



The complex business of managing marketing silos

Corporate 'silos' have affected several recent marketing trends, for better and worse, but what exactly are they and how can they be dealt with?

According to some students of organisational behaviour, people often spend 50% or more of their time and effort at work doing anything but value-adding work. That's not because they are incorrigible skivers. Far from it, they may work very long hours and go home exhausted. But what they are working at is organisational politics: jockeying, manoeuvring, building alliances, undermining enemies, working around obstacles, preparing positions, fighting corners, waging budget and turf battles and so on. In fact, in some companies, this is what "management" boils down to.

The natural breeding ground of this organisational non-work is the corporate "silo" – a business unit, function or department with its own boundaries and budgets to protect and promote, its own internal loyalties, its own metrics of success and so on. So powerful are these silos that most of the recent big themes (and disappointments) of marketing relate to them. Here are just a few examples.

Over the years, marketers have learned that successful brands are not just built by advertising and other forms of marketing communication which remain under the control of the marketing department. Customers' experience of the brand is "holistic", encompassing the product or service's quality (which reaches back into operations), innovation (R&D), its price/value (finance), customer relationship management (information technology), service (sales, human resources and operations) and the organisation's overall attitudes and culture (the chief executive and board). Successfully managing this sort of brand is all about spanning silos.

Then, of course, there's integrated marketing communications, whose very title indicates the problem: the need

to integrate the varied and perhaps conflicting inputs of multiple specialist silos both internally and externally. At one stage, Dell had 750 specialist agencies on its books. How on earth can you create and deliver a consistent, coherent brand and marketing strategy from that?

For many large companies, brand architectures are another source of silo-related angst. In a silo-dominated world, launching new brands is often much easier than culling old brands, so over time companies' brand portfolios grow bloated and confusing. Bringing order to this chaos necessarily involves treading on silo toes, which sometimes means local/regional brands that made sense for one small geography but not for the company as a whole; and sometimes people inside the organisation devoted to protecting their own babies.

EVOLUTION TAKES TIME

Closely connected to this are the sometimes nightmarish struggles multinational companies have waged in their attempts to evolve beyond their former situation of countless local brand principalities to global business units with centralised, coherent and disciplined global brand strategies. It can take years – more realistically, decades – to actually make this change. If you look at the history of a company like Procter & Gamble, for example, the evolution of its current global business unit structure started over 20 years ago.

With their in-built tendency towards myopia and "not-invented-here" syndrome, silos are therefore presenting companies – especially chief marketing officers (CMOs) – with endless headaches. The negative effects on marketing include the misallocation of marketing resources, mud-

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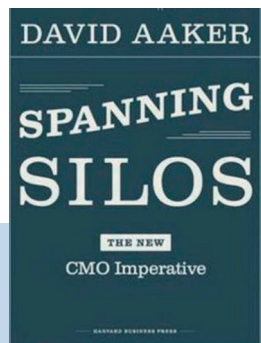
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The pros and cons of silos: David Aaker's book, *Spanning Silos* (left), the author himself (middle) and the physical inspiration for the metaphorical marketing problem

At one stage, Dell had 750 agencies on its books. How on earth can you deliver a consistent brand strategy from that?

ative. "People are quite happy with their autonomy. They get to show results, to be promoted because of their great results. They don't have anyone muddying the waters for them, tinkering, telling them what to do. It is quite a pleasant situation to be in. Why on earth would you want to change that, especially if you are measured by how well your silo does?"

LEARNING TO LIVE WITH SILOS

The trouble is, he adds, while silos create obstacles and problems at every twist and turn, we also need them. They are the only known way to gather and make the most specialist expertise, to run dedicated bits of infrastructure and to fulfil essential functions such as accounting. They also have their own benefits. They help organisations keep close to local markets. And, as concentrations of specialist skills and knowledge, they are often where valuable innovation happens. "Silos have a lot going for them: accountability, being close to market, close to product,

dled brand architectures, inability to achieve cross-company synergies in terms of both ideas and resources, a failure to maximise the potential of marketing talent, and of course, turf wars.

But overcoming silo-itis is "a really tough problem," warns brand management guru David Aaker talking about his book *Spanning Silos: The New CMO Imperative*.

encouraging entrepreneurial vitality," explains Aaker.

Aaker's conclusion is that there is no single solution to silo-itis. It all depends on the specific circumstances and challenges of the company concerned. However, he does suggest a range of strategies. These include a "facilitating" role, where the CMO sets up common planning frameworks and metrics, encourages collaboration across different marketing silos (territorial, brand, function), creates knowledge sharing "hubs" and so on. "Service providers" get directly involved in developing marketing strategies and may make themselves the common central source for marketing services, such as research. "Strategic partners" are when the central function has a formal "say" in whether or not specific marketing initiatives go ahead, while "strategic captains" basically take control of strategies, budgets, the lot.

Each of these tactics has its own strengths and weaknesses. When pressed on which role he would usually advocate, Aaker plumps for the more supportive rather than controlling roles such as "facilitator" and "service provider". They can pave the way for further centralisation/co-ordination, he argues. For example, by identifying the best new thinking emerging from different silos and propagandising resulting best practices around the organisation, they blow the trumpets of silo chieftains.

Of course, for organisations debilitated by silo-itis, such a "softly, softly" approach may not take the organisation far enough, fast enough. Either way, for any CMO (and indeed chief executive) this challenge is now so big and important it needs to be addressed with its own carefully formulated strategy. ●

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