

# **AT WAR OR COLLABORATING?: SALES AND MARKETING IN CHINA**

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## **ABSTRACT**

Collaboration between Sales and Marketing divisions has been said to be important for organizational effectiveness. However existing research into Sales/Marketing collaboration (SMC) has almost exclusively been conducted in Western economies, and none in China, an area of increasing investment by multinational corporations (MNCs). However numerous researchers have identified important differences in business culture between the West and Asia which may potentially impact on SMC. In response, this research examines SMC within the Chinese subsidiary of a large U.S. headquartered MNC, using interviews with a wide variety of Sales and Marketing staff. The research identifies important differences from the findings on SMCs in Western organisations.

**Keywords:** Sales/Marketing collaboration, culture, China.

## **INTRODUCTION**

There is general agreement that collaboration between Sales and Marketing functions is important for organizational effectiveness.[1, 2] However, some authors have argued that Sales and Marketing fail to collaborate effectively, sometimes even going so far as to suggest that that Sales and Marketing are “at war”.[3] A contrasting body of literature, however, argues that problems in the relationship between Sales and Marketing are over-stated.[4, 5] While recognising that conflict sometimes exists, these authors maintain that the level of Sales/Marketing collaboration (SMC) is healthy and tends to positively impact on organisational effectiveness, generally, and on business performance, specifically.[6, 7] Despite a growing body of Western literature on SMC’s positive impact on organisational effectiveness, there has been only one study examining SMC outside a Western speaking culture – a study in Saudi Arabia.[8] This is despite arguments that management theories and practices might not be directly transferable across nations,[9, 10] and that management problems, including higher conflict, lower cooperation and cohesiveness and an inability to define common goals, may be more likely to occur in multicultural workspaces.[11] For example, differences in cultural values can lead to different preferences for leadership style, team selection process, and communication style.[12] It is therefore possible that the drivers of SMC will vary, depending on the cultural background of the managers. These differences might in turn impact on SMC through different expectations by Sales and Marketing staff of management styles, cross-functional team formation processes, and/or cross-functional communication. Given the increasing importance of China for multinational corporations (MNCs), many of whom have established subsidiaries in China, a deeper understanding of SMC in China in a multi-cultural workplace is thus important for MNCs conducting business in China. As a result, this study explores the extent of SMC in a Chinese-based subsidiary of a major American MNC. It also explores the perceptions of staff from a variety of levels within that organisation concerning the barriers to, and drivers of collaboration, in order to offer practical pathways for organisations to enhance SMC, and ultimately, organisational effectiveness.

## METHOD

Ethical approval for the study was obtained from Macquarie University and from the organization, referred to in this paper as 'MNC X'. MNC X is a Fortune 500 company, and one of the largest organizations in the information technology industry. With headquarters in the U.S., MNC X has subsidiaries in 100 countries and employs around 100,000 people worldwide. It established offices in China in 1995 and now has close to 5000 employees in China, with around 45% employed in the Sales and Marketing functions. Although the majority of the employees, especially in the Sales division, are local Chinese, MNC X's employees in China come from many different countries. The organization thus provides an ideal location to study the extent of SMC, and the barriers to, and drivers of, SMC in a Chinese subsidiary of an MNC. The research involved interviews with 20 employees from the Sales and Marketing functions of MNC X, including some with experience working in both functions, at management and non-managerial levels, with native Chinese or Western backgrounds, and with and without work experience outside their home countries. The sample thus represents the most diverse group of participants of any study of SMC, and the first examining SMC in China. The number of interviews was determined using the principle of saturation, that is, bringing new subjects into the study until the data set is complete, as indicated by data replication or redundancy.[13] Saturation was reached at 20 interviews.

Interviews explored participants' views on the extent of collaboration between Sales and Marketing within MNC X, and for those who had worked at other MNC X locations outside China, explored their perceptions on whether collaboration within the China division is different from other MNC locations. Participants were also asked their views on the drivers of, and barriers to, SMC within MNC X. Interviews were conducted in Mandarin, Cantonese or English, according to the preference of the interviewee. All interviews were conducted by the first author.

## RESULTS AND DISCUSSION

All interviewees agreed that Sales and Marketing need to collaborate and that if Sales and Marketing cooperate effectively, the company would benefit. However, there were subtle differences in the suggested benefits. Participants from Sales, for example, tended to focus on sales returns as a benefit, while participants from Marketing suggested that collaboration is likely to increase return on marketing investment. Each group thus tended to emphasize an outcome that reflected self-interest by enhancing their own function-specific Key Performance Indicators (KPIs), rather than financial effectiveness for the organisation.

There were mixed views on the extent of collaboration between Sales and Marketing in this MNC in China, particularly between interviewees who have worked in some of the MNC's operations in other countries. Two Americans with working experience in both the United States and China believed that the level of collaboration and the relationship between Sales and Marketing within the China office was better than in some of the MNC's operations in other countries. In contrast, several Chinese participants who had also worked in other countries argued that the relationship between Sales and Marketing in this MNC in China was no better than in MNC X's other locations.

One Western manager discussed how he thought that SMC was in part limited in China because Chinese employees were not prepared to challenge opposing views. He discussed an example of a meeting dealing with potential conflict issues, where the Chinese non-managerial staff were reluctant to participate. Consistent with this view, a Chinese participant discussed how Chinese staff, instead of raising disagreement at a meeting, were more likely to approach different stakeholders on an individual basis to resolve the issues before a meeting, and then acknowledge the agreement at the meeting.

Given the different expectations of the American manager and Chinese staff on how conflict should be handled, one possible explanation for the American and Chinese participants' contrasting views on the extent of collaboration in this MNC's operation in China is that the Western participants may not have noticed subtle workplace conflict, or observed the ways in which Chinese staff preferred to raise conflicting issues *before*, rather than in a meeting. Thus, if American managers judge the absence of open conflict as a key indicator of the level of Sales/Marketing collaboration, then they would be likely to overestimate the level of collaboration. In contrast, Chinese managers may be more likely to recognize that the absence of conflict in a meeting might indicate avoidance of conflict, rather than the absence of conflict. Hence the Western participants may have perceived interaction between Sales and Marketing as reflecting better cross-functional collaboration in China than in Western countries. This explanation would suggest the American interviewees in the study could be misreading the effectiveness of Sales/Marketing collaboration due to the Chinese culture of avoiding conflict. A second possible explanation why these Western participants thought the extent of collaboration between Sales and Marketing in this MNC in China is better than in other countries involves the power dynamics between managers and non-managerial staff. Because the Western participants were at a managerial level, their non-managerial staff may have concealed conflict from them.

A number of studies have suggested that differences between Sales and Marketing may hinder collaboration and cause conflict between the two functions.[3, 15-17] When participants were asked about their views on barriers that inhibit collaboration between Sales and Marketing, several mentioned the differences between Sales and Marketing as a barrier to effective collaboration. However, when the interviewees started to elaborate on the differences between Sales and Marketing, the differences identified by Sales participants were notably *different* from those mentioned by the Marketing participants. For instance, Marketing participants repeatedly argued that Sales have a more short-term outlook, but no Sales participants mentioned differences in time orientation between the two groups. Similarly, while interviewees from Sales suggested Sales were more customer-oriented than Marketing, none of the Marketing participants suggested that Sales are more customer-oriented than Marketing. These notable differences in views between Sales and Marketing participants suggest a lack of awareness for, and recognition of, the other's perspective, which could hinder effective collaboration and potentially create conflict between the two functions. Thus, an underlying barrier to Sales/Marketing collaboration appears to be a result of the differences between the two in functional subcultures, for example Sales being more short term and Marketing more longer term. Although both share an external focus – Sales on the customer and Marketing on the market as a whole – they appear to differ in their assumptions, beliefs, values, behaviors and effectiveness criteria. Despite advice from various researchers on how to better effect collaboration,[3, 15] subcultural differences appear to be persist in this MNC between the Sales and Marketing functions.

Previous research has suggested that differences in goals between Sales and Marketing can cause conflict in Sales/Marketing collaboration.[18] As a result, the research explored whether common goals could be a driver of Sales/Marketing collaboration. When participants were asked if common goals between Sales and Marketing could drive better collaboration between the two functions, most interviewees responded favourably to the idea of common goals. However, some argued that common goals are not useful for collaboration, and could in fact be detrimental to business results because the two functions need to have different goals. Common goals might be expected to be more important for Chinese interviewees because Chinese people are said to value cohesiveness, consistent with the collectivist culture in China.[19] As such, common goals would be expected to be most attractive to the Chinese interviewees who have no experience in living and working outside China. However, in contrast with this theoretical perspective, several Chinese interviewees, all with no experience of living outside China, were opposed to the idea of common goals between Sales and Marketing, because they argued that as different functions, the two needed to have different goals. It is difficult to explain the

discrepancy between the typical research view that common goals are consistent with the Chinese collectivist culture and are therefore likely to be acceptable to Chinese employees, and the finding that some Chinese participants, including those who have no experience in living and working outside China, do not see common goals as important for workplace collaboration. The difference may be due to the multinational culture of this MNC, or perhaps due to increasing individualism among Chinese. The discrepancy certainly, however, suggests that further research investigating the relative benefits of common or aligned goals is worthwhile.

Although not all participants agreed on the value of common goals for driving better SMC, all participants agreed on the importance of goal *alignment* for achieving better collaboration. All participants, regardless of their nationality and their work backgrounds, commented on the importance of goal alignment between Sales and Marketing for driving better business performance. This agreement on the importance of goal alignment is consistent with previous research which has suggested that although Sales and Marketing may not have the same goals, goal alignment between the two can help increase SMC and hence improve company performance.

Previous research has variously argued that Marketing and Sales are 'at war' with each other[3] or that the relationship between the two is healthy.[14] While this research studied only one organisation, these results show that categorizing the relationship between Marketing and Sales at either extreme may be too simplistic. In this organisation, there was no evidence of open conflict, and thus no evidence to suggest that the Sales and Marketing functions are 'at war'. Some individuals within each function certainly complained about individuals in the other function, but there was no evidence of conflict between the two, using the general meaning of 'conflict' as undesirable. In contrast, Western managers repeatedly argued that Chinese staff were unwilling to voice disagreement when appropriate. One Western manager even attempted to increase the level of conflict within the organisation by encouraging his Chinese staff to disagree with another team at a meeting. Consistent with this view, in the eyes of Western managers, there appears to be insufficient *functional* conflict within the organisation. Only one Chinese manager, a Chinese national who had been educated and worked in Hong Kong, argued that conflict can be beneficial, suggesting that most Chinese staff saw conflict as dysfunctional. Given accounts from other managers that Chinese staff were unwilling to disagree when necessary, it seems likely that the presence of Western staff within the organisation may have increased conflict within the organisation – ideally resulting in a higher level of (functional) conflict, although with the potential for undesirable levels of (dysfunctional) conflict. This view that Western managers may increase conflict between Sales and Marketing teams within an organisation based in China has not been discussed before in the literature, and is a potential area for future research. For businesses operating in China, increasing *functional* conflict may be an important aim.

Various researchers in the West have suggested that well designed measurement and reward systems can help align the goals of Sales and Marketing.[e.g. 5, 15, 18] When asked about common goals as a potential driver for Sales/Marketing collaboration, several of the participants, immediately and unprompted, brought up the topic of rewards. When participants talked about goals, some interviewees recommended reward alignment, for example that both Sales' and Marketing's compensation be aligned with sales revenues. This notion of reward alignment is consistent with Le Meunier-FitzHugh et al.,[1] who reported a positive relationship between reward alignment and effective Sales/Marketing collaboration.

However, creating aligned rewards between Sales and Marketing may be difficult. For example, in theory an incentive reward program could be used to create aligned goals. However, an example of the difficulty in designing a reward program to motivate Sales to drive longer-term results was given by a Marketing participant. When she initiated a reward program for Sales, it did not motivate the Sales team, she said, because the reward program was focusing on long-term goals, but Sales' compensation is tied to short-term results. This example suggests that while aligning rewards may be a potential driver to

improve Sales/Marketing collaboration, the effectiveness of a reward program depends on the goal that the reward program is focused on. Thus, when goals are not aligned with the objective of collaboration between the two functions, then reward alignment may not be effective in driving Sales/Marketing collaboration. In summary, both goals *and* rewards may need to be aligned.

All Western managers interviewed emphasized the importance of managers for facilitating Sales/Marketing collaboration, by acting as a role model for their subordinates to imitate. The Western managers believed that senior managers should lead by example, by demonstrating how Sales and Marketing can interact and communicate productively for the benefit of the entire organisation. However, *only* the Western managers commented on this role modelling; none of the Chinese managers interviewed mentioned leading by example as a way of facilitating Sales/Marketing collaboration. The Chinese managers instead discussed the importance of setting goals for effective collaboration and monitoring the results when Sales and Marketing teams collaborate.

There were other indications that the role of senior management in facilitating SMC within this organization is less than predicted by the literature. For example Hofstede has argued that people in cultures with greater power distance, like China, tend to depend on their leaders at the top to make decisions.[20] However, none of the Chinese participants in this study said that they expect senior managers to make decisions which could facilitate collaboration between Sales and Marketing. Drawing on research in the west, researchers have argued that Sales and Marketing staff who have work experience in the opposite function will collaborate more.[3, 21] Consistent with this view, some participants from each division recommended that staff in the opposite division should have cross-functional experience. Some Sales participants expressed this view very strongly, insisting that their Marketing colleagues should have Sales experience and knowledge. For example, a Chinese Sales manager stressed that Marketers having Sales experience is “a must”. However, other interviewees questioned whether Marketing staff with Sales experience would perform better than those who do not have any Sales experience. In addition, several interviewees with both Sales and Marketing experience argued that the two functions require very different skills, and that experience in the opposite function would therefore be of little or no value. Sales participants who had worked in Marketing still argued that Marketing had little or no contribution to the business performance. Similarly, some Marketing participants who had worked in Sales did not believe Sales staff would benefit from Marketing experience. A participant in Marketing even provided an example of how a colleague with Sales experience had performance challenges when he moved from Sales to the Marketing function. Based on the responses of interviewees, therefore, no evidence was gathered that having experience in the opposite function had improved, or would improve, Sales/Marketing collaboration in this MNC.

## CONCLUSION

Given the wide diversity of views expressed by interviewees, there are no easy answers for how multinationals operating in China can use Sales/Marketing collaboration to increase organisational effectiveness. However, the results suggest that an emphasis on increasing behaviors directly link to organisational effectiveness (such as encouraging Chinese employees to challenge ideas when appropriate), may be more effective and efficient than emphasis on a goal of increasing Sales/Marketing collaboration, since that goal clearly means different things to different people. Understanding the impact on Sales/Marketing collaboration of the subtle interplay between organisational and national cultures will become increasingly important for MNCs as more Western businesses start operating in China, and Chinese businesses establish operations in Western countries. While this study reports only on SMC within a single multinational, the results suggest that further research within foreign subsidiaries will be increasingly important for organisations to maximize the effectiveness of their Sales and Marketing functions.

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