

On the Road to Marketing Excellence



E M M G R O U P

In many organizations, marketing faces a moment of truth. Dramatic cuts in marketing spending and personnel were a common response to the recent recession, but business leaders are now looking beyond these short-term reactions. Companies need to find new ways to drive organic growth sustainably and profitably. Marketing can reaffirm and expand its value by choosing to serve this strategic growth agenda.

The purpose of this paper is to present the principles and road map for a marketing excellence program that can help marketing become an organic growth engine for an organization.

The Positioning of Marketing

One of the first challenges is to embed a clear and appropriate definition of the marketing capability, one that elevates it to its true strategic purpose and clarifies its role in the organization. Peter Drucker famously commented that:

“Because the purpose of business is to create a customer, the business enterprise has two--and only two--basic functions: marketing and innovation.”

“Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business.”

Why did one of the founders of modern business management make such a bold statement? Why did he attribute such an important role to marketing, and how does that relate to all the other things that a business organization does? We believe the answer lies in the definition of marketing as two essential components:

- 1.** Making a compelling promise to select customers.
- 2.** Keeping that promise.

To put it another way, *the role of marketing is to make compelling promises that we can keep and to ensure that we keep the promises we have made.* Marketing therefore extends far beyond the marketing function. When done in accordance with its strategic purpose, marketing is an essential capability that involves everyone in the organization.

The attributed role of most marketing functions is to help communicate the promise in order to generate demand. When given the occasion to be strategic, marketers identify and choose target customer segment(s). Based on insights into the needs of these customers, marketers craft a relevant, unique, and credible promise. However, this is only one half of the intended purpose of marketing.

The second, and often overlooked, role of marketing is in helping the organization keep the chosen promise to target customers. Think about your own organization and employees outside the marketing function – the operators in the call center, the sales person calling on your customers, the machinist on your shop floor. How many of them:

- ▶ Know the promise you are making to target customers?
- ▶ Are inspired by that promise in a way that unleashes their collective energy and creativity?
- ▶ Know what they are supposed to do and not do in order to keep that promise?

If your organization is aligned behind a compelling promise, it is well on its way to marketing excellence. The Starbucks' consumer franchise is not strong just because it has a compelling promise of a warm, inviting third place. It is strong largely because of Starbucks' ability to keep that promise through its store design, barista training, and operations in every store and customer interaction around the world. A similar parallel can be drawn with GE Healthcare's promise of making healthcare more accessible to the millions who cannot afford quality healthcare today. This is being done through over a 100 innovations, including entry-level hand-carried EKG machines in places like India and Africa, and continued investments to provide training and a support network for healthcare practitioners.



We recommend this definition of marketing because it serves the organic growth agenda of the organization. Its role is in finding insights to craft a relevant promise for target customers and fueling a focused set of innovations to keep that promise unique. Equally important is its role in harmonizing the efforts of internal stakeholders, so that the promise can be consistently delivered in the customer experience. This allows the organization to engage selected customers with conviction and credibility.

So Why Doesn't Everyone Do It?

The re-positioning of marketing, while simple in concept, has proven difficult for most companies to adopt. Marketing excellence initiatives have a failure rate as high as 70% according to a study by McKinsey & Company. Some of the practical challenges we have observed companies struggling with include:

- ▶ **Organizational Culture:** The customer perspective is missing in key decision making processes. Too many companies are prisoners of what made them successful in the past and tend to be sales-centric, asset-centric, or technology-centric. Marketers are relegated to tactical support and not viewed as having a role in identifying new growth opportunities or shaping new products/services.
- ▶ **Functional silos:** Marketing is thought of as a function rather than a company-wide capability. In too many organizations, tall and broad silos cause functional priorities to take precedence over keeping a compelling promise to target customers.
- ▶ **Viewed as a corporate initiative:** Marketing improvement initiatives are often driven by corporate HQ staff groups. Viewed with suspicion by the business units, they compete for resources and leadership bandwidth with other initiatives in innovation, supply chain, finance and other parts of the organization. In the face of such competition, unless marketing is viewed as strategic, its improvement programs simply fade into inactivity.
- ▶ **Inadequate resources or budgets:** There is a cultural resistance to investing in understanding the market and front-loading the investments for future returns.
- ▶ **Lack of a codified process:** While the marketing process is no mystery, most companies do not have a codified “way of doing marketing” that is well-accepted by all practitioners and leaders. Even if the process is generally understood, companies may lack the well-structured toolkit necessary to execute the process with consistently high-quality outputs.
- ▶ **Marketing talent:** Many companies have not attracted the best marketing talent, perhaps because they have historically undervalued the importance of marketing for their organization. This situation is particularly acute in emerging markets where the need for marketing talent is profound, but the availability of experienced talent is poor.
- ▶ **Poor discipline:** Effective marketing requires the practice of strategic discipline in making choices about which segment(s) to address and what key benefit to focus on. Many companies lack such discipline in sticking to their strategic choices and undermine their potential success by trying to be everything to every customer.

The Seven Principles of Marketing-led Growth

Based on a decade of designing and implementing marketing excellence programs at global organizations including GE, P&G, DuPont, Kimberly-Clark, IBM, Eli Lilly and Microsoft, we have learned that the following seven principles are critical to the success of such programs.

1. Define a Vision - “Why Should I Care?”

The success of a program hinges on articulating a compelling vision; one that is market-oriented but inspires the employees of the business and unleashes their creativity and energy. We are asking employees for a commitment to change, and they will do so only if they identify with the program’s vision.

One of our clients, a global chemical manufacturer, focused its marketing excellence initiative on solving the most fundamental problems of hunger, thirst and shelter faced by people at the bottom of the world’s population pyramid. Such a vision leverages the company’s formidable scientific resources and galvanizes an inward-looking culture to address severely unmet customer needs.

2. Elevate the Message with Iconic Behavior by Leaders

It is not just what senior management says, but what they actually do that signals their intent. For example, business leaders can exhort the virtues of customer-centricity all they want, but it is only when they actually start interacting with customers themselves and use that input in decision making that the organization realizes how serious they really are. Leaders have to carefully identify what they will start doing and stop doing to send a clear message to their organization that they are serious about driving marketing excellence. The more iconic the behavior, the louder and more motivational the message.

The leader of a \$20 billion consumer finance company that we worked with took it upon himself to change the way he ran his operating rhythm meetings with market leaders. Instead of starting with financial results, he moved customer strategies to the top of his agenda. This had a dramatic impact on the focus of the market leaders and the change cascaded rapidly through the organization.

3. Make a Change in the Power Center

Most organizations have a center of gravity that significantly influences the culture and determines the strategic priorities. In some organizations, it is product development. In others, it is financial management or operations. This center typically drove initial success, but eventually makes the organization inward-focused and forms an obstacle to sustained growth.

IBM reached a flashpoint and realized that its customers were finding it too difficult to deal with “Big Blue”. So it re-organized its global organization matrix to make customers the most important organizational dimension, followed by region as second and product as third. This empowered the customer-facing front-end of the organization and allowed IBM to transform its business.

4. Pick Your Battles

There are numerous disciplines and skills within marketing, and no organization can hope to be world-class in all of them overnight. Also, not all businesses and markets are equally amenable to change. One of the reasons why many marketing improvement efforts fail despite their best intentions is because they try to tackle too much at the same time. Many organizations benefit from focusing first on areas of marketing that are significantly under-performing, while also being important to the competitiveness of the business. We also suggest piloting any new initiative with a small and amenable part of your business before trying to engage the entire organization.

5. Be Impatient for Results, but Patient for Organizational Behavior Change

The classic approach to any organizational transformation is to conduct an as-is assessment, develop a to-be vision, determine the gaps, design organizational capabilities (processes, training, applications and other tools) to fill in the gaps, and push the capability into the organization. This usually requires substantial investments up-front and a long time before any business results are gained or impact felt in the organization. With this “corporate push” model, change management challenges are inevitable.

A better approach is to create a pull toward a more customer-centric approach. Start by piloting and building a success model before diving into process development, training, or any other classic capability-building efforts.

6. Modify Rewards and Incentives

People respond to reward structures. Changing monetary and non-monetary rewards and incentives is one of the biggest signals that the organization is serious about the program and demands a behavior change.

We often find that HR is a powerful ally to marketing in their improvement initiatives. GE, for example, offers a mix of incentives for its marketing high performers. These include being handpicked for training at the GE Crotonville campus, being featured on the company’s Intranet, and being groomed for future career growth.

7. Leverage Key People

Successful marketing excellence programs usually require a mix of internal knowledge and fresh, “game-changing” external perspectives. Change agents from outside serve as catalysts to help the organization break its insular mode and approach things in a new way. Experienced managers from within ensure that core capabilities and cultural strengths are leveraged, rather than damaged, in the drive for customer-centricity and marketing excellence.

McDonald’s hired externally for its very first global CMO role when they wanted to create their turnaround plan to bring a new perspective to their issues.

The Architecture of a Marketing Excellence Program



1. Marketing Framework

The foundation of a marketing excellence program is a marketing framework that becomes the common language for how marketing gets done at the company. We present our Go-to-Market Framework as an illustration:



The framework must include enough detail to ensure that the right groups of people do the right things in the right sequence with the right tools and the right data. We do not suggest detailed process maps, but it is critical to demonstrate how all the steps in the framework are linked, and how the roles of the people in the organization are connected in support of a single flow of collaborative work. This can be communicated in simple ways, as long as it is thoroughly worked out in advance. Tools help marketers learn the framework and support them as they apply it in their day-to-day work. Tools may include:

- ▶ Content such as training manuals, templates, examples, and checklists. Examples and case studies are especially valuable, as we have found them to be the best tools for adult learning and retention.
- ▶ Decision Accelerator sessions, including agenda, purpose, input description, roles and responsibilities, exercises, task lists, and output templates/examples.
- ▶ Research and analytical tools to implement various steps in the framework.
- ▶ Technology tools to assist in critical knowledge sharing, collaboration, project management, planning/budgeting, and data management tasks.

2. Training and Development

The marketing framework and tools work best in the hands of skilled users. Thus, an effective program requires not just training (classroom or online), but also other forms of skills improvement through implementation, collaboration, best practices development, go-to-experts, and other interventions. Some companies jumpstart change by developing a marketing competency model. This can serve as a road map for the skills that need to be developed and helps with tracking progress across the organization.

Typically, we see at least four levels of training targeted at different parts of the organization:

- ▶ **Leaders** - The key here is to embed an appreciation for the role that marketing can play in driving growth for the business. Leaders must also understand the fundamentals of the marketing process and what outputs they should expect, key questions they should ask to derive quality outputs, and key behaviors that they should adopt to drive marketing excellence.
- ▶ **Practitioners** - The practitioner training curriculum is typically broken up into multiple courses including:
 - Foundational overview of the end-to-end marketing framework and its toolkit;
 - Deep-dive courses into specific marketing competencies such as segmentation, value proposition design, or strategic pricing; and,
 - Quality drivers and behavioral anchors that marketing leaders should seek in running their marketing programs.
- ▶ **Project Teams** - These are workshops that serve the dual purpose of training teams through application of the marketing framework, while also helping to achieve desired outcomes in strategic projects.
- ▶ **Non-marketers** - This course introduces the marketing framework to employees in other functions and helps them understand their role in designing and keeping the promise to targeted customers.

3. Managing Process

▶ **Implementation Methodology** – This is distinct from the marketing framework because it creates the mechanism by which teams can pick up and implement the framework with the right level of support. Pre-designed workshops help teams and internal/external facilitators implement the framework with great effectiveness and efficiency.

▶ **Support Model** – The teams implementing the framework often require additional facilitation and support to get excellent results. Though they have been armed with training and tools, implementation is an experiential learning process in which teams truly learn the framework and its concepts by applying it in their business. There are multiple options for creating a support model for assisting in the implementation. At GE, for example, we used a series of strategic integrators or internal consultants to support multiple teams during implementation. Strategic integrators facilitated work-sessions and contributed process expertise that combined with the business experience in the teams to create an excellent output.

▶ **Roles and Responsibilities** – An important component of the program is articulating the changes required in roles and responsibilities at various levels in the organization. While some of these are new roles, reflecting the priorities emphasized in the framework (e.g., segmentation and insights leaders), some involve modifying responsibilities for existing roles.

▶ **Rewards and Incentives** – This program component is critical to driving behavior change in the organization. It includes not just monetary incentives but also non-monetary rewards such as visible recognition, inclusion on strategic projects, key roles in cross-organizational networks, and other such benefits. An important tie-in of the program is to define career paths for marketers and transparency into how participation and contributions to the program will help individuals advance in the organization.

▶ **Knowledge Sharing** – As more teams implement the framework, a body of knowledge develops. This includes the emergence of best practices with regard to what does and does not work in the implementation process. Insights also accumulate around customers, markets, channels, competitors and other market entities. Still more knowledge relates to marketing tools and their use. The long-term sustainability and growth of the program depends on collecting, retaining, and spreading all these forms of knowledge.

▶ **Rhythm** – An important factor in managing the implementation is to integrate a rhythm of reviews to ascertain progress and make course-corrections. This usually happens at multiple levels within the program management at corporate HQ, as well as in the regions and SBUs.

▶ **Resources** – While we have discussed training, tools, and personnel support above, there may be a requirement for additional resources to help businesses get started. This may take the form of a venture fund that pays for a portion of the first few projects.

► **Centers of Excellence** – As the program begins to get embedded in the organization, COEs serve as go-to resources around specific topics, such as a marketing competency, a specific customer segment, or a particular channel. The COEs capture and disseminate best practices, play a critical role in cross-organizational lateral mechanisms, and act as internal counsel when teams require their expertise.

► **Metrics** – The right set of metrics enables the program to track progress and identify issues. Metrics are usually identified for both the program and for individual projects. Program metrics focus on the net impact that the program is having on the organization. This usually includes metrics related to financial impact, market position, customer engagement/loyalty, customer attitudes, marketing efficiency, and organizational culture change. Project-specific metrics focus more narrowly on the impact that the project has on the results of the business unit or region.

4. Change Management

► **Program Vision and Goals** – An inspirational vision gives the organization and its employees a sense of purpose and being part of something bigger. Some organizations express the vision not just in business terms but also in terms of what it will mean to its employees, customers and partners. Program goals are aligned with corporate goals and provide a common direction with milestones for the organization to achieve.

► **Senior Management Sponsorship** – Senior management's visible support and leadership is vital to the success of the program. This is true not just at the corporate level, but also within the regions and SBUs. Unfortunately, most sponsors of marketing excellence programs fail to realize that senior management cannot simply understand the value intellectually. In order to become true champions, they must experience the business benefits. It is therefore critical to create success models first before doing a significant push for broad senior management sponsorship across the organization. When engaged, senior management must be clear on the specific behavior that they should exhibit to help drive the change in the organization.

► **Internal Marketing** – There is a natural resistance and discomfort in any organization to doing things in new ways, especially when many in the organization feel that it is a mandate. Therefore, the program's success is contingent on a comprehensive internal marketing program that is as deliberate and carefully managed as any external marketing program. This campaign should follow the same principles of identifying the target audience roles, their desired behavior, and the key messages that will overcome their rational and emotional barriers. The internal marketing campaign then produces the right engagement with the target audience, at the right contact-points and the right aperture moments.

Sequencing the Program

Careful sequencing of activities has a significant impact on program success. Please note that the potential sequence outlined below will need to be adjusted to reflect the culture, resources, and other considerations of your company.

Program Sequence Example

Prove

Phase I- Pilots to create 1-2 Success Models (4-6 months)

1. Develop Program Vision & Goals.
2. Got go-ahead from relevant sponsors to initiate program with a couple of quick-win efforts.
3. Leverage existing knowledge and customize rapidly to create a working VO.1 model.
4. Work on projects that have enthusiastic involvement and upside.
5. Heavily market (internally) the results of these pilots.

Train

Phase II- Train Broader Group (2-3 months)

1. Customize framework and tools based on the experience in the pilots.
2. Create multi-level training- Senior Managers, Practitioners.
3. Leverage success model stories to show proof of concept.

Roll-out

Phase III- Do supported roll-outs (9-12 months)

1. Design implementation methodology and rhythm.
2. Coach and support implementations.
3. Facilitate transfer of learning.
4. Measure program and individual projects.

Embed

Phase IV- Long-term Capability Building (12-18 months)

1. Implement changes in roles & responsibilities and rewards & incentives.
2. Develop knowledge management capabilities.
3. Implement software tools.
4. Create Centers of Excellence.

Marketing Excellence is a Journey – Not a Destination

The days of buying into growth are largely in the past. While M&A deals will still continue, an increasing number of mature companies are realizing the need to invest in their marketing and innovation capabilities to drive organic growth in their core businesses.

Marketing excellence initiatives seek to fundamentally change an organization's market approach and culture. As such, these initiatives are never completely finished but rather put organizations on a continuous cycle of improvement. The companies that embark on this journey and stay true to their target customers are sure to find rich dividends of growth.

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