



The Missing Link

Creating a connection between marketing and tangible business benefits is job one for the CMO

BY TOM AGAN AND SCOTT DAVIS

IS IT TAKING YOUR CEO longer to return your phone calls these days? Are your one-hour weekly status meetings dwindling to five-minute chats on the elevator? On the leadership team's meeting agenda, does marketing fall under "Topics to Be Covered, Time Permitting," alongside "Rabies: An Unlikely Workplace Hazard"? Is the most important task you have been assigned lately the design of the 2004 holiday card?

If you answered yes to any of these questions, it's probably time to rethink how you frame marketing to the leadership team.

When you position marketing in a functional context instead of a business one, it's easy to become marginalized. Senior marketers who fail to discuss marketing in terms of the tangible business benefits it can produce reinforce a common belief that marketing is a cost

center with hard-to-measure business impact.

Stop for a second and place yourself in the shoes of your CEO, COO and business unit leaders. When you say "external communications," they think "\$100 million for the last campaign." When you say "internal communications," they think "another speech I have to give." When you say "research," they think "a new report filled with data that cost \$5 million." The problem is that you are presenting marketing from your point of view, not theirs.

Instead, think about the business impact your CEO hopes to achieve. Then, get to work on creating a long-term marketing agenda that demonstrates how your powerful assets can help him exceed his wildest ambitions. By aligning marketing's resources and skills with the business benefits of primary concern to senior leadership, you can begin to shift top management's perception of marketing. Consider these specific benefits in which marketing can play a larger supporting role.

Increased value. In most industries, investors value emerging technologies or new approaches more highly than they do existing ones. By spotlighting your company's use of new technologies and approaches, your external communications can have a positive impact on valuation—which is important to *all* stakeholders. One Global 50 corporation, which communicates regularly about a relatively small business unit to underscore its commitment to a potentially important emerging technology, has shown through its internal research that this message has helped the company sustain the second highest price-earnings ratio in its sector.

Leading reputation. While deeds and results are the foundations of any organization's reputation, they must be communicated properly in order for consumers to form a positive opinion. This plays to the core skills of any good marketer. For example, Whole Foods Market has built a well-respected reputation due, in part, to the visibility of its socially responsible corporate activities. Its slogan—"Whole Foods, Whole People, Whole Planet"—clearly communicates its approach to business. The company sets the standards for the products it carries (for instance, its fish come from sustainable sources), the way its stores are run (it uses

alternative energy to power its stores) and the way it treats its employees (personnel are encouraged to participate in charitable activities on company time). By communicating and delivering on these standards, the company has developed a leading reputation, contributing to double-digit growth over the past several years.

Faster growth. Senior leadership always wants growth, but most plans are fuzzy about where it will come from. Here, marketing's research and analysis capabilities can really pay off.

Facing a dated brand and dire financial straits, Maidenform undertook a new brand identity—informed by a detailed understanding of the brand's heritage, competitors and customer trends—that inspired its designers to develop a new best-selling product line, the One Fabulous Fit bra. The product helped effect a significant financial turnaround starting in 2001.

Improved performance. Research shows that senior management consistently underestimates the amount of money being spent on marketing activities, and they almost always question how wisely it's being spent. That's tough to prove when direct, immediate business benefits for many marketing activities are difficult to measure.

Financial services giant UBS responded to this challenge by becoming more systematic, consolidated and analytical with its external communications planning, and more targeted in its advertising. At the same time, company metrics showed that UBS's brand equity had grown significantly in all major global regions.

Business transformation. Market research can support a business in transition by helping everyone understand and better serve new customers, or old customers with new expectations. Communication is essential to explain why a transformation is necessary, and also to demonstrate the "old" organization's credibility in delivering "new" products and services.

Williams-Sonoma's initial website launch represented a radical departure from its traditional business, and from customer expectations. Yet by clarifying the brand

representations, reinterpreting them for an online environment, developing clear external communications and executing smartly, the new channel was profitable quickly and has been the fastest growing part of its business.

Getting started. To use these business imperatives as a basis for a marketing agenda that's relevant to senior management, start by having your organization's leadership team prioritize the most important initiatives. Attempting to address too many issues



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simultaneously is a recipe for failure, since you won't have enough resources to put toward any one objective to achieve success.

For the high-priority items, establish specific, quantitative goals that will stretch people's thinking and provide focus. Avoid overly conservative goals that will result only in incremental improvements. A certain amount of risk is necessary to realize significant business impact.

With the priorities and goals in place, your team then should develop a detailed implementation plan, which involves three key steps.

First, identify the key perceptions that must be created to achieve the desired outcome. (For example: To increase value, the key perceptual drivers might be to launch a new subbrand focused on an emerging technology, highlight a highly profitable or high-growth part of the business, or explain how an underperforming part of the business has been fixed.)

Next, develop a detailed list of tasks—for internal communications, external communications, research and any areas that fall outside of marketing—that are required to realize the overall objective.

Finally, identify the costs and compare them against the quantitative goals to build

the business case.

Once the perceptual drivers, action plan and business case are complete, take a summarized version (organized by benefit) back to the leadership team for approval. You will be talking to them in and on their terms. These plans often become the long-term, multiyear marketing agenda for your organization—critical because of the clear link created between activities and costs, and between benefits and business impact.

We recently worked with a company in which marketing was having a tough time getting on the agenda of the leadership team. The CMO took a course of action similar to the one we just described. The process revealed that changing one key perception would shift the company from one category in the eyes of analysts and investors and place it into another with a substantially higher price to earnings ratio.

Such a shift would translate into billions of dollars of value creation. Best of all, the organization already had many of the characteristics required for the switch. After the CMO laid out this scenario for the CEO, the two began meeting regularly to achieve the objectives.

So if your phone is ringing a bit too infrequently these days, tap into the passions of your leaders and use the skills of the marketing team to help create the realization of their dreams. If you do, you won't want for attention anymore. ●

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