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In search of a strategic role for marketing Leading, influencing or supporting?

A global benchmarking
study exploring structure,
leadership and community

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Introduction

The perennial question of how best to organise, deploy and manage marketers in large, complex organisations is a continuing challenge...

In light of an increasing focus on structure and effectiveness, The Chartered Institute of Marketing, the world's largest professional body for marketing, has partnered with leading global management consultancy, technology services and outsourcing company Accenture, to conduct a practitioner-focused, primary research study exploring marketing structure, leadership and community.

Leadership with strategic impact



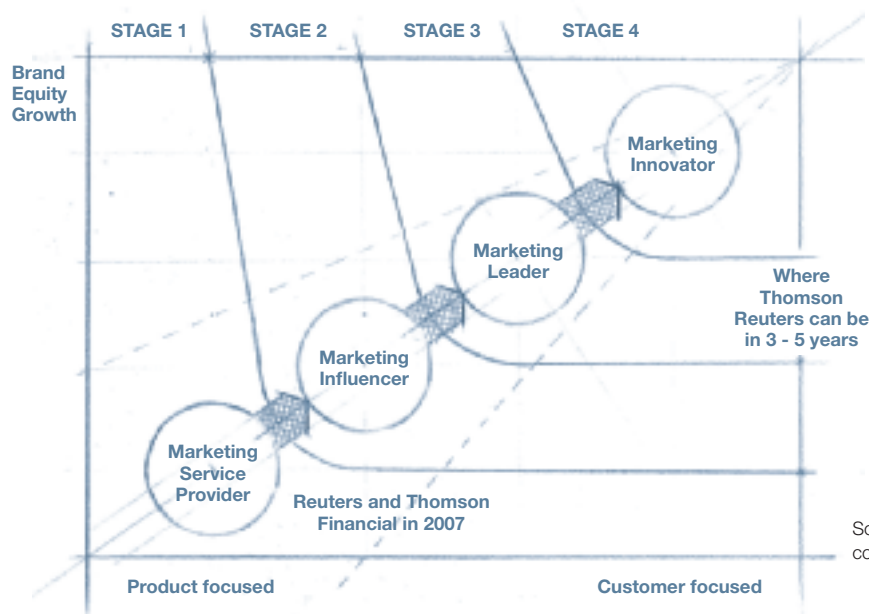
Giving marketing a seat at the top-table: lessons from a global merger

In 2007, the world's leading source of intelligent information for businesses and professionals, Thomson Reuters, was created with the £17 billion merger between Canada's Thomson Corporation, one of the largest international information companies and Reuters Plc the leading news and market data provider. Today, Thomson Reuters gives business professionals around the world 'Knowledge to Act' – through its two distinct business divisions – 'Markets' and

'Professional'. Thomson Reuters provides time-critical, accurate, intelligent information to decision-makers in the financial, legal, tax and accounting, scientific, healthcare and media markets around the world. In addition to which, the company's news offering, Reuters News, reaches more than 1 billion people per day. In 2008, Thomson Reuters was voted Business Week's 44th largest brand, less than a year after its launch.

Charged with the role of defining the purpose and profile of the marketing and communications function within the new company, Kate Coldwell, now Global Head, Office of the CMO, managed the marketing integration workstream, one of 15 'workstreams' within the overall merger plan. The programme included marketing resource and programme spend worldwide, accounting for around 2.6% of the company's total revenue and headcount.

Fig. v: Four stages of marketing evolution



Source: Thomson Reuters 3rd party consulting assignment report

A window of opportunity

The Thomson Reuters leadership team were keen to transform the marketing organisation, rather than simply integrate two very different legacy marketing departments. The merger provided a unique window of opportunity to transform the way in which marketing could contribute to the new company. Looking at the marketing function specifically in the Markets Division, both the legacy Reuters and Thomson Financial marketing functions were seen to be 'service provider' operations rather than business-leading functions – and as fig. v demonstrates, there was considerable scope to give marketing a seat at the 'top table' – moving it from a support function to a fully strategic operation. The

new company's leadership team articulated a clear and well-defined goal for its marketing organisation – to provide strategic vision and leadership for the Thomson Reuters business.

Revealing the challenges

The marketing integration workstream conducted a significant volume of internal and external research which highlighted the challenges and the opportunities for the business.

Specifically, internal research identified the following challenges:

- Alignment of resources with business priorities
- Different views within the business of marketing's role
- Insufficient visibility of marketing people and resource
- Multiple plans and budgets in multiple locations
- A lack of 'operating rhythm' between regional/central/line-of-business people and processes
- Undefined skills, capabilities and career pathways for marketing staff

And highlighting the opportunities

External benchmarking research was instrumental in revealing the significant opportunities for Thomson Reuters – and interestingly confirmed that the issues faced by Thomson Reuters in the context of a major international merger were far from unique. The research conducted looked at a number of international blue-chip organisations drawing on their own experiences, including Cisco, BT, Nokia, GE, Microsoft and AllianzBoots. It evaluated how different organisations interpreted and sought to address common challenges for global marketing functions, including spend on marketing headcount vs marketing programmes, and how to organise departments effectively, along centralised or decentralised, regional or business unit structures.

Benchmarking findings

Overall marketing spend

	Programs	Headcount
High-tech	70%	30%
Other B2B	60%	40%

Marketing spend as a percentage of revenues

B2B	2 - 4.5%
B2C	4 - 8%

Source: Thomson Reuters 3rd party consulting assignment report

Following completion of the research and armed with its findings the integration team worked through four key steps to redesign the marketing organisation:

1. Defining what marketing is and what it is not (see textbox, 'The definition of marketing in Thomson Reuters')
2. Drawing up organisational design scenarios, judging each against the 'what is/what is not' criteria
3. Realigning budget allocation between marketing headcount and marketing spend
4. Seeking to drive out duplication – consolidating departments and outsourcing ancillary or non-core competency areas.

The definition of marketing in Thomson Reuters

Marketing is

- The 'Voice of the Customer'
- Describes the differentiated value of products and how they address customers' challenges
- Enables generation of sales and profitability

Marketing is not

- Sales operations
- Product management
- Administrative support function

The output was a vision for the new function supported by a new organisational design that was to move marketing from being a service provider towards a strategic marketing operation, leading and not just reacting.

The whole process of research and redesign was a significant undertaking – a full-time eight month project for a small leadership team.



A global benchmarking study exploring structure, leadership and community



“Our vision for marketing could not be realised part-time. We needed focused, full-time resource to make it happen.”

The vision

Marketing: advocates of the customer

Marketing will support the Thomson Reuters’ goal of becoming more customer focused.

Marketing will bring the outside in, through aligned customer feedback, external forces in the adjacent worlds of finance, IT, media and business, market insights, competitive activity and best practice.

Marketing will take the inside out – we take Thomson Reuters out into the world, telling our story to each customer in a way that is relevant, topical and meaningful to them and build the brand story so everyone can hear it.

Making change a constant, not a project

To truly transform the marketing team takes more than just a new organisational chart and the integration team introduced new processes and governance models to support the new structure.

There were new functions established to support the overall vision of strategic leadership, including:

- A new channel marketing group to ensure marketing, and the business, could get closer than ever to customers
- A new brand group to launch, develop and communicate the company’s new brand and understand customers, through data analytics and satisfaction surveys

- A repurposed public relations function
- An internal communications team charged with ensuring that the newly-merged Thomson Reuters became “one company in one year”

Other initiatives to realise the vision included:

- An online handbook for all marketers outlining the vision for the marketing ‘community’, the expectations and a set of defined marketing behaviours
- A forum for marketing leaders to encourage a new ‘operating rhythm’, governing interactions and communications between regional, business division and central teams



- A marketing framework for planning and managing campaigns, budgeting, and a new sales campaign process
- A top-to-bottom talent review and detailed role and job descriptions

Achievements

- ✓ 1 new vision
- ✓ 5 new marketing functions
- ✓ Removal of 4 non-core functions
- ✓ 1 new governance model
- ✓ 5 new regional marketing exchanges
- ✓ 1 talent programme

This transformation took place at the same time as developing and communicating a new brand for the merged organisation – one which became Business Week's 44th biggest brand in under a

year, and whilst continuing to communicate effectively to over 400,000 customers throughout the merger.

Securing marketing's seat at the top table: the Office of the Chief Marketing Officer

The new marketing organisation may appear to contain nothing particularly radical – it is a global team, both centralised and decentralised and with the typical functions and job titles one might find in other large multinational businesses. It also includes the Office of the CMO.

The OCMO focuses on ensuring that marketing at Thomson Reuters 'lives into its vision'.

It is building an ROI and metrics framework to ensure accountability for the organisation's marketing

investment, creating a dedicated training academy for marketers and a programme to introduce industry best practice and knowledge into the marketing group to foster deeper customer understanding. Through these programmes and the strategic consultancy the group provides to the marketing leadership team, the OCMO will ensure that the process of change within marketing doesn't end with the merger, it is only the first step in its journey to achieve genuine strategic influence.

Further evidence of progress made towards living the vision of becoming more customer focused is in Thomson Reuters' adoption of a new 'Front End Customer Strategy'. The programme leverages proven B2C principles in the B2B environment to

key contributor



Kate Coldwell
Global Head,
Office of the CMO
Markets Division
Thomson Reuters plc

“Be ambitious, but understand that the journey from service provider to innovator can take time – a sustained commitment and truly believing that marketing plays a strategic role at the top-table is critical for success.”

anticipate, understand and deliver to customer needs, continuing the company's transition from a product driven to a customer focused organisation. This discipline is one of the best practices adopted from the wider Thomson Reuters' group, which has delivered outstanding customer led organic growth across the business and specifically impacting margins within Thomson Reuters Legal.

Be ambitious

The merger program gave Thomson Reuters' a unique window of opportunity in which to transform marketing. Such radical change would have been difficult to implement in 'normal' times.

However, the company's leadership seized this opportunity to embed its vision for change into the marketing function, so that this essential driver of the business is set on a path to achieving its true potential and continuing its evolution toward true marketing leadership.

Thomson Reuters plc quick facts

50,000

staff in 93 countries

\$12 billion

revenues in 2007

\$8.5 billion

brand value in 2008



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