

INTERNATIONAL MARKETING

Spanning Silos the new CMO Imperative

Q&A with David Aaker



Prophet is the go-to firm for senior executives demanding brand, marketing, design and innovation investments that work harder — and smarter. Known for their collaborative approach and ability to blend the art and science of marketing Prophet both inspires ideas and delivers tangible results. They develop creative solutions that balance short-term business needs against longer-term growth goals for such Fortune 500 clients as Cartier, GE, Harrah's Entertainment, Inc., Johnson & Johnson, Monsanto, NBC, Staples, UBS, and United Airlines.

With offices around the globe helping clients drive profitable growth, their recent acquisition of Play, a leading creativity and innovation firm, will help Prophet continue to inspire people and organizations to discover and realize new paths to growth and transformation.

Leading-edge strategy requires leading-edge insights and the experience of proven marketing experts. One such expert is its Vice Chairman, Emeritus Professor from the Haas School at Berkeley and the creator of the Aaker Model™, David Aaker.

David has published more than 100 articles and 14 books, including his latest, *Spanning Silos: The New CMO Imperative*. David is also an advisor to Dentsu; an active speaker in the U.S., Asia, and Europe and is featured in a chapter of *Conversations with Marketing Masters* - a collection of insights from some of the world's most influential marketing gurus.

Brilliant Results was recently privileged to have an opportunity to speak with David and receive his responses to our questions. We are sure our readers will find his responses both timely and informative.

BR: Why is it important to involve a company's marketing department in strategic planning?

DA: In my view a business strategy has four components, the product market investment decision, the value proposition, the supporting assets and competences, and the functional area strategies and marketing is well positioned to contribute to all four. The investment decision, a key growth driver, will need to draw on market analyses, segmentation, and brand portfolio strategy all of which are the province of marketing. The value proposition is the dimension most clearly owned by marketing because it needs to be based on customer insight. In fact, marketing ought to be the voice of the customer at the strategy table. Any business strategy to succeed over time needs to be based on firm assets and the brand will be in most cases one of the most critical of those assets. Further, the key to a strong brand is the brand vision, which needs to both reflect and support the business strategy.

Finally, functional strategies in marketing such as channel management or sponsorship programs that are mission critical or exceptionally effective can become strategic. Firms that develop strategy without marketing as a full partner can expect to generate inferior if not flawed business strategies.

BR: In your opinion how do powerful product/country silos jeopardize a company's ability to perform at high marketing efficiency in today's global economy?

DA: Powerful product/country silos inhibit marketing efficiency in several ways. First, they inevitably lead to resource misallocation, which means that much of the marketing budget is spent much less effectively than it could be. The large politically powerful silo units usually get the resources and the small units with potential get starved. IBM set up an entire growth market organizational unit in

Singapore in order to insulate a budget that kept getting usurped by the established silos.

Second, silos don't communicate well, in particular, they don't listen well. As a result, exceptional products and marketing programs, when they do emerge, are not leveraged. Too many firms lack systems and people capable of recognizing excellence with a product-market and expeditiously exporting it to the rest of the firm.

Third, silos don't cooperate well. The most effective marketing programs, like major sponsorships, require scale and are either not considered or not implemented well because the silos simply can't work together especially over time.

Fourth, when brands span product and county silos and each silo has control of the brand in its context, the result is a confused brand without direction or soul. The effort is deleterious in the market, but equally damaging internally, because there is no driving force bringing the employees and partners together as teammates. Having autonomous silos go their own way just doesn't work in today's marketplace.

BR: How do you see social networking, mobile marketing, the Internet and social media like Twitter impacting marketing?

DA: The mistake that many make is to attempt to develop a social technology or Twitter or Facebook strategy sometimes using a specialist in that vehicle. Instead, in my view social technology needs to be actively managed as part of a larger marketing and customer relationship system. Don't toss out what you know about marketing. You decide on the target audiences, what type of relationship is desired, what programs will develop and strengthen that relationship, and what media can play a role. Then if a social technology vehicle is helpful, it will come to the fore.

The social media still has to be actively managed. Look at the model of spreading disease (where the word viral comes from). It involves the probability of being infected, of sneezing in front of people, of hitting others with the sneeze, and of their then getting infected all influenced by the length of time a person is contagious. Each of those steps has an analogous task in making social technology work and each needs to be managed with focused features and programs. Don't assume that the task is simply to create funny or interesting content and it will be spread.

If social technology is to be summarized, the word viral (build a field and they will come) is out and empowerment and authenticity are in. With the brand out of control of the situation, the message and the community must be enabled and trusted to carry the day. Authenticity is of crucial importance. Social technology needs to be based on transparency, honesty, and substance.

BR: What are the characteristics of firms that have made progress toward effective integrated communication in the face of communication silos?

DA: There are several indicators of effective integrated communication.

First, there is a strong brand with a brand vision that everyone in the organization both understands and cares about. The brand may be adjusted for the context but the core remains.

Second, there is a willingness within the organization to allow excellence in marketing communication to emerge from one communication or product-market silo and become the centerpiece of the program with the others following.

The McDonald's Germany unit came up with "Lov'n It" that quickly became a global concept. The BMW Internet group came up with the idea of making a half dozen six minute films by the best directors around the BMW experience and the other functional communication silos became supporting entities. P&G has for several brands created a lead communication partner based on what modality should be central and made the others implementing team members. For Pampers, the web site, which is all about parenting, became the centerpiece of the marketing program and the other modalities took on support roles.

Third, there is a common methodology and measures used to determine marketing effectiveness so that excellence and mediocrity can both be recognized. PepsiCo developed its product equity, customer equity, and brand equity measure that are used across products globally.

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BR: How would you suggest that today's CMO span silos and market their brands on an international scale?

DA: The CMO task will depend greatly on the situation on the ground. If there is a CEO without an instinct for marketing, shallow marketing talent around the firm, a history of weak or nonexistent central marketing, and an absence of a silo driven firm crises, the CMO might be well advised to go slowly by taking on roles of facilitator, consultant, and service provider, roles that are not threatening to the organization. Using such roles, the CMO can gain credibility, upgrade marketing throughout the organization, dramatically improve communication and cooperation, and even gain an invited seat at the strategy table of the silo units. There are rare contexts usually stimulated by a financial crises or a complete breakdown in brand coherence for which forceful centralization of some aspects of branding and marketing and making some processes mandatory is required. However, in the absence of a motivating crisis, moving too fast and attempting to use authoritative change methods can result in no change and even in a flameout of the CMO office, which can set back progress years or decades.

BR: Do you have any final thoughts or advice for our readers on how to succeed in today's international marketplace?

DA: It is a mistake to assume that global market means the same marketing and same brand everywhere. It is not sameness but strength and effectiveness that should be the goal. Marketing and branding should be tailored to the context. The Chevron brand, for example, stands for cleanliness, safety, reliability, and quality but each of the product/country silos can interpret those values in their context and add one additional one as well. However, there should be the same planning process, the same measures, and the same core brand values everywhere. And there should be good communication and cooperation across countries so that when a synergistic program emerges it will be accepted and there is 'no not invented here/you don't understand my market' attitude that inhibits.

For more information, please visit www.prophet.com.

BR: In your opinion, are people or systems more essential to a company's optimal marketing performance?

DA: In the final analysis it is people. Really good people can overcome a weak system but the best system will flounder if the right people are not in place. The problem is that a central marketing group needs to have knowledge about markets, products, marketing, branding, and the organization. Further, its people need to have exceptional talent with respect to strategic thinking, communication, collaboration, and people skills. Equally important to finding good people is to weed out those that lack substantive credibility or the ability to work with people both inside the team and with the silo groups. Not an easy staffing challenge.

