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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.

Countering the downsides of decentralisation

skandia :

The organisation

Skandia is one of the world's leading providers of quality long-term savings solutions. Active in over 20 countries on four continents, the core of the business is based in Europe with its largest markets in Great Britain and Sweden. Skandia is also active in Australia and in selected growth markets in Asia and Latin America.

The Skandia Group is owned by Old Mutual plc – an international savings and wealth management company based in the UK. Originating in South Africa in 1845, the group has a balanced portfolio of businesses offering

asset management, life assurance, banking and general insurance services in over 40 countries, primarily South Africa, Europe and the United States.

A decentralised operating model

Skandia's overall organisation structure is based around geographic units that provide proximity to the group's markets. Business, including market and product development, is predominantly conducted by these geographic units, which were designed to ensure the solutions offered are tailored to individual, local need. Financial services savings products, often with local taxation at their core, have tended

to be country specific, though increasingly a global product is re-engineered to create the local product solution. In practice, this model can create a number of challenges for brand and marketing:

- The disparate nature of businesses and decision making gave rise to local market implementation – leading to increasing inconsistencies in brand execution and messaging
- Differences in market size and maturity led to wide variances in levels of competence and resource allocated to marketing activity



- Opportunities to leverage and manage scale economy across the group were being overlooked

“Skandia’s desire for highly entrepreneurial businesses, fine tuned to local market need had to be balanced against the desire to build a consistent global brand.

We did this by creating a shared customer brand promise, achieving clarity around how we describe our proposition, and how we differentiate the offer.

We structured this in our brand architecture – the set of standards that are applied to define what it is to be Skandia.

And we then had the identity and design framework created to match this, so each business unit received not just a set of rules, but the practical support for creating marketing collateral – be it print or web.”

Group marketing leadership

The global brand implementation required a marketing leadership structure be evolved.

This was done through establishing the role of Chief Marketing Officer (CMO) for the Group and a Group Marketing Council (GMC), directly reporting to the Executive Committee, with delegated responsibility for brand and marketing issues, and ensuring adherence to the brand architecture policy.

Giles Elliott, who led the brand implementation and represented the largest marketing unit took up the CMO role.

“We asked the local marketing units what they would like from the centre. They were eager to have common standards and to share campaigns, sponsorship and content – perhaps far more than one might expect at the outset. I think this was down to having

focus on what added value in their markets – a local view even from the centre. And that mindset has kept the community vibrant, and made the common standards enablers of sharing, rather than barriers for local action.”

Establishing the GMC recognised the following key drivers:

1. The move to a more consistent, efficient marketing operation with the new model required vision, leadership and a sustained commitment to change
2. Cross group initiatives and policies had to be owned centrally from the group, though sensitive understanding of local needs could ensure these added value
3. Cross country collaboration and sharing of practices remained informal, and no investment in technology could ensure such a vibrant and natural dialogue, and therefore this required

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leadership and facilitation from a primary, central figure to drive in a co-ordinated manner

In a highly complex market like financial services the new customer centric strategy at the heart of the Group gave marketing a natural role as ‘customer champion’ taking the proposition from industry and competitor focussed to truly customer focussed.

Efficient consistency

Further challenges to ensure a consistent brand and marketing approach were brought about by the UK market reorganisation

into three core business divisions – Domestic (UK), International and Investment Management.

The objective was to create three standalone operations and profit centres, but without duplicating marketing activity or tripling the cost base.

Giles Elliott, Head of Brand and Phil Hine, Commercial Director for Skandia’s UK business, began to explore how, coupled with the need to drive consistency in brand architecture, the marketing function could be reshaped to be better managed within this new organisation structure. They then

evaluated the implications, benefits and challenges of change for the broader marketing organisation. Their conclusion and proposal were based on three core recommendations:

- 1. Separate product from customer, creating clear expertise around the two – dividing the leadership and activities of product marketing from marketing communications**

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skilled communication and marketing people who could bring that technical knowledge to life consistently and clearly for our external audiences.”

2. Introduce and empower a central function to lead, support and govern UK marketing activities

“Specialisation among the product teams to develop the ideal, targeted solution for their ‘patch’ could not be at the expense of a consistent approach to communications. We therefore wanted to build a central team that is in part ‘in-house agency partner’ and in part ‘subject matter expert’ to drive the business unit approach. The balance between

support and firm policies is a difficult one to strike, but key to operating an empowered central team.”

3. Establish marketing communications as a standalone operating unit, formalised as a shared services function within the organisation

“The Shared Services model has great appeal in marketing – even though it is perhaps a rare department to include in such a model. Firstly the model gives commercial focus to the provision of time and effort, making the decisions over appropriate communications more objective, and driven by business case

not whim. Secondly it focuses corporate effort on developing a skill set in one place, with an appropriately resourced team with a tight set of business objectives, and responsibility for key metrics around brand.”

From teams to clients

‘Carving’ an embedded marketing team into a standalone unit required a fundamental change in mindset – from that of ‘team players’ to ‘internal client service providers’. With the benefit of several former marketing agency employees within the team, Skandia began to address the introduction of an ‘agency’ philosophy and, ultimately, the management of marketing services on a solid commercial basis.

“Skandia’s desire for highly entrepreneurial businesses, fine tuned to local market need had to be balanced against the desire to build a consistent global brand.”

One aspect of the internal service contracts involved a ‘non-compete’ clause, specifying that for two years following creation of the unit, marketers within the business lines were unable to utilise outside suppliers.

This clause, a common principle with shared services functions, later proved counter-productive.

“The non-compete clause was very comforting at outset – it promised the ‘client’ could not simply bring in outside support during the period of establishing the new team. However it quickly became a barrier to the relationship with business units who saw the non-compete clause as taking away their choice – ultimately we want our colleagues to choose to work with us for the value we add, not because they have to. Giving them choice back, and focussing them on the value-add we bring transformed the attitude of those who had resisted the model initially. And it really ensures the marketing services team have to be adding

real value and real cost efficiency so it drives the desired commercial behaviours in our team too.”

Reflections, learnings and next steps

“Introducing a shared services model has been both challenging and rewarding. It requires a commercial maturity in both the client and service provider, moving from natural colleagues to a more commercially driven dialogue. And at the same time the service provider is likely to be in the role of upholding brand and communication standards. In the end we re-organised into two distinct teams – the main production resource, and a smaller brand marketing team who ‘own’ the policies.”

“We have seen very different reactions among the team to the new strains of the commercial relationship – the added emphasis on service and value suits some, and worries others. I think the fear element was underestimated at outset. I had previously run an

agency, and it seemed very natural to me, but it was a huge culture shift for a large, corporate team. The worries were soon appeased, but I’d spend more time on reassurance ahead of time if we were to do it again.”

“I believe an essential for success has been the close relationship between us and finance – their respect for how we require flexibility of resource, and the need to expand and contract capacity to meet market need allowed us to create a very versatile model. Had they adopted a rigid, textbook approach then I think fitting marketing into the shared services framework would have been harder.”

key contributor



Giles Elliott
Head of Marketing
Services, Skandia
UK and Chief
Marketing Officer,
Skandia Group

"My objective has always been to gain greater respect and credit for the skills of communication marketing. Ours is traditionally a sales led industry, and our heritage is rightly built on technical skills and investment insight. Getting respect for the 'softer' skills of brand and communication requires a strong business and commercial focus, and the shared services model has helped us with this. There are moments I could scream, but overall I think we have gained a lot from implementing the model."

The Skandia UK shared services model, benefiting from its refinement over the last two years, has already been supporting other country operations, on an ad hoc basis, with guidance, best practices and procurement support. The model, having proved successful within the UK business, is now being evaluated for wider application across the Skandia Group – adapted to market size, maturity and spending power.

Skandia quick facts

53,000
employees

£279 billion
funds under
management (2008)

ftse100
parent company
Old Mutual plc

