

Avaya Case Report

Digital Prospecting

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Executive Summary

The Avaya Case Proposal was written by Mallory Gunnels, Devin Gillitzer, Hugo Marroquin, and Ali Kassam, in response to challenges that Avaya is facing regarding the integration of their Marketing and Sales teams, on a global scale. Although a large amount of leads are being fed to the sales teams, from the marketing team, not all of the leads are meeting the quality standards of the sales team. This proposal takes aim at providing potential solutions for issues that Avaya is facing in the two departments with respect to goal alignment, and consistent communication between the two teams. Based on our findings, our team has generated three solutions, that if implemented appropriately will prove to be a long term solution to this challenge.

Our recommendation is to, first and foremost, add a bonus compensation plan for our marketing team for generating high quality leads. We expect this compensation plan to greatly increase the communication between the two departments, due to having a higher incentive value to the marketing team. This will in turn shift the organization to have a more integrated approach. Out of our three solutions that we will be presenting, the compensation plan is what we recommend that Avaya implements. There are also two other possible solutions that Avaya could explore, if necessary.

One of those being, the overhaul of the organizational structure of the marketing and sales teams. Currently there are multiple sales teams that are working on their own in the field. That said, pairing marketing executives with these sales teams, could provide a boost in communication. Leading us to the final proposal of encouraging consistent feedback between the two departments. While putting this in place would be a cultural

change for the company, this could greatly increase the number of quality leads for the sales teams. Which in turn, will raise the conversion rate and generate more revenue for Avaya.

Essentially, our recommendation is to provide a compensation plan for the marketing team. If that does not seem to be a perfect fit for the company, Avaya could also explore our other two solutions.

Problem

Avaya is one of the leading technology and telecommunication companies, and therefore has expansive marketing and sales departments. With this comes the necessity for communication within and between each department. Internal communication between these departments has been going somewhat well, but there are still ways that they struggle, leading to problems for both sales and marketing. Furthermore, sales and marketing have realized that there is little to no integration between their departments and funnels. There are a few key issues that Avaya has been facing.

Within the marketing department, Jocelyn Attal, the CMO of Avaya, noticed that the marketing department was not generating enough leads for the sales department. Additionally, the leads that they were generating were not always high quality leads. Their focus tended to be to provide a certain number of leads per quarter, but many of these leads were unqualified.

Second, with regards to the sales department, Charle Ill, Avaya's Head of Sales, realized that Avaya's Client Executives (CEs) are too focused on quarter-to-quarter thinking. In other words, the salespeople are too focused on making deals for the current quarter that they've failed to generate leads for the next quarter. Ill believes there has to be a constant generation of volume

to feed to the top of the sales funnel, something that the sales department is not efficiently achieving.

These two issues have a common root cause, and that is the lack of a common goal between the two departments. The goal of the marketing department is to provide a certain number of leads to sales, regardless of the quality of these leads. The goal of the sales department is to close sales. Integration between the two, communication, and lead development are stunted without a common goal.

Possible Solutions

Based on Avaya's current problems, the following three solutions have been proposed to Avaya's C-level executives.

The first possible solution we propose involves creating a performance-based bonus compensation plan for the marketing department. This bonus is going to be based off of marketing generating more leads that turn out to be qualified. Through this plan, the goals of marketing and sales will become more aligned, which will lead to a better outcome for both departments.

The primary benefit of this solution is that marketing will have monetary incentive to create higher quality leads. Additionally, if sales is being given better leads, they will be able to close more sales. Another benefit of this plan is that it will require no major internal reorganization. It will also open up communication and feedback between the two departments, leading to improved prospecting methods.

The main difficulty with this solution is that it will require careful planning from accounting and finance departments, in order to come up with a bonus amount that will not cost

the company money. The funds for the bonus need to come from the anticipated increase in revenue due to more closed sales. This could be somewhat time consuming to plan, which is obviously a cost as well. Additionally, bonus amounts and target numbers of “qualified” leads will likely need to vary across different regions and markets; this will add to the complexity of implementing this solution.

The next solution we will explore is a complete revamp of the organizational structure of the company’s marketing and sales teams. Through the reorganization we will be able to setup a collaborative environment and a dense relationship between sales and marketing, which will allow better funneling of leads between the two departments.

The biggest benefit of overhauling the organization of the two departments is that we will be able to place the best marketers from the global marketing teams of Avaya with the CE’s on the global sales teams. By assigning marketing executives to each sales team we are enabling true “smarketing” to take place. Through this implementation, we will see an increase in communication between the two departments, which could lead to having better quality leads, a rise in new business, and continuous improvement for the company as a whole.

Unfortunately with this solution a lot of change would need to take place. When the organizational structure of a company needs to be completely changed, this means that the company has given up on past investments they have made for their current organizational structure, and this becomes a sunk cost. New training and education will also need to be provided to ensure the success of this pursuit. Additionally, internal reorganization is almost always upsetting to employees at all levels, and this could negatively affect morale.

Overall we feel that this restructuring could be too costly in time, money, training, and morale.

Our third and final solution to the challenges Avaya is facing is to set forth parameters of constant feedback between our marketing and sales teams, which will further encourage integration between the two departments.

The benefits of encouraging this two-way communication includes the generation of better quality leads. When there is a consistent communication between the two teams, they can better differentiate between a qualified and unqualified lead. Due to this increased ability to differentiate, marketing teams can more effectively do their job. Avaya's sales team will also convert more leads, which will lead to an increase in revenue. Another benefit of having constant feedback between the two departments is that there will be more comprehension of the goals of each other's departments. With this alignment, the two departments will be able to give more focus to the customer, rather than meeting their own quotas. Indirectly this will also lead to both the Marketing and Sales team having a better grasp of each other's processes, and through the feedback they will be able to reform their own methodologies to further improve efficiency.

Although this solution has many benefits to the company, there will be some definite drawbacks that Avaya would have to deal with. For starters, one of the challenges Avaya will face will be from an implementation standpoint. Because they are an international company, and they have expanded into global markets, finding the time and the resources to communicate effectively will certainly prove to be difficult. The cost of the implementation could also be high, considering the two departments are currently operating as two fairly separate entities.

With all that said, the next part of our proposal will discuss our recommendation for

Avaya to solve the root cause issue of integration.

Recommendation

After assessing our possible solutions, we have decided to implement a bonus compensation plan that will align the goals of the marketing and sales departments, resulting in increased communication between the two and the production of higher quality leads. We feel that this is the only solution that fully addresses the root problem: the two departments are operating with different goals. Currently, only half of the leads given to sales teams by marketing are considered “qualified”. We propose giving marketing teams a quarterly bonus based on increasing the percentage of their generated leads that are converted into a close.

We decided on this plan for a few reasons. Changing the way that departments work can be upsetting to employees; we believe that including a performance salary bonus will counter this effect and help to make this a change that employees are excited about. The possibility of a bonus will create a strong incentive for marketing to produce higher quality leads that will result in more closes for sales. Because people in the sales department will be receiving more commission if the marketers are providing quality leads, this creates a symbiotic relationship between the two, where both departments benefit by helping the other. When considering our other possible solutions, we believe that restructuring the entire sales and marketing departments would be far too costly and involve too slow of improvements to be a viable option.

In order to implement this plan, we must first work with the finance and accounting departments to make sure that this is plausible. With them we will decide on a feasible dollar amount for the marketing bonus. We will be creating a definition of “qualified leads” that works

for both marketing and sales. This will make it clear what kind of leads marketing should give to sales. In this process, we will be working to educate both departments as they begin to work for the new collective goal. Department heads from Marketing will receive Sales training, and Sales Department heads will receive Marketing training.

We predict a rapid rise in the following months of the amount of leads that are accepted by the Sales teams. The long term goals of the marketing department will help the sales teams start to shift their focuses from quarter to quarter, to more long-term goals. The bonuses will help facilitate stronger communications between the marketing and sales department, which will in turn create better leads, which will create more revenue. Quarterly meeting will help make sure that the new performance bonus program is effective and efficient in being a solution to this problem.