MARKETING NEEDS TO REFRAME AROUND BUSINESS GROWTH, NO MATTER THE CHIEF'S TITLE

There's been an interesting debate over the past year on the trend to re-name the CMO role as a 'Chief Growth Officer' (CGO). It seems companies like Mars, Kimberly-Clark, Mondelez and Coca-Cola have made this move with the aim of clarifying the purpose and indeed intended outcome of the Marketing function. When asked why they have made the move, Mike Hsu, CEO at Kimberly-Clark said: "The appointment (of the CGO) demonstrates our commitment to drive growth and excellence in the way we invent, market and sell our products across the world". Essentially a CMO, but with a deliberate stress on the requirement to drive growth.

At Mars Wrigley, new CGO Berta de Pablos says the move is to "broaden the role so the business thinks differently and rather than being focused on just brand communications, we now focus on using the brand as a tool for growth and reaching more consumer touchpoints".

Many commentators think the move is completely unnecessary, and, although we'd like to agree it's just a matter of semantics, the hard and undeniable reality is that many businesses would benefit from their CMO's being more accountable for driving tangible and demonstrable bottom line business results for their business. Conversely, it would also give CMO's themselves a stronger and more influential seat at the c-suite table. Both points are particularly true for the CPG industry, a sector that would increasingly benefit from looking outside its walls to take more commercially focused best practice in.

Interestingly, the recently published 2019 CMO Survey from Dentsu Aegis Network & TCF found that when CMO's were asked what they see as the primary role of the Marketing function in 2019, only 61% identified 'Delivering Business Growth' in the top 3. And this was not seen to grow at all in the next 2-3 years. I don't know about you, but I find that number low and the trend worrying.

At Unilever, CEO Alan Jope plans to replace former Chief Marketing & Communications Officer Keith Weed with what he describes as a 'CMO++' as opposed to a CGO. Jope said: "It won't be an identical role – we'll chop off 20% and add 20%. It will still be Chief Marketing Officer at the core and then we'll bolt on a few different things".

No matter the title, what is clear is that to become 'future-fit', Marketing as a function (and discipline) needs to re-frame and transform to become more commercially aware, able to identify and address disruptive industry challenges and agile enough to grasp new commercial opportunities in this increasingly data-driven digital world.

It is here we see the biggest challenge and barrier for businesses. Many organisations approach digital in isolation. They establish digital teams (often badged as 'centres of excellence') and practices separate from the rest of Marketing and

without considering either the impact on the existing operating model, or how they will work with the legacy organisation structure. The result is confusion and conflict, with energy wasted on internal politics and consumers receiving disjointed, often contradictory, communications.

Almost as bad, technology is often seen as the saviour and answer to all transformation challenges around lack of agility in ways of working. With a lack of client-side clarity about what they want to achieve, knowledge of their internal capabilities and maturity levels and how it fits with the existing go to market model, it is all too easy for Tech vendors & agencies to dazzle the buyer with promises of a simple catch-all solution for everything.

Such a focus will invariably doom all such programs to failure. It is little wonder therefore that a recent HBR/McKinsey article found that 70% of digital transformations fail because they focus on technology first, wasting a staggering $700bn of the $1.3tn invested in digital transformation in 2018.

In another wonderfully titled recent HBR article 'Don't put a digital expert in charge of your digital transformation', 2 INSEAD professors make the case that too many digital natives simply do not understand how to deliver change across the wider business. They argue that digital transformation is often less about a radical rethinking of the business than about learning how to use digital tools to better serve customers within the existing model: "This may require internal reorganization, including breaking down silos to serve customer needs and use data, but even in these cases it is as much about organizational change and leadership as it is about digital (and technology)".

Beauty giant L'Oreal is one business leading the way with a dedicated focus on organisational re-design (called 'Marketing 3.0') as the answer to its transformation success. Lubomira Rochet, L'Oreal Chief Digital Officer recently commented: "The deepest part of the digital transformation is de-siloing the organisation and having people come together as a team in a project mode versus a very sequential operating model". L'Oreal adopt an agile based approach to test and learn with different models and where successful they scale them and embed as business as usual. Technology follows.

Research has shown that companies undertaking a digital transformation focused on **culture** were *5x more likely* to achieve breakthrough performance vs companies that neglected culture…take note that despite a hugely disrupted market, L'Oreal enjoyed its best sales growth in 10 years in 2018 at +7.1%... coincidence?

Increased commercial focus, innovation, agility and experimentation demands change. Change does not come naturally in organisations. People can be trained on new processes, policies and systems, but attitudes and established behaviours, built up over months and years, will remain unless a concerted effort to change them is made. This is not something that can be achieved in a single session, or via remote communications.

So, with Digital Transformation risk of failure recently reported as the #1 concern for CEO's in 2019, what then should businesses do to maximise their chances of success? We would recommend a proven 3 stage process as follows:

Stage 1: 'Define the Right Path'

- **Align behind a common Vision & Purpose** - align the senior Marketing leadership team (and c-suite) behind a common vision for the future fit Marketing function…this is the foundation stone and North star without which transformation efforts will fail.

- **Understand Current State** - where are you today in terms of existing capabilities, behaviours and mindsets to achieve the vision and how ready is the organisation for the necessary changes?….identify where you have strengths and weaknesses (based on delivery of outcomes, not just capability in place)

- **Design Operating Model** - design the optimal operating model that will best enable the purpose to be delivered i.e. global/regional/local ways of working/responsibilities/accountabilities, cross-functional ways of working, reporting lines, agency and partner model, culture changes needed to change attitudes & behaviours.

SCHEMA

Stage 2: 'Build the Operating Plan'

- **Design the Structure** – Map the operating model into a practical structure Creating the optimum organisation design to best deliver the operating model. This will include defined role profiles, understanding demand and capacity as well as skills required and possessed, spans and layers to optimise decision making, RACI's and shared incentives across Marketing & Sales

- **Define the Roadmap** – develop a practical, prioritised roadmap for what needs to be delivered where, by whom & when and set up a PMO to deliver using an agile delivery approach

- **Process Re-engineering** – identify the key processes that have been impacted by the new operating model and redesign with new cross-functional ways of working

Stage 3: 'Make It Happen'

- **High Performing Team** – Ideally this would start at the outset, but often the focus comes at Delivery stage. Here we ensure the team shares the common purpose, jointly agrees what needs to be done and commits to each other to do it. From there they are then accountable to themselves and their peers/colleagues for delivery

- **Acceleration & Proof of Concept** – We are then able to put in place the right acceleration team and implement a managed test and learn (pilots/proof-of-concept) program with clear outcome focused KPI's to prove the commercial case for marketing in the digital world.

- **Develop the Enablers** – Define, select and implement the Enablers needed based on the new business requirements and operating model. (Technology comes here…not up-front!).

Without a focus on culture and behaviour (the 'softer' side of change as it is sometimes called), transformation won't stick and cannot happen in full, or at best will be significantly delayed.   Change starts with leadership. The way Leaders behave in work, the things they say, the emails they send and the conversations they have will have an impact on their teams.

From the outset we begin this cultural reset as soon as possible, by working with leaders to help them craft and understand the change and their role in its delivery right from the beginning.

The fact is that today organisational structure should follow business strategy.

This topic reminded me of the academic debates I had at University in the mid 90's around whether strategy follows structure or structure should follow strategy (who remembers Mintzberg, Porter, Donaldson et al?). The general conclusion was the latter; that firms are required to change their structure to best implement their strategy.

To be frank it's felt the other way around for the past decade….with many organisations ignoring the need to adapt structures and blindly attempting to implement radical new strategies and business models within legacy structures and with operating models totally unfit for purpose.

As far back as 1965 renowned strategist Igor Ansoff stated that "the strategy imposes operating requirements and, in turn, the organisational structure must provide the climate for meeting them". If this was the case even back then, it's surely about time organisations took a leaf from Mr Ansoff today and focused harder on developing appropriate structures and operating models to successfully deliver customer engagement strategies for this data-driven digital world.

Whether this Future-fit Marketing function is led by a CMO, CMO++ or a CGO is neither here nor there, as long as it is focused on proving its role and value in driving long term business growth.

For more information on how TCF can help your organisation address the challenges and opportunities associated with organisational change, please contact nick.broomfield@thecustomerframework.com.