1-800 Marketing: Transitioning from Service Provider to Value Generator

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Are you one of those superhero marketing organizations? You know, the "1-800 I need a presentation, brochure, case study, or email campaign NOW" marketing organizations that takes urgent requests and turns on a dime?

Feeling pretty good about your responsiveness? If you said "yes," we'd tell you congrats for being such a terrifically honed tactical machine, but—and, yes, there's a "but"—we'd also tell you it's your own fault if you feel as if you're a hamster on a wheel.

There's a difference between being a service organization to Sales and being a value generator for the company. As marketing professionals, our future depends on being the latter.

Let's clarify the difference.

And, if you decide you are primarily a service organization to Sales and desire to be a value generator, see the five key steps at the end of the article for ideas on how to make the transition.

Service Organization to Sales

You know you're a marketing organization that operates as a service organization if your day-to-day work primarily involves converting inputs (requests) into desired outputs (presentation, campaigns, collateral, etc.) through the appropriate application of resources (talent, information, etc.).

When Marketing acts as a service organization, its objectives and priorities are typically focused on service delivery (time, quality, and budget) and on Sales satisfaction (measured in "qualified leads generated by marketing"). Those types of measures often dominate the conversation between the two organizations, and this type of marketing organization aims to serve and solve tactical problems as efficiently and effectively as possible.

Some marketing organizations that operate in this fashion can be proactive, but ALL marketing functions that operation in this fashion must excel at being reactive. The challenge for these organizations is that it is very difficult to actually measure the contribution and value of Marketing, and the impact of investments in Marketing.

Value Generator

You know you're a value generator if the work you are producing increases the worth of the organization's goods/services, or it is focused on initiatives that create better value for customers, leading to appreciating share of wallet or loyalty, or better value for shareholders who want to see their stake appreciate.

Marketing organizations that act as value generators may be reactive at times, but true value generators are proactive. They believe it is their responsibility to identify, investigate, evaluate, recommend, and prioritize market and customer opportunities.

These marketers focus on improving and implementing changes that will maximize the organization's success and enable it to stay abreast or even ahead of market, customer, and competitor moves.

Product adoption/acceptance, customer acquisition, customer retention, customer growth, market share, etc. tend to dominate the conversations among this group.

Marketing Defined

In 2007, the American Marketing Association (AMA) redefined Marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

Most of us have come to accept that we have the main responsibility of achieving profitable revenue growth derived from acquiring and retaining profitable customers.

This definition and focus suggests that Marketing as a business function is intended to be a value generator, a task we jointly and equally share with our very important partners in the sales organization.

Five Initial Steps for Making the Transition from Service to Value Orientation

1. Own your company's positioning

Creating customer value is increasingly seen as a key source of competitive advantage. The aim of all businesses is to create a value proposition that is superior to and more profitable than those of competitors. That value proposition becomes the basic ingredient for the company's positioning. Trout and Ries introduced us to the idea that the company positioned as the leader gets about 50% of the market, No. 2 gets 25%, No. 3 gets 12.5%, and the rest of the competitors split the remaining 12.5%.

Marketers who are value generators are responsible for positioning, and a key first step to transition to a value creator is to create and maintain the company's positioning and all that entails.

2. Focus marketing on real value creation activities

Take the lead on keeping conversations and investments focused on developing a continuous stream of products and services that offer unique and compelling benefits to your customers. Some of your first efforts might include, but shouldn't be limited to, product and process efforts, gaining insight into the needs of well-defined segments, harnessing data and analytics to accelerate efforts within existing markets or to create new markets, and reconfiguring company and/or industry value chains.

Establish and own a sustainable process of value creation. If the work at hand doesn't meet the criteria, discuss where it fits among the priorities for Marketing.

3. Develop a deep understanding of strategy

Marketing strategy is the critical link between marketing goals and marketing programs and tactics. Strategy selection provides focus and enables an organization to concentrate limited resources on building core competencies that create a sustainable competitive advantage to support pursuing and securing the best value creation opportunities. It provides the guidance and direction for channeling the organization's marketing resources to generate market traction, penetration, and dominance.

4. Speed up

Opportunities don't linger in today's fast-paced dynamic customer-driven market. Remember, the time value of money concept says money received today is better than money received in the future. Speed of opportunity execution is just as important as speed of opportunity identification.

5. Define measures of success tied to value and impact

What more is there to say?

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Although the two types of marketing organizations are not mutually exclusive, marketing organizations on the hamster wheel rarely have the time, talent, or budgets to be value generators.

The rub is that today's executives often expect more from marketing than servicing Sales. The C-Suite expects a measurable return on its marketing investment. To meet that expectation Marketing must be able communicate how it is relevant and to more resemble a value generator than a service provider. Generating value for the business requires working the numbers, then tracking and reporting on the performance to the numbers.

Taking a customer-centric view rather than an internally oriented Sales-support revenue-centric view and "doing the math" facilitate the creation of a marketing organization that is relevant, that can measure its value—and, more important, affect revenue and profit.