

ANA Insight Briefs

Effecting the Shift: Let the Transformation of Marketers Begin

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Overview: What is the Shift?

The economy is putting enormous pressure on companies to cut costs quickly and although marketing is bearing the brunt of that mandate, the need to sharpen their focus and reduce budgets is not the only thing weighing marketers down. They're also battling preconceived and limited notions about marketing's role, responsibilities, and potential. The fact that the average life span of a chief marketing officer is a mere 28.4 months unfortunately speaks to the ability of top marketers to perform effectively in this environment.

However, some businesses and senior-level marketers have defied the statistics and preconceived notions. They are setting new standards for marketing's role by demonstrating a keen understanding of customer needs and P&L demands and are leading the charge for business growth. These marketers are successfully bridging the divides that have limited marketing's influence in the past.

Hewlett Packard's Michael Mendenhall, senior vice president and CMO, has focused relentlessly on using customer insights to drive the company's growth agenda. **Microsoft's senior vice president of corporate marketing, Mich Mathews**, has forged new relationships between marketing, engineering, and sales to create innovative product and service lineups. **Walmart's Stephen Quinn, chief marketing officer of Walmart**, has a P&L mindset, which gives him credibility and helps to develop true peer-to-peer relationships. These three marketers represent a new breed of marketers called visionary marketers.

Visionary marketers...

- ▶ Drive strategic, board-level discussions on growth.
- ▶ Own balanced short- and long-term perspectives.
- ▶ Recognize that customers own the brand.
- ▶ Drive profitable, insight-driven strategic initiatives and innovations.
- ▶ Co-own the broad-based customer acquisition strategy and budget.
- ▶ Lead by executing in a directionally "right" manner.
- ▶ Lead through a leveraged/collaborative model—across business units, geographies, and functions.

...have made the Shift.

The Shift is a transformation, led by these visionary marketers, that's occurring across corporate America, from **Apple** to **General Electric**, from **Best Buy** to **Zappos**, from **Zurich Financial Services** to **United Healthcare**.

The Shift requires replacing old mindsets with new marketing truths:

The Old Mindset



New Marketing Truths

Marketing provides inputs for the growth agenda.

Marketing drives strategic, board-level discussions on growth.

Marketing owns and controls the brand.

Customers own the brand; marketing guides the brand through its network.

Marketing owns the marketing communications budget.

Marketing co-owns the customer acquisition budget with the exec team.

Marketing is a functional area, often operating in a silo.

Marketing works in a cross-functional, collaborative way, revolving around the customer.

Here's what it takes to Shift successfully:

- Corporate leadership that's open to moving from an operational mindset to a customer mindset.
- A more expansive and strategic corporate culture.
- Individual marketers with expansive experience and a P&L orientation.

There are five Shifts that those who aspire to visionary status must undertake. The duration of the process hinges on any number of variables, from the culture of the organization to the mindset of its executives.

Shift Number 1: From Creating Marketing Strategies to Driving Business Impact

The first Shift entails moving from a focus on creating marketing strategies to a focus on driving business impact through marketing. Three key elements define this Shift:

- Deep customer insight used as a "secret weapon."

Customer insight has been critical in driving ideas for growth at **Walmart**. Walmart's discovery that pharmacy customers routinely broke pills in half when they couldn't afford their full prescription led to their hugely successful \$4 prescription program.



- A powerful P&L mindset and a high level of cognizance regarding the impact your strategies must have on financial performance.
- Demonstrable credibility and trust throughout the organization. This starts by becoming a partner in growth with the CEO.



Capturing the CEO's imagination through co-driving the board-level growth agenda:

Increase Shareholder Value	Drive Smart and Efficient Growth	Improve Operational Efficiency	Inspire Talent Base	Transform / Reinvent Business
<ol style="list-style-type: none"> 1. Deploy smart "big M" marketing. 2. Build a superior reputation. 	<ol style="list-style-type: none"> 1. Focus on highest margin customer segments. 2. Balance growth in the core and plant seeds for the future. 3. Exploit intelligent, real-time customer-data technologies. 	<ol style="list-style-type: none"> 1. Build fewer, stronger brands. 2. Simplify the selling process. 	<ol style="list-style-type: none"> 1. Inspire the organization with a world class go-to-market strategy. 	<ol style="list-style-type: none"> 1. Manage the innovation pipeline. 2. Cultivate a broad internal and external network. 3. Inspire the marketplace with a galvanizing platform and big ideas and messages. 4. Put the customer at the center of the universe.

Shift Number 2: From Controlling the Message to Galvanizing Your Network

The second Shift requires moving from an emphasis on how effectively your messaging moves your audiences to action to one dedicated to building meaningful connections between your customers, employees, suppliers, and other influencers. Your brand is the thread that ties these connections together.

Today's network era is an expansion of the past era ushered in by the rise of the Internet, which facilitated two-way interactions between brands and customers. The network era reflects the explosion of touchpoints and media channels available to consumers today. This has given consumers more control, as illustrated by the increasing power of word-of-mouth marketing and user-generated content. Today's network era is marked by four changing dynamics:

- From control over the message to influence over purchase behaviors.
- From push to pull.
- From communication to engagement and participation.
- From closed to open, transparent, and authentic messaging.

Visionary marketers understand the new patterns of influence these shifting dynamics have created, and are responding accordingly in order to optimally leverage all the new customer touchpoints that are springing up as a result.

Nike is mastering this new era. It's not in the business of keeping media companies alive, but of connecting with customers around the world. It understands, says **Product Director Michael Tchao**, that "with **Nike** you are no longer just buying a sneaker. You are joining the largest global running club. We offer you shoes and apparel that help you run longer and faster. This is our 'hardware.' We now offer you cool 'software': ways to track your progress, tools to find people to challenge. We want to keep you active and motivated...It's a very different way to connect with consumers."



Visionary marketers understand patterns of influence:

Those directly involved in value delivery:

- Customers
- Consumers
- Channel partners
- Suppliers
- Aftermarket players
- Employees

Those directly influencing the purchase decision:

- Official media
- Blogs
- User groups
- Content aggregators and experts
- Affinity groups
- Employees













Those shaping the global market context:

- Industry analysts
- Wall Street
- Coalition partners
- Advocacy groups
- Government
- Regulators

Shift Number 3: From Incremental Improvements to Pervasive Innovation

The third Shift requires moving from settling for incremental improvements in products and services to pervasive innovation that marks not just offerings, but cultures, experiences, business models, and mindsets.

Pervasive innovation allows you to attack several challenges simultaneously:

Pervasive Innovation Examples	From	To
New Business Models		
New Pricing Perspectives		
New Customer Experience		
New Offering/Cost Structure/Culture		
New To The World Customer Benefit		
New Frame of Reference, Culture		

Visionary marketers have made this Shift by following several guiding principles:

- These marketers are catalysts for growth, having developed a well-defined strategy that goes beyond organizational and resource bounds.
- They have an expansive innovation network—partners, customers, suppliers, distributors, industry thought leaders, and even competitors.
- They have helped nurture an internal culture of innovation. **General Electric** invests over \$1 billion annually to support its learning culture, where ideas are the currency of leadership. Marketing sits at the center of the innovation wheel at **General Electric**.

Shift Number 4: From Managing Marketing Investments to Inspiring Marketing Excellence

The fourth Shift requires moving from managing marketing investments to inspiring marketing excellence. This is really all about shifting to “big M” Marketing. “Big M” marketing is less focused on the tactical decisions (for example, typefaces and color choices for point-of-sale displays) and more on the strategic directions (determining actions to ensure the brand has the elasticity to extend into new markets) necessary to directly impact the top and bottom lines.



Visionary marketers continually focus on driving preference through loyalty, tracking, evaluating, and adjusting marketing investment decisions today as a means of more effectively guiding future investment across all of the four Ps: product, price, placement, and promotion.

Pepsi has already made this Shift, using a marketing excellence roadmap to guide enhancements to the marketing measurement processes and marketing mix.

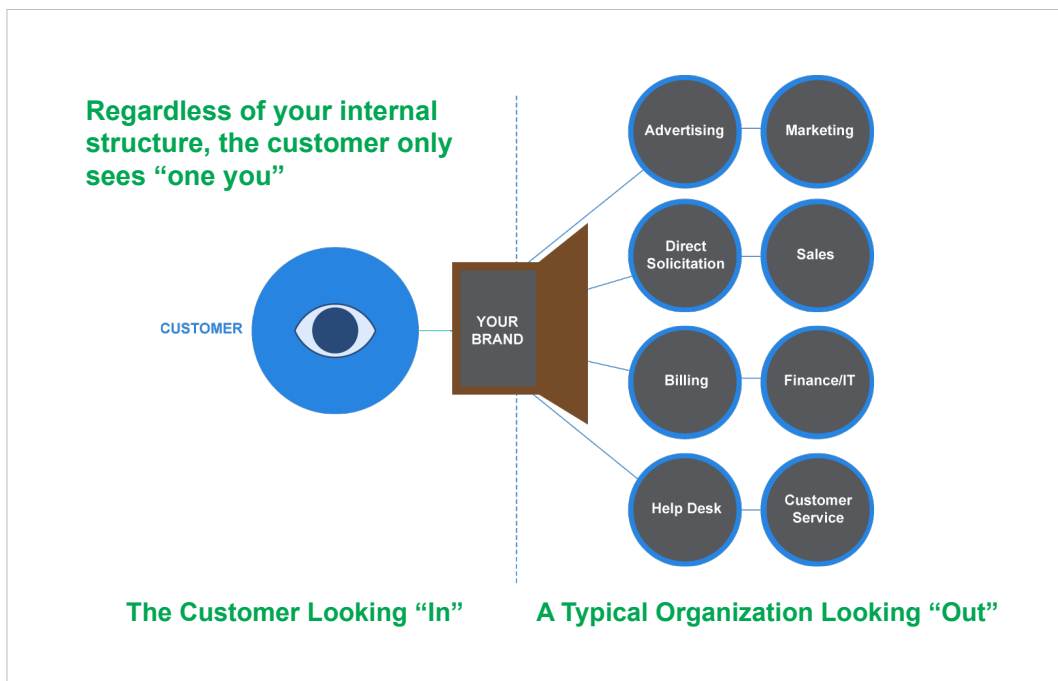


Shift Number 5: From an Operational Focus to a Relentless Customer Focus

The fifth and final Shift entails moving from an operational focus to one that is relentlessly centered on the customer.

Effecting this Shift is a process. It starts with fostering a more collaborative, networked approach to doing business internally—not merely in the interests of “playing well with others,” but in the service of the customer. In the end, the business’ internal organization is far less important than how the customer experiences the business.

This final Shift is about infusing a new way of thinking and operating for driving customer-centric growth into an organization’s culture. It doesn’t require a re-organization so much as a mind-set shift to infuse a new way of thinking and operating with fresh energy for driving customer-centric growth. **Zappos Chief Executive Officer, Tony Hsieh** personifies this. His top priority is the company’s culture. He is dedicated to making good on **Zappos’** promise to serve and build lifelong relationships with its customers. His success at this has landed **Zappos** on Fortune’s 2009 “Best Companies to Work For” list. Employees become invested in that kind of culture, which leads to a better delivery of the customer promise.



Conclusion: What Does the Shift Really Mean?

For marketers, the Shift represents an opportunity to rebrand marketing’s role, function, and overall positioning within the company as a value driver across the enterprise.

For the company, it adds a significant weapon to its growth arsenal, as a result of deeper customer insight, meaningful revenue and margin streams, and an enhanced return on all marketing and sales dollars.

And for customers, the Shift means the opportunity to build a mutually beneficial relationship with a brand that is relevant, authentic, lasting, and creates new and deeper bonds of loyalty.

The transformation to visionary marketer and the Shifts required to make it happen are not going to cure all of the ills confronting today’s marketers, especially if their respective organizations do not fully embrace the role marketing can play for

them. These Shifts are meant to start the dialog by recalibrating internal expectations for marketing and transforming internal power bases in ways that are fundamentally game-changing. The Shift is not just about repositioning marketing. At its core, the Shift is meant to give your organization a considerable edge over the competition.

Sources: Take a Deeper Dive

For CMOs to Be Visionary Leaders, They Must Have a P&L Mind-set, Scott Davis, Prophet, June 2009.

Owning the Right Strategic Imperatives, Scott Davis, Prophet, July 2009.

The Shift: The Transformation of Today's Marketers Into Tomorrow's Growth Leaders [ANA/Prophet Webcast], Scott Davis, Prophet, July 2009.

Welcome to the Network Era, Scott Davis, Prophet, July 2009.

For additional articles, interviews, and podcasts on topics covered in *The Shift*, please visit:
<http://www.prophet.com/insights/authors/davis.html>.

Related Resources: Further Your Learnings

Interested in learning more about marketing leadership trends? Consider joining an ANA committee (www.ana.net/committees) to stay current on hot topics.

Visit the ANA's Marketing Insights Center (www.ana.net/mic) for timely, actionable insights.

About the Author

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