TOP 10
STRATEGIES FOR MARKETING SUCCESS
THE CMO’S CALL TO ACTION
In today’s social, mobile, big data and cloud world, significantly increasing demands have been placed on marketing. But if you’re up for the challenge, there’s never been a better time to be a CMO. I hope this comprehensive strategies guide provides a few stimulating ideas to make your marketing journey more successful.

**Table of Content**

Strategy 1: Evolve to CMO 2.0 pg. 3

Strategy 2: Build the Brand pg. 8

Strategy 3: Formulate Strategy pg. 13

Strategy 4: Segment Your Market pg. 15

Strategy 5: Intensify Customer Focus pg. 16

Strategy 6: Enhance Customer Value pg. 18

Strategy 7: Develop Key Metrics pg. 20

Strategy 8: Improve Marketing ROI pg. 22

Strategy 9: Build a High Performance Team pg. 24

Strategy 10: Be a Change Agent pg. 26

**JOIN THE CONVERSATION**

and tell us what your top strategies are
The CMO role is rapidly transforming, in large part due to the rapid pace that social, mobile, cloud and big data mega trends are becoming pervasive and changing the very nature of business. To better understand the most significant aspects of the new CMO role and what it takes to succeed in an increasingly digital world, I recently spoke with three CMO thought leaders: David Cooperstein, VP, CMO Practice Director, Forrester Research; John Ellett, CEO of nFusion and author of The CMO Manifesto; and John Neeson, Managing Director and Co-Founder, Sirius Decisions.

It became clear during the course of several dynamic conversations that six key elements define the essence of the modern CMO, and how well they are put into practice can largely determine whether he or she will succeed in shaping company success or be relegated to the historical role of merely owning branding and communications. I share many of the same views that my counterparts and I discussed, and there are many take-aways from each interview.

Old vs. New

The old CMO was focused primarily on corporate marketing and strategic communications, without full operational responsibility or a regular seat at the table in the C-suite. The new CMO is, according to Neeson, a “more cross-functional role that touches every part of the business.” CMOs now must be “constantly looking at things and evaluating from a strategy standpoint to determine what they can do better.” To succeed in the new world requires not only a firm grip on navigating the complexity of the business environment, but also, according to Ellett, the ability to influence C-suite peers and “share insights across the organization that help shape both corporate strategy and operational excellence.” It’s a balancing act to maintain an operational focus the keeps the engine running smoothly, while regularly looking over the horizon to what’s coming next, what to pay attention to and what to ignore, but the new CMO is figuring out how to do enough of both to increase impact on organizational growth and success. It’s not for everyone, and becoming increasingly more digital and influential in business operations and outcomes is invigorating for many of us who are renewed in this process of evolving.
Marketing Science

In the old days, marketers could assert that “half of my marketing spend works, but I just don’t know which half.” The rise of digital media, combined with the ability to measure the effectiveness of the increasing amount of digital marketing spend, means that marketers are now being held far more accountable for the results of marketing expenditures. But it goes beyond just measuring marketing ROI. Modern marketers need to become experts at understanding digital customer behaviors and in data mining so they can architect a customer strategy that maximizes the efficiency of how their company targets, acquires and grows customers and increases market share. We are in the customer-driven era and the age of customer empowerment. According to Ellett, “this dramatic shift in power to the voice of the customer” means that marketing needs to become more science, and marketing needs to lead the company to “build out the capability organization-wide to be more responsive to customer voice and experience.” He continues, “Marketers have traditionally been quite strong at persuasive communications and ideation. The best ones have also excelled at understanding the customer mindset and leveraging agency partners to drive demand and increase influence. The new CMO must now become as adept at analytics and data-based decision making as they have been at the more subjective art of branding and communications.” As Cooperstein states: “today, more than ever before, CMOs are being held fully accountable for the results of marketing activities. This means we have to be more metrics oriented. A lot more is required. We’re seeing that working together is much better than working apart.”

“Modern marketers need to become experts at understanding their customers’ digital behaviors”
Marketing Technologist

From a career path perspective, marketers traditionally have educational backgrounds rooted mostly in liberal arts, fine arts and communications, rather than science. Some have progressed or transitioned into marketing careers from a more technical underpinning, such as computer science or engineering, especially in technology markets. With the rapidly increasing role that technology plays in helping companies optimize their operations, engage with and convert customers, and build lifetime customer value, technology adroitness is now a mandate that all marketers can’t ignore. According to analyst firm Gartner, by 2017, CMOs will spend more on technology than CIOs. Regardless of whether this prediction comes true, marketers have no choice but to become well-versed in technology. They need to not only understand the broad range of technologies that can help the company compete more effectively (e.g. predictive analytics, social media monitoring, marketing automation), but also how to create a cogent technology adoption roadmap.

Except for CMOs starting out at new companies, most of us have a technology infrastructure that is a collection of capabilities and not fully capable or integrated to serve current business mandates. So it’s now required to closely partner with CIO peers to articulate a comprehensive roadmap to acquiring, improving and integrating marketing technologies that help the company meet its strategic objectives. As Ellett states, “technology has changed the way customers interact with information and how they choose to interact with companies,” so CMOs must now drive how technology is utilized, just as they drive marketing strategy and tactics, to ensure their company can successfully engage with the more empowered, digital, and social customers.

Achieving Alignment

Alignment used to mean that the CMO needed to inform sales on what new products or services were about to be announced, and what new marketing campaigns would be running in the quarter. We could approach alignment in a siloed fashion, seeking it where needed, such as budget approval for major expenses, and avoiding it where unnecessary, such as testing messaging to increase response rates. It’s a lot different nowadays. Today, as Ellett states, alignment means, “getting the rest of the C-suite unified around a central strategy. It’s about getting sales, customer service, operations, and support aligned around delivering a superior customer experience across every touch point.” As CMOs, we are expected to contribute to the shape and trajectory of the business
and bring ideas, energy and inspiration about how to grow more profitably and compete more effectively. It takes a lot more effort and cycles to drive company-wide alignment than functional alignment, especially when any significant change is contemplated. It also takes someone with more business savvy (i.e., typically an MBA or advanced degree is required) than marketing professionals may have been expected to possess in the past. It also takes a lot more gravitas today, both in and outside of the boardroom. As Cooperstein says, today’s CMOs have to “earn the right to the C&O [chief and officer], and not just the ‘M’ part of our titles.”

Business Partner

In order to fully achieve alignment, a CMO must be adept and proficient at becoming a full-fledged business partner. While the opportunity to impact business results has increased for CMOs, the expectations have also risen commensurately. As Cooperstein says, the CEO now expects the CMO “to tell them about the things that are coming down the pike and bring new ideas forward,” so they can better navigate fast changing global markets and seize opportunities more rapidly, and to have “a constant pulse on the customer to gauge how they are reacting or changing, and what that means for the business.” The CMO is uniquely qualified to optimize the customer experience, but to do so successfully requires substantive insight into customers to fully understand their preferences, predict their behaviors and drive measurable outcomes to marketing initiatives.

In the past, marketing could sometimes speak in a slightly different language, just as engineering might have. Today, however, as Ellett states, “the biggest thing that a CMO can do is to talk to what they do in the language of business results. They need to connect marketing language and programs to key corporate objectives and priorities.” They also need to spend more time in crafting, articulating, and refining strategy to be the business partner that others in the C-suite now expect. Neeson believes that the tide has shifted and more CMOs are coming to the table with “very good business skills and a more pragmatic view,” which is a lot different than when their role and scope was much narrower. He believes that the “CMO comes to this role because it’s the one place where you can touch every part of the business. You can change market perception, your business, and have an incredibly positive impact on the longevity of the business and really move the needle more than in any other place.”
Customer Driven

As I’ve alluded to earlier, being connected to the customer is more critical than ever for today’s CMOs. As Cooperstein says, “the roles of marketing have been revised, and CMOs are much more customer focused than before. How customers consume messages is being considered more significantly now. It makes the role a lot more fun if you are customer driven, but not so much fun if you aren’t.” In mostly all, companies, the CMO does not have direct control over the entire customer experience, but he or she must somehow understand every contact the customer and company have with each other and drive, or at least influence, how to shape and orchestrate the right experience at every moment.

Marketing has traditionally led cross-functional strategies and tactics around the customer lifecycle, from contact to acquisition to cross-sell and retention. But leading an organizational shift to become truly customer driven is a much bigger undertaking, and one that requires both fortitude and stamina. But there’s no going back. In the Web 2.0 world, customer experience and loyalty have become the key differentiators between leaders and laggards. While the importance of delivering great experiences for customers is generally understood by most companies, executing well (and consistently) across all customer touch points remains a challenge and thus an opportunity for CMOs to make a major difference. In today’s so-called customer-driven era, many companies are approaching this shift to a more empowered customer by driving greater integration in customer management across functions and systems. The CMO is naturally one of the primary executives that companies are asking to orchestrate a cross-functional, strategic initiative to enhance customer lifetime value and operational efficiencies across many functional areas, including sales, marketing, service and support. Without appropriate department, process, and systems linkage, however, the impact will be diminished, so taking on this critical leadership role is no small task for CMOs, but the endeavor can be very impactful on both the top and bottom line.
Having created and shaped several successful brands during the past 20 years, including FrontBridge (acquired by Microsoft), FileNet (acquired by IBM), AST Computer (acquired by Samsung) and now Pegasystems, there are several keys challenges that must be addressed to successfully build and maintain a global brand: charter; structure or architecture; investment; management; alignment; and advocacy.

**Brand charter** is the first, and in many cases, the foremost challenge. Brand charter means having both explicit and implicit empowerment to be the chief brand steward for the company, to be the arbitrator that breaks all ties related to key branding decisions, and to be the final authority. Branding, just like advertising and other forms of marketing communication, can be very subjective - everyone has an opinion - so it’s critical to establish early on that marketing has the vision, the expertise and the mandate to drive brand building and brand management decisions companywide and globally. When you have the right charter in place, it’s possible to make the tough calls without a committee, to drive consistency and to foster continuous improvement; without a strong charter, the brand will never flourish.

**Brand structure** is about having a brand architecture firmly in place. If the company is unsure whether to adopt a master brand strategy [e.g., Lexus], a house of brands [e.g., P&G], or an endorsed approach [e.g., Microsoft], building a brand will prove very daunting. Architecture is a useful metaphor for a master brand because it requires some level of hierarchy to define the relationship between the master brand and all the sub brands and/or product lines and services brought to the market and supported by the master brand. One key structural consideration is to not create too many levels in brand architecture. Most people have difficulty keeping more than two or three levels in their heads, so it’s best to manage to a more streamlined brand structure.

When I was at FileNet, our master brand structure was somewhat in disarray, with five levels of brand architecture creating confusing and often overlapping messages to the marketplace. In addition to product brands [e.g., FileNet Content Manager], the company was branding specific features [e.g., ZeroClick], technologies [e.g., Content Federation Services], even the graphical user interface, or GUI (FileNet Workplace).
After careful examination, we streamlined our brand architecture to just two levels (FileNet + Product Brand Name), and relegated all other competing brand names to a purely descriptive level to better support and maintain a coherent brand architecture. This process resulted in better informed sales and channel personnel and, most importantly, increased customer understanding of what we offered to the marketplace.

As part of the brand assessment process undertaken to develop the Pegasystems brand, the team and our agency partner, RiechesBaird, examined competitive architectures. These architectures were, in many respects, quite similar to what I inherited when I joined FileNet, often consisting of five or more distinct levels of brand architecture.

In order to make it easier for Pega’s customers to understand our offerings, we decided to simplify our brand architecture and focus on just two levels: Pega, the master brand, and the product family. So, as shown in Figure 1, our product families are organized under Pega BPM, Pega CPM, Pega Cloud, Pega Financial Services Solutions, Pega Insurance Solutions, and so on. This allows us to focus on Pega as the master brand and to communicate our solution offering in descriptive terms that have inherent meaning with their market segment, rather than try to create and manage a broad array of proprietary and not broadly understood names.

![Figure 1. Pega Brand Hierarchy](image-url)
In order to make it easier for Pega’s customers to understand our offerings, we decided to simplify our brand architecture and focus on just two levels: Pega, the master brand, and the product family. So, as shown in Figure 1, our product families are organized under Pega BPM, Pega CPM, Pega Cloud, Pega Financial Services Solutions, Pega Insurance Solutions, and so on. This allows us to focus on Pega as the master brand and to communicate our solution offering in descriptive terms that have inherent meaning with their market segment, rather than try to create and manage a broad array of proprietary and not broadly understood names.

Brand architecture is even more critical for any company with a broad or growing range of products and/or services, so that employees, customers, partners and prospects can easily navigate through your offerings and not get confused over about how the products relate and overlap. If you haven’t revisited your brand architecture in more than a year, it’s likely what you’re building is a façade, rather than reinforcing a foundation. Because technology and innovation are inextricably linked, tech companies are continuously introducing new products and services, and in most cases, adding brands and sub-brands into their product portfolios. Over time, even a sound architecture can begin to crumble under the strain of too many overlapping brand layers.

Another final key element is brand investment, and this aspect is typically centered on the brand building and investment philosophy the company or firm has in place. Is brand building considered a strategic imperative, a competitive differentiator, or merely an outcome of marketing communications? If it’s the latter, it will be difficult to get much attention or support around initiatives that require funding. As in life, companies, like people, invest in the things that are important to them, and having a brand development line item is the only way to ensure that brand building can be a strategic, rather than a tactical consideration. At both FileNet, and now Pegasystems, the executive team and the Board of Directors have supported the need to invest in brand development on an ongoing basis.

The next key branding challenge is about having a clearly articulated brand management system and process in place to manage the brand. There are almost as many unique approaches to managing brands as there are brands; however, best practices in every industry, whether B2B or B2C, dictate that have a systematic approach to brand management can dramatically increase the speed and efficacy of brand building. Brand management is a discipline, just like accounting or architecture, so having a well-defined approach can greatly accelerate the path to successful brand management.
One such approach is called the framework for PowerBranding™. In the book PowerBranding™, which I co-authored with Marty Brandt, the framework (see figure 2) articulates four key elements or layers that must be addressed to systematically and effectively manage a brand or collection of brands. The first layer is brand foundation and it consists of having a well-defined brand mission, vision, values and a sustained financial commitment. The second layer is brand strategy and it consists of articulating the differentiating positioning, personality and experience that brand represents and having an integrated strategy across all customer touch points to ensure maximum brand impact. The third layer represents the actual brand management practices including the system, structure, process and measurement of brand status and progress against stated brand objectives. The fourth and final layer is brand implementation, including the target markets and customers, marketing mix, programs and communication tactics designed to reach and influence customers and prospects.

Figure 2. PowerBranding™ Framework
Build the Brand

Six Key Challenges

In addition to a brand system, many companies create comprehensive brand management guidelines that define everything from brand architecture and naming conventions, to acceptable brand or visual expression, to collateral and editorial guidelines and more. Adopting and promulgating a comprehensive brand handbook or guide is an effective way to drive global consistency, especially if the brand guide clearly articulates all the do’s and don’ts of proper brand usage. The more countries and languages in which a company markets their products and services, the more prone to local interpretation – or misinterpretation – brand usage can be, so having the guide translated, as appropriate, is also helpful. Ultimately, proper brand management requires some level of ongoing brand audits for compliance and a designated enforcement resource to ensure brand standards are adhered to and implemented in a proper and consistent manner.

Brand alignment means ensuring that all global regions that have some level of marketing autonomy are aligned to the need for global brand management. I first encountered mis-alignment when I was at AST Computer in the 1990’s. I conducted a global brand audit and discovered that our fast growing APAC region was using a distinct color palette, tagline, and visual style. Getting remote regions to understand and buy into the need to have one corporate brand is often very challenging, especially when such regions are often run by entrepreneurial leaders who want to do things their own way. At AST, enlisting the APAC region to help define the new brand guidelines and incorporate some of their brand creativity to allow for local expression was a successfully avenue to foster alignment. Simply dictating “this is how it should be done,” without participation and buy in, would have likely resulted in tacit agreement, but de facto defiance.

Finally, brand advocacy is the last and perhaps most important element. The larger an organization, the harder it is for the CMO to be everywhere and touch everything related to building, let alone maintaining, a global brand. At Pega, we have created a simple brand personality acronym to help every employee get involved in brand building. Our four brand attributes are Passionate, Engaging, Genuine and Adaptive, and we’ve created a video compilation entitled, “How PEGA are you?” in which employees from our US, European and Asia Pacific regions talk about how they embody the four key personality traits. The video is available both on our intranet and on our main website under “careers” as a tool to communicate our unique character to prospective employees. Finding brand advocates at corporate headquarters is rarely difficult; the bigger challenges are to find them, inspire and support them across the globe. Getting them to own their part in creating and perpetuating the company brand is critical to ensure consistent customer experience and maximize the impact of all branding.
Given all the pressure to deliver quarterly results, it’s becoming increasingly difficult to get adequate executive attention on strategy formation and/or re-examination. Executive energy is largely consumed with driving operational excellence and available “cycles” are devoted to sales and growth initiatives designed to drive near-term, measurable improvements in sales, operational efficiency and/or profitability. It makes sense given we are still “heads down” working our way out of a prolonged global recession and economic uncertainties.

Nevertheless, there’s a risk that by ignoring meaningful strategy formulation today, your company will likely limit its growth potential when the economy sustains a consistent growth rate. So where does that leave marketers who understand the need to craft and refine strategies to drive long term competitive advantage? Do we just wait for thus recessionary cycle to end and then raise our hands higher and declare “now is the time?” Should we focus all of our attention on activities and campaigns to drive awareness, increase customer engagement, generate leads and drive sales pipeline growth? That’s not the preferred choice, so here are a few suggestions to keep strategy as a top of mind consideration at the very least, and part of the normal cadence of annual business planning at best.

“Marketing is as well suited as any other functional area to own the strategic planning process.”
Formulate Strategy

*Shift from a Short-Term Mindset*

First, take stock of the strategic planning process at your company over the past few years and determine whether - independent of the economy - it is at or nearing the time for a regular review of business strategy. If so, and if there is no single individual or group chartered to drive strategy at your company, raise your hand. After all, marketing is as well suited as any other functional area to own the strategic planning function.

Second, determine who has been and should be key to driving of strategy formation, refinement and execution at your company, then take an informal poll on whether these individuals who have participated in the part or other relevant stakeholders can be instrumental in creating urgency around the need to revisit and refine strategy in a disciplined manner in order to drive long-term growth and differentiation.

Lastly, if you have a strategy in place and are mapping to it in marketing, it’s important to ensure that all other functional departments are aligned to the same strategy. When I was VP of Marketing at FileNet, prior to the acquisition by IBM, we had formulated a long-term growth strategy that all of the functional areas had presumably “bought in to.” However, when we began sharing how we were operationalizing the corporate strategy in Marketing with other functional areas such as Professional Services, Finance and IT, we discovered that none of these groups were making any meaningful changes to their operations to be in better alignment with the strategy. Lesson learned: strategy that is not embedded in how companies operate is a nothing more than an elegant binder that sits on a shelf. Turning strategy into action is how market leaders win. To strategize or not is not the question. It’s making sure that strategy remains a constant, in good times and bad.
STRATEGY

Segment Your Market

Maximize Revenue Potential

One of my colleagues recently once asked me, “since when did marketing strategy become an oxymoron?” What he meant by this is that the challenging global economy is causing many marketers to start changing strategies on the fly and resort to strategy-de-jour or reactive tactics at the expense of strategy. Doing so runs the risk that any near term gain may lead to an erosion in your company’s long-term growth potential. In the drive to generate sales now, I understand the need to be flexible in adjusting the marketing mix and go to market tactics. What I don’t understand are companies that start discounting wildly or forsake their established brand position and value proposition in chasing any sales and ultimately undermine their brand equity. A more strategic approach is to segment customers and create whole product offerings that are relevant and attractive to each defined group.

Segmentation is also critical to maximizing marketing impact. All customers and all markets are not equal in terms of attractiveness and value. Of course most know this, but it surprises me that many companies still treat unique segment opportunities as if they have they are equal. In all markets, whether developing or established, there are always segments that are more likely to adopt your particular product or service, and certain ones that are also willing to pay more due for your solution if you can solves the most painful customer problems. Why not focus more of your dollars, programs and efforts on the higher value customers?

Another key aspect of segmentation is to balance the marketing investment between acquisition, conversion and retention (or upsell) activities. Your place in the technology lifecycle adoption curve (e.g., early market or mainstream), and how much revenue you can realize from existing customers versus new prospects should also influence how much you allocate to each segment. The questions about optimizing the marketing mix (e.g. how much for outbound vs. inbound marketing, trade shows vs. webinars, email vs. telemarketing, etc.) should always come after prioritizing customer segments according to relative attractiveness. Which segments are comprised of customers more likely to buy, remain loyal, and be open to cross sell and upsell opportunity? For new companies and/or new products, this decision can be more difficult to ascertain, but when companies have achieved a critical mass in several segments or industries, historical sales and trend analysis can lead to a more intelligence and productive allocation of marketing resources. Sticking to a sound marketing strategy, or revising one that is no longer working is worth the time it takes to get it right and it increase your odds of exiting the slow growth curve revved up versus being stuck in neutral.
In their classic book from 1983, “The Discipline of Market Leaders,” authors Michael Treacy and Fred Wiersema described three basic “value disciplines” that can create customer value and provide a competitive advantage: operational excellence, product leadership, and customer intimacy. For a long time since the book’s publication, many companies successfully adopted a customer intimacy strategy by “continually shaping products and services tailored to specific customer needs.”

But in this Web/mobile/social-driven era of customer empowerment, a customer-focused approach alone is no longer adequate. Those who don’t agree will find it increasingly harder to survive, never mind thrive. In their February 1 article in the Financial Times, Kyle McNabb and Suresh Vittal observe that technology-fueled disruption has undermined prior approaches to customer focus: “Old models of channel and product specific ’command and control’ just don’t cut it. These anachronistic approaches, in which channel owners can’t see beyond the channel de jour and product owners build from the inside out, don’t set the organization up for success in a customer-driven world. Customer obsessed marketers (must) rethink business structures, reward methods and organizational design.”

Due to this fundamental change in the balance of power which has shifted irretrievably to the customer, the authors propose that marketing should lead the company shift to becoming customer obsessed. Marketing has traditionally led cross-functional strategies and tactics around the customer lifecycle, from contact to acquisition to cross-sell and retention. But leading an organizational shift to customer obsession is a much bigger consideration than who leads the charge; it’s the new business imperative defining what all functions in a company should do about it, both from a philosophical and operational perspective.

“The most successful companies will fully embrace the philosophy and practice of customer obsession”
In his October 3, 2011 research note, “CMOs Must Lead The Customer-Obsessed Revolution,” Forrester analyst Chris Stutzman writes that in “the age of the customer, empowered customers are disrupting traditional sources of competitive advantage.”

In order to thrive in this new era, companies must abandon the outdated customer approach where “workgroups focus solely on their view of the customer to develop silo-based strategies” and replace with a customer-obsessed approach where “the customer’s needs permeate the company’s culture and operations facilitating the sharing of customer insights across the enterprise to develop cross-discipline strategy.” It’s clear that the most successful companies today, and in the future, will fully embrace the philosophy and practice of customer obsession. They are not satisfied by merely focusing on the customer, but relentlessly adapting their customer engagement strategies, investment priorities, business processes and policies to ensure that they create more net promoters and engender fewer detractors.

Meanwhile, those in denial of this new customer reality are falling behind faster than they can run the numbers. By the time they realize just how bad things are, their customers will have already defected in droves.
The ability to seamlessly manage customers across the entire lifecycle and thereby maximize customer value remains an elusive goal for most organizations. There are many reasons for this: companies have established artificial customer service boundaries and silos that require multiple departments to service a single customer; different customer specialists are required to receive then fulfill a given service request; or they simply don’t have the right software technology and business processes to match customer need and service ability at the moment of interaction.

As a result, organizations are only realizing a fraction of potential customer wallet share, experiencing high rates of churn and spending far too much time and money delivering repetitive information that only frustrates the customer. From the customer’s perspective, they experience doing business with disparate individuals and companies, rather than a single cohesive organization. Too often, customers hear the dreaded phrase, “I am going to have to transfer you to another department,” or “I am sorry, I am not empowered to do that, you are going to have to speak to someone who is...can you call back later when they are return to work?.” When customers interact with the company, too often they are starting from scratch with every interaction, unable to benefit from the context provided during prior interactions.

With social media’s ubiquity and pervasiveness, customers are empowered to communicate their every experience, and unfortunately, negative experiences are more frequently broadcast, so it’s more critical than ever to manage the customer across the lifecycle. Savvy companies are breaking down the artificial and historic boundaries between marketing, sales, service and support so that in any conversation with the customer, they can make an offer, sell new or additional services, fix an outstanding issue, or proactively address a potential future issue – without the machinations required when these functions operate across organizational silos.

Consider a typical customer who walks into a mobile phone store. They may have an expiring contract on their existing phone and have received an offer for a new phone and renewed service. When they interact with store personnel, the conversation encompasses selling (find the right device that best matches that customer’s usage), setup (configure/update the account and all the critical information for that customer), and servicing (show the key features and functions of the device so they are ready use it immediately).
In reality, many phases of the customer lifecycle do not happen within such a compressed time frame — they occur over time and across different channels, but the impact is the same. A customer calling for service represents an opportunity to sell additional value-added products. The on-boarding or set up process is the right time to align customer needs with best-suited products and to educate customers on recommended product usage, which in turn can deflect future calls to the call center and lower the cost of servicing the customer.

By aligning organizational capability to customer need and seamlessly managing the customer across the entire lifecycle, companies can improve operational efficiency, enhance brand loyalty, increase customer retention, create net promoters and, most importantly, build customer lifetime value. To achieve this level of customer centricity requires a new model of organizational collaboration and the right level of operational agility to both serve and fulfill the customer need, and in so doing, maximize customer value in every interaction.

"Managing the customer across the entire lifecycle can enhance brand loyalty and build customer lifetime value."
Every CMO and senior marketer I talk to these days is striving to improve marketing ROI (MROI). Most have become proficient in measuring and reporting on marketing effectiveness. But few believe they have succeeded in proving the value of marketing to their CEO and peers, especially the CFO and head of sales. Why is this so? There are a lot of reasons, including not having a complete data set, not constructing marketing dashboards in a manner that is as easy to understand as a standard P&L report, or simply not having delivered sufficiently compelling data to support MROI assertions. From my experience, however, the primary gap results from not being aligned with the CEO and Marketing’s peers on what metrics really matter.

To illustrate this point, there’s an entire category of metrics that don’t matter much to anyone besides marketing: activity levels. In other words, the quantity and frequency of marketing activities, such as the issuance of press releases, emails sent, campaigns designed and executed, collateral created and delivered, Web site visitors, Facebook fans and Twitter retweets. While all of us set objectives for increased activity levels in nearly every facet of marketing, the intrinsic value of activities is virtually zero in the eyes of the CEO and C-level peers. It’s not the amount of activities that matters, it’s the results.

There are many ways to objectively demonstrate relative contribution by marketing, such as percentage of leads and pipeline generated, and for some organizations, pipeline acceleration – i.e. shortening the sales cycle, if truly measurable – as a result of nurturing campaigns and other marketing tactics. If you can attain agreement on the acceptable numbers and percentages for these and related measures, you are well on the way to showing the value marketing contributes.

“It’s not the amount of activities that matters, it’s the results achieved by the activities.”
Sirius Decisions has developed best-practice guidelines around some of the more meaningful metrics. To aid marketers in creating useful dashboards, they organize measurements around three elements: metrics, KPIs, and financial. For metrics, Sirius suggests tracking inbound inquiries (the best of which is the “contact me” request) and influencer advocacy (i.e. supporting and recommending your company). For KPIs, they suggest tracking customer satisfaction and demand or sales waterfall conversion rates.

So if you’re still struggling with what to measure, how to measure it, and how to report marketing returns to a range of stakeholders, the most important part of this journey is getting agreement from the CEO and your peers on what metrics matter to them and what returns are expected. Once you have achieved this, you can work on presenting the information in a readily digestible format that conveys facts and figures in a compelling fashion. The first rule of effectiveness in communications applies equally well here: it’s not what’s said, it’s what understood. When you achieve their understanding, you are well on your way to proving not just the effectiveness of marketing, but also its worth.
As we continue to experience the uncertain and fragile economy, one thing is certain: most marketers are wasting money. In the Web 2.0 world, and given the measurability of all things digital, at least it’s not as bad as the old lament: “I know half of my money is wasted; I just don’t know which half.” Nevertheless, many heads of marketing, especially at companies with broad product portfolios, are suffering from being far too egalitarian in how they allocate budgets by treating all budget centers and customer or prospect opportunities more or less equally.

But all customers are not created equal. Your best customers buy more of your products, are more loyal, less price sensitive and willing to recommend you more often to others. So why are we not dramatically tipping the balance to the “20” in the “80/20” rule that can not only generate more revenue per invested dollar, but also more profit?

The main reason is the curse of entitlements and how established businesses generally approach the budgeting process by assuming that the prior year’s budget is the baseline – wherein each department or budget manager is entitled to some increase over the previous year. This old-fashioned type of thinking typically leads to incremental vs. extraordinary improvement, and reinforces a “business as usual” vs. a “break from the pack” mentality, not only in terms of how budgets are allocated, but also regarding what market share gains are actually possible. Geoffrey Moore addresses this level of stasis in his new book, “Escape Velocity: Free Your Company’s Future from the Pull of the Past”. He says: “When organizations begin their strategic planning effort by circulating last year’s operating plan, they reinforce the inertial properties of the resources as currently allocated.” To break away from the pack, Moore argues, companies need to be laser-focused on what they invest in and concentrate the maximum resources on strategies and investments that can create separation from the competition.

If one accepts the notion that not all investments will not have the same impact and return, it’s not a big leap to realize that all customers and prospects should not receive equal shares of a budget. The target segments and existing customers that have the highest revenue and profit potential should receive a disproportionately larger share of the marketing budget. One of the more important contributions to this type of non-traditional thinking is V. Kumar’s book, “Managing Customers for Profit”. The quote from David Aaker on the back cover sums up Kumar’s approach.
best: “This book shows how a focus on Customer Lifetime Value (CLV) can change management toward long-term results by providing a fresh perspective on customer targeting, retention, and loyalty…it shows you the way toward strategic customer thinking.”

So, what’s this mean to you? If you haven’t already established your annual marketing budget and parsed out the allocations in a traditional fashion, where everyone gets their fair share approach, then consider a more radical or zero-based budgeting approach that can foster greater marketing efficiency and increased revenues and profitability. If you are already locked in to the old way of doing things, who says it’s too late to shake things up a little? Marketers need to be agents of change, and there’s no better time to drive change than now.

"Customer segments with the highest revenue potential should receive a disproportionately larger share of the budget."
When joining a new company, it’s critical to quickly assess the team you’ve inherited to determine what level of organization restructuring and rebuilding will be required to ensure functional success. Before rushing to judgment and a rapid makeover, take time to understand – on a personal level – the structure, composition, talent, strengths and weakness of the team. Besides the obvious gaps in competencies, under-performers and open positions, often there are more subtle clues to the most pressing organizational shortcomings as well as staff member potential.

Misplaced. In every situation I’ve encountered, there is always at least one person who is not in a well-suited role. They often got there because they filled a vacuum left open for one reason or another, not because they had the requisite skills, desire or experience to succeed in the role. When asked to define success in the position, the misplaced person often says “getting stuff done,” versus doing the right things, doing them in the right order and in the right way.

Misdiagnosed. Over time, as organizations grow and evolve, it’s quite possible the talent gets buried. It’s not necessarily by design; however, since people are often viewed primarily through the lense upon which they were first hired or moved into an organization, it’s more difficult to determine that a rising star is obscured by someone whom they report to or some other circumstance. That’s why I embrace skip-level meetings with inherited staff to find out whether top talent is just waiting to be tapped for a truly challenging assignment.

Key Marketing Behaviors. There are five or so key behaviors that all team members should be demonstrating in order to facilitate a high performing team and ensure ongoing improvement to operational efficiency and staff output:

1. Communication: clearly conveying information and ideas in a manner that engages the audience or team member and helps them understand the message. Demonstrated by how well one organizes the communication, maintains audience attention, listens to and adjusts to the audience and ensures understanding.

2. Innovation/Initiative: generating innovative solutions in work situations; trying different and novel ways to deal with work problems and opportunities. Demonstrated by doing more, finding new and better ways to accomplish ongoing tasks and continuously improve output and measurable results.
3. **Customer focus**: making customers and their needs a primary focus of one’s efforts and actions is critical to successful marketing organizations (and companies for that matter). Thinking and obsessing about, contacting and connecting with, and “blueprinting” the value you deliver, the problems you solve, the difference you make is essential to efficiently capturing, nurturing, and growing your customer base.

4. **Teamwork**: genuinely helping others, developing collaborative relationships, and proactively problem-solving to accomplish work goals. I’ve found that in this area, intervention is often required to foster and maintain teamwork even when everyone says they work well with others.

5. **Leadership**: influencing people, events and actions by properly perceiving and acting upon situations and variables. The last one is, in many organizations, the key behavior. The phrase “lead, follow or get out the way” should apply to all team members, not just the few at the top. I argue that there are not enough leaders and risk takers at middle levels, so encourage others to take initiative and lead something, even a short team initiative, and sit in the passenger seat for a change and see how they drive. You may be surprised enough to let them go much farther in the future. Happy winning team building!

"**Before rushing to judgment, take time to understand – on a personal level – the strengths and weakness of your team.**"
The CMO Council issued a press release awhile back titled the “DNA of a CMO,” stating: “among the most essential qualities, a CMO must be: a visionary & thought leader; a strong business driver; able to secure executive support & foster cross-functional relationships; customer centric; competitive strategy guru; and a brand advocate & champion.”

These attributes make sense, but the ability to “secure executive support” doesn’t quite capture the hardest, and most essential, quality and success factor I’ve seen for CMOs (at least in technology companies where’s I’ve spent the past two decades). That quality is the ability to lead successful change initiatives, especially on a global basis. I’ve seen others fail when, upon achieving executive support for a change initiative, the CMO thought that hard work was done.

Having led global brand building change initiatives at AST Computer in the 1990’s and FileNet earlier this decade, I’m certain neither brand development initiative would have been nearly as successful had my team and I not secured cross-functional, cross-divisional and cross-regional (i.e. EMEA and APAC) buy in and participation. The easy way could have been to dictate the key change, given both companies were led by strong-minded CEO’s, but simply stating strategic intent is not the same as implementation and ensuring consistency of execution.

Russell Reynolds published a white paper a couple of years ago on “The Successful CMO” which listed personal competencies that a CMO must possess to succeed: “leadership skills; strategic perspective; adaptability; and flexibility and backbone.” I found these last two attributes, flexibility and backbone, crucial to driving successful change. Having the courage of one’s convictions is key, along with fact-based evidence (e.g. customer input) as supporting rationale. However, as I’ve learned, flexibility is just as important. Trying to drive change down a straight track (“do it because I’m in charge”) can be the fastest way to derailment of key change initiatives. Flexibility to accommodate different organizational, personal, regional and cultural perspectives is key to successful and lasting change.

John Ellett, co-founder and CEO of nFusion Group, shares this view on the importance of driving change as a key trend, especially during the annual marketing planning cycle: “Change is imperative: whether it is competitive position or media mix, the status quo is rarely the way to go. Successful CMOs will be the change agents for their companies. So trend #1 will be an increase in structured change initiatives led by marketers.”
Grant Johnson
Chief Marketing Officer
Pegasystems

Grant is Chief Marketing Officer for Pegasystems, the market leader in BPM and a leader provider of CRM software and SaaS solutions. Grant is responsible for global marketing strategy and execution, including corporate and product marketing; solutions marketing; customer, field and partner marketing; communications, competitive analysis, digital marketing, social media, events, communities, industry analyst and press relations, research, and global Web presence.

Grant is an innovative marketing executive with a proven track record building profitable businesses on a global basis, from early stage ventures to established billion dollar enterprises. Directed the launch and sustained growth of numerous products and services to both B2B and B2C markets. In depth expertise in all areas of marketing, including branding, demand generation, digital marketing, field marketing, product marketing, strategic communications, sales acceleration and the Web. Proven ability to rapidly scale operations, drive and expand market leadership, recruit and develop high performance teams. Excels in fast-paced, dynamic environments.

Previously, Johnson was Vice President of Marketing at Guidance Software. Johnson was also Vice President of Marketing and served as an officer for FileNet, a $400+million enterprise software vendor acquired by IBM in 2006. Prior to that, he was Vice President of Marketing for FrontBridge, a SaaS-based email management vendor acquired by Microsoft. Johnson led the company’s re-naming and re-launch, built the marketing team from the ground up, and delivered integrated programs to support significant revenue growth. He also served as Director of Marketing for Symantec, with worldwide responsibility for the Norton brand. Johnson received his bachelor of arts from the University of California, Santa Barbara and his master’s in business administration from Pepperdine University. He has published several articles on best practices in high-tech marketing and co-authored the book, PowerBranding™.
About Pegasystems

Pegasystems revolutionizes how leading organizations optimize customer experience and automate operations. Our patented Build for Change® technology empowers business people to create and evolve their critical business systems. Pegasystems is the recognized leader in business process management and is also ranked as a leader in customer relationship management software by leading industry analysts.

For more information, please visit us at www.pega.com.