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by Gail McGovern and John A. Quelch

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**Chief marketing officers come in three new-and-improved flavors, exclusive Harvard research shows.**

# THE Fall AND Rise OF THE CMO

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**As large corporations redouble their efforts to** find more profitable paths to growth, they're looking for strategic and operational leadership from the marketing organization more than ever before. The result is the increasing prominence of a senior executive whose title didn't even exist 10 years ago: the chief marketing officer, or CMO.

To a degree, the emergence of the CMO is simply a matter of nomenclature. There are chief talent officers, chief technology officers, chief investment officers, and chief financial officers. Why not simply rename the senior vice president of marketing the CMO?

CEOs of Fortune 500 firms who have appointed CMOs say it is because they need someone who does more than what is expected of a conventional leader of marketing. As the need for marketing expertise becomes more pressing, CEOs have recruited CMOs as direct reports to bolster their marketing bench strength. Particularly when reputation risk is a major concern, the CEO needs a single person to whom he or she can turn in the event the corporate brand (or a prominent brand owned by the company) encounters a crisis.

Creative marketing leadership is also sought to differentiate and strengthen brands through integrated communications strategies. The goal is for companies to better understand customers' buying preferences and link that knowledge to the delivery of products and services that are more relevant to customer needs, and to develop closer channel relationships. But the demands on marketing don't stop there.

Companies are looking to chief marketing officers to contain costs in media expenditures, marketing ser-

Illustration by Bob Goldstrom

**Gail McGovern**
(gmcgovern@hbs.edu) joined the faculty of the Harvard Business School in June 2002. She teaches marketing to first-year students in the MBA program. Previously, Ms. McGovern was president of Fidelity Personal Investments, the retail mutual fund and brokerage unit of Fidelity Investments.

**John A. Quelch**
(jquelch@hbs.edu) is Lincoln Filene Professor of Business Administration and senior associate dean for international development at Harvard Business School. He is co-author, with Christopher A. Bartlett, of *Global Marketing Management* (Prentice Hall, 1998, 4th ed.) and, with Edward J. Hoff, of the 1986 landmark *Harvard Business Review* article "Customizing Global Marketing."



vices procurement, and market research. Now that firms have reengineered manufacturing and supply chain processes to cut costs, there is a natural desire to make marketing more effective, too.

But the track record of CMOs, so far, is mixed. According to a recent study by the global executive recruiting firm Spencer Stuart, the *average* tenure for CMOs is only 23 months. At one extreme, the Starbucks Corporation staffed and restaffed its head of marketing five times in seven years; Coca-Cola Company changed its CMO four times in six years; and Kinko's (now FedEx Kinko's) staffed the position three times in five years.

Other companies, however, have benefited from stability in the chief marketing officer position. Abby Kohnstamm has been IBM's senior vice president of marketing for more than five years and has successfully overhauled the company's entire marketing strategy. Ann Glover, CMO of the Hartford Financial Services Group, has had the responsibility for branding and advertising for more than three years. She has brought much-needed consistency to the brand, logo presentation, and internal communication of marketing messages across the corporation.

So why do some CMOs achieve success and longevity while others fail and leave? Is it simply an issue of individual marketing skills, or are some firms destined to continually churn their marketing leaders?

In 2004, we surveyed 120 companies and conducted 18 in-depth interviews with CMOs and/or CEOs from global companies in order to gain a deeper understanding of what drives success and failure among chief marketers. Our conversations revealed that personality, empowerment, expectations, skills, and a company's needs together play a critical role in a chief marketing officer's success.

### High Churn

CMOs, our research shows, experience high and rapid turnover for five reasons: They tend to be outgoing personalities who like to grab the limelight, even though this can rub the CEO the wrong way; too often these high-powered, talented individuals feel constrained by a lack of authority; expectations for the CMO's impact on business performance are too high; they're experts in marketing but don't have multifunctional management depth; and the need for a CMO is not clearly defined.

• **Too Much Showmanship.** Good chemistry between the CMO and the CEO is essential, and that usually means the CMO shouldn't be a showoff. In general, the CEO requires a CMO who is comfortable in a subordinate role and is not a media hound. Eric Kim, who was CMO of Samsung for five years and joined Intel this November as the vice president and director of the sales and marketing group, says the CEO should be the brand cheerleader; the CMO's role is to give the CEO (especially one who's not marketing oriented) the information, advice, and self-confidence to be the lead marketer in the organization.

Most successful CMOs are team oriented and comfortable in a supporting senior staff role. They enjoy and are skilled at facilitating organizational change through influence and persuasion rather than command and control. Hartford's Ann Glover describes effective senior marketers as "consummate team builders who work through people by using influence management." In contrast, a Fortune 500 company CEO describes a former short-tenure CMO as having "octopus arms" and continually "trying to grab and control everything."

The most effective CMOs are not only creative in shaping marketing strategy and in educating others, but also good at managing the marketing decision-making process. They can direct solutions through their organizations in such a way that everyone involved feels they've had input into decisions and have a stake in the results.

• **Too Little Empowerment.** A firm often goes through several CMOs when it's led by a CEO who is heavily involved in marketing decisions and needs an individual merely to execute his or her plans. CMOs in these firms may feel they do nothing more than carry advertising copy back and forth between the chief and the ad agency. When a CEO appoints a smart, capable CMO but doesn't give him or her sufficient support or authority, the CMO will quickly become disenchanted and abandon ship.

Howard Schultz, chairman of Starbucks, hired five different marketing heads in seven years. He remains the chief architect of the Starbucks brand, and marketing strategy and is viewed as such throughout the Starbucks organization. In 2001, after Gary Kusin became president and CEO of Kinko's, he determined that marketing was where the battle would be won or lost. "If you're a CEO brought in to turn around a troubled company, you can't delegate marketing," he says. "You can't leave the future of the company to the CMO." Mr. Kusin had three CMOs in five years.

When the CEO views himself or herself as the keeper of the brand, the CMO must be self-effacing and well respected by the CEO and by staff throughout the organization. In these cases, an internal appointment of a long-standing manager who is well connected in the company is usually more successful than an external appointment of a high-profile marketing star.

At the other end of the spectrum, when the CEO is uninterested in the marketing function and does not even have the CMO as a direct report or meet with the marketing chief on a regular basis, the CMO will struggle. Bradford McLane, who leads the marketing practice for executive recruiter Russell Reynolds Associates, says chief executive sponsorship is a signal success factor. "A CMO is most effective when he or she reports to the CEO, and when other senior executives embrace the role," Mr. McLane says.

• **Expectations Too High.** Churn often occurs when the CMO cannot deliver results fast enough, whether the expectation is to improve brand awareness or preference, sales, or market share. A CMO who has to spend too much time selling ideas, objectives, and strategy internally usually doesn't have enough time to make progress, and becomes jaded. Because the CMO is typically a senior staff person in charge of a cost center, the head marketer is vulnerable to criticism from line managers who are under the gun to control their costs, as well as from other managers who fancy they, too, have marketing expertise and resent the new "chief." This is especially true when the CMO is appointed from the outside. CEO commitment to and faith in the CMO for a minimum of three years is essential to the CMO's success.

The CEO must moderate the organization's notion that a CMO appointment will yield instant results. When the CMO job description and the organization's expectations are misaligned, the CMO will inevitably experience difficulties. Greg Welch, a partner at Spencer Stuart who leads the firm's global CMO practice, states, "The most common cause of short CMO tenures is excessive expectations — by both the CEO and the peer group of the CMO. If all three do not share a common understanding of what marketing can do for an organization, the chances of CMO failure are magnified."

• **Too Little Expertise.** Some unsuccessful CMOs appear to be marketers who failed to make the move to general management earlier in their careers. They are good at right-brain creativity but are not as strong at, for example, proving the ROI on marketing investments, or at working with IT professionals on implementing successful customer relationship management systems. To be a good chief, a leader must have expertise in and feel comfortable with coordinating input from multiple functions. Intel's Mr. Kim developed his skills at such places as the Lotus Development Corporation, Dun &

**“If you’re a CEO brought in to turn around a troubled company, you can’t delegate marketing,” says FedEx Kinko’s CEO Gary Kusin.**



Bradstreet, and Spencer Trask Software and Information Technology Group, a technology-focused venture-capital firm in New York City. Spencer Trask CEO Kevin Kimberlin recently described him in the *Wall Street Journal* as “the rare executive who knows software and electronics and is also skilled in finance and marketing — and in closing tough deals.”

The CMO must demonstrate both creativity and strong analytical skills in an ever-changing environment. Gone are the days when marketing consisted solely of clever promotions and attention-getting advertising copy. Talented CMOs must excel in these areas, but also be experts in market research, target market segmentation, and distribution channel management, and be comfortable with finance, technology, and other functions.

• **Too Uncertain a Need.** The legitimacy of the CMO is quickly undermined if the need for the role isn’t clear. For example, when there is company-wide agreement that the company’s brand assets need a watchdog, a CMO has better odds of succeeding. Indeed, in a company in which it is apparent that the brand, logo, and marketing messages are confusing and diffuse, the perception and credibility of the headquarters leadership may depend on its ability to bring consistency to the presentation of the brand worldwide.

This was true for the Hartford Financial Services Group. Historically, several business units controlled marketing, including the use of the brand and corporate logo. It became clear — as a result of inconsistencies in presentation — that there was a strong need for brand guidelines covering everything from the logo to marketing collateral and brochures. To manage brand consistency, Ann Glover’s team developed a central brand information Web site where employees can download the logo, guidelines for its use, and the complete brand rules. “At the Hartford, imposing rules and regulations around the use of the logo and asking all the business units to follow consistent collateral standards was a big deal,” says Ms. Glover. Her team’s initiative wouldn’t have been so successful if the need for consistency had not been recognized by the CEO and by the business unit heads.

In 2000, Unilever set up divisions for Home and Personal Care, and for Food and Beverages, and appointed for each division a president of marketing (a role equivalent to a CMO). Each executive had responsibility for globalizing the major brands within his or her division. The president of marketing of the Home and Personal Care division quickly achieved success in pushing the country organizations to adopt a standardized approach to Unilever’s global brands, such as Dove, Lux, and Sunsilk.

On the other hand, the president of marketing of the Food and Beverages division experienced challenges. First, the division’s senior team considered the global integration of Bestfoods, a recent acquisition, to be its top priority. Second, because culinary tastes vary from one locality to another, most of Unilever’s food and beverage brands were regional or local rather than global. The division’s effort never got traction.

Companies need CMOs only if the brands for which they are responsible are highly visible and important to a critical mass of customers who expect products that carry the brands to have common attributes.

When a company has many subbrands, targeting many small and dissimilar markets, there is no reason to have a CMO. For example, Hasbro appointed a CMO who was responsible for the Hasbro brand; the duties also included ensuring consistently high standards of marketing among the individual Hasbro products. Hasbro's product line included such strong, enduring brands as Mr. Potato Head, G.I. Joe, and My Little Pony. The target markets for these products were vastly different, making the case for consistency less potent. In addition, Hasbro's corporate brand was neither visible nor important to its 5- to 12-year-old consumers. Hasbro's CMO stayed less than a year, and the position was not filled after his departure.

### Multiple Descriptions

Not all CMOs are created equal. Indeed, there is enormous variability in their responsibilities and job descriptions. The variance exists because different models are appropriate for different types of companies at different stages of marketing orientation. Our own research — supported by a study released in October by the Association of National Advertisers and Booz Allen Hamilton — indicates three possible models. (See "Making the Perfect Marketer," *s+b*, Winter 2004.) In the right context, any of the three can be successful.

**1. VP of Marketing Services.** A vice president of marketing services operates a cost center made up of marketing professionals. Business unit managers have profit-and-loss accountability and use the marketing expertise in this "center of excellence" as they deem necessary. For example, the VP of marketing services may oversee a central market research function; however, line managers can opt to procure these services externally.

The VP of marketing services typically develops and monitors compliance with the brand, logo, and trademark guidelines. In addition, the VP coordinates brochure designs and collateral worldwide.

The VP of marketing services may coordinate relationships with ad agencies, market research firms, direct-mail houses, and other marketing services suppliers. However, the responsibility to negotiate these deals often rests with the individual business units, a central procurement group, or the finance function.

This model operates successfully at the global pharmaceutical company Merck & Co. The firm has a strong R&D-driven culture in which product managers have complete profit-and-loss accountability. Product managers use Merck's marketing center of excellence as needed.

What are the required qualities for a VP of marketing services? He or she must:

## Eight Ways to Improve CMO Success

1 **Make the mission and responsibilities clear.** Be certain that the case for having a CMO is strong and the mission is well understood by leaders in the organization, particularly the CEO, the board, and line management. Without a clear need (real or perceived), the role will be rejected by the organization.

2 **Fit the role to the marketing culture and structure.** Avoid having a CMO in a marketing-led company that has many individual brands rather than a single corporate umbrella — unless the person appointed to the position is a well-connected insider.

3 **Choose a CMO who is compatible with the CEO.** Beware of the CEO who wants to hire a CMO but doesn't want to relinquish any marketing control. Find a CEO who recognizes his or her responsibility to be the cheerleader for marketing and the brand, but realizes the need to be guided and coached by a marketing specialist.

4 **Remember that showpeople don't succeed.** The CMO should work hard to ensure the CEO is successful at being the principal cheerleader for the brand.

5 **Match the personality with the CMO type.** Be certain that the chief marketer has the right skills and personality for whichever of the three CMO models he or she might fill. There is little tolerance for on-the-job training.

6 **Make line managers marketing heroes.** By stretching their marketing budgets, CMOs can improve a division's marketing productivity and help business unit leaders increase their top-line revenues.

7 **Infiltrate the line organization.** Have the CMO support the placement of marketing professionals from the corporate marketing department into divisional marketing roles. Provide input from the CMO into the annual reviews of line marketers.

8 **Require right-brain and left-brain skills.** The most successful CMO will have strong creative and technical marketing expertise, be politically savvy, and have the interpersonal skills to be a great leader and manager.

• Be an efficient administrator, but not necessarily a strategic thinker

• Have a "supporting role" versus a "starring role" mentality

• Demonstrate technical proficiency in marketing support functions (e.g., market research)

• Excel at developing supportive relationships, building teams, and influencing others

**2. Classic CMO.** In an organization not led by marketing, the classic CMO role is to ensure that longer-term marketing and brand-building considerations are part of the top management team's deliberations. The CMO must monitor the evolving consumer landscape, represent the voice of the customer, and act as the catalyst to develop and then interpret the consumer insights that can produce new product or service development. These contributions can be especially valuable in a corporation that is driven by sales as opposed to marketing. The classic CMO may also have responsibility for a company-wide (as opposed to divisional) CRM system. The CMO's role may be broad, but his or her power to influence the business is often limited, because the role rarely includes oversight of sales, strategy, or product management.

The CEO may, over time, look to the classic CMO to assess and develop the strength of the marketing bench throughout the organization. In some cases, the CMO may be asked for input on the performance of line marketing managers as part of their annual reviews. When Eric Kim was at Samsung, he gradually assumed responsibility for upgrading the professionalism and credibility of marketing talent throughout the company and increased the influence of marketing in the organization, which had previously been technology- and product-driven. Some of the central marketing staff specialists at Samsung are now "on loan" to the operating divisions. This enhances a CMO's chances of aligning the marketing plans of divisional management with those of the corporate center.

In a marketing-led organization that has high marketing expenditures and in which marketing is the typical career path to general management (such as Procter & Gamble), the classic CMO role is defined more narrowly. It includes getting the most value out of marketing services suppliers (advertising agencies, media buyers, market research companies, etc.), arranging global sponsorship deals, and being a catalyst for leading-edge marketing, both inside and outside the corporation. For example, Jim Stengel, Procter & Gamble's CMO, is the public face of the company to the marketing services industry.

The classic CMO must:

• Be a patient, tenacious persuader

• Be able to hold his or her own with line managers and the CFO

• Avoid no-win battles with sales

• Shun publicity unless it is to represent the company to marketing services suppliers

**3. Super-CMO.** The classic CMO who can prove himself or herself by gradually winning internal support and earning the trust of the CEO can become a "super-CMO," with greatly expanded authority. The super-CMO is a senior and seasoned marketing executive, widely respected both inside and outside the company. This executive has typically been a general manager or even a CEO, can certainly talk the language of business strategy and finance, and has the stature to direct global brand strategy. He or she usually has authority over the company's marketing budget.

Super-CMOs are typically found at companies that have a single global master brand that ranks high on Interbrand's annual list of the world's most valuable brands, and that sell multiple products and services under this brand umbrella. Marketing and brand building are highly valued throughout the senior ranks as critical to commercial success and shareholder value. The super-CMO usually carries a senior or executive vice president title along with the CMO title, especially if his or her responsibilities extend beyond marketing.

The super-CMO frequently uses a single global advertising agency (for example, IBM's worldwide relationship with Ogilvy & Mather or HSBC's new global alignment with J. Walter Thompson). Indeed, the "super" chief, at the behest of a CEO seeking more central control over a far-flung, decentralized multinational, may orchestrate consolidation of the firm's marketing expenditures into a single advertising agency.

The super-CMO model works extremely well at UPS, where Senior Vice President Kurt Kuehn has responsibility for worldwide sales and marketing. Mr. Kuehn's role covers sales, brand management, communications, customer relationship management, and product development. Profit-and-loss accountability rests with operations, in particular the heads of 80 to 90 operating units around the world. Each of these units employs local marketers who develop, establish budgets for, and execute local marketing initiatives. The central sales and marketing organization has responsibility for brand positioning, consistent brand presentation worldwide, and all marketing communications strategies that build the brand. Mr. Kuehn says that this shared accountability model, where local operations and corporate sales and marketing share responsibility for executing marketing plans, works because he "has learned how to lose the unimportant battles."

Another example of the super-CMO model is Dave Burwick, senior vice president and chief marketing officer of Pepsi-Cola North America. He has responsibility for brands and media, innovation of products and packaging, marketing initiatives (consumer promotions, sports marketing, Internet messaging), and market research. Overall profit-and-loss accountability rests with the Pepsi president, to whom Mr. Burwick reports. Mr. Burwick is accountable for top-line growth and the effectiveness of his marketing budget. He also has shared responsibility with his peers for company profitability.

A super-CMO must be:

• Smart, confident, and able to debate head-to-head with line managers

• Able to attract and retain top marketing talent, including line managers and senior staff

• Excellent at both left-brain (analytical) and right-brain (creative) marketing

• A change agent with strong convictions and staying power

• Well respected and trusted by the CEO and peers

## An Evolving Role

Although the CMO role is currently in vogue, many firms create this position without clearly defining the need for it or giving enough thought to the problems the CMO is meant to solve. Our research, supported by that of others, suggests this is a recipe for failure.

In the complex modern corporation, the CMO role is relatively new and needs more time to develop. The success of CMOs at such leading companies as IBM, Pepsi, UPS, and P&G helps the cause by providing templates for how the role can be integrated into existing organizational structures. Our research shows there are different types of CMOs, with different roles, responsibilities, required skills, and organizational status, appropriate for corporations with different organizational and marketing challenges. Understanding these differences and the needs for your organization is a central ingredient in shaping the role of the CMO.

Every company needs to assess the marketing tasks that must be performed in order to ensure competitive success, and the alternative organizational approaches necessary to get them done. CEOs must be especially sensitive to organizational structure and personality fit within the company before selecting a CMO, especially when considering candidates from outside the firm. (See "Eight Ways to Improve CMO Success," page 6.)

For those firms that have already experienced a high churn rate and have, in effect, created a "revolving door" for the CMO, in all likelihood, there is little hope for the role unless top management changes its ways. However, a CMO who fits well culturally within a firm, has a clear mission, and possesses the right skills can have a transformational, far-reaching effect on the way the company performs the marketing function. +

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