



ExpertiseMarketingSM

The Integration Imperative™ April 2008 Survey

How well do Marketing and Business Development work with other operations, like IT, HR, Legal and more?

Survey Results, Respondent Comments and Analysis of Findings

by
Suzanne Lowe

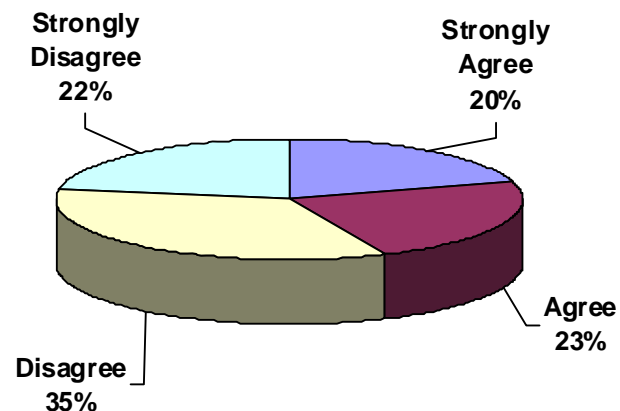
Increasingly, professional service firms' (PSFs) Marketing and Business Development leaders seek ways to add new value by partnering with their colleagues in HR, IT, Finance, Legal, and more.

Yet often these collaborations are simply "good ideas," forged by proactive people. Typically, these collaborations are not organizationally supported by incentives, rewards, recognized shared accountabilities or co-developed job descriptions.

In the increasingly competitive professional services marketplace, are these "good ideas" good enough?

The survey results and Suzanne Lowe's analysis are intended to help you find out how your firm compares to other PSFs at creating formal working relationships between Marketing, Business Development and other operational functions.

Q1 In the last three years, has your PSF deliberately structured new formal relationships, reporting lines and/or shared accountabilities between Marketing / Business Development and other functions, including HR, IT, Finance, Legal, and more?



RESPONDENT COMMENTS

STRONGLY AGREE

- Legal, IT, Finance each has a point person assigned to Marketing. We helped hire a marketing manager for HR, and work closely with him to develop marketing strategies and support.
- The bi-monthly Marketing Meetings that I established for each of our Practice Groups six years ago have evolved (via my invitation) to regularly include our CEO, CFO and COO. These meetings are now designated as Practice Group Business meetings and are viewed as an integral part of our planning and management toolkit. They are still managed by the Marketing Department. I also created a monthly Marketing Report over seven years ago. This report has evolved over the years to the point where it has become a true "dashboard" for the firm's status. This 7-page Executive Summary, still managed by Marketing, includes Bookings and Revenue Goals and current Status; Projects Awarded and Lost YTD and for the previous month; the Firm's Hit rate (by #'s and \$); Current Receivables; Marketing Activity YTD and for the previous month tracked by number of proposals and \$ value; 5-Year Market Sector Performance Trend by \$ and % booked; Bookings and Revenue and Profitability Summary shown by Team, Practice Group, and Firm Totals; and a Schedule Reminder of In-house and External meetings and events for the next two months.
- We have learned over the past years that pushing Marketing & BD to a next level of performance will require full integration of both functions. People from both departments need to be involved in new projects & programs from the very early stages in order to ensure that both marketing and BD objectives are embedded in the very conceptual phase / start-up.
- We have addressed a slower market by cooperating with personnel functions/sharing duties that promote crossover activities.
- Our financial clients need to have all of their materials checked for compliance either by their own compliance officer or the legal department. It behooves us to have an excellent working relationship with these departments. Otherwise, our marketing strategies and branding campaigns can lose the impact that we are creating.
- We have gotten Finance involved in Project Management.
- In the last three years, we have reallocated our efforts towards activities that most closely benefit and serve our clients needs and expectations. Our Practice Development and Business Development and marketing personnel are all part of the same organization and work together. We have a strong working relationship with our Finance department personnel and worked jointly with Finance and IT to design Information Systems that allow us to better understand our clients and share information on a more timely basis. We also work closely with HR and Recruiting in hiring, evaluating and counseling staff. What we have done is not novel or new. It is a radical application of common sense that needs to be applied each day. We could not succeed without collaboration, the cultural glue and we have succeeded.
- We have moved to a management team structure. All Directors report to the CEO. Marketing handles entry-level recruiting. Marketing and Business Development work hand-in-hand. Technology works to help Marketing identify and implement better ways to provide services to clients (portals, website enhancements).
- Our professional services are Government Technical Services -- the back office infrastructure is explicitly a part of the offering we provide to the Government agencies we support -- we do the financials, we do staffing, and we must certify compliance, and so forth. Formal processes are a must, and we bolster them on a regular basis.

AGREE

- General trend of trying to consolidate the activity of support functions and aligning them to the overall firm strategy - combined with the trend of replacing hobbyists with more professional managers.
- Technology group has designated a "Marketing Technology Specialist," functioning as a business analyst and helping the marketing function leverage investment in, and integrate, several technologies.
- In the last three years we have also grown - before there weren't that many of us, so we all already knew what was going on. As we have added more people and doubled in size and doubled again, we've had to implement policies across the board.
- Conceptually we have discussed collaborative relationship amongst our various departments, however in actuality, we are still working autonomously.
- It is necessary to set up such new formal relationships in order to strengthen our good team work and business performance.
- Since we are a small company, everybody understands what going on and the level of collaboration is fairly high.
- We work closely with Hr on Corporate Social Responsibility accountabilities. We work closely with IT on Research and Development software etc to add value to key clients. Our business Development teams work closely with finance on profitability and other c commercial issues.
- Good idea-I have not done as much as I should.
- We are more integrated with Operations now, which includes staffing. We do not pursue work we do not have the talent or capacity to execute. We continue to recruit for people that have the skill set we need to win work we know is coming down the line later, but do not accept work we cannot execute now.

- We've actually reorganized twice in the last three years - first centralizing our BD resources in a corporate business unit (parallel to marketing, not integrated) and then two years later we moved them back the operational business units. Marketing has always aligned under the CEO and is a member of the Executive Management Team (along with CEO, HR and Finance/Legal/IT, and our COO) - no direct reporting relationship with business development.
- These essentially soft activities generally were working closely together in my small firm. For one thing, one administrative assistant handled much of the work for a firm with sales approaching \$3 million. And, the business development group had an assistant that prepared marketing materials but never made client contacts.
- We have integrated Marketing with strategic planning, both report to the COO, who in turn is responsible for IT, Legal Compliance and other admin functions.
- Marketing works closely with HR and Training departments. The relationship is quasi-formalized in that Operations meets on a regular basis to see how we can work together. Some OP groups play better with others.

DISAGREE

- All administrative groups are being encouraged to work more closely, but there have been no significant changes to introduce new formal relationships, etc.
- We have not seen any need to do so.
- Still informal.
- We talk about needing to integrate these functions but don't do it. There's collegiality for sure, but not strategic alignment.
- We have been coordinating closely but informally (like our legal practices) for years.
- No, my PSF clients do not see a need to do so. We have focused upon enhanced policies, processes, procedures and systems to provide organizational 'glue'. That's the whole essence of a quality system!
- Sole practitioner. Sure I talk to myself all the time, but in a structured, formal relationship?
- Not done.
- No marketing person for over 4 years.
- We have made progress with informal relationships, including setting goals for ways in which marketing & sales can work together more effectively.
- There are definite relationships that exist but they are not formally laid out.
- Exactly as you have stated: good forward movement by proactive folks.
- Marketing/BD has been integrated into Operational units but kept separate from other overhead departments. These collaborations exist especially for M&A, unit/service start-ups and other short-term projects.
- We have not created any formal lines. However, everyone works very well together there are not turf battles at all. Everyone respects each role and try to work towards the betterment of the firm.
- This is a Disagree simply because we have informal relationship instead of formal ones. Our marketing, finance and HR groups communicate with each other and look to each other for support, but it's not a formal structure.

STRONGLY DISAGREE

- We marketers are lucky if we collide in the hallways with other "administrative" staff.
- No such structure.
- Recruiting reports to marketing.
- No formal relationship has been established but there have been joint projects between MKTG and HR; MKTG and IT.
- Marketing is completely removed from the other functions.
- There was no "formal" structuring but marketing, HR, IT, Legal and Finance all informally agreed that we would copy each other on relevant e-mails etc. and work closely with each other because there are few projects or initiatives that only touch one discipline. This has been the operating mode since I joined the firm. HR and I have a weekly communications meeting that we decided to institute to go over employee and external communications to make sure that we are consistent in the "brand voice". I work with legal, HR and IT on numerous projects and we all seem to know to reach out to each other to make sure that we each are included and aware of activities that may touch our individual domains. We each work for a different boss so there is no consistent single mgt. point until the CEO.
- We have what we call a Management Information Systems group made up of staff from Marketing, IT, Finance, which is chaired by our CEO. This group meeting quarterly and has project management plans for systems tasks and initiatives that are being undertaken by the company. These tasks can cross over several departments or just be undertaken by a single department. These accountabilities only relate to information systems in the company.
- No new formal relationships have been established with other groups/functions in the company.
- No restructuring has been done in Marketing and BD.
- We have no formal business development function, and only recently created a marketing position.

Q1 Analysis

A simple review of Question 1's quantitative answers yields a great big yawn. Together, the "Strongly Agree" and "Agree" responses equal 43 percent. These responses are offset by "Disagree" and "Strongly Disagree" responses that total 56 percent. From this, it's hard to tell what's really happening backstage about how well professional service firms' Marketing and Business Development functions are working with other PSF operational functions.

The real indicator of what's happening lies in the respondents' comments. Collaborating by "communicating" is hot, and it's a relatively astute early step toward more effective integration among PSF Marketing, Business Development and other operations. But only a few respondents reported on what I believe are the higher impact forms of functional integration: recognized shared accountabilities; co-developed job descriptions; clearly delineated reporting relationships; and organizationally supported performance goals.

Now I'm not an expert in organization dynamics, compensation programs or change management. Nevertheless, regarding the concept of "formality" in a PSF's organizational activities, I've developed some distinct points of view, shaped over many years of research. In my opinion, the vast majority of PSF growth and marketing endeavors are "informal" processes that typically commence among proactive individuals who have enough professional bravery to start a new way of working together. But it is only once a PSF's leaders *require* some kind of enterprise-wide reporting, documentation or acknowledged shared accountability that growth and marketing endeavors become "formal." In my opinion, it is only by formally integrating operational functions with Marketing and Business Development that the enterprise can truly gain marketplace traction.

For me, then, the big "aha" of this quick survey relates to the way respondents interpreted the word "formal," whether cultural (commonly understood behavioral norms throughout the firm) or structural (enterprise wide processes, procedures or protocols).

If you read quickly through all the comments, you could easily conclude that informality and a lack of structure is the overarching paradigm, regardless of the grouping into which respondents assigned their firms. Some respondents protested the need for any kind of structural formality ("We are small enough that we know what everyone is doing"). Others downplayed the need for structure, saying that cultural formality exists in its place. (For example: "We have a strong working relationship with our Finance department personnel . . .;" "everybody understands what's going on and the level of collaboration is fairly high;" and "We work closely with HR").

But take a closer look at the theme running through the comments. There is strong evidence of increased effort -- both culturally and structurally -- to formalize the working relationships between PSF Marketing / Business Development and other operational functions. These efforts fall into two categories.

Communication. A number of respondents are building collaboration and shared accountability through well-recognized communication vehicles. Several respondents made references to regularly-scheduled meetings, often chaired by a leader in the C-suite.

New policies, assignments and shared objectives. Watch for words that are "code" for formality (I've italicized them for you): "Legal, IT, Finance each have a *point person assigned* to Marketing." "Marketing *handles* entry-level recruiting." "Technology group has *designated* a 'Marketing Technology Specialist.'" Reports are another piece of evidence for formality. One respondent described the reports generated by Marketing and Finance; these are obvious manifestations of shared accountabilities between Marketing and other operational functions.

Some respondents reported that they are formalizing the working relationship between just Marketing and Business Development (and not other operational options). They considered this a positive step even without integrating these two functions with other PSF operations.

Even though the scope of this quick survey was broader than just these two functions, certainly we give these respondents credit for taking this step.

But no respondents -- even those who answered "Strongly Agree" to this question -- replied that their firms have taken the ultimate structural step of creating new reporting lines or recognized shared accountabilities among Marketing/Business Development and other operational functions. In other words, while these PSFs appeared comfortable acknowledging their expectation that these operational functions should collaborate, they stopped short of evolving these collaborations further, into formally shared accountabilities.

And so, with these quick survey findings, we begin to see that PSFs' pathways toward more effective Marketing and Business Development lie with more formal integration of the operational functions that touch Marketing and Business Development. PSFs will start their journey as many of our respondents have, by encouraging collaboration, often in the form of communication.

But I believe these "good ideas" will be eventually deemed as just too shallow. Once PSFs begin seeing the positive results from collaboration among operational functions, their enthusiasm will begin to pick up speed, and they will shift gears into developing more explicit and more formally outlined shared accountabilities. They will support these integrated functions with organizationally supported incentives, rewards, recognized shared accountabilities and/or co-developed job descriptions.

Q2: Regardless of how you answered Q1, does your PSF compensate and reward its operational functions (HR, IT, Finance, Legal, and more) for collaborating and sharing accountabilities on Marketing / Business Development?

RESPONDENT COMMENTS

STRONGLY AGREE

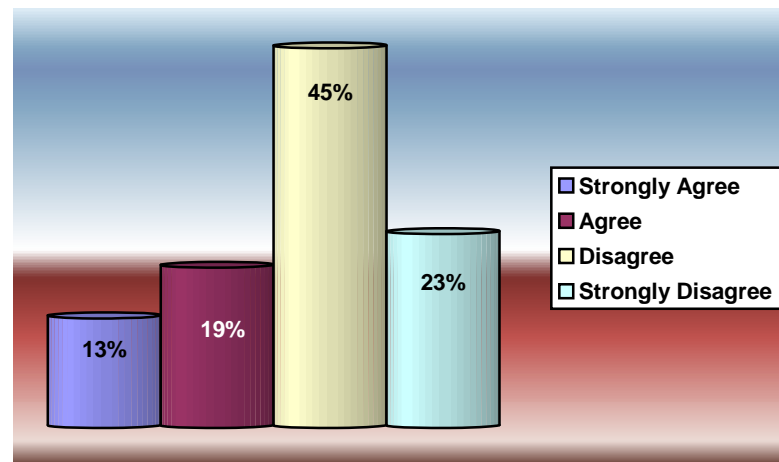
- Teamwork among senior firm administrators is one of six major components of the firm's compensation review process.
- All folk here share BD success.
- Direct Compensation doesn't enter into this equation at our firm, but the degree to which critical information is shared -- and the sharing of this information in a timely manner has definitely increased over time. When all the stakeholders sit down together at the same table, turf issues subside and a great many barriers (both large and small) to planning, implementation and process improvement fall by the wayside. The reward comes from the fact that our jobs go more smoothly and efficiently when we make the effort to work together.
- We ask finance and legal to be involved in New Business planning and to participate in proposal development.
- Collaboration is a stated and measured expectation level for all of us. It is embedded in our evaluation process, measured through completion of expectation agreements and goals, formally evaluated twice per year and impacts individual compensation positively and negatively. Most importantly, Administrative Leaders are expected to lead in a collaborative manner and demonstrate collaboration by their by example.
- We have a proposal incentive activity which rewards the proposal team when we win, including functional elements. Not Legal so much, its involvement is normal job duties.

AGREE

- like the Borg of star trek fame, all is assimilated...
- IT sends us requests for input periodically to assess their performance in serving Marketing as an internal client.
- Planning to make changes here.
- Yes, it is useful for improving business networking.
- Joint objectives are taken into consideration and affect the annual evaluation.
- Ideally.
- The entire Executive Team is partially compensated on the overall company results, so from that perspective yes. There are no explicit Key Performance Indicators that address this, though.
- Rewards took two forms: contributions to a 401K from profits over and above the fixed contributions for each employee and bonuses when the firm was especially profitable for a given year.
- The PSF offers anyone in the organization, with the exception of the partners, 10% of the first 2 years fees for bringing in a new client to the firm. However, it is not shared across lines it is recognizes the individual not a team.
- Each of our principals, including those in charge of marketing, finance and HR, submit goals each year and part of our compensation is performance on the goals. Each principal is required to set financial, marketing and HR-related goals during this process.

DISAGREE

- Sadly, the culture of collaboration has not yet extended into the reward mechanism...although I think this will change over the next couple of years.
- No formal means of recognition, informal only.
- The firm expects collaboration among operational functions; and, as with partner compensation, it is expected but not formally referenced.
- No - simply don't see the need to do this
- I don't know.
- No, we have not yet devised a method to measure collaborative effort.
- We have no performance award system outside of sales.
- There is not a lot of interaction, from a content perspective, between Marketing/BD and the other operational functions. Marketing/BD is positioning itself as closely as possible to the respective service line professionals whereas the other operational functions are, at least to my personal feeling, less connected to the day-to-day business and the related market dynamics. It is an open door to say that Marketing/BD people are aiming at an equal recognition as service line professionals, but Management does not necessarily think along these same lines.



- No formal arrangement.
- No, we get salaries and that's it.
- We have no formal compensation tied to the success of these functions, but as the firm does well we are bonused accordingly.
- Our firm will certainly give credit to these departments and make certain that the CEO of the company knows that the success of the campaign was a team effort because of the relations that were developed. However financial reward/compensation would not be appropriate.
- No history of this.
- Partners don't care who does the work as long as it gets done.
- **STRONGLY DISAGREE**
- They're entirely unaware of collaboration if any, much less on a compensatory level.
- Just not done...see answer to #1.
- Actually, I see no change in the resistance to rewarding technical staff for their business development efforts and have actually witnessed the loss of a staff member as a result.
- Not done.
- No, in fact working with operational areas can be a challenge for us. We often receive poor service and there is little accountability for delivering good results.
- We do not have a compensation and reward program established for marketing functions.
- There is no process to reward collaboration.
- There are not strong organizational structures, therefore, things cannot be quantified. People are expected to support each other, but without direct lines of communication and reporting, conflict can sometimes arise. For example, when marketing is to support HR with brochure material, and vice versa when HR is asked to provide information on new hires, qualifications, etc to marketing.
- No. As Senior Leaders of the firm, we should be expected to do our jobs and work with each other to help the firm succeed without additional compensation or rewards. I would be insulted if the CEO thought that I needed to be rewarded for working more collaboratively with the CEO etc. At the end of the day our individual and joint efforts should be to further the interests of the firm. If I think that the marketing team can help IT, HR, Legal etc. in order for the firm to have a better outcome it is my job to jump in and volunteer and vice versa for my colleagues.
- There is no incentive compensation specifically linked to these activities.
- No part of any compensation is based on collaborating and sharing accountabilities.
- No links exist between these functions and marketing and BD.

Q2 Analysis

Only 32 percent replied “Strongly Agree” or “Agree;” the rest (a whopping 68 percent) said, essentially, “No, we don't compensate and/or reward our operational functions for collaborating and sharing accountabilities regarding working with Marketing and Business Development.”

It's always the same: when money gets mentioned, a person's or a culture's real stripes begin to show. And the answers to this question, more than those for Question 1, show the deep philosophical underpinnings of how a PSF's internal operations work together with Marketing and Business Development

First, do we share “success” with our colleagues, or not? Some firms take a fairly dry view of this issue: “Hey, we give you a salary and (maybe) allow you to share a piece of the firm's profit at the end of a year. You shouldn't need additional motivation!” There are numerous corollaries to this point of view, but the theme remains the same: “We won't reward you for the basic behaviors you're supposed to display no matter what.”

A second issue is about the structure an organization might need in order to reward for desired behaviors. The notion of structure inevitably raises the specter of *measurement*. It's clear that some of these PSF respondents are ready to do the work that measurement requires, but that they'd rather do it simply: compensate and reward for overall teamwork (achievement on functional collaboration and shared accountabilities regarding Marketing and Business Development), rather than go to the effort of unbundling the specific behaviors or accomplishments. There's possibly something culturally astute about not rewarding individual effort within these many functions. Indeed, once a firm sets the accountabilities or formal collaboration guidelines between Marketing, Business Development or any other operational function, for that matter, why get into smaller and more detailed achievement points?

I've already acknowledged I'm no human resources or compensation expert, but I can't help but ask this question: isn't it better to have formal expectations, and to formally recognize the achievement of those formal expectations, especially regarding mission-critical initiatives? Isn't it *critical* for any PSF to get its operational act together regarding having every function work optimally with Marketing and Business Development?

Isn't this the exact place where structure should formally support cultural expectations? If PSFs are so good at compensating and articulating formal expectations for revenue generators to sell their firms' services, why are they not applying a related set of expectations that operational functions should work with the utmost collaboration and shared accountabilities for Marketing and Business Development?

I'll bet I'm not the only one thinking about these issues. Even despite these low percentages, I wager we'll soon see more PSFs compensating and rewarding their operational functions (HR, IT, Finance, Legal, and more) for collaborating and sharing accountabilities on Marketing / Business Development.

Q3: How's the effort going?

(If Strongly Agree or Agree on Q1 or Q2)

RESPONDENT COMMENTS

ABSOLUTELY FANTASTIC SO FAR

- Makes perfect sense to reward team members for acting like a team. Too much of what we have to accomplish requires cross-departmental cooperation. The lone ranger mentality isn't productive in a PSF.
- Probably between "absolutely fantastic" and "ok" would be completely accurate. Collaboration and seamless integration are built into our culture.
- It's been a good run, business-wise in the face of a market slow-down.
- By sharing all relevant information on a regular basis and in a defined manner, we have been able to improve our firm's ability to react quickly and with flexibility to changes in the business and economic landscape. Removing the silos that formerly housed the IT, HR, Finance, Operations and Marketing functions has resulted in improved project management, staffing, planning and profitability.
- There has been a high level of (informal) interaction between Marketing & BD due to the interpersonal relationships between executives from both sides, which has played off in the past. Now that the liaison has been more formalized these people are moving to an even better level of integrated support as each of them realizes that this integration holds the key to improved Go-to-Market activities but also holds the key to personal development and new career perspectives.
- Getting more people interested and involved in business development increases the shared accountability.
- Perhaps these are not the words I would choose. I think it works really well. If individuals have differences of opinion we work them out. We have a lot going on (new clients, new offices, new countries, new practices, new partners etc.). We have to team. We really couldn't operate in any other mode than collaboration. By staying busy and focused on the collective "what needs to get done", we have little time for petty disputes, disruptive behavior or politics.

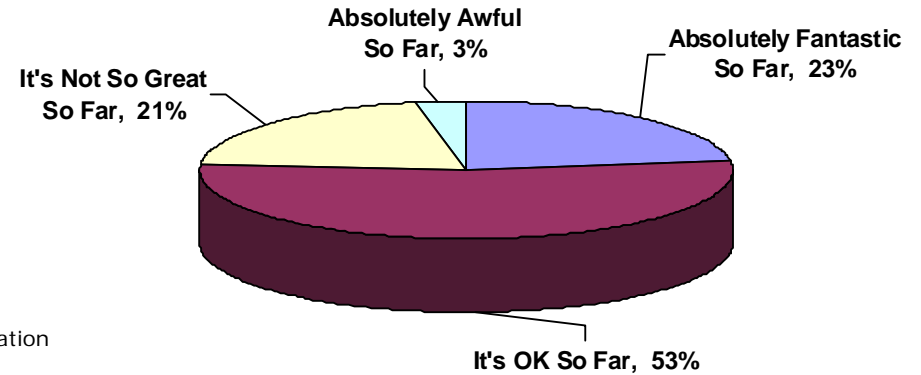
IT'S OK SO FAR

- Early months - still some thieftoms to break down but generally I think people are finding it far more rewarding to work together.
- Few get the connection even when directly rewarded for it - more like "money from heaven."
- Just defined -- and getting started with -- the MTS position.
- Again, we are still not so large that you can't walk down the office and simply ask a few questions and get the answers you need.
- It has required constant effort to continually re-focus our attention on the internal relationship building issue.
- Improvement is still underway.
- We are heading towards our business objectives and targets.
- More collaboration is needed to get real cost benefits and subsequently bonuses etc for the operational staff.
- I no longer own a PSF business with employees. I operate as a special consultant.
- The integration of Marketing with Strategic Planning immediately promoted a better understanding of strategic objectives by marketing and also better interaction of our marketing manager with business unit directors.
- Metrics for performance in areas like these are tough to establish, but we're happy with the progress and firmly believe that our accountability process has made us more profitable and more focused in our actions.
- Can always be better. It's a cost competitive market space we live in, and we run lean and resources are stretched thin.

IT'S NOT SO GREAT SO FAR

- New person, new role, 4 years of catch up work to be done.
- We recently did a corporate services survey internally to measure employee satisfaction with corporate support services. While marketing scored pretty good and got generally good comments, BD was the lowest score of any functional area. We have a hybrid BD organization with pure sellers and lots of doer-sellers. I think most people feel that the pure sellers are not pulling their weight and have little impact on our overall sales results.
- We have had only a couple people receive the incentive. We need to do a better job at promoting the incentive and recognizing firm wide when someone one does receive the incentive.

ABSOLUTELY AWFUL SO FAR



Q3 Analysis

Only 24 percent of respondents think their PSFs' efforts are "absolutely fantastic so far" on rewarding and compensating operational and Marketing and Business Development functions for formal collaboration with each other. More than 75 percent answered this question otherwise, with the most enthusiastic being a bland "it's ok so far." Talk about a lukewarm endorsement!

Nevertheless, a few respondents offered glimpses of what I believe will be the future for professional service firms: "By sharing all relevant information on a regular basis and in a defined manner, we have been able to improve our firm's ability to react quickly and with flexibility to changes in the business and economic landscape. Removing the silos that formerly housed the IT, HR, Finance, Operations and Marketing functions has resulted in improved project management, staffing, planning and profitability." It's hard to miss the intention, focus and deliberate commitment behind these remarks. One respondent remarked on the benefits of moving toward formalization, and that his firm's initiative has "improved go-to-market activities" and has served as "the key to personal development and new career perspectives."

But, for most PSFs, silo'ed thinking and inertia still rules the day. Some individuals and certain functions will have to be *required* to work together, for the good of the larger whole. Progress is slow, but there does appear to be a dawning awareness that formal functional integration can offer substantive benefits for a firm. According to one respondent, "[There are] still some thiefdoms to break down, but generally I think people are finding it far more rewarding to work together." (I love the mistaken (or maybe *on purpose*) play on the word fiefdom).

If indeed it requires focus and deliberate intention to direct an enterprise's attention toward the effectiveness of its internal working relationships, why wouldn't PSFs want to make working relationships more explicitly tied together, more interdependent? Even before our survey questionnaire was distributed, PSFs already had implicit knowledge that integrating certain functions together is smart. This would explain why our respondents so broadly endorsed the concept of functions collaborating together.

But now, with these survey findings, we have solid encouragement (beyond my own noisy blathering) toward even more formally integrating a PSF's operational functions with Marketing and Business Development. I couldn't say it better than this particular respondent: "The integration of Marketing with Strategic Planning immediately promoted a better understanding of strategic objectives by marketing and also better interaction of our marketing manager with business unit directors." Although this and other respondents acknowledged the challenges of developing the required formal structures, these respondents assure us that formally integrating Marketing/Business Development with other operations is GOOD. "Metrics for performance in areas like these are tough to establish, but we're happy with the progress and firmly believe that our accountability process has made us more profitable and more focused in our actions."

Enough said.

Contact Information:

Suzanne C. Lowe
Expertise Marketing, LLC

www.expertisemarketing.com

info@expertisemarketing.com

978.287.5080