In response to increased competitive pressures, shortening product life cycles, and heightened customer demands, businesses are increasing their ability to effectively adapt and build competitive advantage by going horizontal—by flattening their organizations, breaking down barriers between functions, and stimulating more teamwork between functional areas. 

In a marketing context, this organizational trend is reflected in the growing interest in integrated marketing communications (IMC). IMC emphasizes the value of coordinating marketing communications activities—advertising, direct response, Web sites, sales promotion, and publicity. However, these IMC coordination efforts within marketing largely ignore the most significant marketing tool for communicating and influencing relationships with customers—the company’s sales force.

Clearly, coordinating the sales and marketing functions can improve the effectiveness of activities undertaken by the functional areas. The Venn diagram in Figure 1 illustrates the need for interaction between sales and marketing. The activities in the circle on the left are primarily undertaken by the marketing function with input from sales, and the activities in the circle on the right are primarily undertaken by the sales function with input from marketing. The activities in the intersection of the two circles can be performed effectively only through a coordinated effort between sales and marketing. Thus, all of the activities shown in Figure 1 require some level of interaction between sales and marketing.

Managers recognize this need for greater coordination between marketing and sales. In international surveys of senior executives from a wide range of business-to-business industries, sales and marketing integration was mentioned as one of the organizational changes that would do the most to improve sales performance and as one of the most important issues facing sales and marketing managers (Miller and Gist 2003; Rouziès 2004). Marketing research has examined the relationship between marketing and other functional areas (e.g., research and development, engineering, design, and manufacturing) to successfully develop and launch new products (e.g., Fisher, Maltz, and Jaworski 1997; Olson, Walker, and Ruekert 1995; Tatikonda and Montoya-Weiss 2001).

However, research on the sales–marketing interface is limited. Notable exceptions include Cepedes (1996); Dewsnap and Jobber (2000); Strahle, Spiro, and Acito (1996); and Workman, Homburg, and Gruner (1998).

Marketing and sales integration is one of the components of market-driven organizations. Narver and Slater (1990) and Slater and Narver (1994) have conceptualized market orientation as consisting of three components—customer orientation, competitor orientation, and interfunctional coordination. Likewise, Day, describing market-driven organizations, emphasizes “the cross-functional coordination and information
sharing required to work collaboratively with customers.” Further, he notes that “firms that have developed a distinctive capability for managing collaborative relationships find they have more integrated strategies” (1994, p. 45).

The objectives of this paper are to identify the impediments to an effective sales–marketing integration, the approaches that firms can use to overcome these obstacles, and then to propose a framework outlining the conditions under which an effective sales–marketing integration has its greatest impact on the performance of firms.

**IMPEDEMENTS TO AN EFFECTIVE SALES–MARKETING INTERFACE**

Research and anecdotal evidence indicates that the sales–marketing interface is problematic. For example, in their empirical study of consumer grocery product firms, Strahle, Spiro, and Acito (1996) found discrepancies between sales and marketing managers with regard to specific product strategies. The activities for generating sales volume undertaken by sales managers were inconsistent with the hold, harvest, or divest product strategy specified by marketing managers. Thus, salespeople were promoting products that marketing did not plan to support in the long run and failing to adequately promote products that marketing was supporting. Needless to say, such a lack of congruence can seriously damage the relationships that companies have with their customers.

A major impediment to coordinating activities across functional areas is that employees in the functions have different mind-sets—different perspectives on issues and approaches for addressing problems (Ancona and Caldwell 1992). Some of the mind-set differences between sales and marketing employees are:

- **Customer versus product**—Salespeople are typically responsible for a set of customers in a geographical area or in a specific industry segment. They promote the use of a wide range of products and services offered by their company to these customers. On the other hand, marketing people (brand and product managers) are typically responsible for a specific product or brand and focus on that product to the exclusion of other products or brands offered by the firm.
These differences in perspective are presented in Figure 2.

• **Personal relationships versus analysis**—Due to the nature of their jobs, salespeople are more people-oriented, as they attempt to build relationships with their customers. They develop strategies for selling to customers at an individual level (Weitz 1978). Marketing people tend to deal with aggregations of customers and market segments and develop a more abstract understanding of these customers through analyzing market research data.

• **Continuous daily activity versus sporadic projects**—Salespeople are continually calling on customers, presenting the firm’s products, and dealing with customer service issues. Rather than having a daily routine, the work of marketers is more project oriented—planning the introduction of a new product, developing a new advertising campaign, and preparing and executing the annual marketing plan.

• **Field versus office**—Salespeople face pressures of customer demands and often experience rejection. Moreover, salespeople directly feel the pressure from quarterly revenue projections provided by corporate management to Wall Street. Marketers are more removed from these types of high-pressure environments.

• **Results versus process**—Salespeople get relatively quick feedback on the results of their activities. They either make the sale or they do not. Their performance is readily measurable. On the other hand, assessing the effectiveness of marketing activities is more ambiguous. It is often difficult to assess the effectiveness of marketing strategies, advertising campaigns, and promotional programs. The effects of some marketing activities, such as changing a brand’s image, develop over a long period of time. These marketing efforts are often assessed by examining the process for making decisions and intermediate outcome such as brand awareness and brand attitudes.

• **Short-term versus long-term orientation**—Due to the incentives for salespeople and their results orientation, salespeople often tend to be more short-term—oriented than marketers. Salespeople focus on month-to-month and quarter-to-quarter sales, whereas marketing managers concentrate on building long-term competitive advantage that might take years to realize.

Due to these differences, it is difficult for people in sales and marketing to understand and appreciate the issues raised by their counterparts, and these differences impede effective coordination between the functional areas.

**SALES AND MARKETING INTEGRATION**

Although functional integration is an important objective in theories of firm performance, there is no uniform definition or widely accepted measure of this construct. Kahn and his colleagues (Kahn 1996, 2001; Kahn and Mentzer 1998) review the literature on interdepartmental integration and identify different approaches for assessing the construct. Some researchers (e.g., Clark and Fujimoto 1991; Lawrence and Lorsch 1967) define interdepartmental integration as the degree to which the departments engage in collaborative activities—the degree to which they work together as a team and share resources to make strategic decisions, develop implementation plans, and assess performance of these strategies and plans. Other research adopts a multidimensional perspective. For example, Ruekert and Walker (1987) describe marketing’s interactions with other functional units in terms of exchanges of resources, work, and technical assistance and the amount and difficulty of communication; Song, Xie, and Dyer (2000) define integration as involvement, information quality, and harmony.

We argue that it is important to distinguish the integration construct from related constructs such as interactions, communications, and involvement. For example, although increasing communications is likely to result in greater sales–marketing integration, it is unlikely to do so if the interactions are acrimonious. Further, indiscriminately increasing communications may lead to information overload that may reduce rather than increase coordination and collaboration.

We argue that sales–marketing integration is a dynamic process in which the two functional areas create more value for their firms by working together than they would create by working in isolation. We define sales–marketing integration as the extent to which activities carried out by the two functions (see Figure 1) are supportive of each other. Note that in order for a function’s activities to be supportive of the other function’s activities, the two must be consistent and congruent with each other (e.g., lead to realization of each other’s goals and objectives), and the timing of the activities must be coordinated (i.e., concurrent or thoughtfully sequenced). Thus, for example, the timing of a salesperson’s visit to a customer to introduce a new product must be coordinated with marketing’s launch of the ad campaign for the product. Both activities are consistent in that they have the same goal, and they support each other in that each activity makes the other activity more effective.
CONCEPTUAL FRAMEWORK

Our conceptual framework, presented in Figure 3, suggests that a number of managerially controllable actions and policies can be used to improve sales–marketing integration and subsequent firm performance. In addition, we argue that developing greater sales–marketing integration is more important for business performance in some situations and not as important in other situations. In the following subsections, we discuss the four types of mechanisms for improving sales–marketing integration: (1) structure, (2) process/systems, (3) culture, and (4) people.

Structure

Some structural approaches for improving sales–marketing integration are (1) decentralization, (2) cross-functional teams, and (3) integrators.

Decentralization

Centralization refers to the extent to which decision-making authority in an organization is located at higher levels of the organization (Aiken and Hage 1968). Although advantageous in some ways, centralization of decision making leads to negative effects as well. For example, Menon, Jaworski, and Kohli (1997) find that centralization reduces connectedness and increases conflict across functions. In essence, a centralized organizational structure tends to create a climate of tension, whereas a decentralized system is likely to induce cross-functional communication or resource exchange.

By one estimate, sales and marketing organizations in 54 percent of firms represent independent silos, each reporting to its own head and “meeting” or being coordinated at the top at the CEO or COO level (see also Workman, Homburg, and Gruner 1998). One way of lowering the level at which such coordination takes place (i.e., decentralizing the structure) is to have the sales and marketing organizations report to a single vice president of sales and marketing who reports to a CEO or COO. In such a structure, the vice president of sales and marketing has the potential to improve integration between the sales and marketing functions through his or her hierarchical authority. Thus,

P1: Decentralization of the sales and marketing functions has a positive effect on the degree of sales–marketing integration.

Cross-Functional Teams

Another structural approach for improving the sales–marketing interface is to form cross-functional teams composed of people in the two functional areas. These teams are tasked with addressing specific issues and performing one or more of the activities noted in Figure 1. By working together on these teams, members develop a better appreciation and understanding of the issues and perspectives facing the marketing and sales functions. In addition, by making decisions jointly as a team, the members feel a sense of ownership in the decisions and tend to champion the decisions when they interact with others in their functional area.

However, there are costs associated with the use of cross-functional teams. The different perspectives of the team members create potential for conflict. Research shows cross-functional team outcomes do not always yield expected performance; teams need specific training and rewards to stimulate cooperation and minimize dysfunctional conflict.
(Ancona and Caldwell 1992). If this conflict is not managed constructively, the use of cross-functional teams can actually have a negative effect on sales–marketing integration. In addition, great care should be used when composing the teams to include people who are motivated to improve sales–marketing integration (Randel and Jaussi 2003). Thus, we propose:

**P2:** The use of cross-functional teams has a positive relationship with sales–marketing integration, provided team members are trained to manage conflict and are committed to improving sales–marketing integration.

**Integrators**

The third structural approach for improving sales–marketing integration is to assign employees to a special integrator role. For example, market managers might be made responsible for coordinating marketing and sales activities such as advertising, pricing, and service support directed toward customers in a specific market segment (see Figure 1). They could facilitate communications from salespeople to marketers and vice versa. They could perform activities falling under the purview of both sales and marketing (center column in Figure 1), or appoint task forces to do so. In this way, these market managers would facilitate a marketing-oriented coordination similar to the technically oriented coordination provided by application engineers.

Typically, integrators have the responsibility for improving the interaction between functional areas but do not have the authority to affect the way work is done. Some factors that enhance the effectiveness of integrators are (Weitz and Anderson 1981):

- Maintaining a balanced orientation that recognizes the perspectives and goals of the sales and marketing functions.
- Providing integrators with the information, responsibility, and conflict management skills necessary for resolving conflicts that develop between sales and marketing.
- Using unique knowledge and skills as a basis for influence rather than formal authority.

Similar to the use of cross-functional teams, there is a cost–benefit trade-off in using integrators. Integrators may improve sales–marketing integration, but their use involves adding employees, which leads to higher labor costs. Thus, integrators should typically be used to facilitate integration when complex tasks need to be performed such as the launching of a new product. We propose that:

**P3:** Assigning employees to the role of integrators has a positive effect on the degree of sales–marketing integration. Due to the additional costs involved, this is appropriate when sales and marketing need to work together to undertake complex, novel tasks.
Process/System

Some process and system approaches for improving sales–marketing integration are (1) communications, (2) job rotation, (3) integrated goals, and (4) incentives or reward and recognition systems.

Communications

One of the key drivers of cross-functional integration is communication. However, it is possible for sales and marketing to overcommunicate. For example, sales and marketing may communicate so much that it leaves them with little time to perform their core activities (see Figure 1). In other words, whereas too little communication may lead to low levels of integration, too much communication may lead to low levels of integration as well (see Maltz and Kohli 1996).

Communications between sales and marketing can be formal and informal. Examples of formal communications are regularly scheduled meeting and reports. Informal communications are unplanned and unverifiable (untraceable after the fact). The two types of communications have different properties and, hence, are likely to play different roles in realizing sales–marketing integration.

Studying market intelligence dissemination from marketing to other functions, Maltz and Kohli (1996) suggest an equal mix of formal and informal communications is optimal. Furthermore, within the context of new product development, Olson, Walker, and Ruekert (1995) show that the level of formalization of an organization must match levels of product innovativeness in order to increase performance. Thus, a less formalized approach (and informal communication) is likely to produce better outcomes when new products are highly innovative because of the need to create an atmosphere where information flows freely and ideas can be exchanged easily. Conversely, when new products are merely line extensions, such loose coordination policies may be too costly in terms of time and efficiency.

This research on new product development suggests that both formal and informal communications facilitate inter-functional integration. Formal communications are most effective when communicating important information that summarizes jointly developed decisions. Formal communication is also effective in disseminating information that is needed on a recurring basis, such as the reporting of market intelligence. On the other hand, informal communications are particularly effective when dealing with unstructured problems and uncertainties in the environment (e.g., changing needs/specifications of customers, rising competition for an offering/key account). Thus, we propose:

P4: There is an inverted U-shaped relationship between the total amount of communication and the degree of sales–marketing integration. Both formal and informal communications positively affects sales–marketing integration. However, the effectiveness is moderated by the nature of the task. Information about strategic directions and regularly occurring information exchanges are best done through formal communications, whereas information about unstructured problems is best done through informal communications.

Information Systems

Information systems can facilitate both formal and informal communications. Sales force automation systems reduce the effort to generate periodic reports, whereas e-mail encourages timely interactions. Despite these benefits, there is considerable evidence that salespeople often do not adopt such systems (Erffmeyer and Johnson 2001; Speier and Venkatesh 2002). We focus on two characteristics of information systems that are especially relevant in a sales and marketing context. The first deals with the complexity of the information system. Salespeople are particularly notorious for their impatience with learning and using information systems that are complicated to operate. They are more at home in the field with their customers than in front of their computers. Although marketing people tend to be more analytical in general, they too resent information systems that take a long time to learn or use. Thus, information systems that are easy to learn and use are more likely to be actually used by sales and marketing people, resulting in greater sales–marketing integration.

A second characteristic of information systems pertains to their purpose—whether it is to help sales and marketing people do their jobs or help supervisors monitor or track their subordinates’ work. To the extent information systems are viewed by sales and marketing people as designed by management to monitor and control their activities, the systems are likely to be rejected or underused. On the other hand, systems designed to help the salespeople perform their “real” jobs are more likely to be used and lead to greater sales–marketing integration. Thus, we propose:

P5: The greater the perceived complexity and control orientation of information systems, the lower the degree of sales–marketing integration.

Job Rotation

Job rotation has often been advocated to achieve better cross-functional integration (e.g., Griffin and Hauser 1996). Rotating managers between marketing and sales serves two purposes. First, through job rotation, employees develop a larger network of people within the firm that can be called on
when opportunities or challenges arise. Second, through immersion in different functional areas, managers can develop a better understanding of their counterparts’ culture, activities, constraints, and objectives.

However, poor implementation of a job rotation program may substantially reduce, and even negate, benefits of integration. If too few managers cross marketing and sales boundaries, the managers that do cross are likely to feel isolated, rejected, and unable to initiate collaboration routines that foster cooperation. Conversely, if too many managers rotate from one function to another, it might create opportunity costs, because various activities/territories(customers will be neglected or at least not well taken care of. Moreover, the resulting loss of functional specialization is likely to lead to impaired performance of the functional activities.

The similarities of the task undertaken in the functional areas can affect the cost–benefit trade-off of job rotation. If specialized skills are required in the different functional areas, the cost of job rotation is higher. It would appear that sales and marketing activities are more similar and require less specialized knowledge than, say, sales and engineering (see Figure 1). Thus, we propose:

**P6:** Job rotation has an inverted U-shaped relationship with the degree of sales–marketing integration with the highest level of integration resulting from modest amounts of rotation.

**Integrated Goals**

Integrated goals are objectives that are superordinate to the interests of individuals (or subunits) within a firm. They serve to align interests of individuals (or subunits) with other individuals and subunits (Fisher, Maltz, and Jaworski 1997). For example, in our context, sales and marketing could have integrated goals pertaining to sales revenues of specific products or product categories. In addition, sales and marketing could have superordinate goals pertaining to activities at the intersection of sales and marketing (Figure 1), such as (1) sequencing of customers for launching a new product, and (2) value proposition definition for a product. Integrated goals have been found to have a positive effect on several dimensions of marketing’s integration with other functions such as engineering, R&D, and manufacturing (Fisher, Maltz, and Jaworski 1997; Song, Xie, and Dyer 2000). However, research on team goal setting has found that mutual participation in establishing the goals is critical for acceptance of the goals and motivation toward achieving them. Thus,

**P7:** Integrated goals positively affect the degree of sales–marketing integration, particularly when the functional areas participate in establishing the goals.

**Incentives**

Reward and recognition systems are another mechanism for enhancing functional integration. For example, in the study presented by Rouziès (2004), a number of firms reported incentives for a common objective—customer satisfaction. Whereas goals help focus the energy of sales and marketing functions in a desired direction, reward and recognition that are contingent upon attainment of those goals helps motivate functions to expend effort to realize those goals. Incentive reward systems have been reported to have a positive effect on several dimensions of marketing integration with other functions (Menon, Jaworski, and Kohli 1997). Thus, to the extent that rewards and recognition for sales and marketing in a firm focus on achievement of integrated sales and marketing goals, sales–marketing integration is likely to be enhanced (Dewsnap and Jobber 2000). Therefore,

**P8:** The use of incentives requiring achievement of integrated goals positively affects the degree of sales–marketing integration.

**Organizational Culture**

Organizational culture is the set of beliefs and norms shared by members of an organization or subunit within the organization (Schein 1993). These unwritten rules help resolve dilemmas that can arise in organizations. Scholars have identified a number of different types of norms. For example, Rousseau (1990) identifies norms related to achievement, cooperation, self-expression, and affiliation that may exist in a team. Hofstede (1998) discusses six cultural dimensions—process oriented versus results oriented, employee versus job oriented, parochial versus professional, open versus closed, loose versus tight control, and normative versus pragmatic orientation. Sales–marketing integration requires the two functions to share information and adjust their activities to accommodate each other’s concerns and perspectives (see Figure 1). These are likely to be facilitated by organizational norms that place a premium on sharing and adapting. Thus,

**P9:** Organizational cultures with norms of sharing and adapting positively affect the degree of sales–marketing integration.

**People**

A final approach for improving sales–marketing integration is to hire and promote people in sales and marketing who are open-minded, team players—who feel that working together with other functional areas enhances their personal performance as well as the performance of their functional area and firm. For example, research has found that a manager’s
psychological connection to his or her functional area compared to the firm as a whole (i.e., relative functional identification) has a negative effect on integration. Moreover, marketing managers with a strong relative functional identity have been found to use coerciveness in their relationships with the engineering function, more than managers with a low relative functional identity, because they realize that they need the work of engineers to reach their goals (Fisher, Maltz, and Jaworski 1997). Similar effects are expected to prevail in the sales–marketing interface. Thus,

P10: The greater the relative functional identity of sales and marketing managers, the lower the degree of sales–marketing integration.

EFFECT OF SALES–MARKETING INTEGRATION ON BUSINESS PERFORMANCE

Based on their review of the literature, Dewsnap and Jobber (2000) propose that marketing and sales integration in consumer packaged-goods companies has a positive effect on brand-related and trade-related measures of business performance. In addition, there is empirical support for this contention. Tatikonda and Montoya-Weiss (2001) conclude that integrating marketing and operations for innovation positively affects customer satisfaction and relative sales. Similarly, Song, Xie, and Dyer (2000) find that integration of marketing managers with other functional managers results in higher business performance. As performance related to the efficiency of marketing integration with other functions is well documented in the literature, we propose that sales–marketing integration has a positive effect on organizational performance.

P11: The greater the level of sales–marketing integration, the higher the business performance.

Effects of Moderating Variables

While we propose a main effect of sales–marketing integration on firm performance, we also recognize that integration has its costs and benefits. Conditions affecting the trade-off between these costs and benefits are likely to moderate the integration–performance relationships. We consider four categories of moderators: (1) environment, (2) customers, (3) competitors, and (4) company. We illustrate the nature of these moderating effects by focusing on one moderator in each of these four categories—environmental uncertainty, customer concentration, competitive intensity, and rate of new product introduction. It would be useful to study additional moderators such as environmental complexity, customer sophistication, competitive structure, and company acquisition propensity in future studies.

Environment

Workman, Homburg, and Gruner (1998) suggest that environmental uncertainty leads to dispersion of marketing activities throughout the organization (e.g., across different functional subunits). The more such dispersion of activities occurs, the greater is the need to integrate the activities of the different subunits such as sales and marketing. Research on related themes supports this expectation: Environmental uncertainty has been found to strengthen the interfunctional coordination–innovativeness relationship (Han, Kim, and Srivastava 1998) and reinforce the interfunctional connectedness–product quality relationship (Menon, Jaworski, and Kohli 1997). Thus, we propose that:

P12: The greater the environmental uncertainty, the stronger the positive effect of sales–marketing integration on business performance.

Customers

Customer concentration refers to a situation in which a relatively few customers account for most of a firm’s sales. When customer concentration is high, customers have significant power over the firm and tend to use the power to demand ever higher levels of performance from the firm. Delivering a high level of performance requires (among other things) a high level of sales–marketing integration. Although sales–marketing integration is important for attaining business performance in all contexts, it is much more so when customer concentration is high. This is because, in such situations, a single customer’s decision to take its business elsewhere can have a major effect on the supplier firm’s performance. Thus,

P13: The higher the customer concentration, the stronger the positive effect of sales–marketing integration on business performance.

Competitors

Similar to customer concentration, competitive intensity is expected to have a moderating influence on the relationship between sales–marketing integration and business performance. When competitive intensity is high, it is particularly important for a firm to deliver superior value to customers (Kohli and Jaworski 1990). If a firm does not do so, it is likely to lose out to competitors. Sales–marketing integration is important for meeting customer needs and requirements. If competitive intensity is relatively low, a firm may be able to attain good business performance even without sales–marketing integration because of the “slack” afforded by the marketplace. Thus,
P14: The higher the competitive intensity, the stronger the positive effect of sales–marketing integration on business performance.

Company

A company that pursues a strategy that relies heavily on the development and launch of new products and services is likely to require a tighter integration between sales and marketing. Sales and marketing must coordinate and support each other's activities if the new products and services are to be designed and launched effectively in the marketplace. In contrast, a firm with relatively few new products/services is likely to be affected by lack of integration to a lesser extent. Note that while sales–marketing integration is important for business performance in both types of firms, it is expected to be more important in the case of firms that rely heavily on the introduction of a stream of new products/services. Thus,

P15: The higher a firm's reliance on a new products/services strategy, the stronger the positive effect of sales–marketing integration on business performance.

DISCUSSION

Managers indicate that improving the interaction and cooperation between sales and marketing is becoming more important in light of the increasing dynamic and competitive environment. Improving the interaction between marketing and sales is challenging due to differences in the mind-sets of the two functional areas.

While there has been significant research on the interface between marketing and other functions, particularly with respect to new product development, limited attention has been paid to the sales–marketing interface. Although sales and marketing people have different perspectives and goals, their viewpoints and backgrounds are more similar than those of people in, say, marketing and R&D functions. Thus, one would expect the integrating mechanisms presented in this paper to be differentially effective across functional interfaces.

In hopes of stimulating more research on sales–marketing integration, we have developed a conceptual framework in this paper proposing a set of integrating mechanisms, and conditions in which sales–marketing integration is most critical for firm performance.

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