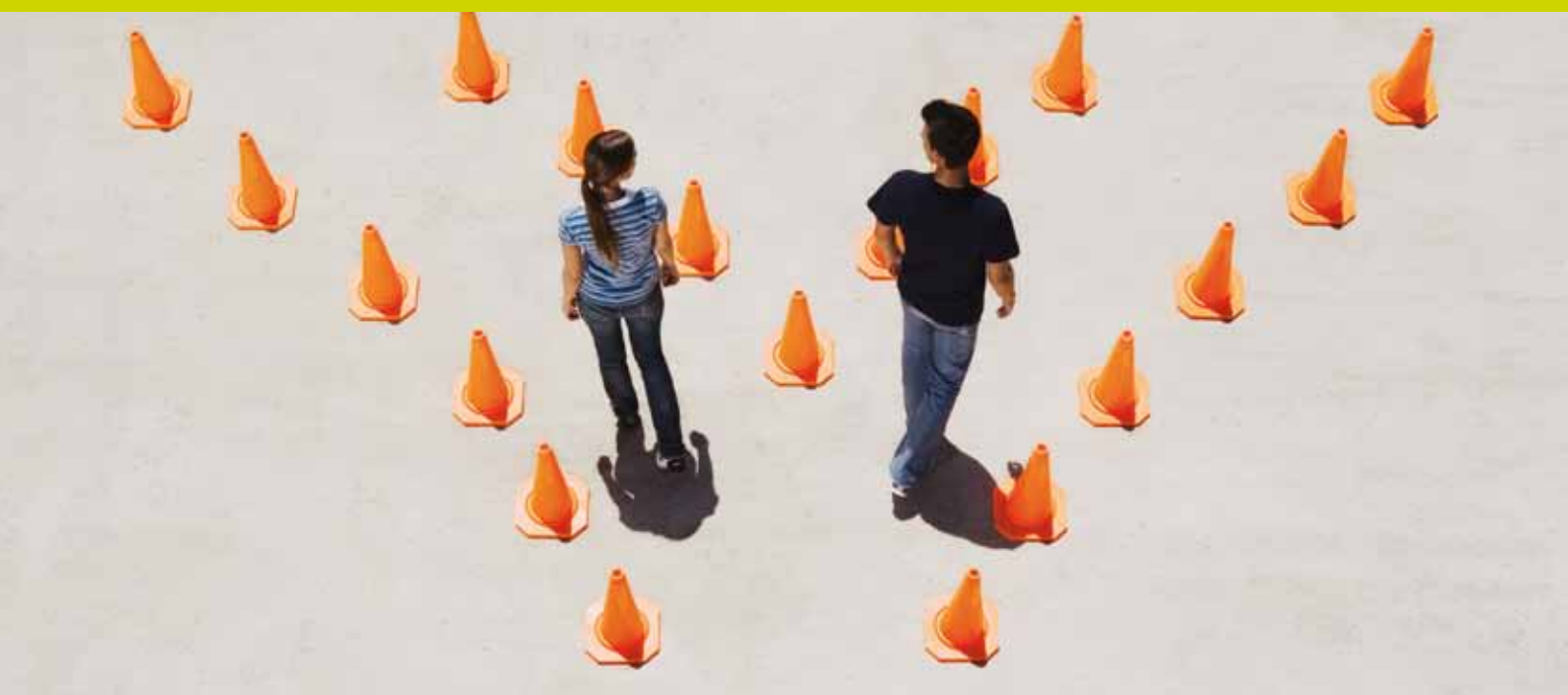


# Marketing Transformation Leadership Forum



Report

## **Tackling the effectiveness dilemma:**

Leaders' perspectives on effectiveness  
and accountability

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# Tackling the effectiveness dilemma

Accountability is central to a more credible, influential marketing function. Even before the economic downturn, many business leaders questioned marketing's ability to generate (or even quantify) an acceptable level of return.

To break into the accountability issue, the Marketing Transformation Leadership Forum held a *Question Time* style panel debate, attended by some 50 senior marketing practitioners. We worked over the following key issues to help tackle the effectiveness dilemma:

- Does business value the role and commercial impact of marketing and marketers?
- What should we measure; how do we measure; who does the measuring?
- Practical steps to improving measurement, credibility and accountability

Debating these issues, and responding to audience questions and challenges, were a diverse, expert panel:

**Matthew Price**

Finance Director, Costa Coffee, Whitbread plc

**Peter Jackson**

Global Broker Relationship Director, RSA Group plc

**Mark Dymond**

Head of Marketing Effectiveness, HSBC UK

**Rob Conway**

Managing Director, Campaign Works

**Professor Robin Wensley**

Professor of Policy and Marketing  
Warwick Business School

**Raoul Pinnell**

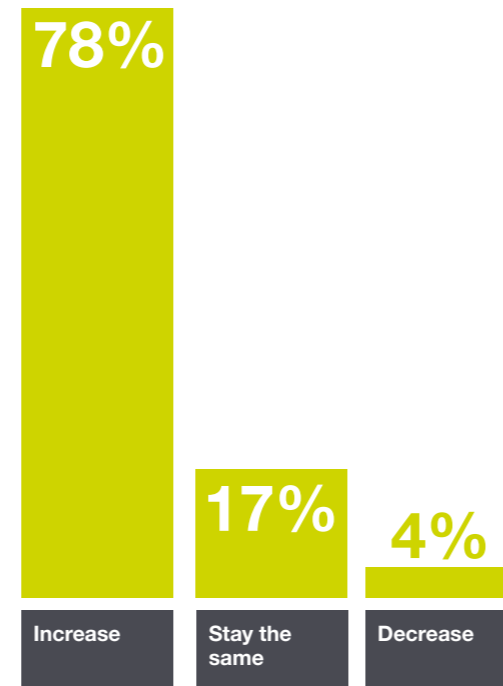
Former Chairman, Shell Brands International AG  
Currently multiple Non Executive Board roles

This paper is a summary of the discussion and recommendations from the debate facilitator, and includes results from live audience polls on the day.



**Live poll – question one**

Is scrutiny over marketing investments going to increase over the next five years?

**Beware the flesh eating zombies – they're behind you!**

Ever had one of those recurring 'stress dreams'? You know the kind of thing – the zombie flesh eater is on your tail, but no matter how far or fast you run, it's still just behind you. Oh, and sometimes it feels like you're trying to run through a big pool of treacle. No? Maybe it is just me after all then!

Anyway, I'm sure you get the idea, and our recent panel discussion on Marketing Measurement and Accountability at London's Transport Museum put me in mind of such a dream. Why? Well, for as long as I've been in marketing – and that's quite a while – we marketers seem to have been agonising over our ability (or inability) to demonstrate the value of what we do. Yet, despite years of angst, it appears we've made little progress.

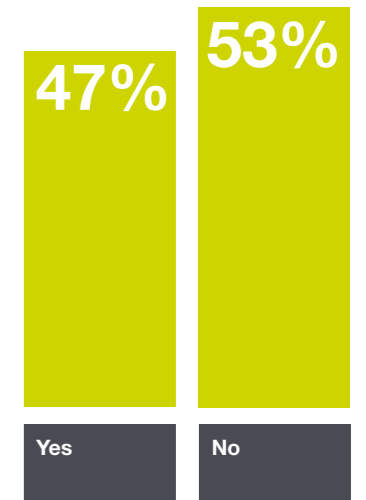
Ask a room full of senior marketers from a broad sweep of companies whether marketing's ability to assess its commercial value has improved over the last decade. When 47% say there's been no change, and 13% say it may even be worse, surely the alarm bells should ring?

Not too encouraging, but read on because it gets worse. Over half that same audience felt that marketing leaders are not sufficiently qualified to assess the commercial impact of their function's investment. Hang on – highly paid CMOs unable to demonstrate the commercial value of their work? Surely that can't be true, can it?

And then, to cap it all, 78% of the audience say they expect scrutiny of marketing investment to increase in the next five years. Well, it looks like the zombie flesh eaters aren't just chasing us; they're catching up, and we'd better wake up fast or we

**Live poll – question two**

In your view, are marketing leaders sufficiently qualified to assess the commercial impact of their function's investment?



may get eaten. Some may venture that we deserve everything we get.

Here's the question, then – is this kind of serial failure to improve accountability acceptable, especially for a profession that aspires to lead in the commercial area and given the advances in technology available to our industry? After all, how will we react if England loses on penalty shoot-outs again? A resounding chorus of "Never mind chaps, better luck next time?" I suspect not. More likely, "They're professionals; how could they still make the same mistakes?" Hang on – that's another recurring nightmare – let's move on.

So here's another question – what's stopping us? Clearly, some have managed to address the issue, or at least make encouraging progress. As for the 60% who haven't, is it an issue of knowledge, skills or attitude? Do CMOs and their charges understand

how to address this issue – or where to go for help? Do they possess the capability to implement the change that's required? Do they care enough to make the effort? If not, why not?

Perhaps just as worrying was the perception that the wider business community simply 'doesn't get marketing' or understand the nature and value of what we contribute. Fifty-five per cent of the audience felt that CFOs need to look more closely at the value of what marketing does for their businesses and devise credible financial measures to assess returns from this area.

This begs the question, why do so many businesses and business leaders continue to pay lip service to critical issues like customer centricity, brand experience and brand differentiation? Why are phenomenally successful companies like Tesco, which build their entire business model around

**Live poll – question three**

In your view, should CFOs take more responsibility for assessing the commercial impact for investment in marketing and brands?



customer insight and customer affinity, still the exception in this regard? Why are so many CEOs and CFOs uncomfortable talking about their strategies in these areas when they are so fundamental to competitive performance? And why have finance departments paid so little attention to developing tools to assess the true commercial returns derived from investment in these vital areas – marketing areas?

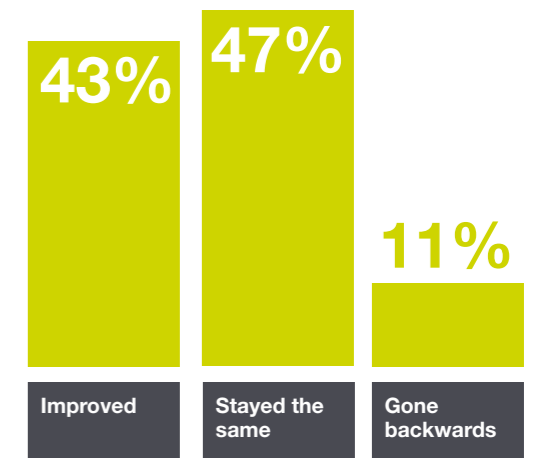
These are powerful questions indeed, worthy of debate with the wider business community. But lest we marketers are too quick to point the finger at our financial and operational colleagues, let's just take a closer look at our own back yard. Let's look in the mirror and ask some questions of ourselves – questions prompted by the assembled wisdom of the panel for the day and by contributions from the audience – questions which, if addressed with

serious conviction, may produce measureable improvement we so desperately need over the next 5 to 10 years. So here goes...

- Are we, as professional marketers, sufficiently 'commercial' in our approach? Do we make the effort to figure out how our work contributes to the financial performance and business goals of our companies – and then adapt accordingly? Are we sufficiently rigorous in questioning the commercial value of the products, promotion and print we produce? Do we ask "Is there a better way" often enough? If not, why not?
- Almost everything a marketing department does impacts on the rest of the company. So are we, as marketers, sufficiently savvy about the operational and financial implications of what we propose? Have enough of us worked in, or at least spent time understanding, the operational

**Live poll – question four**

In your view, has our ability to assess marketing's commercial value improved significantly over the last decade?



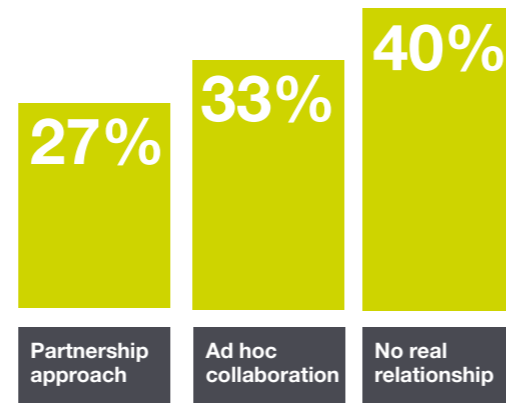
areas of our businesses, enabling us to develop service and product ideas that are practical and credible? Have we spent time getting to grips with the financial drivers and constraints of our companies, enabling us to construct business cases that are affordable and viable? If not, why not?

- We can be quick to decry the apparent insensitivity of our colleagues to the needs of customers, but how successful have we been at developing valuable insight into the buying behaviour of our customers – insight that our competitors do not possess – and using this to substantiate commercial proposals and business cases that will produce real competitive advantage? Do we just repeat the same old research, or do we rigorously and regularly interrogate data in a way that breaks the mould? If not, why not?

- Only 27% of senior marketers present in the audience felt there was a working partnership between the marketing and finance departments in their businesses. This is despite our continuing concern over shrinking investment in marketing and brands. So are we doing enough to develop a dialogue with our financial colleagues? Do we invite finance departments to work with us to investigate the value of what we do? Are we making sure marketers are financially literate? If not, why not? After all, we're a commercial function and our success is measured in financial terms, isn't it?
- Modern marketing is sophisticated and complex. Integrated planning and rigorous business analysis are critical to a modern marketing function. Departmental silos and turf wars between functional heads impede effectiveness and are for the dinosaurs. Integrated planning

Live poll – question five

In your businesses, do leaders from the marketing and finance functions have a strong working relationship and collaborate to tackle the accountability challenge?



requires seamless operations, and meaningful financial assessment depends on end to end tracking, teamwork and shared accountability. The question is, are our skills and structures keeping pace? If not, why not?

- Suppliers and advisors can play an integral part in delivering and demonstrating the value of marketing investment – but do we harness this wisdom to greatest effect? Do we expose our plans and thinking to their input? Do we include them in the planning process and encourage their contribution? Do we hold them accountable for proving the value of their activity? Do we negotiate deals that incentivise performance? If not, why not?
- And finally, a challenge to my CMO friends and colleagues – the leaders of our profession upon whom so much depends. I hope you share my sense of disquiet and embarrassment at our

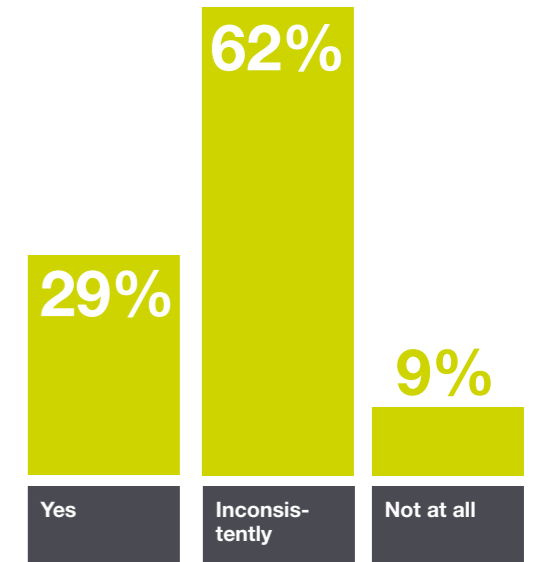
continuing malaise in this area. Surely it's up to us to look long and hard in the mirror and ask what we're going to do differently, starting tomorrow. Surely it's up to us to lead the way – if not, why not... and whose job is it?

MTLF has, once again, shown that there are no one-size-fits-all solutions to these issues. But as the business gurus say, the first step to finding a solution is to ask the right questions. They also say that we should focus on fixing the things that we can control and leave the rest to someone else. So this paper has been written in that spirit and in the hope that, by posing these questions, we can start a process of investigation and improvement.

Of course, it's always possible that you disagree with some of what I've had to say – or maybe all of it! So I'll leave the last word to the superb panellists who made the event so successful:

Live poll – question six

In general, are marketers adequately skilled to tackle the accountability challenge and related issues?



“Find a way to demonstrate the correlation between your company’s share price and your brand or marketing activity.”

**Raoul Pinnell**

“Get close to your customers – empathise with them – and know your markets and products inside out.”

**Robin Wensley**

“Keep it real, formalise measurement of marketing effectiveness, set goals and be clear about what you are trying to do.”

**Mark Dymond**

“Put money in the budget for both pre- and post-campaign research, and work in partnership with your agencies.”

**Rob Conway**

“Find the function that is at the heart of your business and work closely with it.”

**Matthew Price**

“Use measurement and analysis to get authentic insight about your customers.”

**Peter Jackson**

# Founding partners and participating organisations

## About The Chartered Institute of Marketing

As the world's largest organisation for professional marketers we play a key role in training, developing and representing our profession. Engaging with us means being part of something bigger: a community of marketers and business professionals who exchange ideas and experience. We help individuals and organisations to continually improve their skills and knowledge.

Part of our remit as a professional body is to create and share knowledge, insight and resources for the benefit of the marketing and wider business community. Armed with insights from our new series of global benchmarking studies, we have joined forces with Thomson Reuters to advance knowledge of marketing transformation. We look forward to stimulating discussion and debate amongst the profession as we share papers, case studies and other leading practices from this Forum.

## About Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. Employing over 50,000 people in 93 countries, Thomson Reuters combines industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, scientific, healthcare and media markets, powered by the world's most trusted news organisation.

Bringing together senior marketers from the world's most forward thinking companies, the Marketing Transformation Leadership Forum provides direction and guidance to help advance marketing to become more innovative; influential; the customer advocates; the owners of the company's vision; and guardians of its customer experience. As co-founders, we are delighted to share this insight to help our marketers, our businesses and the wider marketing discipline make this transformation.

## Our participating organisations



If you'd like to continue the debate, or share your experiences, why not use the MTLF blog at [www.marketing-transformation.com/blog](http://www.marketing-transformation.com/blog)

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The content of this paper is based on discussions amongst our participant organisations. Any views expressed do not represent the policy of either The Chartered Institute of Marketing or Thomson Reuters or any of the participant organisations.

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