when the respondents are senior managers, and therefore the response rate of 14.6% is acceptable for this survey. The survey might also have been strengthened by the inclusion of a tri-partite sampling frame that included the Managing Director (or equivalent), the head of sales and the head of marketing. However, it was felt that the response rate would have been reduced if three parties had to complete a questionnaire, and the time available to carry out the survey precluded an extensive 'follow-up' procedure.

10.3.3 Measurement and Research Framework

The development of the scales provides possible limitations to the survey. One area of concern was that new scales had to be developed for three of the measures:

management attitudes towards coordination, marketing planning and cross-functional training. Had it been possible, existing validated scales would have been used for all measures, but suitable scales could not be found for these variables. These scales were independently tested before use to enhance their validity (see Chapter 4), but they would be strengthened by additional testing through application to other samples.

The measure for business performance may have caused a further limitation as it was based on the opinions of the Managing Director/Chief Executive of the organisation and asked the respondent to rate the organisation's performance against a range of targets (e.g. profitability, market share, achieving sales targets, new product sales and objectives). This measure was developed by Behrman and Perreault (1982) and has been used successfully in a number of studies (including Sujan *et al.,* 1994; Challagalla and Shervani, 1996). A number of other researchers have used similar scales to measure business performance (e.g. Craven *et al.,* 1993; Jaworski and Kohli, 1993; Morgan and Turnell, 2003). Menon *et al.* (1996:305) observed, "Although objective performance measures may have been more ideal, research evidence points out that managerial assessments of financial and marketing performance are consistent with objective measures." Alternatively, two measures could have been employed to compare actual data with the opinion of the Managing Director/Chief Executive, which is a procedure recommended by Venkatraman and Ramanujam (1986). A further possible weakness of the survey is that the measures for marketing planning and cross-functional training are single-scale measures. Single-scale measures only consider one dimension and therefore may not be as robust as multi-dimensional measures, because by asking a wider range of questions the researcher gains access to a wider range of concepts (Bryman, 2001). Although Craven *et al.* (1993), Moenaert *et al.* (1994) and Khan (1996) have all successfully used single-scale measures in their research, the research could be strengthened through the development of multi-scales measures for these two variables.

A further limitation of the study may be that the environment within which the organisation was operating was not considered during the design of the large-scale survey questionnaire. The inclusion of moderators and mediators to this data would have enabled the study to discover whether or not highly competitive markets correlated with greater collaboration between sales and marketing. Lawrence and Lorsch (1967/1972) suggested that effective organisations increased their level of differentiation as their environment became more uncertain, and therefore the more uncertain the environment became, the more important integration (coordination) also became to ensure the continued success of the organisation. Lapierre and Henault (1996) also found that turbulent environments require significant levels of integration across organisational boundaries. This omission may therefore have created a limitation to the study, but it is an area that could be explored in more depth through subsequent research. Other possible moderators could have included the consideration of the effects of customers and competitors.

The constraints of the PhD programme dictated certain limitations (time, finance and length of thesis). Some of the limitations discussed above might have been overcome had these constraints not existed. For example, additional exploratory case studies, a tri-partite survey, the development of multiple-item scales, and sending a pre-letter to the large-scale respondents and/or employing follow-up telephone calls rather than follow-up letters

10.3.4 Future Research

The research aim was to develop a framework to study the antecedents and consequences of collaboration between sales and marketing. As the research developed it became clear that there are a number of areas that would benefit from additional research to improve the understanding of collaboration between sales and marketing. These include the development of additional statistical methods and further research into training, resource allocation and rewards.

The research provided a new framework to aid the understanding of the antecedents and consequences of collaboration between sales and marketing. A structural equation-modelling approach may prove to be advantageous in confirming the strength and direction of the relationships between the variables, and provide a clearer understanding of the multi-dimensional nature of the construct. The framework could also be tested through replication and extension by other researchers or as an extension of this study. Churchill and Iacobucci (2002) warned that construct validity is difficult to establish, and it can never be guaranteed, as it is partly a matter of judgement. The descriptive nature of this research means that replication is possible and this would add greater validity to the measures and confirm the relationships. Therefore, further application of the measures used in the research would improve their validity. The measures for marketing planning and cross-functional training are both single-scale measures that should be developed into multi-dimensional scales. These would need to be re-tested through a new study to discover if there is any variation in the results.

Although the findings of the study were generally supported and the conceptual framework developed in Chapter 8 was confirmed by the conformational interviews, some of the specific results are open to interpretation. The impact of cross-functional training and the role of marketing planning are areas that probably deserve further research to clarify the strength and direction of their relationships. In addition, the respondents from the confirmatory interviews identified two other areas of further research: those of resource allocation and rewards. It was expected from the literature review and confirmatory interviews that cross-functional training should have some impact on collaboration between sales and marketing and this proposition could be tested through future research. The respondents in the confirmatory interviews were generally surprised that cross-functional training was part of marketing planning and that it was not an antecedent to collaboration between sales and marketing. Although the case studies indicated that there was little interest in cross-functional training, the literature showed that this variable may be antecedent to collaboration between sales and marketing. Therefore, further research into the benefits of providing cross-functional training for sales and marketing staff could be beneficial.

The other area of further research identified in this study concerns the impact of rewards on collaboration between sales and marketing. Woods (1995) identified that rewards will influence behaviour. Although this study did collect basic data on how sales and marketing managers are rewarded, it did not explore how rewards could be effective as a motivational or collaborative tool, through the influence of team-working and goal alignment. The case studies indicated that the different reward structures for sales and marketing staff did not appear to be an issue when considering collaboration between sales and marketing, but more of an accepted fact. However, all three of the respondents in the confirmatory interviews believed that rewards should have been explored further to discover if they play any part in aligning goals between sales and marketing staff. Galbraith (2002) suggests that the purpose of a reward system is to align employee goals with organisational goals, to provide motivation and incentives for achieving strategic direction.

Two of the respondents in the confirmatory interviews identified resource allocation as a possible antecedent to collaboration between sales and marketing. In their responses they considered how sales and marketing interact when competing for resources in terms of staff and finance. They felt that this competition for resources could create conflict and resentment, and their willingness to collaborate might be reduced. Therefore, senior management need to play a key role in ensuring that resources are allocated and managed to achieve their objectives. Mohrmon (1993) said that the allocation of resources will need to 'follow' the objectives automatically so that managers are not required to indent for funding. In the confirmatory interviews Respondent 1 explained, *"It is important for sales and marketing to have control of their own resources, to stop them 'locking horns' internally and allow them to get on with their job."* Therefore, this could constitute an area for further investigation to discover whether resource allocation is an antecedent to collaboration between sales and marketing or an area that should be managed to prevent conflict of interests from increasing.

Another area that may require additional exploration to help understanding of some of the cultural issues that may be a barrier to integrating sales and marketing effectively is the different educational backgrounds and career paths of sales and marketing staff. In 1993, Cespedes identified that sales and marketing staff have traditionally taken different career paths and have different educational backgrounds, and there does not appear to have been any further research into this area since then. If sales and marketing staff are still following separate career paths and have differing educational backgrounds, then this could be a substantial barrier to collaboration.

This study has concentrated on organisations that are large (more that £11 million turnover), UK-based and either manufacturers or wholesalers operating in the business-to-business arena. Comparative studies could be undertaken to discover if the findings will be replicated in small or medium-sized enterprises or organisations operating in different industries, and might possibly include organisations that operate in the business-to-consumer arena. Further, researchers may wish to carry out similar surveys in other countries so that an international comparison can be made to discover whether the same antecedents to collaboration also influence collaboration between sales and marketing in other cultures. It might also be beneficial to carry out a longitudinal study to discover if the relationship between sales and marketing changes over time.

10.3.5 New Research Areas

The impact of collaboration between sales and marketing has been the main feature of this thesis. There are a number of other related areas that have not been covered by this research but that could be examined when considering the inter-functional relationship between sales and marketing. New areas of research around the sales and marketing interface could include conflict identification and reduction between the sales and marketing functions. This research would focus on identifying the underlying causes of tension between sales and marketing, and would examine the working relationship and how these tensions could be reduced. As part of this research an examination of inter-group dynamics would be appropriate, with consideration of boundary permeability and boundary-spanning activities.

A second area of consideration would be the investigation of the organisation of the sales and marketing functions within an organisation. This could include a study of how the sales and marketing functions are structured in different industries, and the benefits of certain types of structures (e.g. the inclusion of separate trade and consumer marketing roles and the role of the brand/product manager). This study could be extended to consider a number of mediators and moderators (e.g. environmental issues, competitor activities and customers) and the impact that these may have on the sales and marketing interface. This might lead to recommendations for the structure and type of sales and marketing operation required by an organisation, depending on its organisational size, industry type and the environmental conditions.

10.4 Closing Remarks

This research began with the belief that a collaborative sales and marketing operation would be strongly associated with improvements in business performance. Although some writers had begun to conceptualise the sales and marketing relationship, their frameworks had not been empirically tested. Further, there was evidence to show that although academic literature indicated that the sales and marketing interface should be operating collaboratively, many writers had found tension, distrust and a lack of cohesion between the two groups. Therefore, the research aims were to:

1) Develop a conceptual framework that identifies the possible antecedents of collaboration between sales and marketing based on existing literature and exploratory case studies.

2) Test empirically the identified antecedents to collaboration between sales and marketing.

3) Identify whether effective collaboration between sales and marketing can provide benefits to the organisation in terms of improved business performance.

4) Provide practitioners with a framework that could be used when reviewing the relationship between sales and marketing.

Each of the above aims has been met. The findings and conclusions presented in this chapter have identified that management attitudes towards coordination, conflict of interests, communication, market intelligence and organisational learning are antecedents of collaboration between sales and marketing. The research examines the importance of each of these antecedents and establishes how each of these antecedents influences collaboration between sales and marketing. The consequences of collaboration between sales and marketing are improved business performance.

The research has found that collaboration between sales and marketing is influenced by five variables. A positive senior management attitude towards coordination is essential to establishing collaboration between sales and marketing. The reduction of conflict of interests may be achieved through a combination of factors including senior management aligning goals, improved communications and the establishment of a culture of sharing. An effective level of communication is required to build the level of collaboration between sales and marketing, and sharing marketing intelligence is believed to aid the collaboration process. Organisational learning is essential to allow the development of individual creativity combined with improved team-working. This research represents an advance in understanding of the antecedents of collaboration between sales and marketing and the consequences in terms of business performance of collaborative sales and marketing activities in large UK-based organisations operating in the business-to-business arena. Further, the conclusions indicate how senior managers can use the antecedents to examine and improve the sales and marketing interface within their organisations. The findings also confirm the contention that effective collaboration between sales and marketing functions benefits the organisation in terms of improved business performance. This research is valuable as it corroborates the commonly held belief that sales and marketing should collaborate to improve efficiency and therefore business performance.

APPENDIX ONE

Interview Guide

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Semi-Structured Interview Questions for Case study Organisations – for use with sales and marketing executives and the head of sales and marketing.

1) Please will you outline your title, current role and responsibilities?

2) What has been your career progression to this point and what types of organisation have you worked in?

3) Please will you describe the industry that the company operates in?

4) How does the customer differentiate between the competing suppliers in the industry? (e.g. price, quality, product, service)

5) Please will you describe the current sales and marketing structure in your organisation and its historical context? (This should provide data on how many people are in the sales and marketing departments and how this structure has developed.)

6) In an ideal situation, what do you believe should be the main activities and roles of the marketing department?

7) Does this differ from what happens in your organisation, and if so how?

8) In an ideal situation, what do you believe are the main activities and roles of sales function?

9) Does this differ from what happens in your organisation, and if so how?

10) At this time what are the main challenges facing sales and marketing in your organisation?

11) How do you plan to meet these challenges?

12) In your view, what is the relationship between marketing and sales in your organisation?

13) In your organisation who takes the lead in marketing activities? And why?

14) Are these marketing goals independent of sales goals or driven by them? Do senior management support these goals? Why do you think this situation has developed?

15) How do the sales and marketing departments communicate and what type of communication takes place? (Through regular meetings, via e-mail, or is there little communication?)

16) How much information does marketing supply to sales and what type of information is it? (e.g. new product, marketing trends, new product development)

17) Do marketing supply information to sales on new products and the market place? If not, where does the information come from?

18) How does sales feedback market information to marketing, and how do they feedback?

19) Are sales the only source of market information or what other sources do you use?

20) How does your company measure marketing success and do you believe this is the most effective approach?

21) How does your company measure sales success and do you believe that this is the most effective approach?

22) Do you have any joint targets or objectives?

23) Please describe the type and level of senior management involvement in the sales and marketing functions and in setting objectives.

24) Does conflict exist between sales and marketing in your organisation?. If so, what type?

25) If conflict exists between sales and marketing, do senior management assist in resolution and how do they do that?

26) Does the structure of the organisation help in the resolution of conflict, and if so how?

27) If you were asked to rank the importance of the various functional areas in your organisation, what would they be? (e.g. sales, finance, distribution, production, marketing)

28) Do senior management encourage integration between departments within the organisation?

29) Do you do have a key account management structure? If you do, please will you describe how it is organised and managed.

30) Do your competitors' activities have an influence on the structure of your sales and marketing functions?

31) Do your sales and marketing functions differ from those of your competitors and, if they do, in what way, and why have you developed this type of structure?

32) Do you believe sales and marketing share the same values and goals?

33) Do you have regular sales and marketing management meetings?

34) What are the main topics discussed? (e.g. promotions, sales activities, monthly advertising, how to overcome budget deficits, profit)

35) In your view, what are the benefits of a good working relationship between sales and marketing?

36) How do you carry out your sales and marketing planning? (e.g. formalised structure with marketing plans, informal meetings, sales budgets only)

37) Do you out-source any of your sales or marketing activities, and if so which parts and why?

38) If you could change anything about sales or marketing or your role, what would it be and why?

39) What is the best thing about the sales and marketing set-up in your organisation and why?

40) If you had to be based in either sales or marketing, which would it be and why?

41) In your view, what does the future hold for sales and marketing generally and in your organisation?

42) What do you see as the future structure of sales and marketing in general and in your organisation?

43) What could be done to improve the value of sales and marketing in your organisation?

44) What (if anything) could be done to improve the relationship between sales and marketing in your organisation?

For the head of sales and marketing only

45) How would you describe the industry you are operating in: is it sales- or market-orientated?

46) How would you describe your organisation: sales- or market-orientated?

47) Do the reward systems differ between sales and marketing, and if so how?

48) What type of training is available to your sales and marketing staff?

49) Please can you give me your organisation's approximate turnover value in the UK, number of employees and number of staff in sales, and marketing?

50) Do you believe that your sales and marketing structure is integrated and adds value? If so, how?

51) How do you measure the success of sales?

52) How do you measure the success of marketing?

53) What do you think are the benefits of integration between sales and marketing?

APPENDIX TWO

Copy Letters and Main Study Questionnaire

Letter One

WARWICK
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Mr XXX
Managing Director
Anycompany Ltd.
High Street
Any Town

8th October 2004

Dear Mr XXX

EXAMINING COLLABORATION BETWEEN THE SALES AND MARKETING FUNCTIONS

The environment that organisations are operating in today is highly competitive and complex. Highly competitive markets mean that it is increasingly important that managers are aware of the changes in their environment and that this information is shared within the organisation. I would like to invite you to take part in the research whose aim is to investigate the improvements to business performance that may be derived from developing better communications and interactions between the sales and marketing functions. This questionnaire is supported by University of Warwick and is being distributed to over 1000 Senior Managers in the UK.

The questionnaire should not take longer than 10 minutes to complete and will entitle you to receive a free copy of the executive summary of the results. All responses will be treated in the strictest confidence and no individual respondent will be identified. If you do decide to help us with this research, please return the questionnaire in the enclosed reply-paid envelope by 29th October 2004. If you would like any further details about this research please will you contact me on 01707 285541 or by e-mail K.P.Le-Meunier-Fitzhugh@warwick.ac.uk.

With many thanks for your time and contribution.

Yours sincerely

Ken Le Meunier-FitzHugh
Department of Marketing and Strategic Management
Warwick Business School
Encs

Letter One Reminder

WARWICK
BUSINESS SCHOOL

Mr XXX
Managing Director
Anycompany Ltd.
High Street
Any Town

29th October 2004

Dear Mr XXX

EXAMINING COLLABORATION BETWEEN THE SALES AND MARKETING FUNCTIONS

We recently sent you a questionnaire inviting you to take part in the research whose aim is to investigate the interactions between the sales and marketing functions. We have now received many of the questionnaires back and we would like to remind you that you still have the opportunity to return your questionnaire. Our aim is to get as many responses from Senior Managers as possible so that we can be sure that our conclusions are sound.

If you have already sent your questionnaire back, please accept our thanks and apologies for this reminder. If you have not returned the questionnaire yet, then we would be very grateful if you could do so as soon as possible. The questionnaire should not take longer than 10 minutes to complete and will entitle you to receive a free copy of the executive summary of the results. All responses will be treated in the strictest confidence.

If you would like any further details about this research or an additional copy of the questionnaire please will you contact me on 01707 285541 or by e-mail K.P.Le-Meunier-Fitzhugh@warwick.ac.uk.

With many thanks for your time and contribution.

Yours sincerely

Ken Le Meunier-FitzHugh
Department of Marketing and Strategic Management
Warwick Business School

Letter Two

WARWICK
BUSINESS SCHOOL

Mr XXX
Managing Director
Anycompany Ltd.
High Street
Any Town

11th November 2004

Dear Mr XXX

EXAMINING COLLABORATION BETWEEN THE SALES AND MARKETING FUNCTIONS

We recently sent you a questionnaire inviting you to take part in the research whose aim is to investigate the interactions between the sales and marketing functions. We have now received many of the questionnaires back and we would like to remind you that you still have the opportunity to return your questionnaire. Our aim is to get as many responses from Senior Managers as possible so that we can be sure that our conclusions are sound.

If you have already sent your questionnaire back, please accept our thanks and apologies for this reminder. If you have not returned the questionnaire yet, then we would be very grateful if you could complete and return the attached in the reply-paid envelope provided by 29th November 2004. The questionnaire should not take longer than 10 minutes to complete and will entitle you to receive a free copy of the executive summary of the results. All responses will be treated in the strictest confidence.

If you would like any further details about this research please will you contact me on 01707 285541 or by e-mail K.P.Le-Meunier-Fitzhugh@warwick.ac.uk.

With many thanks for your time and contribution.

Yours sincerely

Ken Le Meunier-FitzHugh
Department of Marketing and Strategic Management
Warwick Business School
Enc

Letter Two Reminder

WARWICK
BUSINESS SCHOOL

Mr XXX
Managing Director
Anycompany Ltd.
High Street
Any Town

25th November 2004

Dear Mr XXX

EXAMINING COLLABORATION BETWEEN THE SALES AND MARKETING FUNCTIONS

We recently sent you a questionnaire inviting you to take part in the research whose aim is to investigate the interactions between the sales and marketing functions. We have now received many of the questionnaires back and we would like to remind you that you still have the opportunity to return your questionnaire. Our aim is to get as many responses from Senior Managers as possible so that we can be sure that our conclusions are sound.

If you have already sent your questionnaire back, please accept our thanks and apologies for this remainder. If you have not returned the questionnaire yet, then we would be very grateful if you could do so as soon as possible. The questionnaire should not take longer than 10 minutes to complete and will entitle you to receive a free copy of the executive summary of the results. All responses will be treated in the strictest confidence.

If you would like any further details about this research or an additional copy of the questionnaire please will you contact me on 01707 285541 or by e-mail K.P.Le-Meunier-Fitzhugh@warwick.ac.uk.

With many thanks for your time and contribution.

Yours sincerely

Ken Le Meunier-FitzHugh
Department of Marketing and Strategic Management
Warwick Business School

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Examining Collaboration between the Sales and Marketing Functions

Section 1: Market Orientation

Please indicate the extent to which your organisation meets the statements listed below by circling (O) the number that most closely describes your organisation.

Customer Orientation	Not at all						To an extreme extent
1) Our business objectives are driven primarily by customer satisfaction.	1	2	3	4	5	6	7
2) We constantly review our level of commitment to serving our customers' needs.	1	2	3	4	5	6	7
3) Our strategy for competitive advantage is based on our understanding of our customers' needs.	1	2	3	4	5	6	7
4) Our marketing strategies are driven by our belief that we can create greater value for customers.	1	2	3	4	5	6	7
5) We measure customer satisfaction systematically and frequently.	1	2	3	4	5	6	7
6) We give close attention to after-sales service.	1	2	3	4	5	6	7
Inter-Functional Coordination							
7) Senior management regularly visits our current and prospective customers.	1	2	3	4	5	6	7
8) Sales and marketing are integrated when servicing our target market(s).	1	2	3	4	5	6	7
9) We share resources between sales and marketing.	1	2	3	4	5	6	7
10) We freely communicate information about successful and unsuccessful customer experiences between sales and marketing.	1	2	3	4	5	6	7
11) Sales and marketing staff understand how they can contribute to creating customer value.	1	2	3	4	5	6	7

Competitive Orientation	Not at all						To an extreme extent
12) Within our business, our sales people regularly share information concerning competitors' strategies.	1	2	3	4	5	6	7
13) We rapidly respond to competitors' actions that threaten us.	1	2	3	4	5	6	7
14) Senior management regularly discuss competitors' strengths and strategies.	1	2	3	4	5	6	7

Section 2: Management Attitude towards Coordination

Please indicate the extent to which your organisation meets the statements listed below by circling the following scales.

	Lower status				Higher status
15) Please comment on the status of marketing compared to sales.	1	2	3	4	5

	Not at all						To an extreme extent
16) There is an opportunity for sales and marketing staff to transfer between departments.	1	2	3	4	5	6	7
17) Senior management ensures that the sales and marketing goals are closely aligned.	1	2	3	4	5	6	7
18) To what degree does senior management ensure that the activities in the sales and marketing departments are well coordinated?	1	2	3	4	5	6	7

Responsibilities	Not at all				To a great extent
19) Who primarily controls the promotional budget?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5
20) Who is responsible for sales force operation?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5
21) Who is responsible for sales forecasting?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5
22) Who is responsible for sales strategy?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5

	Not at all				To a great extent
23) Who is responsible for price setting?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5
24) Who is responsible for marketing research?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5
25) Who is responsible for marketing plans?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5
26) Who is responsible for marketing strategy?					
Marketing	1	2	3	4	5
Sales	1	2	3	4	5
Senior Management	1	2	3	4	5

Integration Mechanisms	Rarely used						Frequently used
27) Interdepartmental committees are set up to allow departments to engage in joint decision-making.	1	2	3	4	5	6	7
28) There are temporary bodies set up to facilitate interdepartmental collaboration.	1	2	3	4	5	6	7
29) Senior managers have responsibility to coordinate the efforts of sales and marketing for a specific project.	1	2	3	4	5	6	7

Section 3: Conflict of Interests

Would you please indicate by circling the following scale the extent to which groups within your organisation interact with other groups?

	Strongly disagree						Strongly agree
30) Sales and marketing get along well with each other.	1	2	3	4	5	6	7
31) When members of sales and marketing get together, tensions frequently run high.	1	2	3	4	5	6	7
32) Sales and marketing generally dislike interacting with each other.	1	2	3	4	5	6	7
33) Sales and marketing feel that the goals of their respective departments are in harmony with each other.	1	2	3	4	5	6	7
34) Protecting sales and marketing departmental areas of responsibility is considered the norm in this organisation.	1	2	3	4	5	6	7

	Strongly disagree						Strongly agree
35) The objectives pursued by the marketing department are incompatible with those of the sales department.	1	2	3	4	5	6	7
36) There is little or no interdepartmental conflict between sales and marketing.	1	2	3	4	5	6	7

Section 4: Collaboration between Sales and Marketing

Would you please indicate by circling the following scale the extent to which groups within your organisation interact with other groups?

	Strongly disagree						Strongly agree
37) Cross-functional teamwork is a common way of working within sales and marketing.	1	2	3	4	5	6	7
38) Sales and marketing are committed to sharing their vision with each other.	1	2	3	4	5	6	7
39) There is agreement between sales and marketing of our organisational vision.	1	2	3	4	5	6	7
40) A team sprit pervades sales and marketing.	1	2	3	4	5	6	7
41) Sales and marketing share the same goals.	1	2	3	4	5	6	7

Section 5: Market Intelligence

Please indicate the extent to which your organisation meets the statements listed below by circling the following scales.

	Very informal						Very formal
42) How formal is the organisation's approach to gathering marketing information from sales?	1	2	3	4	5	6	7
Information Collection	Very infrequently						Very frequently
43) How frequently does the organisation use sales as a source of information?	1	2	3	4	5	6	7
44) How frequently does the organisation feedback on the use of the market information from sales?	1	2	3	4	5	6	7
45) How frequently does the organisation use marketing information as part of sales performance evaluation?	1	2	3	4	5	6	7
Dissemination	Strongly disagree						Strongly agree
46) Marketing personnel spend time discussing customers' future needs with the sales department.	1	2	3	4	5	6	7

	Strongly disagree						Strongly agree
47) There is a lot of communications between marketing and the sales department concerning market development.	1	2	3	4	5	6	7
48) When the sales department finds out something important about customers, it is quick to alert other departments.	1	2	3	4	5	6	7
49) Who stores market information?	Not at al						To a great extent
Marketing	1	2	3	4	5	6	7
Sales	1	2	3	4	5	6	7
Senior Management	1	2	3	4	5	6	7
Other	1	2	3	4	5	6	7
50) Who is responsible for disseminating market information?							
Marketing	1	2	3	4	5	6	7
Sales	1	2	3	4	5	6	7
Senior Management	1	2	3	4	5	6	7
Other	1	2	3	4	5	6	7

Section 6: Marketing Planning

Please indicate the extent to which your organisation meets the statements listed below by circling the following scales.

	Not at all						To an extreme extent
51) Does your organisation carry out market planning?	1	2	3	4	5	6	7

	Not at all				To an extreme extent
52) To what extent do marketing interact with members of the following areas when developing a marketing plan?					
Senior Management	1	2	3	4	5
Sales Director /Manager	1	2	3	4	5
Operations	1	2	3	4	5

Section7: Communications

Please indicate the extent to which your organisation meets the statements listed below by circling the following scales.

	Seldom, less than once a week						Frequently. more than five times a day
53) Please indicate the frequency with which sales and marketing communicate with each other.	1	2	3	4	5	6	7

Meetings	Strongly disagree						Strongly agree
54) We have interdepartmental meetings at least once a quarter to discuss market trends and developments.	1	2	3	4	5	6	7
55) Marketing personnel spend time assessing customers' future needs with the sales department.	1	2	3	4	5	6	7
56) Sales and marketing get together periodically to plan responses to changes taking place in our business environment.	1	2	3	4	5	6	7

Section 8: Business Performance

Please indicate how you believe the organisation is performing by circling the following scales

	Needs improvement						Outstanding
57) How successful is the organisation at generating a high level of sales revenue?	1	2	3	4	5	6	7
58) How successful is the organisation at generating high market share?	1	2	3	4	5	6	7
59) How successful is the organisation at selling of those products with the highest profit margins?	1	2	3	4	5	6	7
60) How successful is the organisation at exceeding all sales targets and objectives during the year?	1	2	3	4	5	6	7
61) How successful is the organisation at generating sales of new products?	1	2	3	4	5	6	7
62) How successful is the organisation at producing sales with long-term profitability?	1	2	3	4	5	6	7
Customer Satisfaction	Much worse						Much better
63) Compared to your organisation's objectives, how well has your organisation performed with regard to customer satisfaction?	1	2	3	4	5	6	7
64) Compared to a major competitor, how well does your organisation perform concerning customer satisfaction?	1	2	3	4	5	6	7

Section 9: Organisation Learning

Please indicate the extent to which your organisation meets the statements listed below by circling the following scales.

	Strongly Strongly disagree agree						
65) We believe that employee learning is an investment not an expense.	1	2	3	4	5	6	7

	Strongly Strongly disagree agree						
66) We believe that the sales and marketing process is improved through learning.	1	2	3	4	5	6	7
67) Our future sales and marketing success is at risk if we stop learning.	1	2	3	4	5	6	7
68) Our ability to learn is the key to improving sales and marketing processes.	1	2	3	4	5	6	7

Section 10: Rewards and Training

Please indicate the approximate percentage of incentive and fixed salary.

69) Approximately what percentage of total compensation for the Head of Sales is accounted for by fixed salary and incentive pay?

.... % fixed salary

..........% commission

..........% bonus (Based on sales success Yes ☐ No ☐)
(Based on company success Yes ☐ No ☐)

100% total

70) Approximately what percentage of total compensation for the Head of Marketing is accounted for by fixed salary and incentive pay?

.... % fixed salary

..........% bonus (based on sales success)

..........% bonus (based on company success)

..........% bonus (based on marketing success)

100% total

Training

Please indicate the extent to which your organisation meets the statements listed below by circling the following scales.

	Not at all				Frequently
71) Do sales and marketing staff attend training courses?					
Individually	1	2	3	4	5
Only Sales staff	1	2	3	4	5
Only Marketing staff	1	2	3	4	5
All Sales and Marketing staff together	1	2	3	4	5

	Seldom, less than once a year						Frequently, more than 5 times a year
72) How frequently is cross-functional training offered to sales and marketing staff?	1	2	3	4	5	6	7

73) How frequently do you offer team- building training to sales and marketing staff?					
Sales	1	2	3	4	5
Marketing	1	2	3	4	5

Section 11: Background Information

Please provide some background information about you and your organisation. (Please tick one box only.)

74) Which of the following categories would describe the main activity of the organisation?

Wholesaler ☐ Consumer goods manufacturer ☐
Industrial manufacturer ☐ Publisher ☐

75) Please indicate your position in the organisation (e.g. your job title).

76) Approximately how many people are employed in the organisation?

Fewer than 50 employees ☐ 51–250 employees ☐
251–500 employees ☐ 501–1000 employees ☐
More than 1000 ☐

77) Approximate turnover (sales revenue)?

Less than £5 million ☐ £5 million–£10 million ☐
£11 million–20 million ☐ £21million–49 million ☐
More than £50 million ☐

78) How many people are employed directly in sales (e.g. Sales Managers and Sales Representatives)?

1–5 ☐ 6–10 ☐ 11–20 ☐ More than 20 ☐

79) How many people are employed directly in marketing (e.g. Marketing Managers and Marketing Executives)?

1–5 ☐ 6–10 ☐ 11–20 ☐ More than 20 ☐

80) How are marketing and sales structured?

Joint department ☐ Two separate departments ☐

Other (please specify) ....

81) Where are sales and marketing located? (Please tick one box only)

In separate buildings ☐ In the same building ☐
In the same office ☐

Any other comments about the interaction/integration of sales and marketing in your organisation:

Thank you for your help and time in filling in this questionnaire.

If you would like to receive a copy of the results of this survey, please provide your name and address below or attach a business card.

Name

Address

APPENDIX THREE

Background and Results for Practitioner Interviews

Background and Results

Introduction

The research focuses on the relationship between the sales and marketing functions in organisations that are operating in the business-to-business field (e.g. using other organisations to access the market place). The primary question is – What does an organisation have to do to ensure marketing and sales work together to the benefit of the organisation? The second question is – Does collaboration between marketing and sales have a direct impact upon the organisation's performance? Both the sales and marketing functions are customer-facing, and academic texts categorise sales as one of the marketing communication activities (the promotions part of the marketing mix); consequently they should have a good working relationship and similar objectives. So why, according to literature, do sales and marketing continue to work independently, and how can organisations improve their working relationship?

Some researchers have considered the sales and marketing interface and have found that there is evidence to suggest that while sales and marketing are both independent of each other and interdependent, their relationships are not always seen as harmonious or collaborative. Others writers have actually gone further and describe the relationship between sales and marketing as exhibiting a lack of cohesion, distrust and non-cooperation, and as being in conflict. The internal perspective seems to be that sales and marketing perform two different functions and that they may have different objectives. According to one writer, "You'd expect sales and marketing to be aligned in any successful organisation – yet in fact the opposite is often true. The reality is that sales and marketing need to synch up or sink. The two need to be integrated in order to build customer relationships, enhance brand, capitalize on leads, improve market share and to boost revenue" (Athens, 2003:1). Therefore, the aim of this research is to investigate this apparent contradiction and identify whether the performance of sales and marketing can be enhanced through improving their collaboration.

Scope of the Investigation

The research questions (below) focus the research. It was necessary to identify the elements of collaboration between sales and marketing so that I could measure the relationship between sales and marketing.

R_1: What are the antecedents of collaboration between sales and marketing?

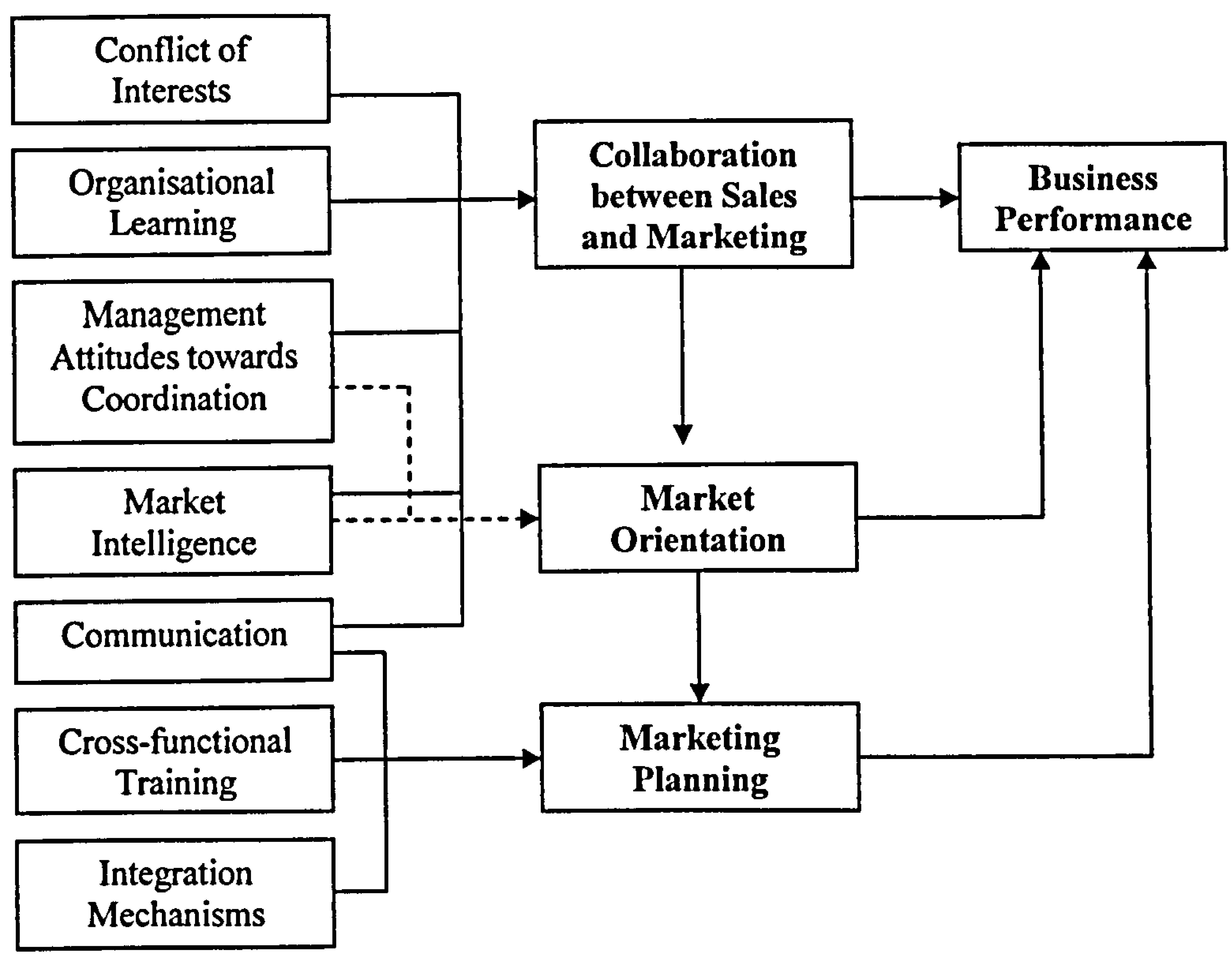
R_2: Does collaboration between sales and marketing have a positive effect on business performance?

The questionnaire was sent to Managing Directors of large organisations, e.g. those with a turnover of more than £11 million. There was a good response rate and I was left with a usable sample of 146 returns.

Results

The following model shows the relationships between the variables (elements) that make up collaboration between sales and marketing according to the results of the research.

Framework



The results showed that there was a direct relationship between collaboration between sales and marketing and communications, market intelligence, management attitudes towards coordination, organisational learning and conflict of interests. There were also some secondary relationships showing that market orientation and marketing planning were also reliant on some of the same variables (these have been included for your interest, but are outside the scope of the research).

The table below shows the statistical relationship between each of the variables using regression analysis. The adjusted R^2 shows that all the variables combined account for 55% of collaboration between sales and marketing (so there are other elements of collaboration that I have not been able to identify that account for the other 45%). The *Beta* value shows the relationship between each variable. An increase (or reduction) in the *Beta* value would contribute to a change in collaboration by the figure indicated. Therefore, an increase in communication will lead to a 16.8% increase in collaboration. Please note that conflict of interests works in reverse, so that a unit increase in conflict will lead to a reduction in collaboration of 29.8%. The largest impact upon collaboration between sales and marketing is from conflict of interests, management attitudes towards coordination and market intelligence.

The second part of the table shows the relationship between market orientation and the identified variables, in particular collaboration between sales and marketing. Again, these variables make up a percentage of market orientation (46%), with collaboration between sales and marketing accounting for a 20% change. The final table shows the effects of collaboration between sales and marketing, market orientation and marketing planning on business performance. These three variables account for 33% of business performance. Although this figure is lower than the other two, it is notoriously difficult to demonstrate a direct relationship between variables and business performance, because there are so many variables that affect business performance. Therefore, this figure would be considered a good predictor of business success.

Dependent	**Independent**	**Direct Effect on Dependence Variables**				
		Beta	**Adjusted R^2**	**F**	**t**	***p***
Collaboration between Sales and Marketing	Management Attitudes towards Coordination	.260	.551	36.636	3.713	.000
	Conflict of Interests	–.298			-4.711	.000
	Market Intelligence	.216			2.983	.003
	Communication	.168			2.517	.013
	Organisational Learning	.133			2.240	.027
Market Orientation	Market Intelligence	.417	.467	43.338	5.447	.000
	Management Attitudes towards Coordination	.193			2.482	.014
	Collaboration between Sales and Marketing	.203			2.448	.016

Dependent	Independent	Direct Effect on Dependence Variables				
		Beta	Adjusted R^2	F	t	*p*
Business Performance	Market Orientation	.287	.337	25.597	3.404	.001
	Marketing Planning	.240			3.208	.002
	Collaboration between Sales and Marketing	.219			2.639	.009

Summary of Findings
The research has shown that five of the variables measured make up 55% of collaboration between sales and marketing, and therefore focusing on these variables would allow organisations to influence collaboration between sales and marketing. The research also demonstrates that improvements in collaboration between sales and marketing will have a positive effect (both directly and indirectly) on business performance.

I would be interested to hear your views on whether or not you agree with these finding and why you think these variables have an impact on collaboration.

1) From your experience, have you found any evidence of conflict between the sales and marketing functions?

2) Do you have any stories of good practice in the sales and marketing interface?

3) Do you agree that these variables can affect collaboration between sales and marketing?

4) Are there any other variables that you would include to measure sales and marketing collaboration?

5) How important do you think sales and marketing collaboration is for success?

6) Do you think that these findings would help an organisation trying to improve the sales and marketing collaboration?

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