

The CMO's Accountability Agenda

William Zengel, EVP
Association of National Advertisers
Director of the MASB
February 2013
Las Vegas

MASB Marketing Accountability Standards Board
of the Marketing Accountability Foundation





Is Marketing Ready for A Seat at the Table?

MAS B Marketing Accountability Standards Board
of the Marketing Accountability Foundation





Is this really the right question?

Why do we assume that *accountability* is a one-way conversation?



Why are these terms most overheard when describing interactions between Marketing and Finance?

“Explain”

To me how it worked

“Prove”

That it worked

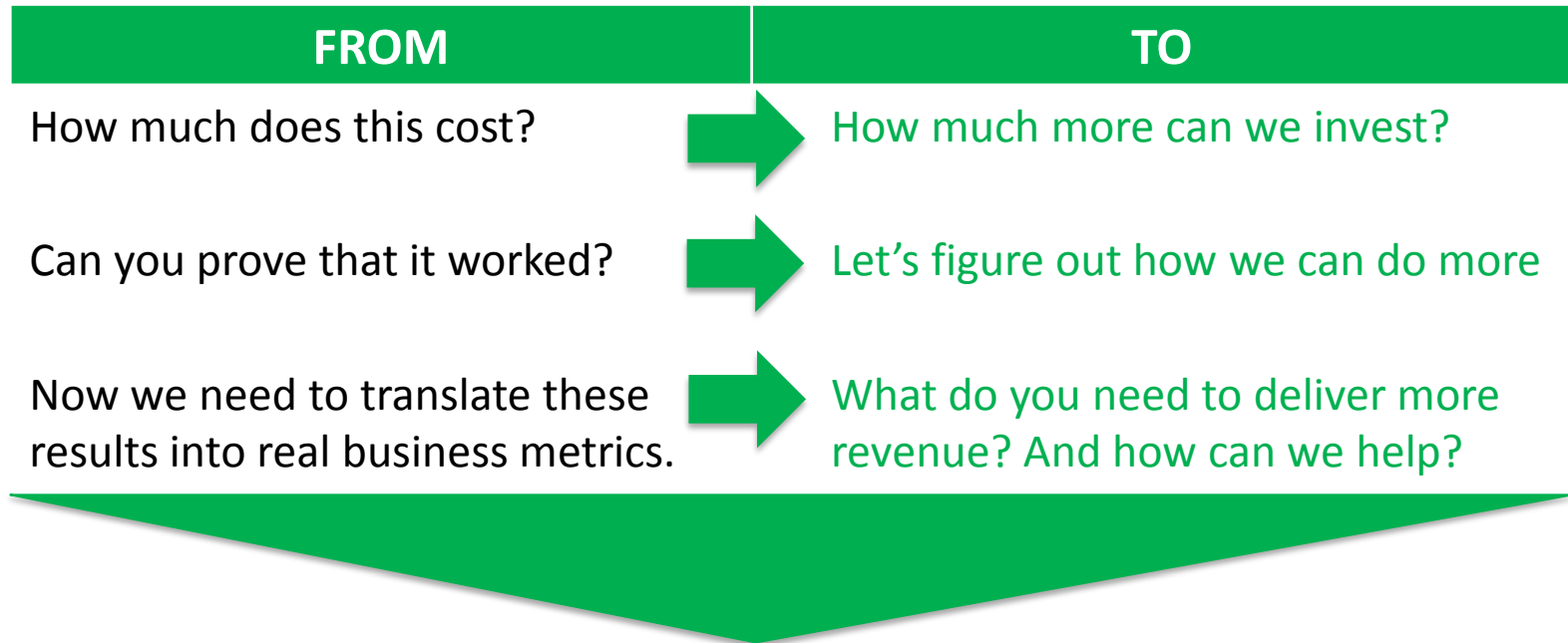
“Validate”

Your success using *my* terms instead of yours

“Demonstrate”

How this will show return on *my* investment

MASB is the opportunity to change the narrative between Marketing and Finance



Collaboration!

More closely aligned than we realize.

CMO Agenda

Effectively
partner with
Finance to drive
growth

MASB Agenda

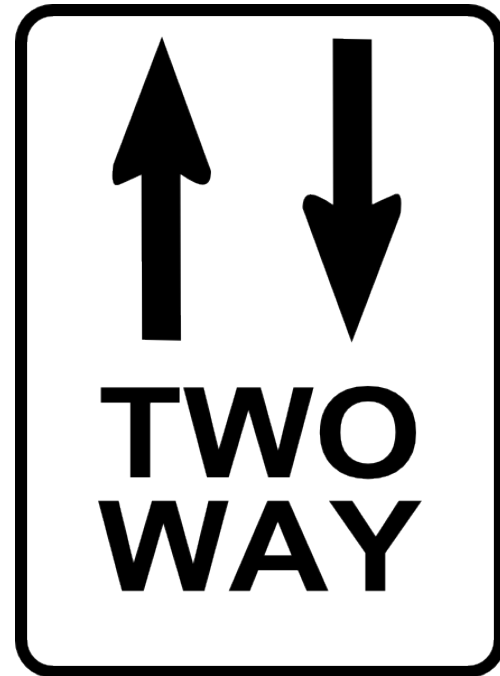
*Where Finance
and Marketing
come together*

MASB Marketing Accountability Standards Board
of the Marketing Accountability Foundation

ANA

Our core focus for this MASB Summit should be to activate the MASB Vision

How can we create an ongoing venue for Marketing and Finance to meet?





2012

Evolution of the CMO and Marketing Team Survey Results



With the economy still struggling to find its way, marketing accountability has moved from the category of “nice to have” to “must have,” and management and finance are becoming enthusiastic champions of the discipline.

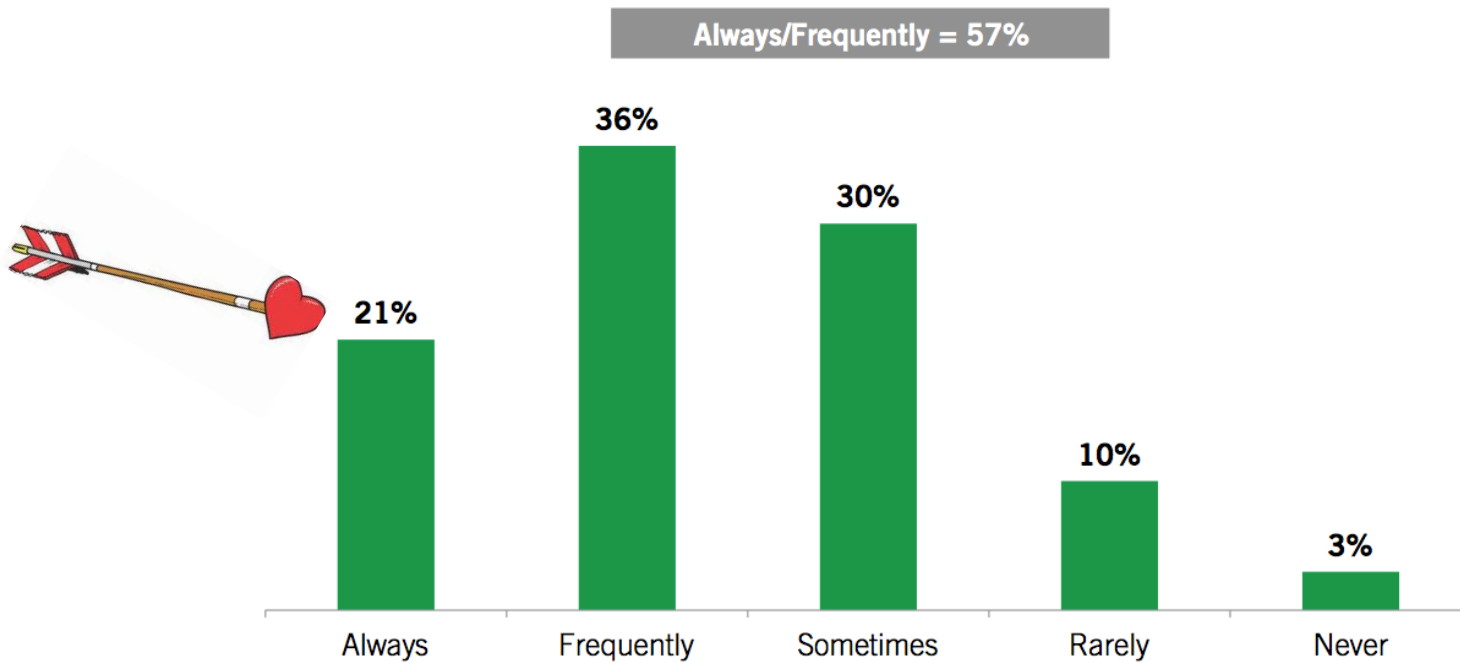
To get on the same page with the CFO, especially during tough economic times, the CMO needs to become the chief growth officer. The role of the CMO is not just about advertising any more and marketers can no longer hide from the numbers if they want a seat at the table and a role in developing their own budgets.

ANA Study by Susan Burke 2012

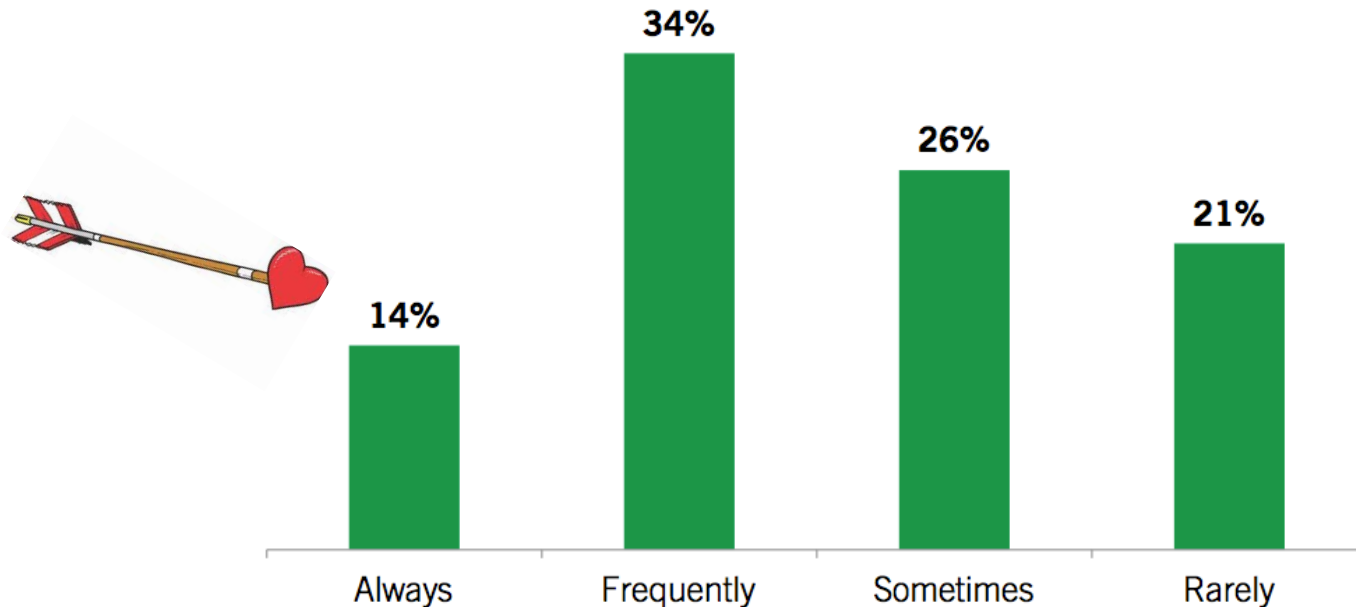
2012 q4 Member Benchmarking

Frequency of Use Of Financial Metrics to Justify Consumer Spending

Base: 119



2012 q4 Member Benchmarking

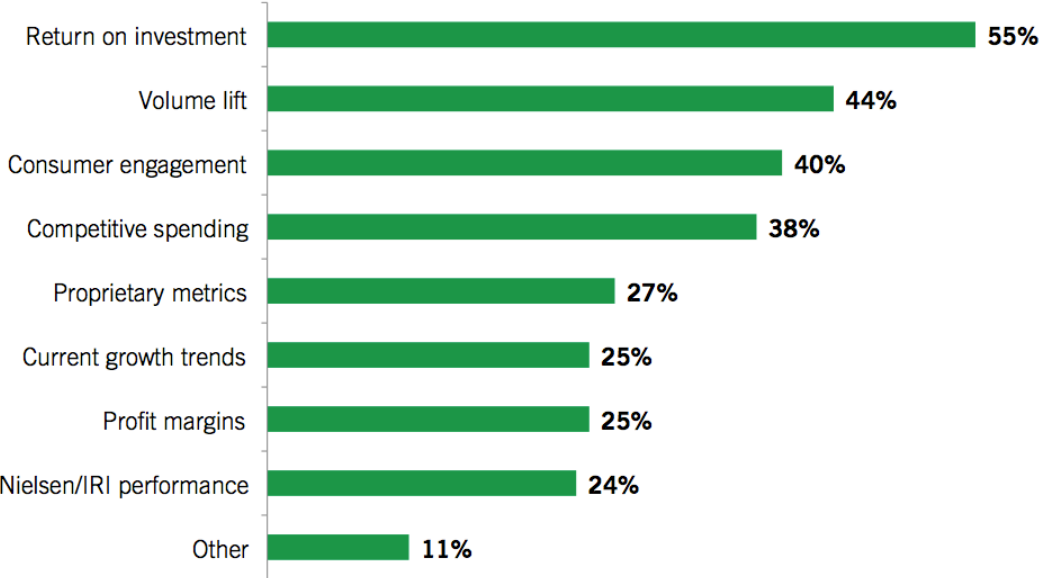


QE4. How often does your company leverage Return on Investment analysis for consumer spending prioritization/decision-making?

Did you increase sales year over year?

Metrics Used to Inform Marketing Spending/TV Advertising

Base: 132



IBM @ ANA Masters of Marketing 2012

Most CMOs are struggling in one vital respect — return on investment (ROI).

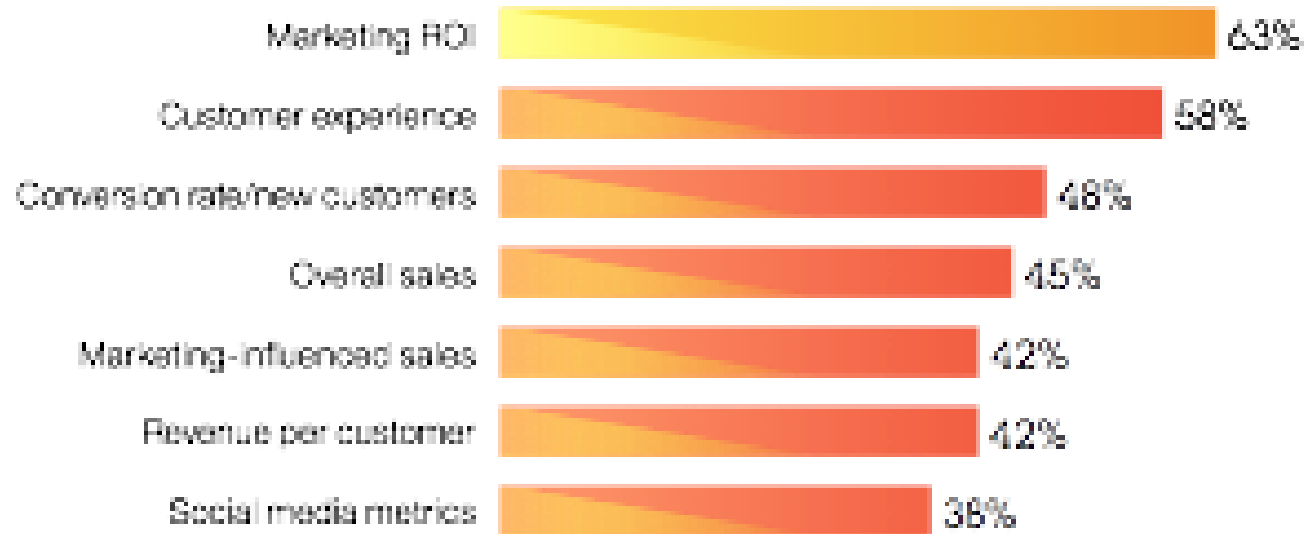
Our research shows the measures used to evaluate marketing are changing.

Nearly two-thirds of CMOs think return on marketing investment will be the primary measure of their effectiveness by 2015.

1/2 of all CMOs feel insufficiently prepared to provide hard numbers.

CMO Beliefs

Seven most important measures to gauge marketing success



More from IBM @ ANA's Masters...

Barriers to using technology

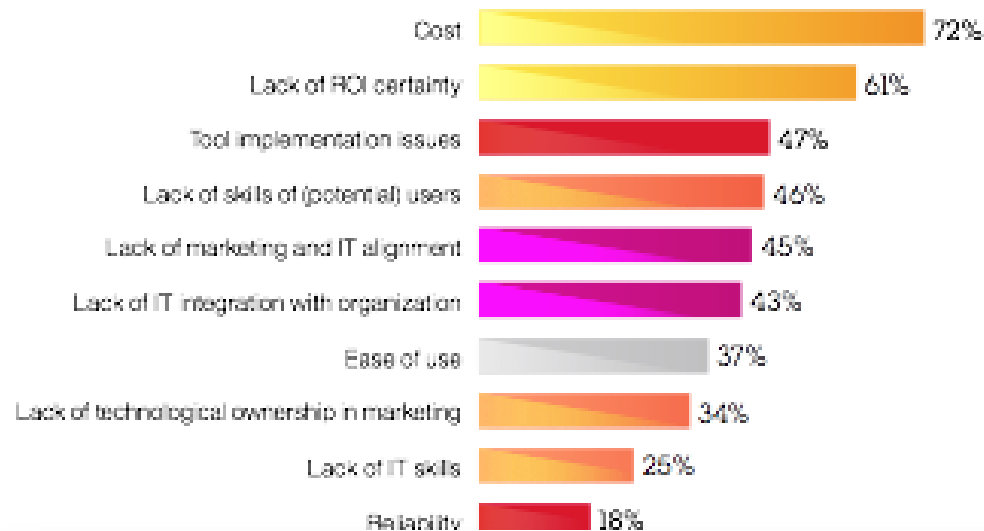
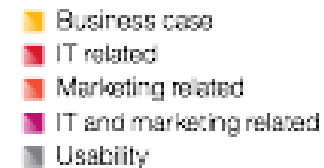


Figure 8

Roadblocks What's preventing CMOs from using new tools? Building the business case, IT issues and lack of technology skills in the marketing function.



When asked what they think marketing ROI is, 37% of respondents made no mention of financial outcomes.

What is Finance Up Against?

The new role of Finance: Business Insight

The multiplier effect – Efficiency and Insight

However, one group of Finance organizations with a particular combination of capabilities stands out from its peers. These organizations – which we call Value Integrators – excel at two primary capabilities that are strongly associated with outperformance:

Finance efficiency – The degree of process and data commonality across Finance¹

Business insight – The maturity level of Finance talent, technology and analytical capabilities dedicated to providing optimization, planning and forward-looking insights.²

“The world the CFO now lives in is different – technical accounting skills are not as important. Finance must get closer to the business and partner with them to achieve objectives. Finance must also be confident enough to challenge the decision-making process.”

Paul Whelan, CFO, Telefonica O2 Ireland



- Value Integrators
- Constrained Advisors
- Disciplined Operators
- s

What you need to do to excel at Marketing Performance Management

The Six Principles of Best-in-Class Marketers	Laggards	Middle of the Pack	The A's
Alignment	<ul style="list-style-type: none"> Align with the BUs' business strategies with a focus on effectiveness, not just efficiency 	<ul style="list-style-type: none"> Synch marketing's activities and investments with business outcomes 	<ul style="list-style-type: none"> Optimize marketing activities to achieve business outcomes
Accountability	<ul style="list-style-type: none"> Move from easy to obtain metrics such as fans, followers, and visitors to more meaningful outputs such as conversation and qualified opportunities 	<ul style="list-style-type: none"> Implement dashboards to report outcomes and results Demonstrate the link between marketing performance and: <ul style="list-style-type: none"> – Business profitability – Customer loyalty/retention rates 	<ul style="list-style-type: none"> Use the marketing dashboard to: <ul style="list-style-type: none"> – Support real-time course adjustments – Determine what is and isn't working – Model investment allocations and predict outcomes
Analytics	<ul style="list-style-type: none"> Build analytical muscle and leverage external and/or internal experts 	<ul style="list-style-type: none"> Introduce a formal, documented marketing analytics initiative Cultivate a fact-based decision culture 	<ul style="list-style-type: none"> Develop expertise in data mining techniques and modeling Manage data at the enterprise level

Maximizing growth opportunities requires direct and ongoing collaboration with Finance, in real time

What you need to do to excel at Marketing Performance Management

The Six Disciplines of Best-in-Class Marketers	Laggards	Middle of the Pack	The A's
Automation	<ul style="list-style-type: none"> Establish a marketing operations function with roadmap and charter 	<ul style="list-style-type: none"> Enable marketing operations to drive processes, systems, and tools to improve performance measurement and management Embrace new marketing practices, processes, and tools 	<ul style="list-style-type: none"> Empower marketing operations to transform marketing into a center of excellence Implement integration and interoperability initiatives Institutionalize marketing standards
Alliances	<ul style="list-style-type: none"> Create a communication process to engage sales, finance, and IT 	<ul style="list-style-type: none"> Develop advocates within sales, finance, and IT that regularly participate in marketing planning and reviews 	<ul style="list-style-type: none"> Establish formal partners within IT, sales, and finance, enabling marketing to drive value creation for customers and deliver strategic business outcomes
Assessment	<ul style="list-style-type: none"> Identify best practices and develop an implementation plan 	<ul style="list-style-type: none"> Regularly audit and address gaps Establish performance targets 	<ul style="list-style-type: none"> Regularly benchmark to drive performance innovation

Versus tactical liaisons

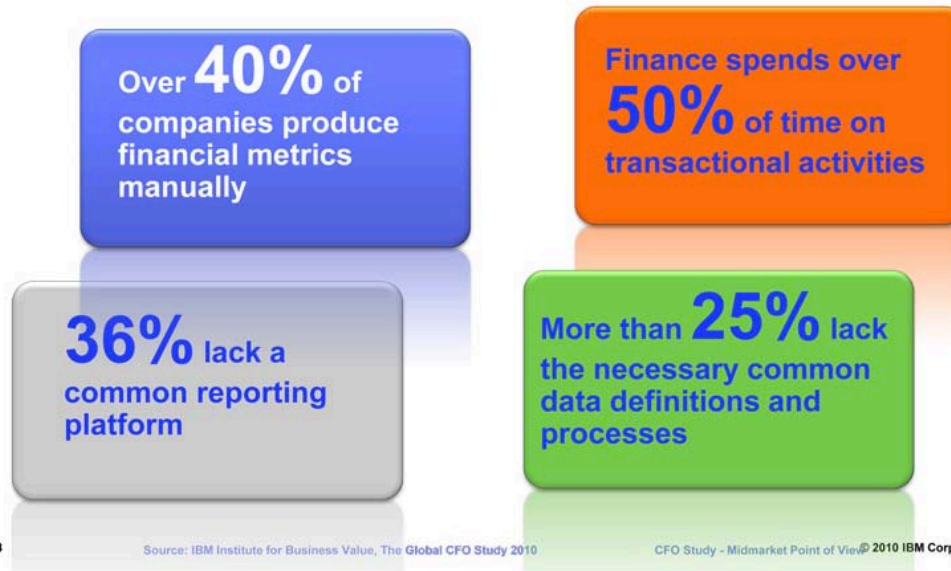
©ITSM/AVEM 2012 Marketing Performance Management Survey. All rights reserved. Not for reproduction or redistribution without permission.

A chance to help Finance?

IBM

In Midmarket Finance organizations continue to struggle with complexity due to issues related to automation and standards

Efficiency Challenges

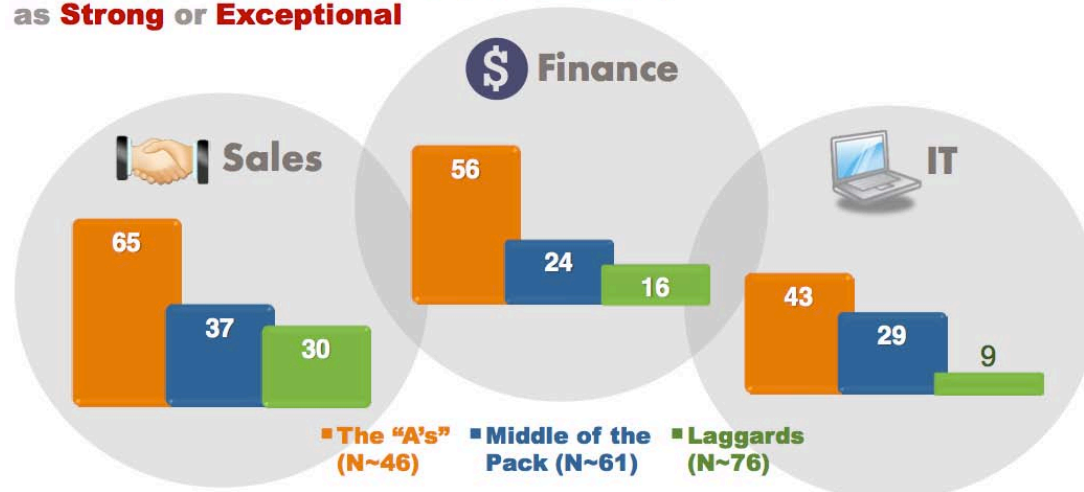


What makes an “A” Player in Marketing?

alliances

Alliances, the Newest Arrow in the Quiver:
The A’s formally collaborate with the sales,
finance, and IT organizations

How would you describe marketing’s relationship with ____?
% of Respondents Describing Relationship
as **Strong** or **Exceptional**

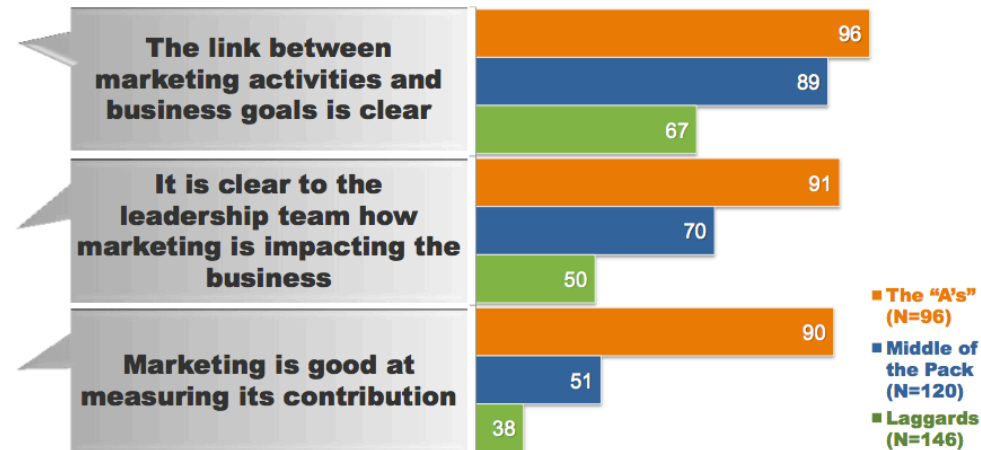


What makes an “A” Player in Marketing

alignment

The A's create direct line-of-sight between marketing activities and business results

How strongly do you agree or disagree with each of these statements? % of Respondents Who **Strongly Agree or Agree**



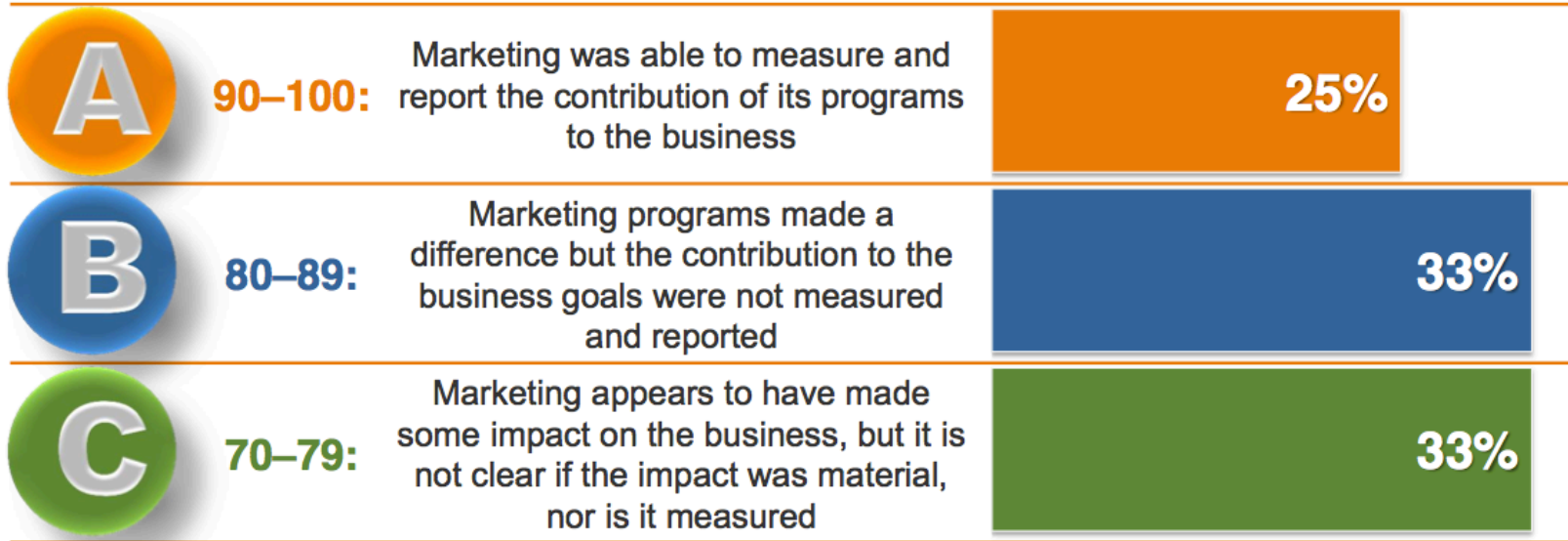
Note: Differences are statistically significant.

Source: ITSMA/VEM Marketing Performance Management Survey, July 2012

©ITSMA/VEM 2012 Marketing Performance Management Survey. All rights reserved. Not for reproduction or redistribution without permission.

An outside view from ITSMA

For 2011, using a 100 point scale, please select what grade the CEO (or you, if you are the CEO) would give your marketing organization for implementing initiatives that enable your company to achieve its objectives.



Thank you!

MASB Marketing Accountability Standards Board
of the Marketing Accountability Foundation

ANA