



## **For Whom the Bell Tolls**

*By: Laura Patterson, President*

The role of the Chief Marketing Officer has evolved since some of the first CMOs, such as Mark Mears of Blimpie International and Phil Gospels-Strumpette of Coca-Cola came on the scene in early 1990s.

The CMO role— which initially tended to emphasize advertising, brand management, and market research—continued to evolve over the past fifteen years as a result of the emergence of new media, the growing number of sales and service touch points, more complex distribution models, and the fragmentation of customer segments.

The CMO has moved from focusing primarily on brands and clever advertising to a larger, more strategic role designed to enable a company to meet the ever-changing needs of a diverse and global customer base. Anthony Palmer, Chief Marketing Officer at Kimberly-Clark, says that “the role of a CMO is really pretty simple. You can’t ever lose sight of the fact that your role is to sell more stuff to more people for more money more often. That has to be the ultimate goal. You also have to inspire the organization to take calculated risks, and inspire the organization to love winning more than they are afraid of losing.”

When the first CMOs came on the scene, customers approached identifying and researching products completely differently than they do today. According to a recent McKinsey study, today over half of all US electronics consumers now rely on Web-based research to narrow the choice of brands and largely ignore the advice of sales staff when choosing among products in stores.

In 2005 nearly half of all customers who purchased insurance researched the subject online before talking to agents, and 80 percent expected to do so within five years. Currently, almost 60 percent of aging baby boomers use the Internet to supplement their doctors' advice. As new media proliferate and blogs, social media, and independent sites become more influential, companies will need to be able to leverage a variety of communication channels to engage customers and to anticipate and adjust quickly to different segment and changing preferences.

According to Challenger, Gray & Christmas, 152 CMOs left their jobs in September 2006, setting an all-time record. Studies from executive-search firm Spencer Stuart reveal that the tenure of CMOs continues to shorten. In 2006, the average CMO lasted 23.2 months on the job, down from 23.5 in 2005 and 23.6 in 2004. The growing and complicated lists of tasks, along with the expectation for immediate results, are contributing to the high turnover.

In addition, a study by Pravin Nath, Assistant Professor in the Marketing department of LeBow College of Business at Drexel University and Vijay Hahajan, John P Harbin Centennial Chair in Business at the Marketing department in the McCombs School of Business at the University of Texas at Austin, found that the presence of a CMO had no impact on a firm's performance and that firms with CMOs do not perform better, and may perform worse, than those without them. And the first strike of the bell may have just pealed.

Orbitz recently announced that it has "decided to eliminate the global Chief Marketing Officer position and continue managing the Company's marketing efforts on a regional basis. In connection with that decision, Randy Wagner, Chief Marketing Officer of the Company, is expected to leave the Company in mid-February 2008."

Is the CMO on the verge of extinction? The study, "Define & Align the CMO", based on nearly 1,500 segmented interviews with CMOs, CEOs, search consultants, board members and other marketing executives conducted by MarketBridge, found that "the credibility of CMOs is increasingly challenged by the position's vague definition and a failure on the part of corporate America to align qualifications with business goals.

The Nath and Hahjan study concluded that when present, the CMO is "expected to reduce the complexity and uncertainty that the top management team faces in the marketing domain or in critical decision making areas affected by the marketing domain." The role of the CMO needs to change to remain a viable part of the leadership team.

### **Advice for Surviving and Thriving**

The September 2007 McKinsey Quarterly begins with the following statement: "Few senior-executive positions will be subject to as much change over the next few years as that of the chief marketing officer." Elana Anderson, formerly with Forrester and now with NxtERA Marketing, suggests that to the role of the CMO should be to "define and lead a customer-focused marketing strategy that crosses product, channel, geographic, and even functional boundaries."

To survive and thrive, CMOs of the future need to see themselves as champions and drivers of growth who can anticipate customers, develop their organizations' marketing capabilities, and figure out how to measure marketing's impact on the business in terms that matter to their CEOs, CFOs, and the rest of their leadership teams. This will require CMOs with a bent more towards the analytical end of the marketing spectrum as opposed to the creative end.

Twenty percent of the 115 chief and senior marketers in the Forrester Research and Heidrick and Struggles study indicated they need more education in marketing measurement, CRM, and customer data analytics. Successful CMOs will exercise analytical muscle and have a deep understanding of the business landscape in order to predict and recommend which markets, products, and/or services will deliver the most profitable revenue growth.

## **Six Survival Tips**

According to board members surveyed for the MarketBridge study, CMO failure was seen as resulting from their having "no real authority or clout in the organization" (59 percent) and "a lack of credibility and respect among key stakeholders" (54 percent).

The study suggests that being able to prove that marketing is working and making a difference for the company is a key factor of success. The MarketBridge study also suggests that CMOs with greater quantitative focus and measurement emphasis have a 20 percent longer tenure.

Surviving CMOs will need to exhibit at least these six skills:

- Move business-focused responsibilities from the back burner to the front and center. Talk in the language of business. To survive, CMOs will need to be able to read balance sheets, understand business models and key drivers of business value, and identify key growth opportunities.
- Leverage emerging marketing channels to build strong brand loyalty, reach targeted audiences, and gain insight into customer needs.
- Understand which metrics are valuable for demonstrating the impact of marketing on the business.
- Build collaborative teams committed to adding and demonstrating value to the business.
- Prove that the investments they are making on behalf of the company are working.

## **Five Ingredients for Thriving**

While surviving CMOs will focus on lead generation, pipeline management, branding and customer acquisition, thriving CMOs will think beyond these variables and increase their stake in growing customer lifetime value and in focusing on developing long-term customer profitability.

**Four other essentials for the thriving CMO include:**

- Embracing analytics and metrics and leading the way for marketing performance management initiatives.
- Closing the gap between marketing and the customer, leading the charge for a customer-centric business strategy, and serving as the "voice of the customer".
- Leveraging data to analyze market and customer trends and strengthening their knowledge of ethnography, lead-user analysis, and online customer communities to create customer-driven products.

- Taking the helm in helping the company anticipate and respond to rapidly changing market and customer needs, creating new business models, and leading the charge in establishing new marketing capabilities.

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