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The Shift

*The Transformation of Today's Marketers
into Tomorrow's Growth Leaders*

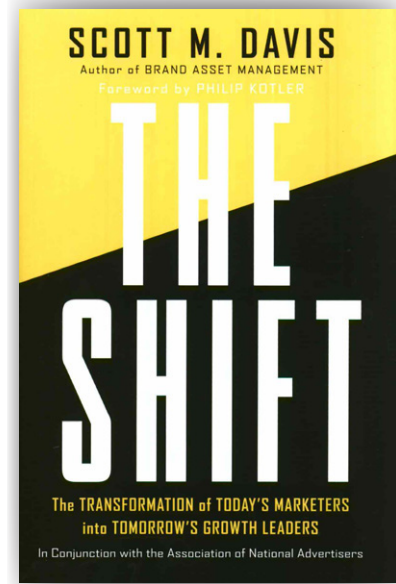
Scott M. Davis

Foreword by Philip Kotler

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INTRODUCTION

In the past, marketing was often viewed as a function that simply provided sales support and generated marketing communications. However, CEOs and Boards are now demanding that marketing become a strategic growth driver. To meet that demand, marketing must communicate customer insights throughout the company, help the organization drive growth, and also clearly contribute to the firm's profit objectives. These changes are here to stay and successful marketers are learning to adapt.

In **The Shift**, Scott M. Davis describes how Visionary Marketers are emerging in progressive companies. These individuals embrace a broad view of the firm's long-term goals and understand how marketing can contribute to attaining sales and profit objectives. The book describes the five shifts that an individual must make to become a Visionary Marketer: 1) drive busi-

ness impact, 2) galvanize their network, 3) focus on pervasive innovation, 4) inspire marketing excellence, and 5) have a relentless customer focus. The book illustrates key principles through case studies and offers pragmatic tips to marketing professionals who are adapting to this new marketing landscape.

WHAT IS THE SHIFT AND WHY MAKE IT?

In today's highly competitive business world, marketers need to focus on strategic thinking and help drive their companies' growth agenda. Davis suggests that these Visionary Marketers are well positioned to become a partner with the CEO. In order to accomplish this, however, marketers must use a mix of both quantitative and qualitative skills. This includes consistently demonstrating marketing excellence, developing operating credibility with other company executives, driving strategic discussions, innovating, and delivering results based on marketing strategies.

When a marketer accomplishes The Shift, they move from a tactical player to a facilitator, then a leader, and finally a visionary.

The author has found that an individual's ability to transition from tactical activities to visionary ones is largely dependent on the company's view of marketing. There are four factors that help determine whether marketing will succeed in its efforts to make The Shift. These include: 1) the board and CEO's attitude towards marketing as a visionary function, 2) whether the organization or industry sector values marketing, 3) the history of marketing successes or failures within the company, and 4) the expertise and track record of the individual marketer.

Davis has also identified five marketing organization archetypes. These models help marketers identify the potential of moving from a tactical role to a visionary one within a company.

1. *The Instinctive Marketer's Organization.* Firms that fall into this category know that marketing is the key to growth. This often occurs when the company founder has served in marketing roles in the past. These organizations have a strong belief in the customer, commitment to an original vision, a focus on innovation, and a leadership team that shares the same values. A marketer's ability to take on a visionary role in this type of company is based on their relationship with the CEO.
2. *The High-Powered Marketing Organization.* Companies in this archetype see no difference between marketing and strategic leadership. The two functions are identical. It is common for high-powered marketing organizations to reside in companies where the CEO used to be a strong marketing player or where the chief marketing officer (CMO) used to have responsibility for a profit and loss (P&L) center.
3. *The Aspiring Marketing Organization.* These firms have a newly found appreciation for the value of marketing. In many cases, companies in this category are seeking a new marketing leader to help transform the business. Aspiring marketing organizations are often the most promising places for marketing leaders to demonstrate meaningful results. On the other hand, the expectations are

KEY CONCEPTS

In **The Shift**, Scott M. Davis describes five shifts marketing leaders must undertake to create profitable and strategic growth:

1. Transition from creating marketing strategies to driving business impact. Marketers must use customer insights as a secret weapon and earn credibility throughout the company.
2. Move away from controlling the message to galvanizing the company's network. Marketers are now living in an era characterized by two-way communication among many stakeholders.
3. Change from incremental improvements to pervasive innovation. One way marketers can contribute to pervasive innovation is to leverage customer insights.
4. Transition from managing marketing investments to inspiring marketing excellence. Visionary Marketers demonstrate how marketing activities increase company revenues and lead to stronger brands.
5. Moving from an operational focus to a customer focus. Collaboration must occur between marketing and all other functions connected to the company's growth.



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high. As a result, there is a higher risk of failure.

4. *The Disciplined Marketing Function.* It is common to find this sort of marketing group in organizations that have been led by sales or in business-to-business manufacturing and industrial companies. The marketing leader must drive the marketing agenda in a business which usually does not have a strong history of marketing activity. Davis suggests that in this environment, success depends greatly on the personality, talent, and persistence of the marketer.
5. *The Old School Marketing Function.* Firms with an “old school” view of marketing define the function in a narrow way. These companies seek tactical marketers and are unlikely to ever view a marketing leader as strategic. This is a “no-win” environment for marketers who want to become visionary leaders.

The more you are able to connect to the Board-level agenda, the more you will help to shift traditional perceptions around what marketing can, and should, do.

THE FIRST SHIFT: FROM CREATING MARKETING STRATEGIES TO DRIVING BUSINESS IMPACT

As marketers look to drive business impact within their organizations, there are three things that they should focus on: 1) using customer insights as a secret weapon, 2) viewing the world with a profit-and-loss mindset, and 3) earning credibility and trust throughout the company.

When marketers understand customers better than anyone else in the company, they can translate that

ABOUT THE AUTHOR

Scott M. Davis is a senior partner at Prophet, and was an adjunct professor at the Kellogg Graduate School of Management at Northwestern University. He has worked with top executives at companies such as GE, Johnson & Johnson, IBM, Best Buy, Sara Lee, and Boeing. He is frequently cited in publications like *The Wall Street Journal*, *Reuters*, *BusinessWeek* and others. Davis is the author of *Brand Asset Management* and coauthor of *Building the Brand-Driven Business*.

information into insights, action plans, and successful in-market programs. One sure way for marketers to win respect is to participate in strategy discussions and introduce customer insights into the conversation. Marketing must become the repository and communicator of customer research, data, and tracking studies. The author indicates that the most effective CMOs transform their departments into customer insight “machines,” synthesizing the reports and information that other company leaders rarely read.

Customer insights alone, however, are not valued within an organization. They must be paired with an economic perspective. Visionary Marketers always have a P&L mindset. This means that they understand how their company generates revenues, how investment decisions affect different areas of the business, and how different options affect both the top-line and the bottom-line. It is crucial that marketers communicate and collaborate with the chief financial officer. Marketers who have made the First Shift always ensure that marketing activities contribute to the company’s P&L.

To earn credibility and trust, Visionary Marketers focus on four areas. First, they understand the business intimately. Second, they participate in business conversations using a strategic point of view. Visionary Marketers tie ideas to specific growth objectives for the company. Third, it is important to develop strong relationships with other functional areas, like Sales, Finance, HR, IT, and the business units. Lastly, Visionary Marketers look for small wins and devote marketing funds to projects with a high business impact.

It is critically important for marketing to tie its strategy to that of the company overall. By connecting with the board-level agenda, marketers are better positioned to engage the CEO and other executives in strategic discussions. Davis interviewed several CMOs and identified twelve strategic growth topics that are well-suited for marketing leadership and that tie logically to higher level corporate goals. These include:

1. *Building a superior reputation.* Marketing can help strengthen the public's opinion of a company, while shielding it from the impact of negative events.
2. *Bridging the today-tomorrow growth gap.* Marketing can help balance growth in the core business by suggesting growth initiatives for the future. This often leads to longer-term strategic discussions.

Making The Shift allows senior marketers to focus on the bigger, transformational bets for their organization, while building a world-class marketing team to carry on the day-to-day tasks of traditional marketing roles and responsibilities.

3. *Optimizing marketing across Kotler's 4 Ps (product, price, promotion, and placement).* Marketing must analyze customer awareness, consideration, preference, purchase, and customer loyalty related information. This will lead to the best set of marketing and sales tools for the company and will maximize the return on investment.
4. *Building deeper relationships with high-margin, high-potential target customer segments.* Segmentation generates detailed customer information which can then be used for targeting. However, it can be a time consuming and expensive process. If the marketing group conducts a segmentation, it must be ready to implement the resulting recommendations.
5. *Using real-time customer data technologies.* Real-time customer data technologies offer information about a variety of marketing initiatives. This enables marketing teams to respond in real-time, resulting in more sales.
6. *Focusing on fewer, stronger brands.* Marketing has a unique understanding of the company's brand portfolio and which brands are the strongest. Visionary Marketers add value by identifying which brands have the greatest potential and should receive more attention. They also identify areas where the brand portfolio needs to be strengthened.
7. *Simplifying and coordinating the selling process.* By providing the sales team with more prescriptive

sales tools, the marketing department improves sales effectiveness. Marketing leaders must identify cross-selling opportunities and generate synergy across different parts of the company.

8. *Creating a world-class market strategy and engagement plan.* When they create a compelling market strategy, Visionary Marketers offer employees a sense of direction. When this occurs, customers often follow.

9. *Managing the innovation pipeline as a portfolio.* Marketers are in the unique position to use customer insights as a secret innovation weapon. If innovation does not reside already in a particular department within an organization, marketing is a logical function to lead. Great innovation is generated through insights.

10. *Cultivating a broad internal and external network.* The marketing group must inspire its employee base and gather their innovative ideas. In addition, suppliers and distribution partners can also be reliable sources of innovation.
11. *Inspiring the marketplace with a platform and big idea.* Marketers focused on growth understand that they must motivate and inspire customers. Visionary Marketers offer customers a platform and a "big idea" that win their hearts and minds.
12. *Putting the customer at the center of the universe.* It is not unusual for companies to center their attention on their capabilities. However, Visionary Marketers know that customers must be placed at the center of the universe.

THE SECOND SHIFT: FROM CONTROLLING THE MESSAGE TO GALVANIZING YOUR NETWORK

In prior years, marketing focused on traditional advertising and marketing communication tactics. Today, however, marketers are living in what Davis calls the Network Era. This time is characterized by two-way communication among many stakeholders. Unique qualities of the Network Era include: an increase in the power and influence of stakeholders; many different means of communication that influence purchases; coalition activity within networks

that build and destroy markets; citizen marketing where word-of-mouth has real power; and transparency about consumer and company behaviors.

Marketing strategies in the Network Era are driven by how a company closes the sale and how it builds customer loyalty. Brands must be managed as networks. Given the openness of communication, companies can only influence the dialogue about their products. It is very difficult to control it. As a result, Visionary Marketers strategically select how and where to engage with interested stakeholders. They understand that the dialogue among these individuals can yield incredibly valuable insights.

When marketers participate in and influence their brand networks, they can derive several benefits. These include tapping into a set of advocates who will promote offerings in an authentic way, identifying new innovative ideas, finding flaws in the customer experience, understanding customer needs and current levels of customer satisfaction, and discovering new partnership opportunities.

Visionary Marketers typically use five steps to map the company's touch points.

1. Identify all the touch points.
2. Categorize touch points into those that are part of the transaction, those that influence the transaction, and those that create the market context in which the transaction takes place.
3. Group touch points into those that the company controls, and those that the organization merely influences.
4. Make connections between the touch points that are directly related to closing the sale, and the customer needs related to those touch points. Some touch points may have an indirect and influential role, while others may have a contextual role.
5. Develop a cycle of network building, managing, and influencing across all the touch points.

This mapping process highlights customer requirements for each touch point and enables businesses to

respond in ways that are more likely to close a sale. It illustrates how Visionary Marketers achieve the Second Shift – galvanizing the company's network.

THE THIRD SHIFT: FROM INCREMENTAL IMPROVEMENTS TO PERVASIVE INNOVATION

Traditionally, innovation has been viewed as the introduction of new products and services. This can be called incremental innovation. Pervasive innovation, in contrast, is not well understood. It is not housed within a specific functional area, nor is it a yearly initiative. Pervasive innovation is instead a mindset within an organization. Its focus is improving a company's overall performance.

Every company has a brand. Whether they choose to manage it in a proactive way is the question begging for an answer. We contend that this is the ultimate job of the Visionary Marketer: to build your brand, in a way that is true to who you are or aspire to become.

One way that Visionary Marketers can contribute to pervasive innovation and achieve the Third Shift is to leverage their knowledge of customer insights. Customer insights can affect all aspects of a firm's growth agenda. Interestingly, the marketing function has rarely been a driver in corporate innovation efforts. The Boston Consulting Group conducted a study on innovation and found that only five percent of respondents felt that marketing is the driving force in innovation today. However, many of the marketers that Davis interviewed feel that there may be no single area that is better equipped and more under-leveraged to drive innovation than marketing. As a result, Visionary Marketers are well positioned to take on a greater innovation leadership role. For innovation to be pervasive, a Visionary Marketer must have deep levels of customer and industry knowledge, as well as awareness of macro trends and the competitive landscape. They must also have strong network connections including customer communities, distributors, and suppliers.

There are many reasons why innovation does not thrive within companies, but the author suggests that there are three primary obstacles.

1. Organizations suffer from a lack of innovation strategy and a short-term point of view.
2. No one knows how to start innovating and employees lack the competencies to support innovation.
3. Firms often have a hard time generating good ideas.

These are all areas in which Visionary Marketers can help effect change.

Visionary Marketers should help define, communicate, and execute an innovation strategy that is aligned with the overall corporate strategy. The companies that are most successful at pervasive innovation are those that have strong leadership, as well as a clear and consistent strategy. In addition, an expansive network that extends beyond the walls of the organization can contribute to a pervasive approach to innovation. The marketing function can become the hub, connecting internal and external networks, and seeking out the most promising new ideas. Co-creation is a technique that is used increasingly often to spur innovation. Co-creation is collaboration between employees and customers to create products, services, ideas, and information.

It behooves Visionary Marketers to take a fresh look at the role Marketing could play in helping to transform internal innovation efforts in service of eventually helping their company bring a pervasive innovation mind-set to life.

As marketing leaders seek to play a larger role in their firms' innovation strategies, there are three steps they must take.

1. *Become a customer zealot.* Marketing must build a customer-centric mindset among all employees, not just those in the marketing department. It is crucial to spend time in the field with both customers and prospects. This enables the marketing team to listen and observe carefully, isolate insights, and identify opportunities to win attractive customer segments.
2. *Get connected.* Visionary Marketers must motivate the company at large to engage in pervasive innovation. They should identify all the people

and organizations with which the firm has relationships. Partnerships and alliances can be a powerful resource for innovation.

3. *Inspire and lead.* Leading through influence and collaboration tends to cultivate innovative thinking. Employees want to be inspired and most strive to exceed customer expectations. Visionary Marketers are well suited for inspiring employees and also communicating what will delight customers.

THE FOURTH SHIFT: FROM MANAGING MARKETING INVESTMENTS TO INSPIRING MARKETING EXCELLENCE

Visionary Marketers are interested in much more than marketing communications. The Fourth Shift suggests that these leaders are adopting a mindset that incorporates a company's growth budget, agenda, and charter. For Visionary Marketers, marketing excellence is inextricably tied to growth and accountability. They recognize that they must demonstrate how marketing activities are increasing company revenues and profit margins, as well as leading to increased market share and stronger brands.

The author suggests that there are several key trends that are driving this change in outlook. From an organizational perspective, the marketing function faces the same accountability challenges as other departments. In addition, as competition increases and product differentiation decreases, marketers must ensure that their spending is as efficient and targeted as possible. The go-to-market strategy needs to be highly accurate. With new tools and technologies, marketers can gather better data about the impact of the marketing dollars they spend. Successful Visionary Marketers are concerned about identifying the right set of metrics that will gauge their companies' success in the marketplace.

To become more strategically oriented, the marketing function needs restructuring. Skills that are required for marketing excellence include a deep understanding of market forces, strong business acumen, and strategic knowledge. What separates Visionary Mar-

eters from Tacticians is understanding the role of analysis in developing strategies that result in more customer wins. Without sophisticated tools and methodologies, many organizations will be unable to drive to advanced levels of analysis and insights.

By examining and analyzing marketing activities, Visionary Marketers are able to predict with great precision which initiatives will have the greatest potential for in-market success. These analyses cover all aspects of marketing from the customer segments, to the offerings, communications, pricing, and timing. Since there are so many elements that affect the success of a marketing program, Visionary Marketers recognize that experimentation is essential. The best experiments allow marketers to mimic business situations in small, low-risk ways. One of the major advantages of this type of experimentation approach is that, over time, the company will collect enough data to model different marketing scenarios without doing repeated, full in-market experiments.

The information that Visionary Marketers collect can be used to create what Davis calls Marketing Playbooks. These documents offer go-to-market guidance to segment-based or geographically-based business leaders. The goal of a Marketing Playbook is to maximize sales success. Well-designed playbooks recommend the precise marketing mix to apply in order to win with a specific target segment. Regionally based Marketing Playbooks give a snapshot of the local market and the specific tactics that will result in sales.

While Marketing Playbooks are extremely valuable, they cannot stand alone. They must be integrated into the strategic marketing and sales planning cycles, as well as the company's financial reporting processes. This integration will increase the likelihood of a Marketing Playbook resulting in a measurable in-market impact.

THE FIFTH SHIFT: FROM AN OPERATIONAL FOCUS TO A RELENTLESS CUSTOMER FOCUS

The final step in achieving The Shift is for organizations to develop a relentless customer focus. Customer focus is not just the responsibility of marketing, however. Collaboration must occur between marketing,

sales, finance, IT, human resources, and all the other functions that are responsible for the company's growth.

Before Visionary Marketers can begin to lead an organization through the Fifth Shift, they must have respect from their peers. One way to initiate the transformation dialogue is to think about how customers experience the company. Consider the "critical moments of truth" that define the relationship that a customer has with a business. This perspective reveals the enormous number of touch points and functions that affect a customer's experience. This point of view also will highlight the ways in which the company is not organized to maximize customer satisfaction.

A key question is whether the Visionary Marketer can restructure the organization in way that places the customer at the center of operations. This requires coordinating touch points and company functions in a way that puts the customer first. Since these changes affect the entire company, Visionary Marketers must rely on their ability to influence others, rather than their ability to control.

Marketing effectiveness is more than ROI: it is proving that marketing strategy is integrated with business strategy to increase revenues and ultimately profitability.

Davis suggests that the most successful transformations have two qualities. First, they focus the organization and inspire it to align around a new and different customer-centric, go-to-market approach. This change is communicated from the top down, through the senior leadership team. Second, successful transformations result in clarity about the organization's positioning among internal and external audiences. Most companies benefit from a fact-based business case. This helps executives, employees, and customers understand why internal, customer-centric change is needed.

Initiating this type of organizational transformation is certainly a challenge for Visionary Marketers. However, once the change has been initiated, steps must be taken to ensure that it endures over time. The author offers the following guiding principles:

- The goals and objectives of the functional and geographical leaders must be aligned with the overall company goals.
- The CEO must support the transformation if long-term success is to occur.
- A business case and roadmap for the transformation will help all stakeholders see the rationale for the change.
- All employees, from the executive level to front-line workers, must realize that they report to the customer.

Organizations that succeed in making The Shift will have a significant competitive advantage over other companies. The Shift, however, is a source of major change. It profoundly affects the marketing function, the firm, and its customers. The marketing team is transformed into a value driver that is vital for the overall health of the company. The business, as a whole, is better positioned to benefit from organic growth than before. The customers have the opportunity to enter into a mutually beneficial relationship with the company. All of these changes lead businesses to higher levels of growth and profitability.



FEATURES OF THE BOOK

Reading Time: 7 hours, 236 pages

Written primarily for people in marketing leadership roles, **The Shift** is designed to help marketers move from traditional roles that focus on a narrow platform of marketing communications and promotions to the role of Visionary Marketer. Visionary Marketers know that marketing holds the keys to growth and profitability for their organizations. The book analyzes the factors that are contributing to The Shift, how marketers are dealing with this new environment, and how readers can make The Shift themselves.

Davis leads readers through the five transitions, or shifts, needed to become Visionary Marketers: 1) drive business impact, 2) galvanize the company's network, 3) move to pervasive innovation, 4) inspire marketing excellence, and 5) move to a relentless customer focus. He provides informal case studies which

illustrate how The Shift is occurring at corporations worldwide, and includes a list of practical suggestions for initiating each specific shift in the workplace.

The book is designed to be read from cover to cover, as content builds from chapter to chapter. A comprehensive bibliography and index are provided for easy reference.

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