

# Bring on the Super-CMO

Faster than a brand strategist, stronger than a line marketer — and in demand at companies worldwide.

by Steve Silver

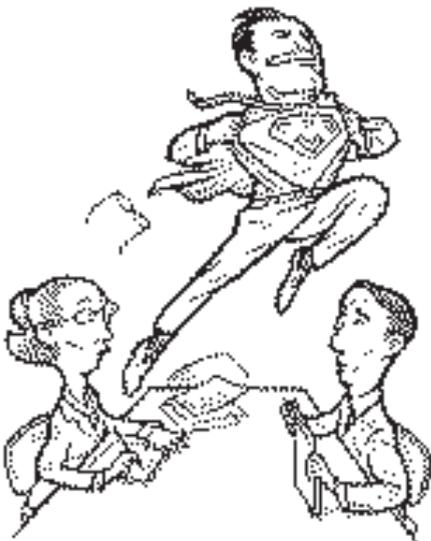
**C**oca-Cola Company President and Chief Operating Officer Steven J. Heyer is shaking up marketing at one of the world's leading marketing companies by asserting an important new need for "ideas that bring entertainment value to our brands." Is his background in entertainment or consumer packaged-goods marketing? Not originally. Before joining Coke two years ago, before serving as president of Turner Broadcasting System Inc., and before his stint as president of Young & Rubicam Advertising Worldwide, Mr. Heyer was a senior partner at a management consulting firm.

Expect to start seeing more senior marketers with Mr. Heyer's varied background. By the time this article is published, both General Electric Company and the Capital One Financial Corporation, after high-profile searches, will have filled senior marketing roles. Instead of looking for people skilled in dealing with ad agencies, media channels, and trade and consumer promotion programs, both companies were explicit that they were seeking men

or women with a combination of management consulting and line marketing experience. They wanted people who could both rethink the conventions of brand management and partner with senior executives across functions in the organization to develop and execute marketing plans that achieve business goals.

What's going on? Marketing strategy is growing up. In today's low-growth, hypercompetitive economic environment, companies are increasingly trying to blend their business strategy and line marketing activities to generate incremental top-line growth out of existing businesses.

Identifying and prosecuting growth opportunities requires a broad skill set. Both business strategists and marketers have important components, but on their own, neither has the full complement of skills. Men and women trained in strategy consulting can be superb analysts of new market opportunities. They are able to identify emerging market trends and possible new products or business approaches that will capitalize on those trends. But their lack of tactical training means their insights often end up in



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a report sitting on the shelf, rather than firing up the marketplace.

Traditional marketers, on the other hand, can be great tacticians. They are adroit at shepherding an idea from the drawing board to the market. But, trained in a brand management system that emphasizes communications activities to achieve improvements in established businesses, their efforts are rarely of breakthrough quality — and, too frequently, are not quantifiable enough for senior management.

**Beyond Tactics**

A new breed is needed: the “strategic marketer,” who is capable of managing the entire portfolio of a company’s brands and engaging all functions of the organization, not just communications. Strategic marketing requires people who combine the broad business perspective, cross-industry experience, cross-functional expertise, and deep analytical skills of management consulting with the subtle nuances of brand positioning and the action orientation of frontline marketing.

The need to gain strategic marketing capabilities will require firms to identify, attract, develop, and deploy people with the appropriate mix of skills earlier than their competitors. Companies won’t necessarily have to look outside, though. The need for strategic marketers is also an opportunity for today’s managers to increase their value to their current organization — or their attractiveness to other employers — by mastering this new combination of art and science.

Executives hoping to reskill and reposition themselves, though, will probably have to take control of their own development. The brand management system — the tradi-

tional source of marketing education and skilled marketers — has proven inadequate to the challenge of producing strategic marketers.

Brand management’s primary focus has been the development and execution of communications programs to achieve quarterly business goals. Certainly, many companies have attempted to build more integrated and sophisticated marketing structures and processes. In the 1990s, for example, technology companies such as IBM and the Microsoft Corporation, recognizing their weaknesses in this area, retained experienced senior brand marketers to institutionalize marketing as a capability. But even as they built customer databases, launched branding campaigns, and hired integrated marketing experts, they still kept the capabilities in discrete geographic or product units. Marketing remained tactical, generally removed from the centers of strategy and power, and fragmented — certainly not able to orchestrate the resources of an entire company across functions or units.

Although unfortunate, the devolution of brand marketing is not irreversible. For decades after Procter & Gamble Company introduced the modern brand management system in 1931, product and brand management were deeply strategic. Under this structure, brands were run as businesses by powerful executives, who competed both with other companies and with other brands in the parent company’s portfolio. They were the “hub of the wheel,” especially inside consumer-product companies, and controlled or influenced all of the elements of the marketing mix, represented famously by Philip Kotler, SC Johnson & Son Distinguished

Professor of International Marketing at Northwestern University's Kellogg School of Management, as the "Four Ps": Product, Price, Promotion (communications), and Place (channel). Consumer packaged-goods companies such as Procter & Gamble and the General Foods Corporation brought the model to its zenith in the 1960s, using discipline to build leading brands in categories from coffee to detergent.

In the 1980s and 1990s, however, consumer packaged-goods companies took many tools away

Outside consumer packaged goods, the brand management model never worked very well. Attempts by the financial-services industry to adopt the approach in the late 1980s (led by Citibank under CEO John Reed) and by the automotive industry in the early 1990s (led by the General Motors Corporation under marketing chief Ron Zarella) were notably unsuccessful. In these companies, brand managers were never really more than communications managers, and they had limited influence on company operations, especially

implementation, companies had to turn elsewhere to address more complex strategic marketing issues, especially those in which resources and infrastructures are shared across brands. At the same time, companies learned that consultants could not replicate the implementation expertise that experienced marketers bring to their roles.

### "Big M" Marketing

Although the outsourcing of strategic marketing expertise probably made sense during the past two decades of continual, rapid changes in technology, media, markets, and organizational structures, the time has come for companies to bring some of it back in-house. The new class of strategic marketer will own the talents that, in recent years, have resided variously among consultants, agency executives, and senior strategists. In particular, these people — who actually deserve the title of chief marketing officer (CMO) — will require five sets of skills, which cross the traditional barrier between artistry and analytics:

- They must be able to spot business trends early, from the analysis of large amounts of market, competitor, and operational data;
- They must be experienced in developing both media plans and business plans that deliver on company financial goals;
- They need to be able to draw subtle insights from research on the underlying motivations for customer behavior;
- They must have the capability to direct ad agencies and other partners to develop and execute a brand positioning consistent with target customer understanding; and
- They need to be secure enough intellectually to stand up for

## Marketing has not lived up to its promise. Those pursuing careers in brand management have found their opportunities narrowing.

from the individual brand or product manager. New layers of management were added (typically at the category level) to oversee individual brand decisions and to seek opportunities to extend established brands into new areas. Marketing resources, such as Web programs, databases, and call centers, increasingly were added and shared across brands, further reducing the autonomy of brand managers. As media and marketing costs rose and consolidation at marketing, media, advertising, distribution, and retail companies continued, promotional budgets got tied up in long-term company-to-company marketing alliances, such as the arrangement between Walt Disney Company and the McDonald's Corporation to use Disney media properties and the McDonald's retail channel to promote each other's businesses.

when those operations were shared across brands.

The net result is that marketing, in recent years, has not lived up to its full promise. Even as many companies were appointing chief marketing officers for the first time, people pursuing careers in product or brand management were finding their responsibilities, skill sets, and future opportunities narrowing.

The advertising agency business recognized this change at least as long ago as the mid-1980s. Advertising executives then began to publicly decry the encroachment of management consultants upon the agencies' historic turf: advising companies on marketing strategy. But the reason then, as now, was the evolution of brand management. With clients and agencies focused increasingly on communications activities and tactical program

the answer that is right for the business while also being able to build consensus with team members across departments on the future direction of that business.

The creation of strategic marketers is not a feat of genetic engineering. In fact, they already exist at many companies, although they may be in short supply. At IBM, such people are referred to as “Big M” marketing executives, and they are specifically distinguished from “small m” staff, who have less turf and a narrower perspective — typically limited to communications or even to a single discipline, such as

have had a series of experiences that have helped them become strategic marketers. Take Jim Schroer, for example. The executive vice president for global sales and marketing at DaimlerChrysler North America, Mr. Schroer started in automotive product marketing at STP, the fuel and oil additives company. He did two stints in consulting in the 1980s and the 1990s, where he focused on business strategy for marketing-intensive companies. He left consulting first to take responsibility for sales and marketing at RJR Nabisco. He departed the second time to become vice president of global

nication and dealer marketing resources.

Strategic marketers can also come from within the organization, and they do not have to have a background in management consulting. Consider Jim Firestone. As president of corporate operations and, previously, senior vice president for strategy and marketing at the Xerox Corporation, Mr. Firestone is one of a growing number of executives at leading companies responsible for both corporate-level strategy and marketing. Mr. Firestone started his career in the finance organization at American Express Company and rose to become the head of Amex Japan. In Japan, he worked closely with a consulting firm on a country strategy that involved the systematic analysis of the target customer, value proposition, and business economics for a series of product lines (Gold Card, Green Card, etc.). He also worked intimately with direct-marketing wizard Lester Wunderman and a team from advertising agency McCann Erickson Hakuhodo on marketing tactics to grow these businesses profitably.

Mr. Firestone credits his time at Amex and similar roles at Ameritech, IBM, and Xerox with strengthening his skills in business strategy, finance, and line marketing. This combination of talents was critical to his being tapped for the corporate role at Xerox, where he is a member of the turnaround team that recently redefined and reorganized the company around three distinct sets of customers and business economics. Xerox is currently building up the marketing organizations in these businesses to restart their growth engines.

Still, people like Jim Schroer and Jim Firestone are all too rare.

## Strategic marketers need to be secure enough intellectually to stand up for the answer that is right for the business.

Web marketing or public relations.

Not surprisingly, many “Big M” types, with backgrounds in consulting, have recently been put in senior roles. The ranks include Anil Menon, who was both a professor at Emory University’s graduate business school and a consultant before being named vice president of corporate brand strategy and worldwide market intelligence at IBM, reporting to Abby Kohnstamm, senior vice president of marketing. Other examples include Dell Computer Corporation’s Chief Marketing Officer Michael George and the heads of several ad agencies — Young & Rubicam’s Michael Dolan and Modem Media’s Marc Particelli among them.

Finding people with the full “Big M” skill set is not easy, but it can be done. Usually these people

marketing at Ford Motor Company, leaving there to take the DaimlerChrysler role.

At both auto companies, Mr. Schroer has played an important part in developing the company’s strategic brand platforms; he is also well known throughout the industry as a strong proponent of decentralization — of shifting marketing spending authority to the field — and of greater accountability for marketing ROI. Last year, Mr. Schroer was central to the Chrysler Group’s decision to consolidate marketing and product planning into three vehicle brand teams — Chrysler, Jeep, and Dodge. This move created a single marketing leader for each brand team who oversees both the “more strategic” product-planning resources and the “more tactical” marketing commu-

An executive recruiter discussing the growing need for strategic marketers recently said she didn't "think there are 50 people in the U.S. who have fully developed the skills required to do this role well."

### The SM Inside You

With that kind of talent gap, all companies face the test of developing and deploying this new strategic marketing capability from within.

The process must start at the top. CEOs should seek to identify and advance middle managers with the potential to develop the full mix of strategic marketing skills. That means changing the expectations for marketing people. They must understand they'll need both the hard (analytical) and soft (intuitive) aspects of the job. They will also have to be both planners and implementers.

Companies should also rethink the career path of marketing and business strategy professionals, to better groom men and women to assume these new responsibilities. This will likely mean rotating high-potential business strategy staff into line marketing roles, and vice versa.

Companies should begin now to create new roles and processes to harness strategic marketers' skills and insights. At Capital One, the position is even called a new business brand development manager. A staff position, it involves serving as a partner with business-unit general managers to analyze the market, define opportunities, and plan and align marketing activities across business functions and marketing disciplines. GE is filling a series of such positions, one for each industry sector (aerospace, industrials, etc.) to work with the leaders of the various GE businesses in that sector.

In both cases, the goal is the same: to accelerate top-line growth while also building strategic marketing capabilities. Over time, the people in these roles will become candidates to take over as chief marketing officer for one of the company's businesses.

For many companies, such changes couldn't come a moment too soon. Too often, marketing is synonymous with marketing communications. Decisions about target customers and value propositions are being made by "marcom" staff and their agencies, whose work influences little more than the next advertising campaign, rather than guiding other marketing elements as well, such as product development, channel management, and pricing.

Because they have emphasized communications *uber alles*, marketers have drifted further from the seat of power in large companies. For their own good — and for the good of the companies they serve — they have little choice but to become strategic. +

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