
BEYOND TECH HOW TO CREATE THE REVENUE MARKETING ENGINE

BY LJUBICA RADOICIC



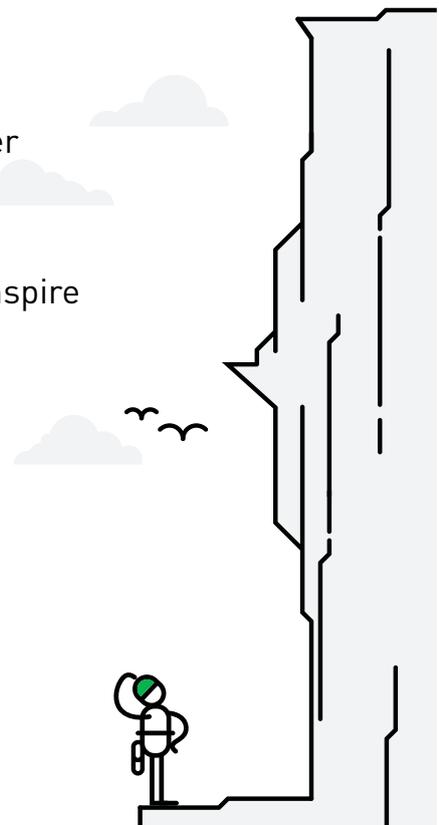
Marketing teams, across many and diverse organisations, fundamentally operate through similar assumptions. There is demand for high growth, yet marketing is viewed as a cost centre that is still expected to show revenue. There is a lot of talk about the customer, but at the end of the day product is king. Marketing activities deliver mediocre results and struggle to demonstrate tangible value to the organisation.

In this all too common scenario, a marketing team will search for a way to get out of this vicious cycle. New techniques will be tried, and many of them will fail. Fundamentally, the approach to marketing must be reinvented with a view towards what an organisation can do to better meet customer needs, while maintaining profitability.

As a response to these challenges, an emerging practice has started to take the marketing world by storm – this is **revenue marketing**. Revenue marketing comes in different shapes and forms: some of the practices were introduced by marketing automation platforms, others come from marketing consultancies. There are also concepts like growth hacking, driven by tech start-ups and the need to achieve double or even triple digit growth.

Regardless of origin, revenue marketing is revolutionising how marketing teams function, with many teams seeing marketing contribution to opportunity generation grow between 30% and over 100% year-over-year.

While revenue marketing is by no means a panacea, it can offer a different or complementary angle to your current practices and inspire you to build and evolve your revenue engine.



REVENUE MARKETING DEFINED

Revenue marketing comes in different variations, but a good beginning definition comes from Paul D'Arcy who runs the [Science of Revenue blog](#). He argues revenue marketing has, at its core, three tenets:

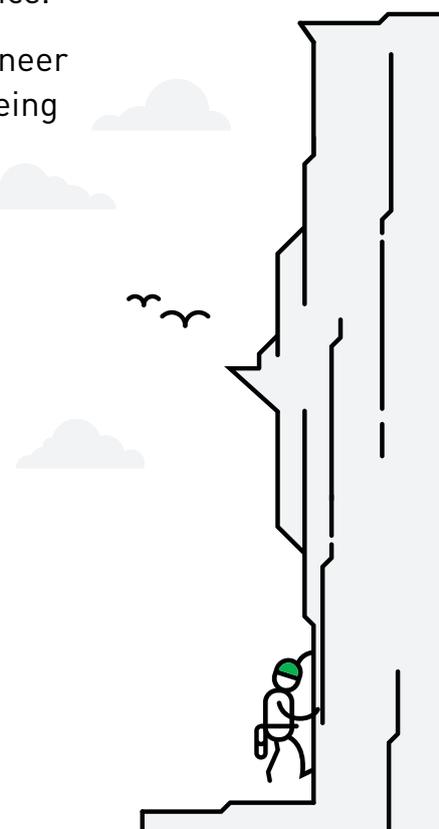
- Repeatable programs
- Predictable ROI
- Links plans to outcome

The [Pedowitz Group](#) expands this definition, contending that to achieve the transformation from cost centre to revenue marketing, there are three key areas that need to be addressed. These are:

Digital transformation: The need to digitally transform marketing channels to meet the buyer where they are. Put simply, marketing in a digital world vs digital marketing. Simultaneously digitally transforming your marketing operations, while building a tech stack to drive improved insights and inform strategies.

Customer focus: Going beyond the creation of buyer personas and buyer journeys and bringing the voice of the customer into the organisation. Marketing is the custodian of the customer experience.

Revenue accountability: Marketing needs to evolve beyond just veneer metrics, like MQL and CTR, to speak, think and act like sales by being accountable for the contribution to the bottom line. No longer can marketing ignore metrics like ROI, pipeline velocity, or customer lifetime value.



STATE OF REVENUE MARKETING

REVENUE MARKETING GAINING SLOW TRACTION

According to Rise of The Revenue Marketer (Debbie Qaqish, 2013), revenue marketing organisations enjoy competitive advantage, higher revenue, faster growth, and improved client acquisition and retention. Since revenue marketing is such an important focus area for marketing, let's look at the latest research into B2B organisations in Australia and globally.

The latest B2B marketing research from [Green Hat and AMI](#) highlights that revenue marketing is gaining slow traction in Australia, with sales alignment, reporting, and overall perception of marketing being challenge areas. Of organisations surveyed:



clearly communicate ROI



achieved objectives



viewed marketing as a support function



have a documented lead gen strategy & agreed lead definition

On a global level, according to a report from SFDC on [B2B Marketing Trends](#), sales and marketing alignment, collaboration, and communication remain significant challenge areas. Of B2B marketers surveyed:



feel empowered to collaborate with sales



feel empowered to share goals and metrics with sales



say there is a free flow of data between their sales and marketing teams

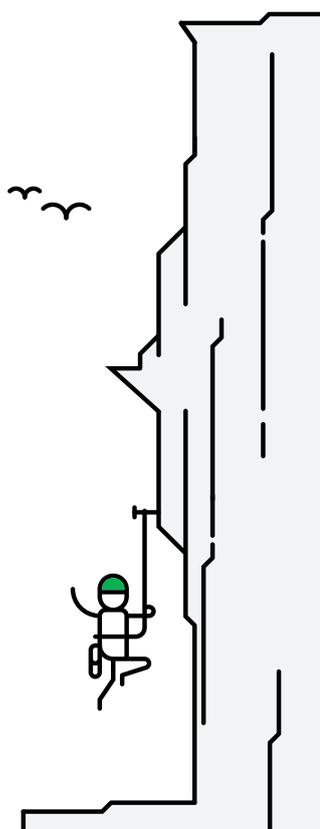
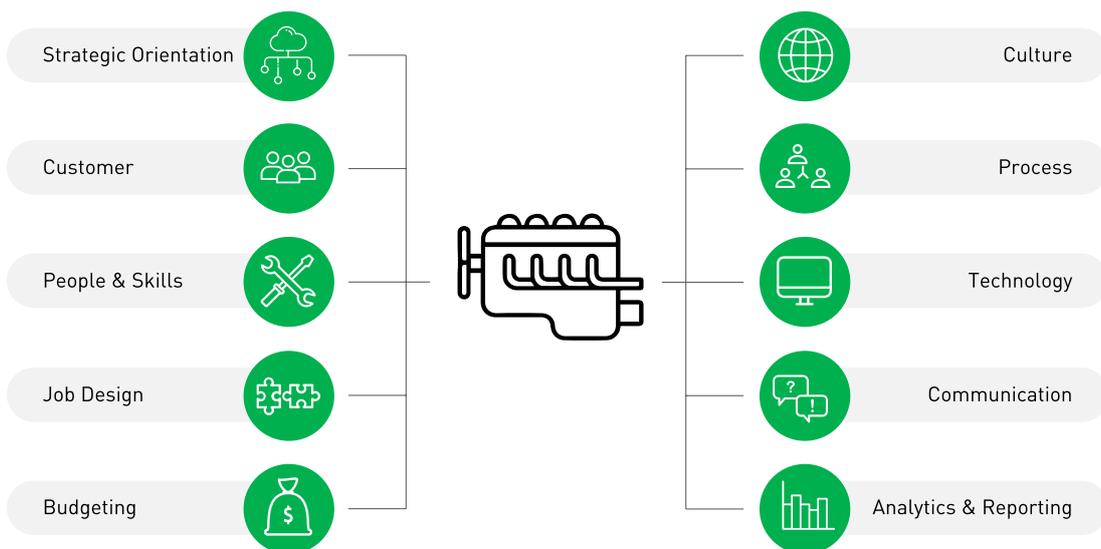


have a completely unified view of customer data sources

BUILDING THE REVENUE ENGINE

There are two functions in any organisation that directly impact and drive revenue: sales and marketing. When thinking about evolving marketing from a cost centre to a revenue engine, changes in marketing cannot be viewed in isolation and need to expand across both sales and marketing operations, otherwise true synergies cannot exist. When marketing organisations adopt tools and technologies, like marketing automation, they rarely get the full benefits of such technologies because changes only relate to training of operations or campaign teams, lacking the deep transformation necessary to realise true business value.

According to [The Growth Engine](#), there are 10 factors that impact an organisation's ability to generate revenue, thereby transforming the sales and marketing organisation. These elements go beyond the typical factors that are addressed in change management – people, process and technology – to take a more holistic and organisation-wide approach.



STRATEGIC ORIENTATION

Orientation refers to an organisation's and marketing team's commitment to long-term strategy and success, aligning different functions around the long-term vision for the company. This vision will drive strategic and tactical goals and priority setting across different functions, including sales and marketing.

CUSTOMER

Customer focus and customer centricity are critical to the success of any organisation in today's buyer market. Underpinning a successful customer strategy is an organisation with a deep understanding of who their customers are. Companies need to undertake a regular review of their segmentation strategy to understand emerging trends and influences, especially in this age of digital transformation.

PEOPLE & SKILLS

People are the heart of any successful organisation. It is important to assess people and how they support the long-term strategy for success. This can include assessments such as skills matrix.

JOB DESIGN

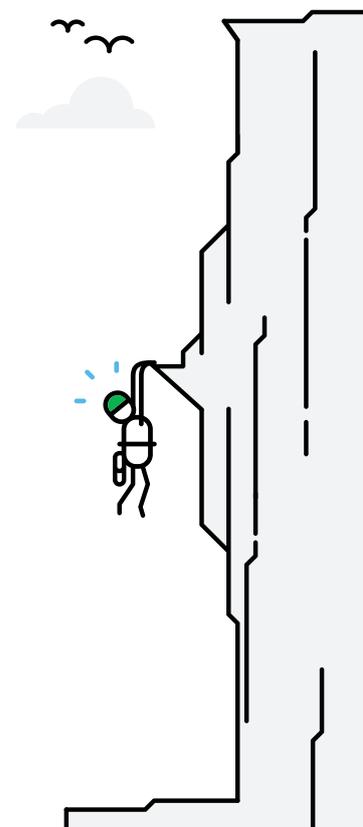
All too often great strategy is derailed by poor execution. There are many contributing factors to such failure and people always introduce the possibility of human error. However, one aspect that is usually neglected by top management is the possibility that their organisation is designed to fail! Key roles that are not optimally structured to support business performance often lead to poor operational and revenue results.

BUDGETING

A [study into budgeting](#) has shown that budgeting has a significant impact in the financial performance of organisations.

CULTURE

Culture is the "what and how" of your organisation: how things get done, how things are decided, what works and what doesn't, what gets rewarded and what doesn't, and how performance is rewarded or recognised.



PROCESS

An in-depth study conducted by [Vantage Point Performance](#) and the Sales Management Association revealed that 44% of executives thought their organisation was ineffective at managing their sales pipeline. The companies that recorded massive revenue all had a credible, formalised sales process. This means that their sales team understood the clearly defined stages and milestones in their sales cycle.

TECHNOLOGY

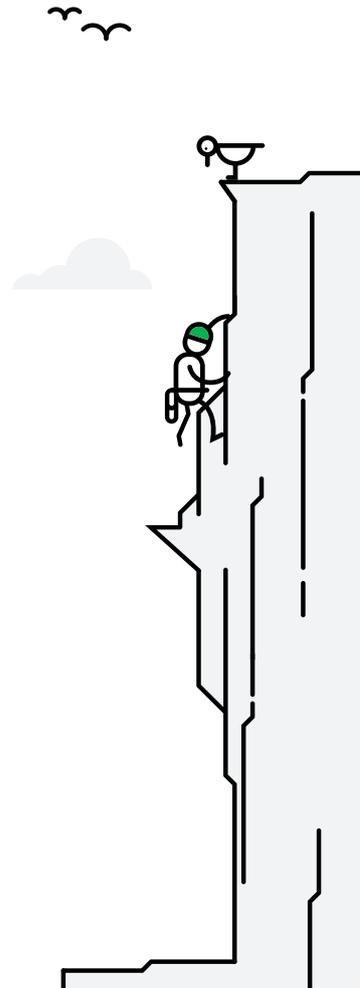
CRM, Marketing Automation, and BI Technologies are enablement tools providing organisations with insights about their customers and prospects. These technologies serve to deliver business intelligence more efficiently to both front- and back-end staff, allowing them to better serve customers/prospects' needs. Disintegrated systems implemented in different departments not only hinder the customer line-of-sight but also create barriers to internal communication and efficiency.

COMMUNICATION

Effective communication is another critical driver of revenue. It can make or break a company. It keeps internal processes and external interactions with customers, suppliers, and employees smooth and productive.

ANALYTICS & REPORTING

To improve your revenue performance, it is critical to monitor relevant metrics on an ongoing basis.



PATH TO REVENUE PERFORMANCE

LOOKING AT REVENUE MARKETING, THE FIRST QUESTION IS WHERE DO YOU START?

The Growth Engine's Revenue Generation Maturity Framework examines progress as an organisation moves from a more traditional and tactical set up to a sophisticated revenue generation engine. As you start on the process of transformation, here are some milestones that you can use as a benchmark.

REVENUE MARKETING MATURITY STAGES

CRAWL

- Traditional marketing (4Ps)
- Tactical
- Little data collection
- No customer personas
- Sales and marketing work in silos
- Marketing in a "service" role
- No clear JDs
- Few or no processes
- Email marketing tool
- Focus on "branding" & advertising

Reporting & Metrics:

Measured on costs & number of activities

WALK

- Marketing plan is not aligned with bus objectives and rev goals
- Customer profiles available but not collected
- Marketing Manager with Sales Manager both report to MD or COO
- Marketing structure does not support lead generation
- Little alignment with sales.
- CRM not used as a mandate
- Marketing automation or email marketing tools used for single drop campaigns

Reporting & Metrics:

of leads sent to sales

RUN

- Annual marketing plan aligned with bus plan limited alignment across revenue
- Quarterly campaign plans in place
- Marketing Director reports to CEO in parallel to other functions
- Roles and responsibilities well defined
- Sales and marketing have a "revenue" relationship
- Staff compensation is not aligned with revenue performance
- CRM and marketing automation tools are integrated
- Multi-channel integrated campaigns

Reporting & Metrics:

% and \$ of leads provided to sales cost per lead

LEAP

- Marketing plan aligned with business planning
- Quarterly campaign plans are aligned with revenue objectives and ROI expectations
- CMO is on the leadership committee.
- The team's compensation is based on revenue and marketing performance
- Processes are well defined
- CRM, marketing automation and business intel systems exist and are integrated
- Repeatable, predictable and scalable programs

Reporting & Metrics:

Reporting is focused on revenue metrics: CLV, retention rate, churn, conversion rate, cost to acquire, ROI, etc.

The **crawl stage** is the more traditional view and mode of operation. In this stage marketing is viewed as a service provider to sales and the business, has few established processes, and limited or no use of technology. Marketing efforts are focused on creating awareness and advertising.

Performance is measured based on cost and number of activities.

In the **walk stage**, marketing is not aligned with revenue goals, there is awareness of customer demographics, and CRM is in place but not used as a mandate by sales. Email marketing is used to push out single drop campaigns.

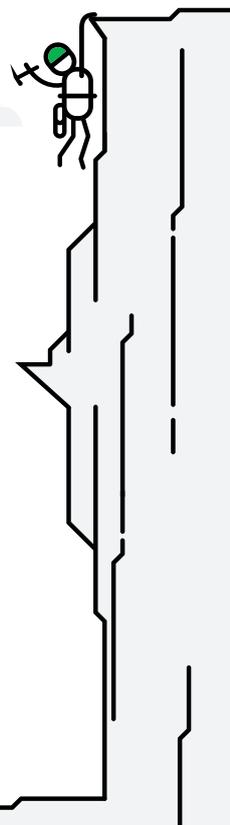
Performance is measured based on number of leads supplied to sales.

When in the **run stage** marketing plans are aligned to business goals with annual and quarterly campaign plans. The marketing operations are well designed, but staff compensation is not aligned to revenue targets. CRM and automation tools are in place.

Performance is measured by cost per lead, percentage, and value of leads provided to sales.

Finally, in the **leap stage**, annual plans are aligned with business plans and quarterly campaigns are aligned with revenue objectives and ROI expectations. Compensation is based on revenue and marketing performance. Processes are well defined. The adoption of Martech goes beyond simple automation and there is extensive data collection and predictive analytics.

Performance is measured based on CLV, ROI, and conversion rate.



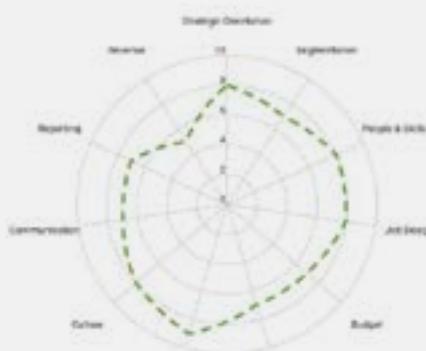
INSIGHTS FROM BUILDING THE ENGINE

In applying revenue marketing principles, marketing teams have seen significant improvement in their efficiency and effectiveness when it comes to revenue generation. The below case studies showcase how marketing teams evolved from cost centres to revenue engines.

CASE STUDY: GLOBAL IT&T COMPANY



STATE OF MATURITY: CRAWL



ONE YEAR LATER

STATE OF MATURITY: RUN

THE CHALLENGE

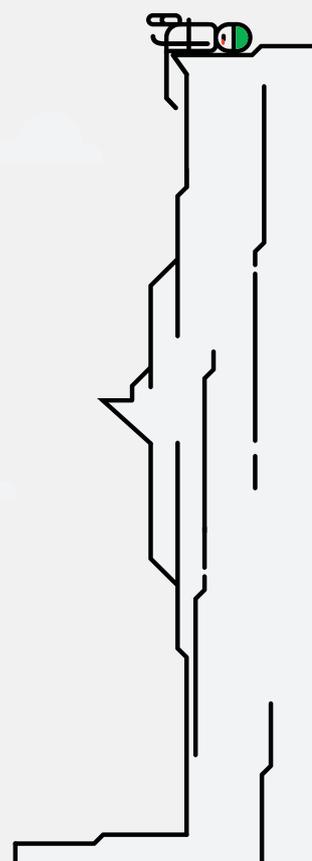
This IT&T organisation operates in a dynamic environment driven by digital transformation of the industry, evolving customer needs for operational excellence and new sources of competitive advantage. The marketing organisation was viewed as a cost centre and followed a very traditional model at the **Crawl** stage of maturity. It was focused on sales support, managing events, corporate communications and PR. CRM was in place but not used as a mandate by sales and marketing. In order to meet growth expectations and changing market conditions, the organisation needed to transform its sales and marketing functions.

SOLUTION

Development and implementation of a holistic change management program founded on key principles of revenue marketing. This organisation saw significant transformation of its marketing operation in a short time frame (12 months). Some of the implemented changes include:

- Re-alignment of the sales and marketing organisation around the customer
- Aligning business, sales and marketing plans and targets
- Introduction of agile marketing practices as part of managing marketing programs
- Marketing objectives aligned around revenue targets

As a result, marketing evolved from Crawl to Run stage of maturity, experiencing 50% YOY growth in marketing generated opportunities.

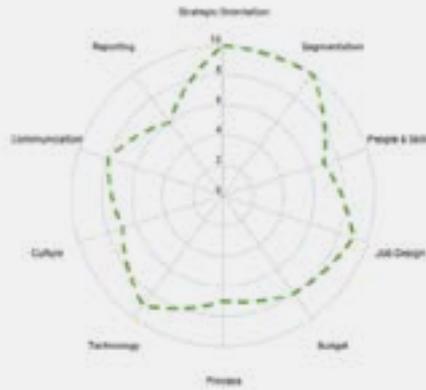


INSIGHTS FROM BUILDING THE ENGINE

CASE STUDY: GLOBAL INFORMATION MANAGEMENT COMPANY



STATE OF MATURITY: WALK



18 MONTHS LATER
STATE OF MATURITY: RUN

THE CHALLENGE

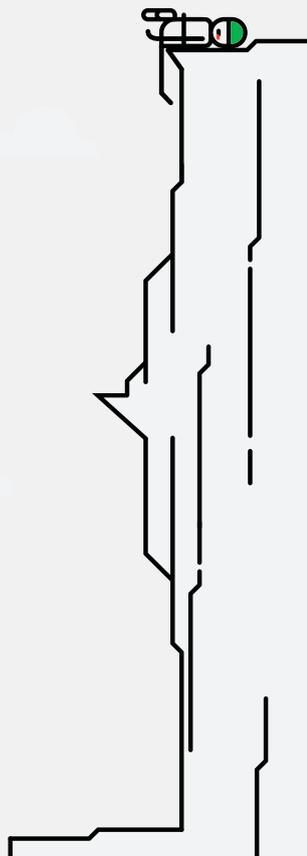
This Information Management organisation faced a very challenging internal and external environment in a mature industry. The broader industry was going through a period of significant change due to digital transformation, erosion of margin and competitiveness, disruption and emergence of new business models. The organisation had a strong mandate for growth coming from shareholders. Marketing was at the **Walk** stage of the revenue generation maturity framework, viewed as a cost centre with a significant part of the operation outsourced to low cost centres. To deliver on shareholder and customer needs, marketing needed to re-invent itself through a comprehensive change management program focused on revenue marketing.

SOLUTION

An audit was conducted with an 18-month change management program delivered based on the principles of revenue marketing. The program resulted in greater customer focus by re-aligning marketing efforts around the customer experience. Below are examples of changes implemented:

- Introduction of a voice of the customer program
- Sales and marketing realignment around customer segments
- Marketing goals are tied to financial targets
- Marketing takes on a revenue function mentality: everything has a revenue measure

Implementation of this change management program saw improvement in marketing effectiveness with 30% growth in marketing generated opportunities, coupled with improved in lead quality and win rates from 5% to 15%. The marketing team went from Walk to Run stage of maturity.



THE B2B MARKETING PLAYBOOK

A marketing organisation committed to revenue marketing, customer innovation and adoption of good practices, needs to constantly evolve its operation as the learning marketing organisation. The B2b Marketing Playbook is designed to outline operational excellence frameworks and promote clarity internally and externally. The playbook outlines the What, Who and How.

OVERVIEW OF PLAYBOOK CONTENT:

- Introduction & Purpose of Playbook
- Role of Marketing
- Business & Marketing strategy
- Revenue Marketing Plan
- Team Management & Ops
- Operational Framework
- Continuous Improvement – The Learning Marketing Organisation

The Playbook is not a set and forget document, but a “living” one which needs that needs to be updated as the marketing revenue engine evolves.

To get a copy of the Playbook, please email: lrmktg1@gmail.com.



KEY LESSONS

There have been many lessons learned in implementing the revenue marketing engine across both large and small organisations. Here are some of the key ones:

Executive buy-in is important and **marketing is part of everyone's role**.

We are in the age of the customer and everyone has a role to play.

Creating the revenue engine is a **change management process** that's not for the faint hearted. It can take years to get all the gears moving properly.

A **holistic view** of the organisation that goes beyond people, process, and technology is critical.

It's all about the people! People make and break any organisation and marketing engine. Ensure the best talent is in place to support future vision and goals. Resilience and innovation are key.

While revenue marketing is not the sole purpose of marketing – **we cannot neglect the brand**. Having said that, revenue marketing is a priority for a lot of businesses and marketing needs to speak the language of revenue.

Although the principles of revenue marketing are universal, there are different contexts and scenarios. Be willing to adapt!



WHAT DOES YOUR REVENUE MARKETING ENGINE LOOK LIKE?
WHERE DO YOU SEE GROWTH COMING FROM?
HOW MATURE IS YOUR REVENUE MARKETING ORGANISATION?

Take the test:

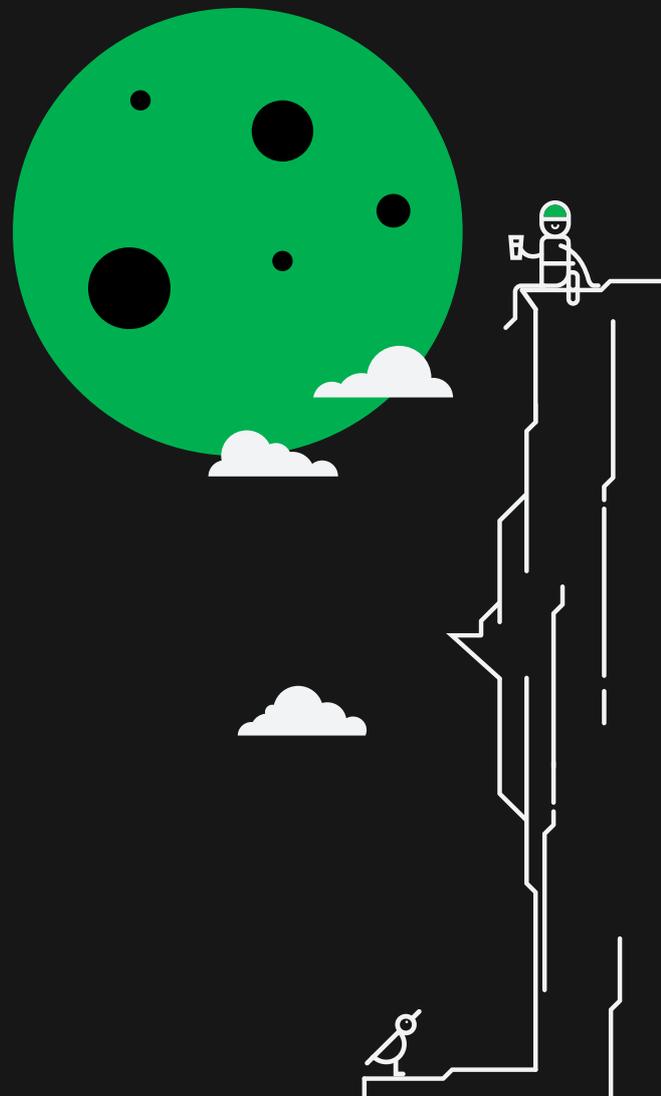
<http://www.the-growth-engine.com/index.php/revenue-generation-maturity-framework-study>

A complimentary analysis of your company's revenue generation maturity will be provided to you courtesy of The Growth Engine.

ABOUT THE AUTHOR

LJUBICA RADOICIC

Ljubica is Hexagon PPM's APAC Marketing Director. Since joining the organisation, she has revolutionised the way the company approaches marketing, establishing a revenue-engine marketing program that has already delivered significant growth in marketing attributed revenue. Prior to joining Hexagon, Ljubica led marketing teams at Aconex (Oracle Construction & Engineering) and LexisNexis Pacific, where her achievements included launching new products and services, expanding into new markets, transforming marketing teams and delivering customer innovation. Her 18 years' experience in brand building, customer retention, revenue marketing and new market development have seen businesses achieve remarkable growth.



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