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The Marketing–Sales Interface at the Interface: Creating Market-Based Capabilities through Organizational Synergy

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THE MARKETING–SALES INTERFACE AT THE INTERFACE: CREATING MARKET-BASED CAPABILITIES THROUGH ORGANIZATIONAL SYNERGY

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The firm's quest to create customer value is dependent on the synergistic coordination of many parts of the organization, wherein internal resources and capabilities are effectively harnessed to create a competitive advantage. The often sub-optimal relationship between marketing and sales acts as an inhibitor to success in this regard and has been the subject of much attention in both the academic literature and popular press. The authors offer new insights into this issue by examining how the marketing–sales interface affects, and is affected by, other functional areas in the development of key organizational capabilities. They introduce a holistic framework that identifies key levers that must be integrated through cross-functional coordination and cooperation to achieve superior market-based capabilities that in turn enable the firm to create lasting customer value. Propositions linking the levers to market-based capabilities are offered to shape new research opportunities in the domain of the marketing and sales interface.

Success in today's business environment demands a market orientation that reflects an "organization-wide generation of market intelligence, dissemination of this intelligence across disciplines, and responsiveness to it" (Jaworski and Kohli 1993, p. 53). Market-oriented firms create customer value and achieve competitive advantage through interfunctional synergy (Goold and Campbell 1998) that enables them to effectively marshal resources and develop critical capabilities. Three major components of market orientation are customer orientation, competitor focus, and cross-functional coordination (Slater and Narver 1994). No parts of the organization are more integrally involved with the first two components than sales and marketing. Unfortunately, despite this shared responsibility, the relationship between marketing and sales suffers from distrust and disharmony (Kotler, Rackham, and Krishnaswamy 2006), and is a troubling source of organizational conflict (Webster 1997).

The sales–marketing interface (SMI) has received increasing attention in both the academic literature and popular press. Empirical evidence suggests that a strong SMI can be advantageous to a firm, while conflicted SMI can have deleterious effects on customer value creation and business performance (Guenzi and Troilo 2006, 2007; Le Meunier-FitzHugh and Piercy 2009). Kotler, Rackham, and Krishnaswamy (2006) suggest that the two primary sources of SMI friction are economics and culture. These differences spawn the formation of negative stereotypes, particularly with respect to each group's perceived role and the validity of accompanying activities, time focus, and knowledge sources (Beverland, Steel, and Dapiran 2006). Further, goal conflict and strength of strong in-group identity negatively affects SMI relationship effectiveness (Dewsnap and Jobber 2002).

The literature also reveals several contributors to an effective SMI. For example, Dewsnap and Jobber (2000) identify organizational factors such as values integration, cross-functional talent exchange, and joint rewards, among others, that contribute to marketing–sales integration. Malshe and Sohi (2009a) find that sales buy-in of marketing strategy is dependent on marketers' objectivity and rational approach as well as salespeople's involvement in strategy creation. Other scholars have highlighted the importance of effective communication, shared market intelligence, organizational learning, as well as shared decision making in optimizing the SMI dynamics and facilitating a customer-oriented culture (e.g., Troilo, De Luca, and Guenzi 2009).

While existing research has been valuable, its focus to date has been relatively narrow. There is still much to be learned

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about the SMI and its impact on the effective functioning of the firm in its quest to establish and maintain competitive advantage. In particular, missing is a more holistic view of the SMI and its interaction with the firm's other functional areas en route to the creation of market-based capabilities that enable the firm to more effectively compete in the marketplace. We assert that the development of critical market-based capabilities depends not only on how effectively SMI functions but also on how effectively these two functions in combination interact with other key functional areas within the firm.

Therefore, in this paper we examine the impact of SMI coordination and conflict on other important interfaces within the firm, and ultimately on the development of market-based capabilities. We combine a theoretical discussion of resource-based competitive advantage and cross-functional synergy with a series of in-depth interviews with managers across multiple industries to identify key levers that enable functional areas within the firm to build the pillars of cooperation and coordination while circumventing the potential pitfalls of internal competition and power en route to the development of market-based capabilities. In so doing, we highlight the conditions under which an optimally functioning SMI may enhance a firm's competitive advantage by optimizing the interface with other functions.

Our contribution is threefold: (1) we provide a conceptual framework that proposes a holistic view of the organization where the SMI interacts at the interface of other functions, (2) we propose eight levers that must be shared and ultimately integrated within the SMI and at the interface of other functions to achieve effective cross-functional synergy, and (3) we discuss the conditions under which an effective SMI at the interface of the specified functions may build and leverage five market-based capabilities that enable a firm to create competitive advantage.

The proposed holistic framework integrates the traditional SMI analysis into a broader organizational perspective, suggesting that issues faced within the SMI should be analyzed as consequences of or antecedents to their ongoing interactions with other functions. Furthermore, by identifying key levers at the interface of the SMI and other functions, this research provides a better understanding of the facilitating organizational consolidators that lead to crucial market-based capabilities. We reveal implications for managers and identify avenues for new research.

ARTICLE STRUCTURE AND RESEARCH APPROACH

We lay a foundation by briefly examining the literature on resource-based competitive advantage, organizational synergy, and cross-functional interaction. Next, we introduce an integrative conceptual framework along with research propositions. We finish with concluding observations and future research opportunities.

While this paper is conceptual in nature, we augment our theoretical discussion with exploratory in-depth interview data gathered from managers from multiple functions across several different industries. This allows us to better ground our research and provide for stronger insight while adding managerially relevant texture to the discussion. Because extant literature on this topic is scarce, we treated the qualitative work as exploratory in helping inform us as to the range of variables/elements that pertain to our thesis (McCracken 1988).

While we used a convenience sample, we made an effort to recruit individuals from a cross-section of departments, firms, and hierarchical levels to provide a holistic perspective. We interviewed 25 managers from eighteen Fortune 500 companies, representing human resources, research and development (R&D), manufacturing, channel management, customer relationship management (CRM), engineering, operations, purchasing, and other areas as shown in Table 1.

We used open-ended questions to collect the data, allowing our informants to dictate the flow and content of our conversation (McCracken 1988). Our questions focused on how various functions within their organizations worked together, what the specific challenges were, and how they managed to work around those challenges to achieve their end objectives. For those informants who were comfortable with us recording their interviews, we did that (13 informants); for the rest, we made extensive notes.

While we did not engage in extensive coding as recommended for a full-fledged qualitative study, we did identify major themes from each of the interviews and situated those themes within the broader investigation. For example, we looked for specific ideas regarding organizational mechanisms that allowed informants' firms to maintain harmonious relationships and appropriate coordination among multiple departments. We also investigated the types of relationships these integrative mechanisms had with firms' key marketing capabilities. We used the NVivo software to manage our transcripts, interview notes, and data analysis. We include respondent comments where applicable in the context of theory surrounding the potential synergistic levers and market-based capabilities that form the basis of our thesis.

CONCEPTUAL FOUNDATION

Resource-Based Competitive Advantage and Organizational Synergy

The resource-based view asserts that the basis for competitive advantage lies in a firm's ability to leverage internal resources

Table 1
Informant Characteristics

Total number of informants	25
Informant age range	24–59 years
Gender	Males: 75 percent Females: 25 percent
Functions represented	Sales, marketing, general management, purchasing, channel support, operations, production control, corporate strategy, R&D, human resources, finance
Industries represented	IT, CPG, agriculture, food and beverage, industrial services, consumer durables, health care, consumer electronics, medical devices
Levels represented within informant organizations	Senior: 15 percent Middle: 50 percent Junior: 35 percent
Business unit size range	Number of employees: 100 to over 2,000 Annual sales: $55 million to over $0.5 billion

to create customer value (Wernerfelt 1984). Resources are tangible and intangible assets controlled by the firm, and include financial, physical, human, and organizational capital. Capabilities refer to the firm-specific capacity to integrate and deploy these resources to produce desired results over time through complex combinations of and interactions among the firm's resources (Amit and Shoemaker 1993). A firm's competencies reflect the collection of resources it possesses along with its capabilities in exploiting them. A sustained competitive advantage can be achieved when these competencies are valuable, rare, inimitable, and nonsubstitutable (Barney 1991).

Embedded within the organization and relying on internal relationships and processes, capabilities act as bonding mechanisms where resources are combined in innovative ways and where primary value and support activities are integrated (Duncan, Ginter, and Swayne 1998). Capabilities involve the development, assimilation, and communication of information across the firm's human capital and structure (Amit and Shoemaker 1993) and serve to enhance firm's productivity. Intangible capabilities are more likely than tangible resources to be socially complex and causally ambiguous, making them difficult to imitate or reproduce (Peteraf 1993).

Efficient utilization of resources and development of capabilities requires synergy across a firm's internal functions. Synergy refers to combined or "cooperative" effects (Corning 1998). Salmons and Wilson's (2008, p. 34) definition of organizational synergy is "an open, integrated process that fosters collaboration and encourages participants to expand connections beyond typical boundaries and achieve innovative outcomes," reflecting the assumption that the effects produced by the whole are greater than the ones produced by the parts alone (Wimsatt 1974).

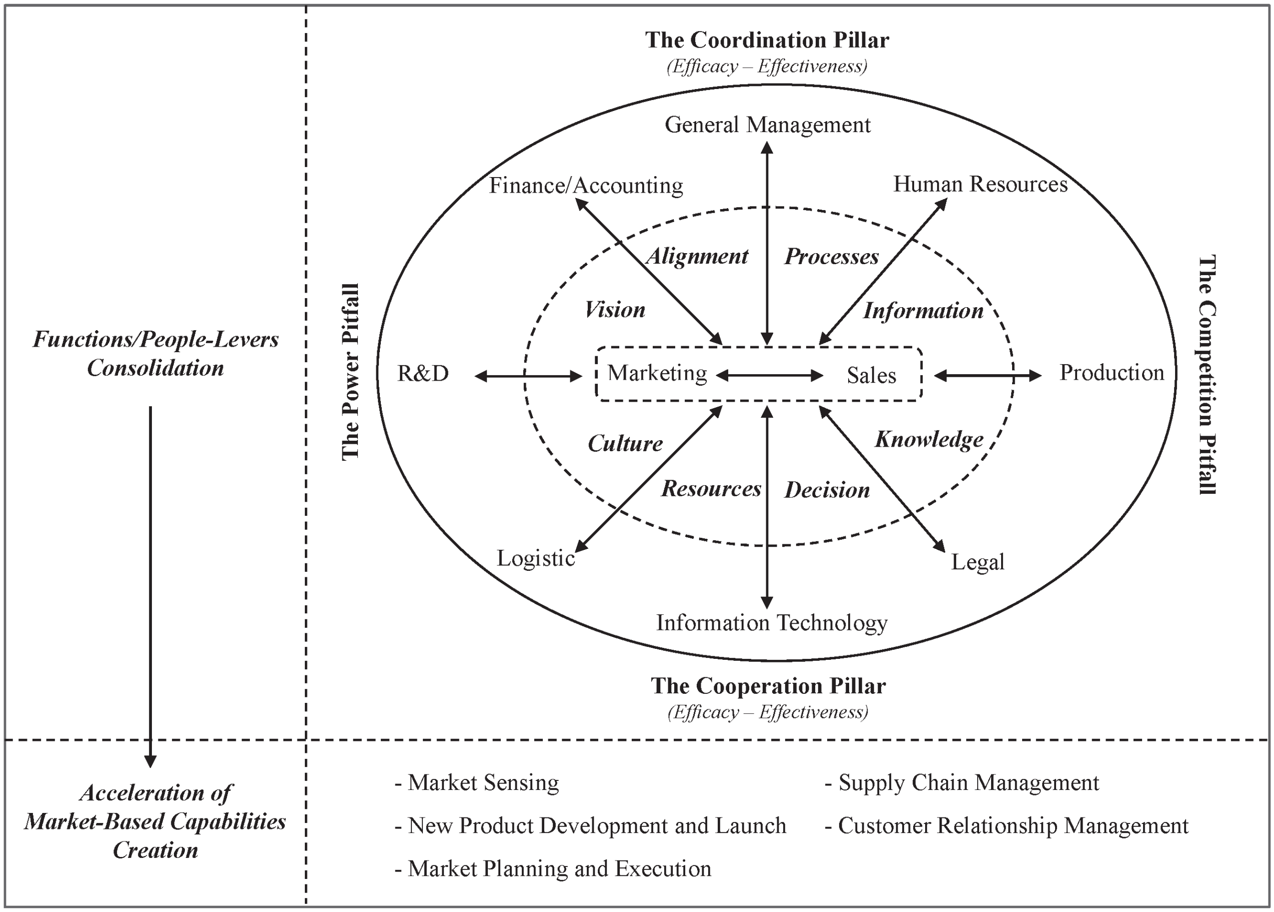
Organizations are complex systems of professional specializations that must dynamically integrate themselves into, and react to, the competitive environment (Frank and Fahrbach 1999). Market dynamics can render a firm's competencies more or less valuable over time (Barney 1995), making responsiveness and adaptability important conditions for success. This requires seamless coordination of the organization's many moving parts. Organizational synergy necessitates the (1) harmonization of different purposes through the creation of an organic system infusing organizational objectives and individual goals, (2) optimal balance between the formal and informal organization, (3) strong cohesion between management and staff, and (4) deep understanding of external stakeholder interests so that the entire organization is guided by clear vision, values, and goals when building relationships (Marinescu, Toma, and Ianole 2008). Eventually, synergistic human activities produce higher efficiency and lower costs (Corning 1995; Haken 1973).

Overall, these two streams of literature suggest that the synergistic functioning of a firm's cross-functional communication systems, processes, and practices may result in stronger capabilities, more effective strategies, and increased ability to serve external markets.

The Marketing–Sales Interface at the Interface of Other Functions

Sales and marketing each plays a coordinating role in the implicit and explicit connections between firm and customer. Hence, the SMI's relationship to other parts of the organization is crucial to the effective functioning of a market-oriented enterprise. Scholars have shown that marketing's ability to positively interact and collaborate with other functions may stimulate customer value delivery (Troilo, De Luca, and Guenzi 2009) and improve organization performance (Kahn and Mentzer 1998). Moreover, marketing often takes the lead in spawning market-oriented thinking

Figure 1
The Sales–Marketing Interface Integrative Framework



and behavior throughout the firm (Slater and Narver 1994). Directly interacting with the external market, the sales function represents the interpersonal embodiment of the marketing concept and face of the firm to the customer while also serving as a primary source of market intelligence (Le Bon and Merunka 2006).

The extant literature examines marketing's interface with other functional areas beyond sales such as manufacturing (e.g., O'Leary-Kelly and Flores 2002), R&D (e.g., Leenders and Wierega 2008), finance (e.g., Hyman and Mathur 2005), accounting (e.g., Ratnatunga, Pike, and Hooley 1989), engineering (Fisher, Maltz, and Jaworski 1997), logistics (Ellinger 2000), purchasing (Williams, Giunipero, and Henthorne 1994), and human resources (Ewing and Caruana 1999). This literature collectively points to the interdependencies of marketing and other functional areas and the advantage to the firm of positive interfunctional collaboration.

We respond to scholars' call for integrative frameworks that extend theory by broadening our focus and building a conceptual framework that holistically examines how synergy within the SMI in coordination with other function helps companies create market-based capabilities.

INTEGRATIVE FRAMEWORK AND RESEARCH PROPOSITIONS

We propose a holistic ecosystem where the SMI interacts at the interface of other functions (see Figure 1). Coordination and cooperation are two strategic mechanisms for synergetic cross-functional integration, whereas navigating power and internal competition dynamics are inherent to organizational functioning (Luo, Slotegraaf, and Pan 2006).

Our framework embraces eight synergistic levers and five market-based capabilities. We explain the role played by a collaborative SMI in ensuring the firm is able to build, maintain, and utilize market-based capabilities en route to internal competitive advantage. We discuss each lever and capability and how various organizational entities interact with sales and marketing in developing and enacting each capability. Drawing on our interview data, we highlight the crucial role played by the SMI dynamic with respect to each lever and within each capability. In so doing, we reveal ways in which a less than optimally functioning SMI may hamper the interface with other functions and adversely affect firm's internal competitive advantage.

The Synergistic Levers

Vision

An empowering vision motivates employees to engage in behaviors that lead toward a common cause, facilitating cooperation and transcending power and competition. It is imperative that all functions in the firm, including marketing and sales (Guenzi and Troilo 2006), share the same vision. Shared vision amplifies the firm' ability to marshal internal resources and respond to change in a dynamic marketplace (Wiersema and Bantel 1992) and help firms better execute marketing strategy (Krohmer, Homberg, and Workman 2002). One of our participants offered the following:

> It is vital that other functions share our view of the world and where we want to take the firm since we cannot get the job done alone . . . we need other departments to do their job . . . and having a unified vision helps drive everyone in the same direction. (Randy, sales support, medical device)

Alignment

Alignment refers to a commonality in goals and strategy along with a facilitating structure. Firms need both vertical and horizontal alignment since studies have shown a positive link between alignment and firm performance subject to various mediating and moderating influences (Kathuria, Joshi, and Porth 2007). Alignment requires that firms abolish functional silos and motivate functional areas to subordinate their interests to that of the organization while proactively searching for ways to collaborate toward that end (Malshe and Sohi 2009b).

> Before we launch any major initiative, we ensure that there is as much of an alignment as possible across multiple functions so that everyone's systems and processes are ready to handle new challenges. We ensure that we are on the same page with our goals, and major process parameters. Even a slightest lack of alignment on objectives can derail the entire activity and it can be very costly. (Teresa, general manager, engineering)

Processes

A process is a series of actions, steps, or activities designed to achieve an end. Scholars suggest that processes help firms exploit firm resources and capabilities (Stalk, Evans, and Shulman 1992) and realize competitive advantage (Porter 1991). Roles and responsibilities, transitional procedures, and rules of engagement become less ambiguous when processes are well defined. Accepted formal and informal processes should facilitate marketing and sales cooperation and stimulate multiple functional groups' communication and understanding (Krohmer, Homberg, and Workman 2002). As one participant noted:

> In the past, we did not spend enough time defining what the actual work flow and sales implementation processes would look like. So, we would know what the strategy was . . . but no one knew what needed to happen and who was responsible for a specific element. Over the years, we have learned to ensure that the process elements are in place before we do implementation. (Roger, marketing manager, consumer electronics)

Information

Information is what forms and transforms representations (McKay 1969). As firms strive to strengthen two-way communication with their customers, information flow across functions has become increasingly critical to organizational learning, shared understanding, and market responsiveness (Duncan and Moriarty 1998). For example, the marketing department through its market research activities and the sales force through its direct customer contact serve as repositories of crucial customer and competitive intelligence. A suboptimal information apparatus may alter intraorganizational collaboration (Le Meunier-FitzHugh and Piercy 2009). One of our informants emphasized the importance of information acquisition and transfer:

> We infiltrate the market, we know our customers better than anybody else in the company, they know us, trust us, and share with us confidential information about competitors' products and prices. Who else can do that in our company? Nobody. . . . Everybody needs us to understand what's going on in the field. (Marc, sales manager, business services)

Knowledge

Knowledge refers to a capacity to exercise judgment and act (Sveiby 2001) and is a function of experience, contextual expertise, and interpretation (Davenport, De Long, and Beers 1998). Often implicit, knowledge when harnessed "can result in wisdom that may be directed towards a plethora of operational tasks" (Bennett and Gabriel 1999, p. 213). Market orientation demands the transfer of knowledge across functions. Jim discusses this:

> In today's competitive world, knowledge differentiates our salespeople from competition. Sales processes are changing, and when you are in a consultative sales environment, you need to have an in-depth knowledge of your products and

> what value they offer because your customer is going to quiz you forever . . . and you cannot tell him/her that you are not sure. It makes marketing's job more interesting since they have to ensure that salespeople have the adequate level of product knowledge to win business. (Jim, sales manager, IT [information technology])

Decision

Optimal managerial decisions (i.e., choices among available alternatives) require rationality, appreciation of common goals, availability of accurate information, and sensitivity to the business environment (Dean and Sharfman 1996). Successful strategy processes are aided by participative, synergistic, and less autonomous decision making within firms (Krohmer, Homberg, and Workman 2002; Malshe and Sohi 2009b), as substantiated by one of our informants:

> If marketing wants us to be fully on board, they must include us in the decision-making processes. Unless we have a voice in company's decisions, we feel excluded . . . and that is not a good feeling to have as a salesperson. (Pam, salesperson, consumer packaged goods [CPG])

Resources

The financial, physical, and human capital that encompasses a firm's resources can represent a means of competitive advantage if strategically managed and properly leveraged (Crook et al. 2008). Because resources are finite and subject to allocation across disciplines, functional integration is needed to ensure that they are most advantageously deployed for the good of the enterprise. As one participant offered:

> Nothing hurts the strategic processes more than the non-availability of resources . . . be it customer information, competitive insights, or monetary resources; it is absolutely necessary that these resources flow freely and reach whichever corner of the firm that needs it. Is it challenging . . . you bet it is; but with a lot of effort, one can get good at it. (Teresa, general manager, engineering)

Culture

Organizational culture is defined as "a complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business" (Barney 1986, p. 657). While cultural differences are a primary source of friction between sales and marketing (Beverland, Steel, and Dapiran 2006), an underlying "market-oriented" culture (in which market-oriented values, norms, artifacts, and behaviors are inculcated across functions) provides the means of bringing organizational entities together (Homburg and Pflesser 2000). Lara offers her views:

> While we like to believe that we are both working to serve our customer, we view the world so differently. Our cultural orientations are vastly different, and for over the past two years, we have been trying to bring these in harmony so that we recognize the differences and work through them. (Lara, sales manager, health care)

The eight levers (see Table 2) may not be exhaustive. However, if adequately shared along the organization's hierarchy and structure, they contribute to organizational synergy. See Table 2 for a synergistic levers summary. We now address how firms may develop market-based capabilities as positive consequences of synergistic relationships within the organization that are enabled by the eight levers.

Creating Market-Based Capabilities

Scholars utilizing the resource-based view have proposed a number of capabilities that firms must build in order to enjoy a sustainable competitive advantage. A careful analysis of the overlaps in various scholarly perspectives on market-based capabilities suggests that the following market-based capabilities are critical: (1) market sensing, (2) new product development and launch, (3) supply chain management, (4) CRM, and (5) marketing planning and implementation (Atuahene-Gima 2003; Day 1994; Vorhies and Morgan 2005).

Given that firms employ these capabilities to maximize value for customers, channel members, and other external entities, SMI plays a crucial role in nurturing and deploying them. Specifically, we argue that a firm's ability to achieve the desired strategic outcomes is contingent upon (1) firm's SMI functioning optimally; (2) the SMI, as a cohesive unit, being able to employ the key levers in relation to other functional areas; and (3) these multiple functional areas being able to circumvent the potential pitfalls of internal competition and power en route to the development of market-based capabilities. Below, we discuss each of the capabilities.

Market-Sensing Capability

Day (1994) notes that developing market sensing requires that various departments within the firm engage in a series of well-coordinated information processes and build a well-functioning cognitive apparatus so that it can learn from customers, competitors, and channel members, and act on events and trends in present and prospective markets. The organizational learning literature, too, emphasizes the criticality of collecting, disseminating, and making sense of information to make superior strategic decisions (March 1991; Nonaka 1994).

Thus, interdisciplinary information processes enable the firm to develop the ability to engage in thoughtful and anticipatory market sensing and come up with a collective response

Table 2
Synergistic Lever Summary

Synergistic Levers	Definition	Potential Effect on SMI at the Interface	Justification for SMI at the Interface
Vision	The organizational leaders' desired and articulated future	Eases communication of the organization's objectives and guides and empowers follower's actions	Guenzi and Troilo (2006); Krohmer, Homberg, and Workman (2002)
Alignment	Commonality in goals and strategy along with a facilitating structure that ideally (but by no means necessarily) emanates from a shared vision	Represents key drivers of improved relationships between marketing and sales and favors the elimination of interfunctional silos	Malshe and Sohi (2009a, 2009b)
Processes	Activities that managers engage in to get things done	Dictates and defines the way that functional entities within the organization interact and favors less ambiguous roles, responsibilities, transitional procedures, and rules of engagement	Krohmer, Homberg, and Workman (2002)
Information	What forms and transforms representations	Represents the essence of communication and interpersonal interaction, and favors coordination and cooperation	Jaworski and Kohli (1993); Le Meunier-FitzHugh and Piercy (2009)
Knowledge	The capacity to exercise judgment and act	Results in wisdom and favors mutual understanding	Krohmer, Homberg, and Workman (2002)
Decision	A resolution among several available alternatives	Links appropriate choices to organizational goals and favors the understanding of the distribution of influence across functions	Krohmer, Homberg, and Workman (2002); Malshe and Sohi (2009a, 2009b)
Resources	Firms' financial, physical, and human capital	Provides functional groups with the needed assets to accomplish organizational goals and needs to be efficiently used	Krohmer, Homberg, and Workman (2002); Massey and Dawes (2007)
Culture	Complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business	Represents the backbone of mutual understanding and integration mechanisms across diverse functional groups	Beverland, Steel, and Dapiran (2006); Guenzi and Troilo (2007); Homburg and Pflesser (2000)

to the emerging opportunity and threat. Sales and marketing must transmit market information to departments as diverse as finance, accounting, manufacturing, human resources, and R&D to ensure that firm responds collectively to the market information.

> One of our big customers needed a new system. . . . In this case, the salesperson did a great job as far as identifying the real need and the buying criteria, which really allowed us within the firm to focus on what specific designs we could come up with for that customer . . . so it was a well-coordinated effort where sales, marketing, R&D, and manufacturing together were able to come up with some options that really created additional value for our customer. (John, marketing, industrial engineering)

Intra-organizational coordination ensures that firms develop superior sensing capability. Thus, when the firm treats information/knowledge as an important resource and shares it freely within the organization, the firm remains a learning entity. Organizational culture must enable various departments to support processes crucial to the firm's market-sensing apparatus. The SMI dynamic, in the context of other departments, may positively or negatively affect firm's market-sensing ability in two ways.

First, interface research suggests that marketers are focused on broader, macrolevel market trends. Salespeople, on the other hand, focus most of their attention on the developments in their respective territories (Kotler, Rackham, and Krishnaswamy 2006; Malshe and Sohi 2009a). This enables them to obtain specific, detailed, and up-to-date market, customer, and competitor information often unavailable to others within the firm (Rapp et al. 2006).

Multiple departments within the firm are consumers of market data. For example, R&D may benefit from microlevel key customer insights, whereas manufacturing and logistics may need to understand macrolevel market trends. As a result, it becomes imperative that sales and marketing personnel constantly exchange data points and provide other departments a comprehensive picture of the overall market.

For this to happen, there must be shared vision and a greater degree of information process alignment across multiple departments. This may allow the sales and marketing to arrive at common conclusions about firm's information needs (Dewsnap and Jobber 2000, 2002). In its absence, both salespeople and marketers may not receive appropriate guidance regarding market intelligence needs. Rebecca, a corporate strategist notes how this dynamic may impair a crucial building block within the firm's market-sensing ability:

> There is this information set that marketing is immersed in, much of which sales could really benefit from to be more effective. Again, salespeople are getting all this great frontline feedback, which marketing could really benefit from if they had access to the right data. Having good communication lines . . . that allow both marketing and sales to share their data is of greatest value. (Rebecca, corporate strategy, IT)

Second, scholars highlight many factors that ail SMI, such as turf wars, lack of respect for marketers, and thought-world differences (Homburg and Jensen 2007; Hutt 1995; Malshe 2009). As such, these differences may inhibit a common vision or the alignment of resources and information processes. In such situations, salespeople may not feel motivated to share information with their marketing colleagues. Further, a neglect of salespeople's input may impede future outside-in flow of crucial market intelligence. This may starve the firm's cognitive apparatus of current market data, cut off other departments from market updates, and negatively affect their readiness to respond to market changes. Further, bickering within the SMI may prevent it from incorporating other function's ideas in carrying out various information processes or from leveraging knowledge to improve market sensing. Roger, a channel manager, expresses his opinion:

> The biggest value that sales can bring to the table is the voice of the customer. They deal with customers every day that gives them an opportunity to collect a lot of verbal as well as nonverbal information. The thing is, if this information does not travel back . . . then manufacturing, channel managers, finance, R&D . . . none of us is going to know what is going on outside. . . . We cannot use the information that remains on the periphery . . . we remain cut off from the market so to speak. (Roger, channel manager, construction)

The preceding suggests that an optimally functioning SMI enables the firm to take a holistic perspective of the firm's overall information need and utilize the various information process levers to develop a strong market-sensing capability. Hence, we propose:

> *Proposition 1: Integrated vision, alignment, processes, information, knowledge, decisions, resources, and culture will condition the optimal functioning of SMI, which in turn will facilitate the development of intraorganizational synergy across multiple functions, thus enabling the creation of superior market-sensing capabilities.*

New Product Capability: New Product Development and New Product Launch

New products enable firms to maintain a meaningful differentiation between their and competitor offerings. Hence, we focus on new product capability (Yu, Figueiredo, and Nascimento 2010), specifically new product development (NPD) and new product launch (NPL) capabilities.

New product processes are complex. In order for a firm to successfully develop new product capability, various departments within the firm must (1) share a unified vision, (2) align their various activities and processes, and (3) freely share knowledge as the NPD process evolves. Given that it is crucial that firms engage their customers and draw on their resources in customer-driven NPD processes (Ramaswami, Srivastava, and Bhargava 2009; Vargo and Lusch 2004), it becomes imperative that marketing and sales together facilitate those processes that (1) invite customers to contribute their opinions, (2) streamline customer input capture, and (3) relay customer input to appropriate departments so that firms can collectively act on it during the NPD process. In other words, a less-than-optimal SMI may have a significant effect on NPD and its outcomes such as innovation, speed to market, and uniqueness of the new product and its related market success. Our data bring forth three key aspects in this regard.

In many organizations, salespeople collect valuable market data about current and future customer needs (Singh 1998). Successful customer-driven NPD processes require that such information is constantly relayed within the organization—a task that marketing must perform optimally. Ron highlights this aspect:

> I say that marketers are "tweeners" . . . we are in between the field and engineering and if the customer in the field needs something we need to communicate to engineering because engineering invents the products. (Ron, marketing specialist, engineering)

For NPD to be truly customer driven, marketers must share their own vision of the new product with both R&D and manufacturing. An imperfect SMI impedes outside-in knowledge transfer and creates information gaps within the NPD process. This is likely to decrease the firm's confidence in the supplied information and affect new product outcomes such as product desirability or specificity. Production control manager Aaron offered the following perspective:

> There are definitely some frustrations when marketing finds out that they are not getting specific information that they should be getting from the salespeople. . . . If you get information that just does not fill in the holes, then it is not very valuable information. Also, if the information is very vague, then it is difficult to understand what the customer needs are. . . . It also makes it very difficult for us to put together a product that can really satisfy customer needs. (Aaron, production control, industrial machinery)

A comprehensive customer-driven NPD process requires input from a wide range of customers. Salespeople may feel possessive and covertly resist marketers' attempts to communicate with their customers, albeit purely for the purpose of garnering their insights during the NPD process (Rouziès et al. 2005). Thus, an imperfect SMI may inhibit marketing's ability to transfer customers' knowledge inside the firm, as well as prevent other functions from sharing their own vision and expertise with them. Susan expressed her frustration:

> If you get a client of high caliber involved early enough in your new product cycle, your trust level is going to skyrocket with the client. There is nothing like having a very senior-level technical person in the company asking them questions like . . . well, have you thought about this? Then actual conversation opens up with the client . . . and I've had salespeople fight me on that. Their stance is this is my client and I don't want to introduce him to you and muck things up. I'm like no, you should really do this for speeding up the cycle, perfecting the product, and building credibility. . . . I still get push back on that . . . and it's a no-brainer to me. (Susan, senior marketing manager, IT)

Such instances prevent many firms from developing a well-rounded perspective of unmet customer needs. Further, lack of optimal customer input may compromise marketers' ability to effectively translate customer requirements, inputs, and feedback during NPD stages into language that R&D and manufacturing understand, leading to less than desired new product outcomes.

Often the lack of field participation in NPD decisions arises from the sales group not being invited to actively participate in the planning process. Instances such as this must be viewed as missed opportunities that otherwise would allow multiple departments to unify their visions, share information, and align processes. The comments below bring forth this aspect:

> We are continually evaluating, planning for, and executing new product initiatives, from entirely new brands to new package configurations and promotional packaging. While we understand the need to be responsive, a sticking point is that my group is evaluated on creating efficiencies and containing operational costs. Therefore, we want to be sure that any new packaging initiative is not only strategically sound but that it will deliver results. . . . I get extremely frustrated when we bust our butts and take a hit on our efficiency targets and then the initiative delivers poor results in the market. Recently, a major packaging initiative flopped due to weak response from our wholesalers who we rely on to sell the package to retailers. . . . During the evaluation, it became apparent that Field Sales had either not been consulted beforehand or had never bought in fully to the plan that was being pushed by Brand. And here we jumped through hoops at considerable cost to execute an initiative that had very little chance of succeeding. Why aren't they talking? I could have wrung someone's neck! (Steve, operations manager, CPG)

It is crucial that during the NPD process, firms are able to allow customers to test product prototypes, collect their unbiased feedback, and improve the product. An ill-functioning SMI can negatively affect these activities. For example, a suboptimal SMI, and resultant lack of access to important customers, may prevent or delay marketing, manufacturing, and R&D from gathering initial feedback from opinion leaders on product prototypes. Further, if salespeople's previous experiences with the NPD process were negative (e.g., new product features not meeting stated customer needs, or NPD delays), they may question other departments' vision, knowledge, or their ability to bring out winning new products in a timely fashion. Further, a deficit of trust within the SMI may motivate salespeople to be less than transparent in relaying customer feedback to marketers in an unbiased way.

NPL requires marketers and salespeople to work closely with channel members and the marketing communications group, among others. As such, activities related to NPL such as sales forecasting, lead generation, media planning, and message testing, and creating awareness and excitement about the impending launch begin in NPD. A suboptimal interface dynamic may weaken these processes. Paul, a marketing manager shares his experience:

> Many times, salespeople pay lip service during the test phase. . . . They may look you in the eye and tell you, "yes, we will take that message to the customer" . . . and when the actual product gets launched in the field, they create their own message . . . or they might use our message and say something like . . . "you know, marketing is thinking about this, but I'm not sure it's gonna work, what do you think, Mr. or Ms. Customer?" They might phrase it in such a way that the customer thinks it doesn't work, and they will take that message back to marketing and say, "see, I told you it wouldn't work—my customer said so." (Paul, marketing manager, food and beverage)

NPL success is determined by how efficiently firms handle activities such as (1) targeting the right customers, (2) new product promotion, and (3) channel management that includes ensuring product availability within channels and adequate promotional support within channels.

SMI dynamics dictate whether firms are able to execute these processes. For example, if salespeople do not buy into proposed marketing strategies, they may not support all aspects of the new product launch. In-market demand data may not make it to the channel organization, leading to stock-outs or excess inventories. Further, customer visits and various sales processes may not be well aligned with the communications group, leading to untimely new promotional campaigns. An ill-functioning interface may also cut off manufacturing, R&D, or other channel members from initial customer feedback, which may prevent firms from coming up with a timely and effective response to the challenges new products face.

> *Proposition 2: Integrated vision, alignment, processes, information, knowledge, decisions, resources, and culture will condition the optimal functioning of SMI, which in turn will facilitate the development of intraorganizational synergy across multiple functions, thus enabling the creation of superior product development and launch capabilities.*

Supply Chain Management

The emerging marketing paradigm views supply chains as value networks in that each channel intermediary is regarded as a value contributor (Lusch, Vargo, and Tanniru 2010). Further, given the increasing competition among different value networks, a firm's overall competitive advantage may depend on which value network the firm is a part of, how well-integrated and well-functioning this network is, and how the various entities within this network interact with one another to create enhanced customer value.

While the nature of value networks, their complexities, and network membership may vary across industries, a typical value network for a firm includes entities both within and outside the firm that play a crucial role in ensuring that the network is well-functioning. For example, a value network may involve departments such as marketing and sales, manufacturing, and logistics management. The customer-facing end of the value network may include the various customers, distributors, and reseller networks, while the back end of this network may include third-party manufacturers, raw material suppliers, and other manufacturing intermediaries.

How do SMI dynamics, when viewed within organizational context, affect the functioning of firms' value networks? Our data bring forth the following perspectives.

For a value network to function optimally, the central firm within the network, the network owner, must prepare reliable demand forecasts and share those with all network members. Further, optimal information sharing in this area ensures that network members can provide timely promotional and service-related customer support.

Crucial channel and market information flows to the firm through salespeople since they spend a majority of their time with customers and resellers. Further, activities involved in market sensing and collective responding depend on how well sales and marketing departments communicate with one another and other departments. Because SMI serves as a central node within value networks, an ill-functioning SMI may impede the ability of both inside and outside network members to integrate their vision and decision-making processes, align their knowledge and information processes, and forge a culture within the network that subscribes to a unified set of values. Jill, a channel support specialist, talked about the challenges her firm faces:

> We are extremely integrated with our network partners . . . and being the major player, we lead this network. If the information flow between sales and marketing is jeopardized, the repercussions are far reaching . . . we won't capture our demand patterns well . . . our suppliers may not know what the forecasts are. . . . In extreme cases, it can not only bring down the entire chain but also raise questions about our credibility in our partners' minds. (Jill, channel support, agriculture)

If the firm's value network is functioning well, rewards come in the form of synchronous decision making within the chain that contributes to enhanced customer value. As the above quotation indicates, the less than optimal interface dynamics may not only affect the functioning of the value chain but also jeopardize the firm's ability to lead the value network. Thus, there are downstream ramifications as well, as indicated by the following:

> All too often our distributors get mixed messages with marketing saying one thing and sales saying another. The result is confusion, internal unrest, and inconsistency in execution. . . . We're so much more effective as an organization when we are singing off the same song sheet. (Bob, field marketing, beverage)

Thought-world differences may motivate SMI personnel to view their network partners' roles and responsibilities differently. Salespeople may expect network members to help them achieve greater market penetration and hence may emphasize tactical activities such as pricing concessions or rebates for channel members. Marketers may expect their network partners to add value to the firm's offering by aiding long-term brand-building activities. This mismatch in the perspectives, and the resultant conflict may affect the value network's ability to serve the firm's strategic objectives. Inadequate SMI coordination may also introduce operational complexities thus affecting network efficiency and hampering strategy execution and value delivery. A purchasing manager at a CPG company illustrates this point:

> There is general mistrust between marketing and sales organizations, and a feeling on each function's part that they know best. The big issue where it relates to my department is in what I call "program creep." Brand groups develop national promotions, Key Accounts develops chain-specific programs that may or may not jibe with national promotions, and

> Field Sales often adds still more local market promotions to leverage things that are important locally (or to offset what they believe are ineffective brand programs). This spawns inefficiencies and we find ourselves sourcing promotional items and producing point-of-purchase materials for a larger number of programs than is probably necessary. This requires more human resources and introduces complexity into the process because now there are more programs and related details to stay on top of. Perhaps even worse, one wonders what actually gets executed in the field and to what degree. How does the wholesaler decide what to support and how much material to order? How much can a wholesaler salesperson keep track of? Mixed messaging to retailers and consumers seems problematic as well. (Allen, purchasing manager, CPG)

Thus, we suggest:

Proposition 3: Integrated vision, alignment, processes, information, knowledge, decisions, resources, and culture will condition the optimal functioning of SMI, which in turn will facilitate the development of intraorganizational synergy across multiple functions, thus enabling the creation of superior supply chain management capabilities.

Customer Relationship Management

CRM entails that the firm be able to collect vital customer information, store and analyze it, and customize its offerings and contact patterns in ways that benefit the firm and customer. CRM processes require that the firm (1) regularly capture customer data, (2) manage the databases using analytical tools to derive key insights, and (3) forecast future customer demand patterns and deploy crucial organizational resources to serve its customers better.

Research indicates that CRM, when executed fully, can reap many benefits such as customer responsiveness, enhanced customer satisfaction and loyalty, and capturing and retaining high value customers thereby increasing customer lifetime value, profit efficiency, and firm performance (Krasnikov, Jayachandran, and Kumar 2009; Morgan, Slotegraaf, and Vorhies 2009).

One of the key resources needed for CRM execution is the constant supply of customer information such as customer profiles and their current and future expressed and unexpressed needs. An exhaustive customer database helps firms to holistically ascertain customers' current and future status and extent of demand. As firms begin to implement CRM initiatives, the responsibility of collecting customer data and purchase patterns and feeding it into CRM database falls upon salespeople, who are not excited about these tasks because they take time away from selling activities (Ahearne, Hughes, and Schillewaert 2007). Firms may find it challenging to get salespeople's cooperation during the initial stages of CRM launch. Douglas, a CRM manager for a service firm, said the following:

> A typical salesperson is going to look at the CRM system and then try to find out as many ways as he/she can so they don't have to do data entry, fill forms, update customer information etc. . . . There are many reasons, one is they do not have a ton of free time . . . and they certainly are not excited about spending 45 to 60 minutes every day doing this when they could be out selling to their customers. (Douglas, CRM manager, services)

Further, salespeople feel a sense of ownership of their customer knowledge that they have developed over time, which makes them scarcely willing to share customer details with marketers. They may fear that sharing customer information with corporate marketers may render them redundant. Hence, they may resist supplying the firm with key customer data points and inputting customer data into the CRM systems on an ongoing basis. The following quotation from Trevor highlights the struggles firms encounter as they try to run CRM systems:

> Part of it is control . . . they [salespeople] think they are going to lose control of the account if they share a lot with us . . . ironically, that is the only thing I can think of. They are very territorial about the customers . . . they own their customers, absolutely. And they do not want to bring marketing into the equation since they think marketing will want to take over. (Trevor, marketing executive, consumer durables)

The SMI acts as a crucial node linking multiple departments within the CRM ecosystem. In addition to the deleterious effects discussed above, a breakdown within SMI may negatively affect a firm's ability to (1) relay customer insights to the R&D department, thereby impeding the firm's NPD ability; (2) relay changing demand patterns to manufacturing and channels, thereby affecting the availability of products in the marketplace; (3) apprise corporate strategy personnel of major shifts taking place in the marketplace, leaving firms ill-positioned to meet future market challenges; or (4) help customer service employees understand the changing customer dynamics so that they can optimally position themselves to serve them.

Overall, our informant insights highlight that an ill-functioning SMI may compromise the firm's ability to maintain long-term customer and channel relationships, and ensure their satisfaction as well as their loyalty. On a broader level, a firm's failure to forge a unified vision within the SMI is also indicative of a suboptimal organizational culture where there is a paucity of trust, cooperation, and collaboration between the two departments. Overall, a firm's inability to execute CRM activities prevents other departments from playing an active and timely role in servicing customers thereby hampering a firm's competitive advantage. Hence, we propose:

Proposition 4: Integrated vision, alignment, processes, information, knowledge, decisions, resources, and culture will *condition the optimal functioning of SMI, which in turn will facilitate the development of intraorganizational synergy across multiple functions, thus enabling the creation of superior customer relationship management capabilities.*

Marketing Planning and Implementation

Marketing planning and implementation entails that the firm is able to come up with appropriate marketing strategies and put in place the various tactical activities so that the strategies are executed. Research suggests that successful strategy execution remains a major managerial challenge (Aberdeen Group 2002) and estimates of successful strategic execution are woefully low, ranging between 10 percent and 30 percent across studies (Bigler 2001; Raps 2004).

A new strategy may take many shapes and forms. For example, it may constitute an NPL, introduction of a major marketing campaign, or deployment of different field operations. Irrespective of the initiative, successful planning and implementation requires a harmoniously functioning SMI that employs many key interfunctional levers and invites other departments to coordinate activities, all aimed toward successful implementation. Conversely, an ill-functioning SMI may prohibit firms from (1) leveraging intraorganizational knowledge, resources, and capabilities; (2) aligning departments' objectives and work processes; and (3) working toward a common vision for implementation success. As one of our participants stated:

> When sales and marketing departments fight, it can derail many of our programs. It begins with firms not knowing in real time what is happening in the market . . . and once that flow of information stops, it is really difficult for everyone in the company to plan their work since you are not sure whether your activities are having any immediate effects. (John, marketing, industrial engineering)

Another case in point is an experience of successful strategy planning and execution that was shared by Sandra, one of our sales informants. Working for a major national telecom firm, Sandra saw an opportunity for creating a new integrated product for a key customer. Her insights revealed that capturing this opportunity required many departments such as legal, IT, logistics, finance, as well as general management to work together. Working in her favor was the fact that she had strong rapport with her marketing counterpart, Andy. With Andy's help, she could bring all the departments together to share the same vision for this key account. Andy served as her liaison within the firm and ensured that the flow of information from the field to various corporate departments and back was uninterrupted. Andy also helped her identify and tap into critical firm resources such as previous market research on this key account, manufacturing and distribution capabilities in the proposed product segment, legal issues related to the new product features, and so on. In summary, a well-functioning interface helped her navigate intraorganizational barriers, leverage various organizational resources, and successfully plan and execute the strategy.

Hence, we suggest:

Proposition 5: Integrated vision, alignment, processes, information, knowledge, decisions, resources, and culture will condition the optimal functioning of SMI, which in turn will facilitate the development of intraorganizational synergy across multiple functions, thus enabling the creation of superior marketing planning and implementation capabilities.

CONCLUSION

The firm's quest to create customer value depends on the synergistic coordination of many parts of the organization, wherein internal resources and capabilities are effectively harnessed to create a competitive advantage. We described how a suboptimal SMI may act as an inhibitor to success. At the same time, we suggested that an optimally functioning SMI at the interface of other organizational functions facilitates the development of five core market-based capabilities. This is dependent, however, on the firm's ability to effectively harness eight key synergistic levers. We integrate these levers into five research propositions that underline the importance of the SMI in achieving organizational synergy and the development of greater market-based capabilities.

Organizations are intricate systems made up of complex networks of individuals (Frank and Fahrbach 1999; Schein 1980). The search for intraorganizational synergy is critical to facilitate interdepartment coordination and cooperation as well as allow the firm to obtain better results than the parts alone (Corning 1995; Haken 1973; Marinescu, Toma, and Ianole 2008). Nevertheless, achieving organizational synergy is far from being simple, and the managerial literature tells countless stories of unsuccessful experiences (Goold and Campbell 1998). Indeed, the quest for synergy often becomes an obsession for unprepared organizations, managers, and teams lacking clear goals, adequate support, or requisite skills (Goold and Campbell 1998).

We propose that SMI synergy is a key determinant of organizational synergy and market-based performance. While affecting the dispersion of market-based knowledge that orients firm strategy (Jaworski and Kohli 1993), marketing and sales also represent the ultimate vectors of customer cash flow (Ambler 2003) and channel to customer value creation. Hence, it is important to focus on the SMI at the interface of other organizational functions such as general management, finance/accounting, manufacturing, IT, legal, logistic, human resources, and R&D. Dysfunctional SMI conflicts may occur from unshared vision, alignment, processes, information, knowledge, decisions, resources, and culture at the organizational, interfunctional, or interpersonal levels, and in turn inhibit the firm's development of critical market-based capabilities that span functional boundaries.

The proposed theoretical framework is in line with the perceived evolution of the marketing discipline where bureaucratic, functional, and self-contained corporate forms evolve toward complex network mechanisms aiming at an enterprise-wide cocreation of customer value (Lusch and Webster 2010). Because customer-focused solutions are necessary to build on transversal coordination, cooperation, and capabilities (Gulati 2007), companies are compelled to be responsive and flexible with marketing and sales departments unseparated from the rest of the organization (Deshpandé, Farley, and Webster 2000; Lusch and Webster 2010).

Although not exhaustive, our theoretical framework represents the "cement" of thoughtful coordination and cooperation between marketing and sales at the interface of other key firm functions. Consequently, the framework provides a straightforward lens to analyze complex organizations by assessing the perceived integration of each of the levers. This approach is in line with concerns on synergy where means of efficient interactions, especially for diversified firms, have yet to converge toward a comprehensive theory and set of practices (Beneke, Schurink, and Roodt 2007; Eisenhardt and Galunic 2000).

CONTRIBUTIONS

The burgeoning body of work in the area of SMI has identified a problem while beginning to delineate factors that facilitate and challenge the smooth functioning of this interface. We advance and deepen this exploration by situating the SMI within the broader network of intraorganizational interfaces, examining ways in which the SMI may affect a firm's market-based capabilities and subsequent competitive advantage.

Scholarly literature that integrates the resource-based view of the firm with marketing capabilities has acknowledged the key role of market sensing, new product development and launch, supply chain management, and CRM capabilities. While discussions in these areas have focused purely on how firms may finesse each of these capabilities, we bring forth how the firm's ability to enact each of these market-based capabilities is dependent on how well it manages the SMI. Our framework therefore situates extant interface theory within the broader discussion of market-based capabilities. Specifically, we highlight the fact that less than optimal SMI dynamics within a firm affects not only its sales and marketing ability but also in many ways the firm's ability to create, maintain, and successfully execute each of the above capabilities.

We discuss each of the market-based capabilities independently. However, we suggest that when these capabilities interrelate seamlessly, the firm enjoys a strong internal competitive advantage. As such, when a firm's market-sensing apparatus is functional, it may positively affect how it communicates with its channel members and manages the value network, how it keeps in touch with customers and nurtures those relationships, and how it manages customer-driven new product processes. But a suboptimally functioning CRM capability may compromise a firm's ability to forecast customers' future needs, thereby affecting both its supply chain and new product capability. By highlighting the crucial role played by the well-functioning SMI in ensuring the successful creation and execution each of these capabilities, we make it evident that a badly functioning interface may not only affect marketing-related outcomes but can significantly deplete the firm's overall capability and market competitiveness.

Existing interface literature has examined the functioning of the SMI using many variables such as communication, collaboration, conflict, collaboration, and integration as evaluation parameters. By situating this interface within the discussion of organizational capabilities, our findings highlight that (1) a lack of attention to these crucial interface elements has the potential to affect broader organizational-level performance parameters, and (2) this effect is mediated through the firm's market-based capabilities. Therefore, we assert that the root causes of a firm's ineffectiveness in nurturing and executing market-based capabilities may at times be traced to an ill-functioning interface.

FUTURE RESEARCH

Several future research avenues may exist beyond this seminal work. First, we suggest breaking down our research propositions into testable hypotheses to examine the extent to which the proposed levers attenuate the marketing and sales functions' dysfunctional conflicts. Also, we encourage further research to validate the likelihood of using the proposed levers to attenuate cross-functional conflicts between the marketing and sales functions at the interface of other organizational entities. More in-depth analysis of particular levers and capabilities may be useful in this regard. Another research avenue would be to identify and determine the moderating effects that may condition the impact of the eight levers on marketing and sales integration, and the ones that may prevent or accelerate strong SMI from facilitating market-based capability creation. Longitudinal studies should also establish the link between reduced dysfunctional conflicts and the development of market-based capabilities for the sake of customer value. Finally, it would also be worthwhile to study how companies integrate, change, or develop the eight levers when acquiring other companies. Under such circumstances, the confrontation of alternative or opposite ways to operate the levers may affect the pace of synergistic business acquisition and integration.

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