



## Ten Questions Every CEO Should Ask Their Marketing Leadership When It Comes to Measuring Marketing

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Today, CEOs have so many things to address he or she often lacks the time to focus on marketing challenges, delegating them instead to the marketing organization. Yet increased competition, successfully bringing new products-to-market, and a renewed focus on customer engagement are making marketing increasingly important to corporate success. It is just as important for marketing to be on the CEO's radar screen as compliance, inventory management, and reengineering, especially given the continued investments many companies are making in business intelligence and customer relationship management.

We exist in a market where brands can emerge and topple almost overnight. Driving profitable revenue growth, conducting market and customer research, gathering competitive intelligence, defining new products and services, and identifying new market opportunities are the domain of marketing and primarily the responsibility of the CMO. Study after study suggests that many marketing functions are not in sync with companies' overall strategy. The impact of this lack of alignment on business is significant. Companies are experiencing a gap between actual revenue growth and investors' expectations. If the gap persists, the result can be lower margins, loss of market share, slowing growth, and defecting customers. Therefore the CEO must also take an active leadership role to insure that the marketing department within the organization has the skills and resources necessary to address the challenges and opportunities of the market in order to produce the desired business results. Most every CEO we've worked with would like marketing to do a better job of aligning the marketing organization with the business' agenda, demonstrating how marketing efforts impact the business and accounting for the money it invests on behalf of the firm.

As the CEO you do not need to be a marketing expert, but you do need to have a clear understanding of the role of marketing and of how to measure marketing effectiveness beyond short-term incremental improvements in sales or campaign ROI. Even if marketing isn't a part of the CEO's day-to-day routine, the CEO needs to leverage his or her leadership role for marketing. While CEOs should delegate strategic implementation and tactical decisions related to product, price, placement, and promotion to the CMO, it is the CEO's job to make sure the marketing organization's strategy and plan support the company's greater strategic goals. With guidance from the CEO, marketing can closely focus its activities on initiatives that generate profitable relationships.

Marketing that isn't aligned with the business is a recipe for a myriad of business ailments. Marketing needs to be connected to the rest of the business if it is going to take a lead in helping the organization achieve its strategic initiatives. Only by aligning

marketing with the strategies of both the corporate and business unit levels and fostering collaboration between marketing and the rest of the organization can a business develop a set of metrics that will measure marketing's impact.

In our work with over 100 companies, many CEOs tell us they want marketing to focus on top line growth, enable the organization to respond quickly to market dynamics and changing customer requirements, and stimulate innovation. What they say they see, however, is a marketing organization more focused on image and identity, tactical execution in terms of marketing activities supporting events, lead development, etc. We hear CEOs tell us regularly that, rather than focusing tactical issues and reporting on response rates, leads generated, event traffic, and other activities, they would like to understand how marketing is driving growth, developing metrics that demonstrate how marketing is contributing to both the top and bottom lines. A bottom-up approach to marketing accountability and metrics will fail without direction from the top. If a CEO wants marketing to measure and convey its value in the same language and metrics used by the business, the CEO needs to be sure the marketing organization has the tools, systems, and skills to do the job.

Being able to keep pace with the rapidly changing market and to capitalize on new growth opportunities requires a new set of marketing skills, particularly in the area of analytics. When we ask CEOs whether there is a clear contract with the CMO or VP of Marketing regarding expectations and resources committed to improving marketing's measurement capabilities and market and customer insights, they often admit this isn't on the top of their agenda. For marketing to be successful, the CEO has to see these as priorities and support them.

As the CEO, your definition of marketing success must be clear to your marketing people. There are so many things that can be measured, but only a few really matter to your business. It's easy to think that just because something has a number attached to it, it is a metric. Having metrics is one thing; having the right set is another. Marketing can collect all sorts of marketing-performance metrics, from customer satisfaction to retention, and from brand awareness to pipeline contribution. As the CEO, you should make sure the marketing metrics suggested by your marketing leadership truly provide insight into how marketing is supporting the business' goals. Prior to any plan being created and implemented, the CEO and marketing team should agree on the performance indicators that will be used to correlate marketing's impact on business outcomes. It's important to decide at the start which metrics and key performance indicators will have the most impact and then to track progress to these. For the metrics to be right, they need to tie back to the business goals and purpose of marketing – driving profitable revenue.

Think of these performance indicators are essentially a contract between marketing and the executive team. As such they should be based on strategies designed to create a positive experience between your targets/customers and your company/offer that will facilitate customers sticking with your company even in times of competitive pressure or adversity and developing a preference to buy and use your products/services. The performance indicators demonstrate how well Marketing understands the needs of different customer segments, which channels to deploy to customers make buying decisions and help create preference for your company and its products and services. And it may not just be a question of measuring, additional marketing capabilities may be required. Almost 75 percent of the chief marketers polled at a recent CMO summit

organized by the Marketing Science Institute and McKinsey agreed that the skills they needed were becoming so specialized that their organizations would have to operate quite differently in the future. The changing environment calls for new marketing capabilities, both in the marketing organization and within the company.

To ensure the marketing organization is aligned with the business, measuring the right things and that the organization has the right skill sets, here are 10 initial questions every CEO should ask their Marketing leadership:

1. How are our customers' needs evolving and what resources are our customers using to make buying decisions?
2. Which customer segments offer us the best opportunities and what marketing strategies do you recommend we deploy to take advantage of these opportunities?
3. Where can we gain a competitive advantage?
4. What business outcomes will marketing directly impact?
5. What marketing factors can make the greatest material contribution to our deal and revenue targets?
6. What metrics and key performance indicators will you present to show this impact?
7. How do you plan to foster collaboration between your marketing team, the sales organization, product organization, and business units?
8. What information will you need access to measure your impact?
9. What systems, tools, processes, analytical and data management skills will you need to add to improve your measurement capabilities?
10. What investments does the company need to make to improve marketing's ability to measure its contribution?

Satisfactory answers to these types of questions should help insure the Marketing leadership is on the right track to being able to assess its contribution to the corporation. The answers will help establish what metrics best measure marketing's impact as well as enable everyone on the leadership team to make marketing decisions that positively impact the business.