
Marketing Accountability Standards

Finance & Marketing Working Together Panel

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Islamorada



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Finance & Marketing Panels I-VI



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(Marketing)



Pam Forbus
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David Barclay
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Jonathan Short
(Finance)



Jim Meier
(Finance)



Jeff Long
(Marketing)



Bryon Hobbs
(Marketing)



Michael Blood
(Marketing)



Partnering for performance

Part 4: the CFO and the chief marketing officer

Introduction

- ▶ The purpose is to share research that can spark dialog related to the CFO/CMO relationship
- ▶ Partnering for performance series (part 4)
 - 1. CFO and CMO: winning team in a digital world
 - 2. CFO-CMO success factors
 - 3. Key activities for CFO-CMO collaboration
- ▶ EY global research study
 - ▶ 652 CFOs conducted by Longitude Research
 - ▶ Interviews with CFOs, CMOs and EY leaders

CFO & CMO: winning team in a digital world

- ▶ Key findings about the relationship
 1. 54% of CFOs say collaboration with the CMO has increased
 2. 63% of CFOs report increased involvement in marketing
 3. CFOs also highlight significant relationship barriers
 4. CFOs indicate shift to value-driven mindset has not taken place

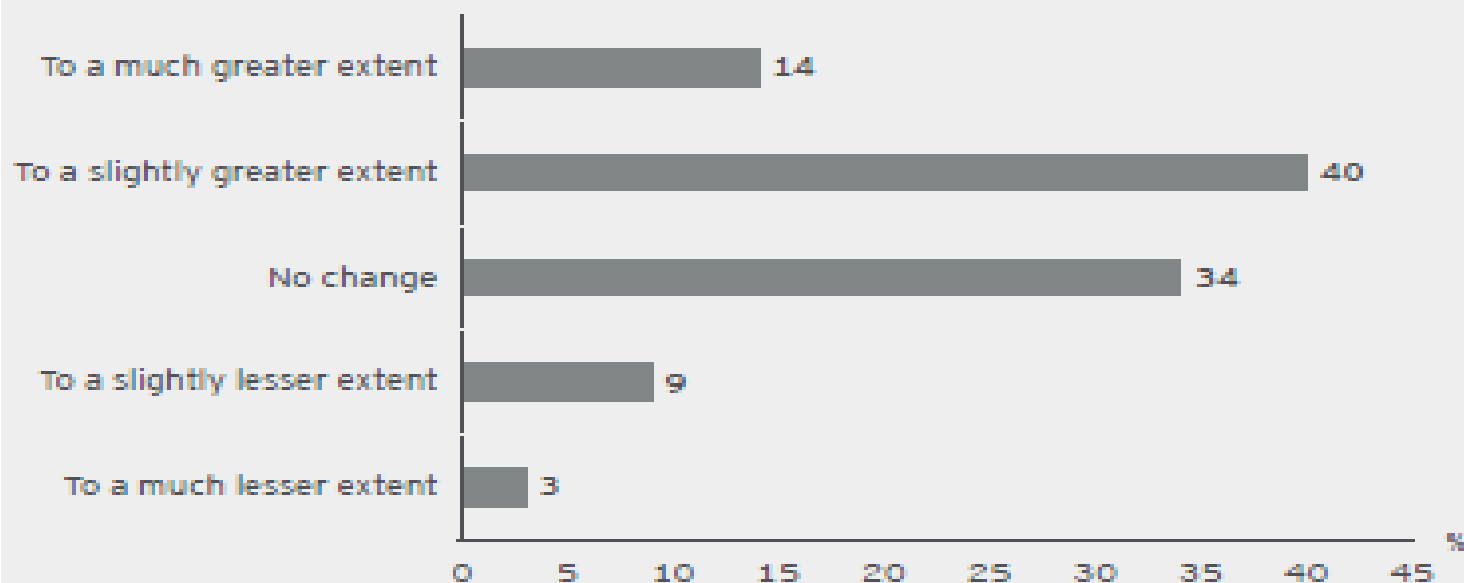
- ▶ Four CFO-CMO relationships success factors
 1. Agree on the metrics that matter for enterprise value
 2. Bridge the cultural divide between the two functions
 3. Collaborate on marketing's analytics transformation
 4. Team on the marketing planning process

CFO & CMO: winning team in a digital world

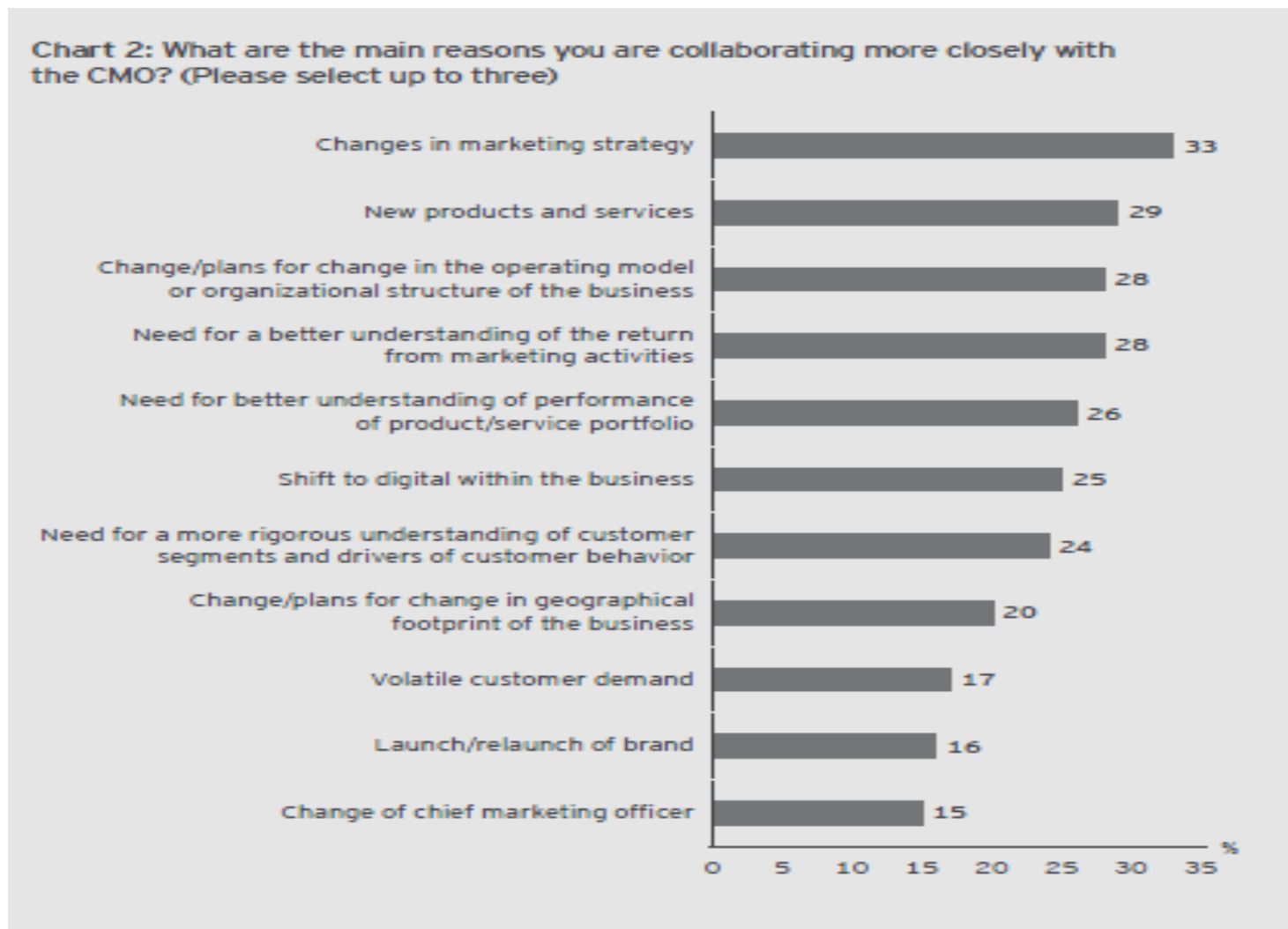
Collaboration is growing, but not quickly enough

A majority in our survey of 652 CFOs say that their collaboration with the CMO has increased over the past three years (see Chart 1).

Chart 1: Over the past three years, what change has there been to the extent that you collaborate with the CMO?

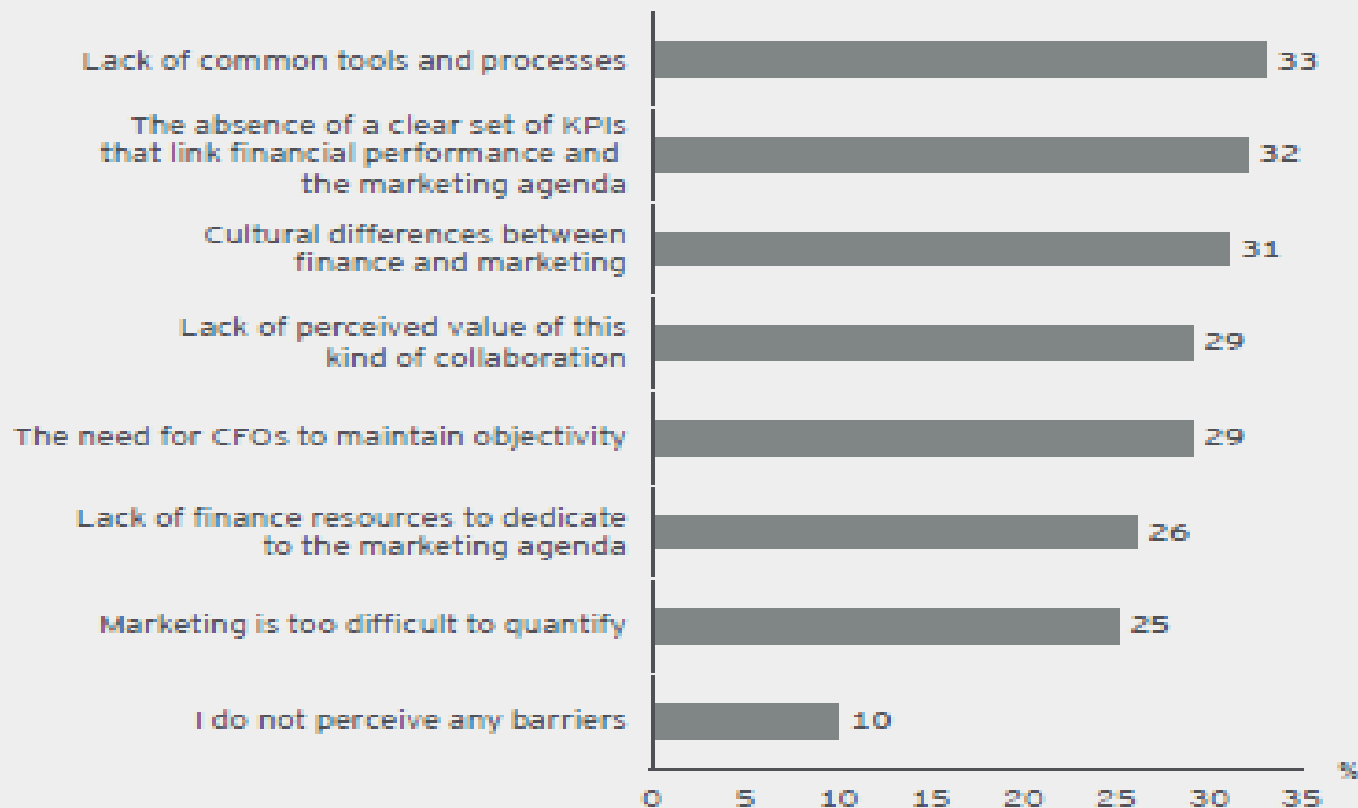


CFO & CMO: winning team in a digital world



CFO & CMO: winning team in a digital world

Chart 3: What do you consider to be the main barriers preventing a closer relationship with the CMO? (Select up to three)

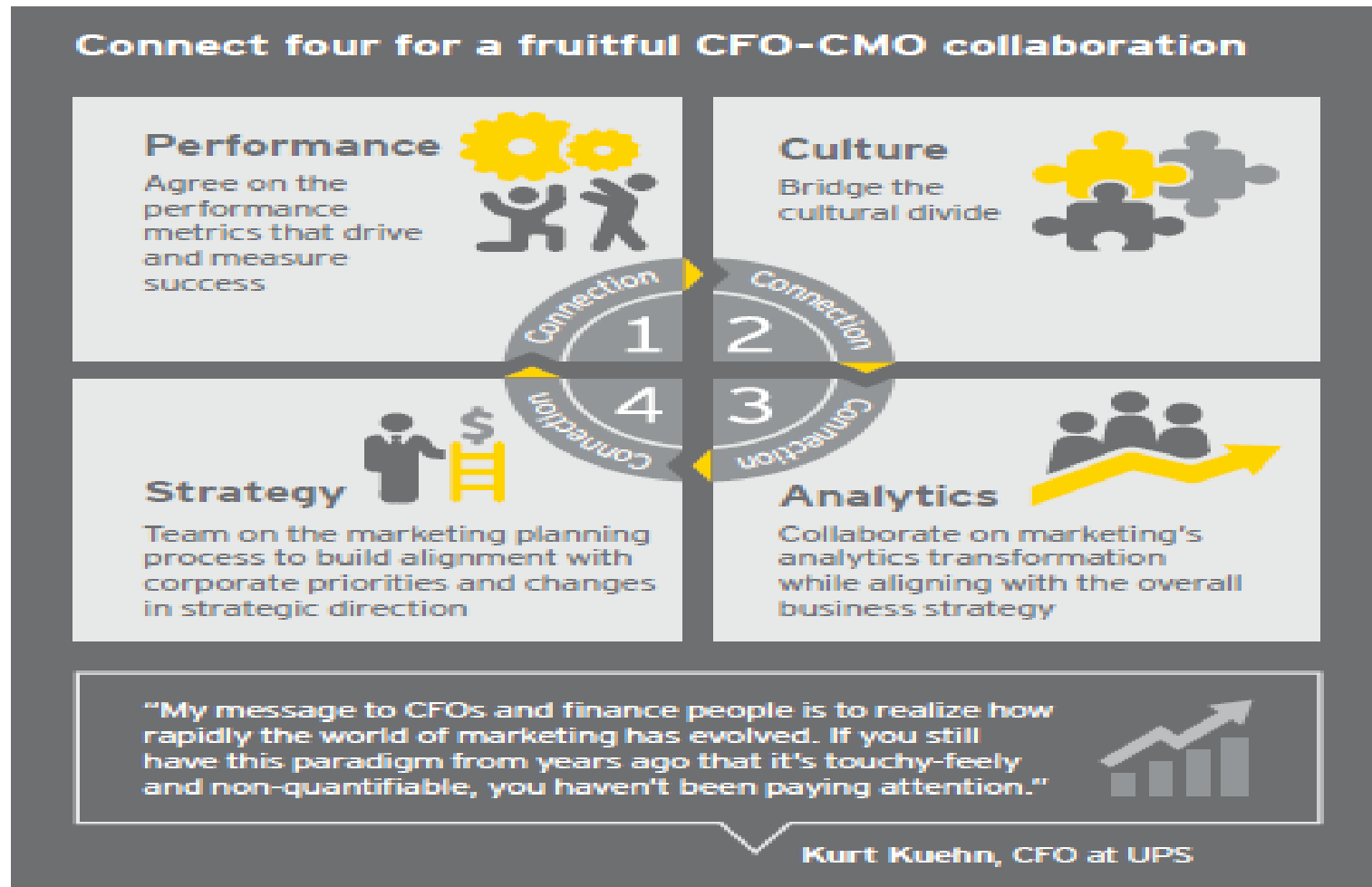


CFO & CMO: winning team in a digital world

Chart 4: In which of the following areas do you consider your contribution to marketing to be most valuable? (Select up to three)



CFO-CMO success factors



CFO-CMO collaboration

Marketing ROI priorities for the CFO

- ▶ Keep a keen eye on the full picture, and the details
- ▶ Meet in the middle on value versus volume
- ▶ Bring marketing and finance together for leading practices
- ▶ Accept that not all returns are so easy to measure

Digital governance priorities for the CFO

- ▶ Build a holistic picture of the organization's digital portfolio
- ▶ Ensure digital risk management is part of the governance framework
- ▶ Design a governance framework that provides freedom
- ▶ Work more closely together to realize digital potential

Today



Jamie Richardson
(Marketing)



Jim Meier
(Finance)



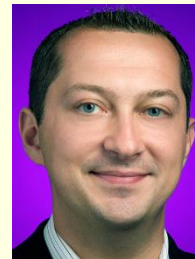
Karen Ebben
(Marketing)



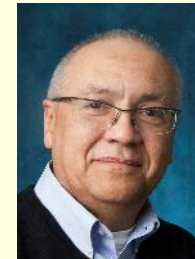
Peter Cushing
(Marketing)



Shyam Venugopal
(Marketing)



Stan Balanovskiy
(Marketing)



Robert Reyes
(Marketing)

Accountability Discussion Guide

- How organized?
- How working together (Finance & Marketing)?
- What accomplished?
- What barriers encountered?
- What barriers overcome?
- Wish lists for further success?

Discussion Excerpts

Sunil Garga, [m]PHASIZE: I read an article recently about the new “power couple,” the CFO and the CMO. We never saw anything like that. What’s bringing this power couple together? I hope you will agree that it’s data analytics that are bringing these two functions together. They used to speak very different languages, objectives were sometimes different. I think it’s the people in this room, and the kind of work they are doing, within the organization or outside, that is really is bringing this power couple together.

How are Finance & Marketing organized?

Jim Meier, MillerCoors : For us, part of it was business results. We’ve word-class-manufactured ourselves to death on the supply chain side – and that continues. The nice thing about that side of the business is there’s always new technology to make things more efficient, and I think people are now starting to realize that’s also true of marketing. Our CFO and CMO actually sit right next to each other; their offices are adjacent. Our finance group is distributed throughout the building. They sit with the marketing people. You come into the Chicago office and look for a finance division; you can’t find it. That happened seven years ago, and we’ve managed to sustain it through a lot of office maneuvering. Everybody now believes that that is a must-have, and I absolutely agree with that.

The other thing that’s very critical is that finance respect marketing for their knowledge and vice versa. We actually have training programs in place so that marketers know enough about my end that it helps them run their business. We recruit finance people who aren’t just technically good accountants, they have to have personal qualities, collaboration skills, a bit of empathy – that may sound unusual for a CPA! But it’s seriously a big recruitment issue, and it does become a retention issue when you bring people in who are really book smart but aren’t approachable to people.

(continued)

Discussion Excerpts (cont.)

How are Finance & Marketing working together?

Shyam Venugopal, PepsiCo: The question from a CFO or CMO standpoint is how we are doing with the portfolio, not how we are doing with each of the brands. In the case of Frito-Lay, which was one of the divisions that started this journey about four years back, a new CEO that came in said, “At the end of the day, Frito is an organization that is not going to win unless we all go together.” That means in some cases we had to make hard choices. She brought a notion of portfolio planning and asset allocation at the portfolio level rather than at brand level. She was taking a very different approach compared to other marketers in terms of being intentional about pulling back investments in certain brands as long as it benefited the overall portfolio. So all of a sudden the CFO and the CMO were talking the same language. That gave confidence to the CFO that the marketing team’s activities were not disconnected but connected to delivering against the portfolio.

What is the effect of digital marketing on the CFO/CMO relationship?

Sunil Garga, [m]PHASIZE: There’s more and more money moving into digital. I expect this is forcing a much closer relationship between the marketing and the finance function.

Karen Ebben, General Motors: I think digital is kind of a different world. There’s just a pendulum swing where it’s been overly focused on efficiency at the expense of effectiveness. Every big brand is saying, ‘How do I find that right mix?’ It’s about working smarter, not necessarily doing more digital.

(continued)

Discussion Excerpts (cont.)

Stan Balanovskiy, Google: From a planning cycle, naturally we've seen the digital mapping being accustomed to the same planning cycle as traditional media was. We've seen a shift in how people plan and delegate. The biggest change for most Google advertisers is that they started bidding X% of their budget. Many more of our customers are leaving their budgets fluid and optimize as they go along. That's allowed for a little bit more control for the finance organization. I see partners becoming more flexible and finance playing a greater role in the day-to-day as a result of digital becoming a broader part.

Over the past five years, for many organizations digital has been an experiment. 'We don't have to know exactly what it's doing but we're going to allocate part of our budget to this experimental phase.' Over the last few years, it's gotten to the point where it's now a core part of your overall marketing strategy. As this rings true, obviously the CFO and the marketing organization are interested in the experiment and what it means. We see a lot more interest in really digging in and understanding the pool of options.

Jamie Richardson, Kimberly-Clark: Our CMO used to say, 'We're not digital marketing, we're marketing in a digital world.' Early on in the world of digital marketing, a lot of the metrics being used weren't really the right KPI-type metrics. They were more easily accessible metrics. Although we were able to prove things about the interactive components that were happening, they weren't really tied into something meaningful at the end of the day. Now we have the analytics to tie in and understand the bi-metric impact of our digital marketing executions and how those are working with the other activities going on.

Analytics is showing up in more and more functions within the organization, and that's a good thing because there's an appetite for analytics. The challenge we have is that because analytics is showing up in so many different functions - whether it's finance or IT or market research or marketing - the challenge is we need to not let these develop independently. We have to bring them together and let them develop collaboratively.



Thank-you!



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