



# Marketing Accountability Standards Board

## Marketing Accountability Standards Board Establishing Marketing Organization Best Practices

### WHY THIS IS A PRIORITY

It's generally accepted that marketing organizations are in disarray. The CMO function has been widely questioned. Recent studies show that while 90% of CEOs trust their CFOs and CTOs, 80% of them distrust their CMOs. Research has demonstrated that board members with marketing experience represent only about 3% of all board members in publicly traded companies.

This low representation is frequently attributed to a lack of strategic focus and absence of financial literacy among marketers. Companies have been experimenting with changing how they organize responsibilities for revenue generation, customer experience, and the whole demand chain. A dizzying proliferation of titles has ensued — Chief Growth Officer, Chief Revenue Officer, Chief Customer Experience Officer, CMTO, Chief Digital Officer, Chief Commercial Officer, Chief Communications Officer, Chief Brand Officer. The CMO tenure is notoriously the shortest of any C-Suite role, and a significant number of companies have been experimenting with abolishing the CMO role altogether, including Coca-Cola, Hyatt, McDonald's and Johnson & Johnson. Many are subsequently changing their minds.

Research has also demonstrated that the structure of the marketing organization and its responsibilities vary widely across organizations. Given the role of marketing in revenue generation and the creation and maintenance of vital intangible assets such as brand and customer equity, determining the reasons for the current state of the marketing organization and the role of the CMO is crucial. In many cases, the marketing function is almost exclusively focused on communications and advertising and does not touch pricing, product, distribution, or other core levers of growth.

There has also been a shift to a very short-term focus—so-called “performance marketing” – with a broad-based desire to understand the distribution of responsibilities and decision rights of marketing in organizations, varied approaches to the organization of marketing, and how marketing effectiveness is evaluated within different organizational models.

Given the current environment, better defining the role of the marketing function and establishing standards for best practices is critical, and MASB is best suited to lead the effort.

## WHAT WE PLAN TO DO

We are building a team comprised of academic experts in organizational development and marketing function design, representatives from the marketing function in major companies, and external consultancies with expertise in organizational design (i.e. The Conference Board). This team will:

- 1) devise a process for identifying the marketing organization models currently in use,
- 2) benchmark their distribution,
- 3) determine reasons for observed variability, and
- 4) identify metrics for the evaluation of the effectiveness of each.

Our initial thoughts for structuring the workstream are as follows:

### 1. Review of existing data

Step one is to collect existing academic and third-party studies on marketing organization in the context of overall corporate organization structures. Combined with interviews and work sessions with appropriate academic and professional experts, these will provide us with relevant published materials, including case studies and scholarly articles. From these, we will surface initial ideas regarding:

- alternative approaches for designing and structuring the marketing organization
- factors that influence variations in the design and responsibilities of the marketing function in the context of overall organization design
- metrics for evaluating the effectiveness of marketing organizations

The work in this phase will be carried out by a core team of academics and representatives of consulting agencies with input from interested organizations.

### 2. Profile alternative designs for marketing organizations

We will then partner with the marketing organizations of leading corporations selected to represent different models across a range of industries, including B2B and B2C, product and service, and centralized and decentralized organizations. Our partners will include MASB-affiliated companies participating directly in the project team and non-affiliated organizations which we invite. The work will include in-depth discussions and interviews, mapping of organization structures, roles, responsibilities, and decision-making processes, as well as metrics for evaluating success.

### 3. Design and conduct an empirical study

Based on the literature review, interviews, and identification of alternative models and factors that describe these models, we will link available measures of effectiveness to each one. As it is our expectation that no single model will emerge as most effective across all organizations, we anticipate that a small number of alternative organizational structures will emerge superior.

**Note:** Factors such as the specificity of responsibilities, decision rights, resource allocation, and alignment of responsibilities and success metrics, as well as type of business and market(s) served will be examined.

### 4. Establish a set of recommendations regarding best practices

We will summarize the findings and create conceptual and operational recommendations for the design of effective marketing organizations, including appropriate contingencies related to type of business, market(s) served, and other relevant environmental factors. Recommendations will also address the role of the CMO and other marketing leadership roles.

## PARTICIPATE!

We are looking for a small number of people who will be excited to work with us on the topics of marketing organization and the role of the CMO. Especially needed are:

- Academics with a background in the study and philosophy of organizations, organizational effectiveness, and marketing organizations
- Marketers, finance practitioners, consultants, and other senior managers at companies who can provide a broad organizational perspective on the role of marketing in the organization and the effectiveness of alternative organizational designs.

For more information or to schedule a meeting to discuss participation, please contact MASB Executive Director **Frank Findley**, [frankfindley@themasb.org](mailto:frankfindley@themasb.org).