In search of a strategic role for marketing

Leading, influencing or supporting?

A global benchmarking study exploring structure, leadership and community
In search of a strategic role for marketing
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A global benchmarking study exploring structure, leadership and community
This study is based on detailed conversations with senior marketing leaders from 50 major, international organisations, controlling over £1.5 billion in annual marketing spend and representing a population well in excess of 16,000 marketing practitioners.
Marketing organisation design is by no means a simple subject. Nor is there a ‘silver bullet’ one could unearth or stake a claim upon. Reviews of marketing structure, leadership and community management bring with them uncertainty, challenges and complications. They are, however, frequent – over two thirds of participants in this study alone, had reorganised within the last 24 months.

With this study, we’ve not sought to adopt a single position on organisation design, nor would we have been content with producing a largely theoretical, ‘nirvana’ set of recommendations.

Instead, our goal has been to create useful, insightful knowledge for practical application. The industry grounding of this study, by way of perspectives from our Advisory Panel and expertise of our research associate Accenture, has helped us in drawing insight from fifty participant organisations and developing four in depth, industry case studies. We’re confident that the outputs of this work can be used to stimulate new thinking and challenge traditional wisdoms within your organisation.

This study was conceived before the true scale and impact of the economic and financial market environment of 2009 was realised. That does not change the outputs... it serves only to reinforce the critical importance of innovating structures, empowering leadership, leveraging talent and optimising community management to impact marketing performance in these uncharted waters.

I hope you’ll find this publication and related events and briefing sessions of great practical use and will personally value your feedback or questions – please send your comments to benchmarking@cim.co.uk.

Sincerely

David Thorp
Director of Research and Professional Development
The Chartered Institute of Marketing
Contents

6 Research participants
8 Research methodology
9 Project team and industry representatives

10 Executive summary
Key findings and case studies overview

16 Key finding 1:
The assigned ‘role’ of marketing inhibits its strategic value
Case study: Thomson Reuters
Leadership with strategic impact

26 Key finding 2:
Today’s competencies and accountabilities are at a disconnect with a strategic role for marketing
Case study: Rolls-Royce
Structure to enable strategic influence

40 Key finding 3:
Most organisations fail to leverage and proactively manage their talent base
Case study: Coca-Cola
Managing global marketing communities

52 Key finding 4:
Decentralised marketing presents significant challenges that are still largely unaddressed
Case study: Skandia
Countering the downsides of decentralisation

64 Conclusions and further information
66 Conclusions
70 About The Chartered Institute of Marketing
71 About Accenture
72 Next global benchmarking study
In search of a strategic role for marketing
Leading, influencing or supporting?

Research participants

To ensure commonality in scale and complexity of organisational dynamics, this study has been conducted exclusively amongst major, international organisations with significant marketing headcount and spend.

Research participants all operate at senior marketing leadership level – providing a strategic rather than operational perspective on the issues researched. Further, we have taken an inclusive approach to industry sector representation, ensuring the opportunity for cross fertilisation of ideas and the capture and sharing of learnings across industry borders.

We are grateful for the participation and candid contributions of (listed where permitted):

**Automotive**

- Richard Hudson
  Marketing Director,
  BMW UK Ltd
- CJ O’Donnell
  Executive Vice President,
  Global Marketing,
  Jaguar
- Colin Green
  Director, Global Marketing,
  Land Rover

**Consulting, Professional and Business services**

- Peter Thomas
  Director, Marketing & Communications,
  Accenture UK & Ireland
- Allan Evans
  Partner, Markets,
  Sales & Clients,
  BDO Stoy Hayward LLP
- Jeremy Knott
  Director of Marketing & Client Service,
  CMS Cameron McKenna
- Tim Harris
  Group Marketing & Communications Director,
  DTZ

- Simon Rose
  Head of Corporate Marketing UK&I,
  Experian
- Philip Oliver
  Group Marketing Director,
  Fujitsu Services
- Debbie McGrath
  Group Communications Director,
  G4S plc
- Misa von Tunzelman
  Head of EMEA Marketing,
  Jones Lang LaSalle
- Andrea Clatworthy
  UK Marketing Director,
  Logica
- Sabine Popp
  Chief Marketing Officer,
  Mintel International
- Linda Stevens
  UK Head of Marketing & Business Development,
  PricewaterhouseCoopers
- Barry Larson
  Head of Strategy – Media,
  Royal Mail Group

- Tim Hamer
  Senior Vice President,
  Global Marketing Services & UK General Manager (Scientific),
  Thomson Reuters plc
- Kate Coldwell
  Global Head,
  Office of the CMO, (Markets)
  Thomson Reuters plc
- Gavin Teale
  Vice President, Product Marketing,
  Travelport

**Energy, Petrochemicals and Mining**

- Frans van den Boorn
  Marketing & Communications Director / Commercial Director,
  GTI Suez
- Eymbert Vaandering
  General Manager,
  Marketing Strategy & Operations, Global Retail
  Shell International Petroleum Co.
Financial Services
Keith Moor
Director of Brand & Communications, Abbey

Peter Jackson
Director, Sales & Marketing, Aon

Tim Kiy
Chief Operating Officer, Marketing, Barclays Bank plc

Martin McGovern
Director, International Marketing, Blackrock Merrill Lynch

Franciska Decuypere
Director of Marketing, Retail Bank Belgium, Fortis

James Boulton
Marketing Director, UK, HSBC Bank plc

Colin Woodcock
Head of Brand & Proposition, Prudential plc

Giles Elliott
Chief Marketing Officer & Head of Marketing Services, Skandia International

Hotels, Leisure and Entertainment
Mike Ashton
Senior Vice President, International Brands Marketing, Hilton International

Christopher Hale
VP Marketing & Communications, EMEA, InterContinental Hotels Group plc

Simon Thompson
Chief Marketing Officer & Group Managing Director, Lastminute.com

IT, Telecommunications and related services
John Penberthy-Smith
former Marketing Director, 3 UK

Clare Want
Marketing Director, Canon (UK) Ltd

David Hirst
Marketing Director, UK, CapGemini

Jane Waight
European Channel Marketing Director, Cisco

Nick Barley
Senior Vice President Marketing, EMEA, Computer Associates

Steve Taylor
Leader, EMEA Marketing Operations & Planning, Nortel

Alistair Johnston
Marketing Director, Telefonica O2 UK

Maxime Bonpain
General Manager Marketing – Telecoms (Mobile), Samsung Electronics UK

Manufacturing and Engineering
David Cook
Director, Corporate Marketing, Communications, Strategic Planning & Government Affairs, 3M United Kingdom plc

Nigel Stansfield
Senior Director, Product & Innovation, InterfaceFLOR

Robert Nuttall
Vice President, Strategic Marketing, Rolls-Royce Plc

Trade and Retailing
Phil Smith
Managing Director, Musgraves Retail Partners GB

Chris MacDonald
European Brand Leader – Speedo, Pentland Brands

Angus Maciver
Group Marketing & Communications Director, Wm Morrisson Supermarkets plc

FMCG
Alberto Cappelletti
Marketing Capability Director, Europe, Coca-Cola

Chris Harley-Martin
Vice President, Marketing & Innovation, Nutritional Healthcare, GlaxoSmithKline

Cesc Bordas
Regional Vice President Marketing, Snacks & Foods, PepsiCo Europe
Our approach

The overarching goal of this study has been to create a piece of knowledge designed specifically to inform and support management decision making – therefore critical to be practical in nature.

Our approach to this research has been primarily qualitative and heavily industry-oriented. Through ongoing industry consultation and interaction with our research associate Accenture, we have ensured that the topics, process and content begin and remain pragmatic.

Our aim has been to synthesise our learnings from the rich base of structured discussions held with senior marketing leaders across a variety of industry sectors – providing an output which balances robust data and evidence with insight and practices across industry borders. In support of this aim, the study followed a basic four step process:

Following initial planning, this study commenced in June 2008 and research was completed in November 2008. Analysis, case study development and authorship of this report spanned December 2008 and January 2009.
Project team

Thomas Brown DipM MCIM Chartered Marketer
Project Leader for Company Connect
The Chartered Institute of Marketing

Jos Cleare
Marketing and Communications
Accenture

Stuart Eaglestone DipM ACIM
Marketing Executive
The Chartered Institute of Marketing

Simon Longhurst
Partner
Accenture

David Thorp
Director of Research and Professional Development
The Chartered Institute of Marketing

Industry representatives

We are particularly indebted to the following industry representatives, who helped shape this study with rich, depth discussions at the outset of the project:

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

Giles Elliott
Chief Marketing Officer & Head of Marketing Services
Skandia

Tim Harley-Martin
Vice President, Marketing & Innovation
GlaxoSmithKline Nutritional Healthcare

Tim Kiy
Chief Operating Officer – Marketing
Barclays Bank plc

Robert Nuttall FCIM
Vice President, Strategic Marketing (Civil Aviation)
Rolls-Royce plc

Jane Waight
European Channel Marketing Director
Cisco
In search of a strategic role for marketing

10  A global benchmarking study exploring structure, leadership and community

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.
Continuous change

The key objective of this research study was to explore the issues and challenges associated with marketing organisation models. However, first we had to establish the context in which leading marketers are operating. Thus we sought to assess the nature and frequency of the change affecting organisations by asking four specific questions:

- When was the most recent fundamental, group wide review of the marketing structure? (Fig. i)
- What prompted this most recent review? (Fig. ii)
- What was the focus of the last major marketing organisational change? (Fig. iii)
- Is further significant change expected within the next two years? (Fig. iv)

Fig. i: When was the most recent fundamental, group wide review of the marketing structure?

Fig. ii: What prompted this most recent review?
More than 66% of organisations surveyed have gone through a major review of the marketing organisation within the last two years. This study suggests the impetus for marketing reorganisation is largely reactive: almost half (49%) of respondents citing the arrival of a new marketing leader and 14.3% citing the arrival of a new CEO, as the primary catalyst for marketing structural review and change. In contrast, less than 5% of respondents enact change as a result of feedback from metric systems.

Furthermore, our research shows change is set to continue, with almost two thirds of marketers anticipating further transformation within the next two years. Given the current economic climate, this anticipation of further change ahead is unsurprising. It can be interpreted as answering an increased need for marketing organisations to be agile and respond quickly to opportunities, whilst also mounting defensive actions.

With this context in mind, the main body of our research assessed current approaches and future perspectives on structure and decision making; leadership and governance; and marketing community management.
Key findings and case studies

Key finding 1: The assigned ‘role’ of marketing inhibits its strategic value

- 57% of marketing functions are divorced from a strategic role within the organisation
- 82% of marketing leaders are dissatisfied with the role and positioning of marketing within their organisations

The role assigned to marketing in organisations limits its reach, influence and power to the frustration of today’s marketing leaders. Legacy perspectives on marketing as a specialist communications department or a sales support function are hindering the aspirations of modern marketing functions, their constituents and leaders, to balance a strategic value contribution with brand, communications and a drive for accountability.

Leadership with strategic impact

Linked to finding one, this case study features Thomson Reuters plc, formed in 2008 following the merger of Canadian The Thomson Corporation and British-based Reuters Group. This case study details how the marketing leadership team of the Markets Division leveraged the 2008 merger to create a new unit charged specifically with a marketing transformation remit – providing leadership, support and governance to help the marketing function play a more strategic, value-adding role within the organisation.

Co-authored with Kate Coldwell, Global Head, Office of the CMO (Markets Division), Thomson Reuters plc

Key finding 2: Today’s competencies and accountabilities are at a disconnect with a strategic role for marketing

- Less than 25% of marketing leaders identified strengths in competencies of a strategic, cross functional nature

Marketing leaders expressed a strong desire for marketing functions to balance a dual role of making meaningful contributions to strategy with one of executing a tactical agenda. Yet their views on the key strengths and competencies of their teams and the accountabilities of the marketing function are at a disconnect with this desire to become more strategic. This is hampering efforts to extend the role of marketing to a wider position of greater potential value.

Structure to enable strategic influence

Linked to finding two, this case study explores a fundamental change in the marketing structure of the Civil Aviation division of Rolls-Royce plc. Recognising the growing challenges of balancing short and long term priorities, the leadership of Rolls-Royce plc introduced an innovative and fundamental change in the structure of the marketing function. This enabled the development of more strategic, value-adding competencies and a successful dual role within the business.

Co-authored with Robert Nuttall, Vice President, Strategic Marketing (Civil Aviation), Rolls-Royce plc

Starts page 26
Key finding 3:

Most organisations fail to leverage and proactively manage their talent base

- 87% of marketing leaders believe creating tools for managing their total marketing population as a collective ‘community’ would be beneficial
- In practice, however, only 35% of organisations are actively investing in such tools

Internally-oriented structures and silos are often necessary as many organisations operate along very clearly product divisionalised lines, and are unlikely to change doing so. However, there are opportunities to leverage good and pioneering practice across divisions within an organisation – and these are often missed.

There exists a significant opportunity, especially with the budget constraints and financial pressures of the current economic climate, to take measures to enable talent, good practice and competency to flow across a total marketing population – regardless of product division or geography.

Managing global marketing communities

Linked to finding three, this case study explores the marketing talent and capability management activities of the world's most valuable brand – Coca-Cola. In recognition of the need (and opportunity) to more actively manage its 3,000 strong marketing population, the organisation created a single, global online marketing platform – ‘Spark City’ – to support capability development and enable knowledge exchange, internal communication and enhanced talent management.

Co-authored with Alberto Cappelletti, Marketing Capability Director – Europe and Rachel Cain, Global Marketing KM Operations & Capability Manager, The Coca-Cola Company

Key finding 4:

Decentralised marketing presents significant challenges still largely unaddressed

- 69% of organisations do not utilise centres of excellence
- 83% of organisations do not utilise marketing shared service models
- 45% of organisations avoid robust governance and management structures at marketing leadership level

Decentralised marketing models are most common and perceived to be the most effective.

However, decentralised models have downsides which are well recognised by leaders but still largely unaddressed by organisational design. The dispersal of marketers across an organisation’s lines of business challenges marketing leaders to innovate and evolve their approaches to policy and consistency; standards and professionalism; and resource optimisation. There are many solutions to this, used across industry, which can be easily implemented, such as the creation of centres of excellence or shared services groups.

Countering the downsides of decentralisation

Linked to finding four, this case study on Skandia, one of the world’s leading providers of quality long-term savings solutions, explores the approaches taken by leaders to counter the downsides of decentralisation. Recognising the challenges of a dispersed marketing function and decision making, and linked to a brand strategy review, the organisation began to introduce fundamental changes to the marketing structure and leadership team.

Co-authored with Giles Elliott, Head of Marketing Services, Skandia UK and Chief Marketing Officer, Skandia Group

Starts page 40

Starts page 52
In search of a strategic role for marketing

Leading, influencing or supporting?

16 A global benchmarking study exploring structure, leadership and community

KEY FINDING 1
The role assigned to marketing in organisations limits its reach, influence and power. Legacy perspectives on marketing as a specialist communications department or a sales support function are hindering the aspirations of modern marketing organisations, their leaders and constituents, to balance a strategic contribution with brand, communications and a drive for accountability.
The definition, role and expectations placed upon marketing differs across industry sectors and cultural contexts. In some, marketing is seen largely as a support function; in others, it sets the market context for strategic decision making.

Seeking to understand the positioning context in which marketers are operating and the leadership challenges they are therefore facing, was a critical starting point for our research.

Marketing can be defined as playing one of four different roles within an organisation:

1. A specialist communications function with a primary role of implementing strategy through marketing communications programmes and management

2. A support activity responsible for providing a ‘sales support’ function

3. The ‘customer champion’ function, responsible for advocating and representing the customer in management decision making

4. A trusted advisor, responsible for contributing to strategy development as well as fulfilling operational marketing management requirements

Over half of respondents (57%) identified with one or more of the first three options. Less than half proposed that their functions are charged with option four – a strategic, advisory role.

Within those organisations not playing a strategic, advisory role, 82% of respondents felt that the role and positioning of their function is sub-optimum for ensuring their organisation’s success, rating this as 2.6 out of 5 (with 1 being poor and 5 being optimum).

With this context, exploring approaches to leadership roles and structures provided an interesting insight:

- Almost 80% of organisations have a marketing leader at group level
- 82% of these leadership roles are focused, unsurprisingly, on brand or marketing services policy and oversight
- However, only 66% of the same roles have an involvement in the coordination of marketing management tools and processes
- And little over half are active in marketing resource management – the strategic allocation and deployment of resource, both financial and talent, across the organisation, aligned to business priorities and opportunities

- Respondents rated their organisations’ group marketing leadership approaches as below average, 2.9 out of 5

Respondents’ opinions around senior marketing leadership roles supported the research:

“It’s critical to have a top table seat... if moved down, marketing will be relegated once again to a support function and its contribution to future strategy will be challenged.”

Jeremy Knott, Director of Marketing & Client Service, CMS Cameron McKenna

“It doesn’t necessarily need to be at Board level, but we need someone responsible centrally for bringing marketing leaders together across independent country businesses for resource and policy issues as well as collaboration, communication and best practice sharing.”

Linda Stevens, Head of UK Marketing & Business Development, PricewaterhouseCoopers LLP
The research also explored approaches to marketing management and governance:

- 45% of organisations avoid any formalised Marketing Council, Board or other body with organisation wide oversight of, and collaboration around, strategic issues and policies.
- Most organisations cited unwanted bureaucracy and hierarchy as the rationale for avoiding such approaches, in preference to an ad hoc, informal and relationship-based approach to communication at leadership level.

Respondents’ feedback and input on governance highlighted both a number of advantages and disadvantages to employing a more structured approach:

“...A more structured, formalised group would facilitate more involvement of local marketing leaders in regional strategy and would therefore support buy-in to the output. The primary focus would be strategy development – peer relationships would be a secondary benefit.”
Clare Want, Marketing Director, Canon UK

“A central council was previously in place but I abandoned this in favour of regional meetings and project working groups – this enabled a more focused, action based approach whereas the central council became difficult to manage due to the global nature of the organisation and its marketing leaders.”
Mike Ashton, Senior Vice President, Marketing, Hilton International

“A formalised council is being introduced at present – with the focus being on policy and strategic issues. The three main priorities are: (1) talent strategy (2) global brand management (3) resource prioritisation and allocation.”
James Boulton, UK Marketing Director, HSBC Bank plc

How an organisation defines marketing can limit the ability for the function to contribute to strategy. Where these definitions require challenging, marketing leadership teams have a critical role to play in educating the wider organisation as to the true, wider value of the marketing function and in gaining support and commitment from Executive Management.

A more robust, powerful body to govern and represent marketing at a senior level in an organisation can help address the issue of legacy definitions and positioning for the entire marketing function. It also brings other benefits to leadership teams; namely facilitating communication, collaboration and sharing at senior levels across lines of business and geographies. Some marketers view councils and other governance models as laden with bureaucracy and unnecessary process, but the reality is that they do not have to operate with such hallmarks.

Perhaps more alarming is that while leadership teams wrestle with the challenges of the current economic turmoil, marketing is, in most cases, not positioned to help navigate this economic uncertainty by responding strategically and lacks the decision making mechanisms to do so.

“...It’s critical to have a top table seat... if moved down, marketing will be relegated once again to a support function and its contribution to future strategy will be challenged”
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

20 A global benchmarking study exploring structure, leadership and community
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

<table>
<thead>
<tr>
<th>Programs</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-tech</td>
<td>70%</td>
</tr>
<tr>
<td>Other B2B</td>
<td>60%</td>
</tr>
</tbody>
</table>

Marketing spend as a percentage of revenues

<table>
<thead>
<tr>
<th>B2B</th>
<th>2 - 4.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C</td>
<td>4 - 8%</td>
</tr>
</tbody>
</table>

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.
“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
“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.

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**Thomson Reuters plc quick facts**

50,000 staff in 93 countries

$12 billion revenues in 2007

$8.5 billion brand value in 2008
In search of a strategic role for marketing
Leading, influencing or supporting?

A global benchmarking study exploring structure, leadership and community

KEY FINDING 2
Key finding 2:

Today’s competencies and accountabilities are at a disconnect with a strategic role for marketing

Marketing leaders expressed a strong desire for marketing functions to balance a dual role of making meaningful contributions to strategy with one of executing a tactical agenda. Yet their views on the key strengths and competencies of their teams and the accountabilities of the marketing function are at a disconnect with this desire to become more strategic. This is hampering efforts to extend the role of marketing to a wider position of greater potential value.
As highlighted in finding one, over half (57%) of marketing leaders surveyed stated that their marketing function is neither expected nor empowered to play a strategic, advisory role across the organisation. Operating with an acknowledged lack of strategic influence, 82% of this group felt that the role and positioning of their function is sub-optimal for ensuring the success of their organisation. This was given an average score of 2.6 out of 5, with many arguing that a more influential, strategic role was needed.

In consideration of this desire for a more strategic, cross functional role for marketing, we turned to look at other aspects of the marketing organisation; first, the accountabilities of the marketing function and second, the competencies of strength today and those requiring development for the future.

Assessing accountabilities
The possible accountabilities of the marketing function were defined as:

**Tactical/specialist**
- Marketing communications management
- Business development/lead generation
- Product management
- Data strategy and management
- Web/online strategy and management

**Strategic/cross functional**
- Customer and market insight
- Innovation
- Product/service development
- Value proposition development
- Customer experience management
- Employee engagement/alignment

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

![Fig. vi: Accountabilities: Tactical/specialist activities](image-url)
We specifically asked respondents to indicate where marketing had primary accountability, a support role, or no role at all. (ref. fig. vi and vii)

The results of this assessment highlight a clear disconnect between the aspiration for a strategic, advisory role for marketing and marketing’s current areas of accountability.

100% of marketing leaders surveyed acknowledged that their function has a primary accountability for marketing communications management – which in itself is neither surprising nor problematic. However, the lack of involvement in more strategic, cross functional activities is of wider concern and impact:

- Just 18% of organisations surveyed have primary accountability for employee engagement and alignment, a key cross functional activity central to strategic brand management
- Corporate social responsibility and sustainability – two significant corporate themes affecting markets, customers and other stakeholders – are the primary accountability of just 18% and 24% respectively of organisations surveyed
- 53% of marketing functions do not have primary accountability for defining and articulating customer experience management across the organisation

It is of considerable concern that so many key functions are being managed separately to the

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**Fig. vii: Accountabilities: Strategic/cross functional activities**
marketing function. This inevitably gives rise to fragmentation. But of all these accountabilities, we believe it is the lack of accountability for defining the customer experience is of most significant concern, particularly in the current economic climate.

As marketing functions combine technical expertise in brand management with proposition development and customer insight, they should have primary responsibility for defining the branded customer experience, regardless of sector. Superior, integrated customer experiences are a key way of differentiating from competing brands or vendors and one of the few remaining ways of fostering loyalty which is of paramount importance in a downturn.

**Competencies**
We asked marketing leaders to consider ten core marketing competencies and identify which competencies are particularly strong today, and which require development in the future:

**Tactical/specialist**
- Business development/lead generation
- Marketing programme management

**Strategic/cross-functional**
- Brand strategy and management
- Segmentation
- Strategy and strategic planning
- Customer and market insight
- Customer championship
- Innovation
- Value proposition development
- Customer experience management

The results of this assessment are clear:
- All marketing leaders claimed strength in the tactical/specialist activities; marketing programme management, business development/lead generation and brand strategy and management
- Less than 25% of marketing leaders claimed strength in any of the six strategic/cross functional competencies
- The strategic/cross-functional competencies were overwhelmingly seen as the areas where future investment and development are required; customer and market insight (1st), value proposition development (2nd) and strategy and strategic planning (3rd)

"Within the marketing community we are on a journey to be more strategic; we currently have a solid foundation in market development and sales support. Research in late 2007 showed that our marketers have strong competencies, but need more support around accountability and should be taking the lead in many traditional areas of the marketing mix – pricing, for example."

David Cook, Director – Corporate Marketing, Communications, Strategic Planning and Government Affairs, 3M United Kingdom plc

"There are some knowledgeable and enlightened operational marketers who take a strong partnership/consultative approach to their role, but this is patchy and success very dependent upon the nature of relationship with the business."

Allan Evans, Partner, Director of Markets, Sales & Clients, BDO Stoy Hayward LLP
“Marketers have strong competencies, but need more support around accountability and should be taking the lead in many traditional areas of the marketing mix – pricing, for example.”
In search of a strategic role for marketing
Leading, influencing or supporting?

Conclusion

Marketing leaders voice aspirations to be recognised and empowered to contribute to strategy, however they lack the accountabilities and therefore the influence to do so.

Recruitment and development has been historically focused on tactical/specialist skills rather than the strategic/cross functional competencies required to add value in a wider capacity. As such, even if this balance of accountability were to change, in the view of the marketing leaders themselves, the ability of their function to fulfil this role is unproven.

This sets a priority: if marketing leaders wish to widen the influence of marketing to become of more strategic importance to the organisation, they must invest in building strategic skills while addressing their track record of tactical delivery and accountability.
Customer experience management – a perspective

At Accenture we have been observing two distinct evolutions over the past few years. On one hand, a group of companies has been trying to differentiate by perfecting the art of ‘customer hunting’ through ever more sophisticated targeting capabilities aimed at selling more stuff. On the other hand, another group of companies has been trying to differentiate by reinventing the art of ‘customer farming’ through enabling intelligent conversations with their customers and nurturing customer dialogue.

We believe that high performing companies have gone beyond the theoretical and financially puzzling ambition to deliver the ‘best customer experience’, and are rather focusing on the most pragmatic objective to deliver a consistent, branded, differentiated and profitable customer experience. These companies have realised that the customer experience promise has to be consistent with the brand values and that – of course – the customer experience delivered has to be consistent with the customer experience promise. While most companies agree with the obvious wisdom of this equation, very few companies:

- Implement rigorous processes to ensure that the customer experience ‘plumbing’ is consistently engineered across the three stages of brand values, customer experience promise and customer experience delivery
- Are able to quantify the financial benefits

However, high performing companies are achieving the goal of untangling and optimising the variety of customer facing processes, messages and treatments, using customer insight and customer centric rules to deliver:

- A compelling and branded customer experience based on intelligent conversations and the ability to deliver the ‘best action’
- At the right moment; through the right channel; in a measurable manner

Accenture’s experience is that the marketing function in such high performing organisations is enabled and empowered to orchestrate all activities that create and sustain customer loyalty. Furthermore our experience is that the management of the customer experience is one of the most powerful levers for sustaining customer loyalty. The capabilities described above typically drive substantial results such as in two case studies:

**Mobile Operator**

- £12 million increase in post-pay ARPU within 12 months of implementation, £75 million NPV, 2,500% ROI
- 10% uplift in internal customer satisfaction scores
- 12% reduction in churn
- Reduction in average handling times in call centres and in volume of transferred calls
- 65% offer rate, greater than 75% offer conversation rate
- 11-12% response to invitation marketing and 55-60% acceptance

**Financial Services Organisation**

- Eur59 average revenue boost realised for every hint proposed to a customer by a call centre agent
- Call centre sales quota achieved 20% over target
- Delivery of over 50,000 offers per day for call centre and internet banking channels

Delivering a branded customer experience has significant implications for the marketing organisation. While there are significant technology, data and insight components, the most significant challenges relate to culture and operating model. To be successful, organisations must:

- Take a customer centric view of the customer, which requires the ability to make decisions across product categories where in many organisations marketing decisions, plans and budgets are siloed
- Take a cross channel view of the customer, where in many organisations a customer acquired through one channel is then retained there even if that will increase likelihood that the customer will churn

“The sum of all of this is that marketing need no longer simply be the vehicle for generating lists and helping acquire customers. Marketing can now become elevated to one of the most strategic positions it could take – the orchestration of all activities related to fostering and sustaining customer loyalty... in effect, all actions relating to the acquisition and retention of customers across all channels.”

Simon Longhurst, Accenture
The organisation
Rolls-Royce, a world-leading provider of power systems and services for use on land, at sea and in the air, operates in four global markets – civil aerospace, defence aerospace, marine and energy.

Rolls-Royce has a broad customer base comprising 600 airlines, 4,000 corporate and utility aircraft and helicopter operators, 160 armed forces, more than 2,000 marine customers including 70 navies, and energy customers in 120 countries. Rolls-Royce is a technology leader, employing 38,000 people in offices, manufacturing and service facilities in 50 countries.

Annual sales total £9 billion, of which 53% are services revenues. The firm and announced order book for 2009 is £55 billion, of which aftermarket services represent 38%, providing visibility of future levels of activity.

Civil aviation – the marketing context
The civil aviation division of Rolls-Royce represents approximately 50% of group revenues, and operates at the far end of the marketing spectrum – a staunchly business to business (B2B) marketing organisation:
- Small, tightly defined market:
- Two main airframe manufacturers (Airbus, Boeing) together with a few manufacturers of only smaller aircraft
- Two credible competitors of similar scale and capability
- No more than 600 ‘real’ airline customers worldwide
- Heavily relational marketing approach – lengthy sales cycles; product life cycles exceeding 15-20 years
- Low sales volume but high value (‘7 figures’ plus and an average of one deal a week)
- Long product development timelines and high R&D investments – averaging 6 years from product concept to ‘in service’, leaving no real margin for error

Civil aviation marketing – pre 2007
Prior to 2007, the 75-strong civil aviation marketing function sat under one leader (Vice President, Marketing), reporting directly into the ‘Customer Business’ leadership within the business (Executive Vice President, Customer Business).

In comparative terms, the function was lean, both in terms of head count and marketing spend, and supporting a successful, growing business. However, the pace of growth and the demands of the organisation began to raise concerns:
- The day-to-day requirements (and successes) of the sales operation inevitably focused this lean resource on the short term priorities of supporting the immediate deals and customer relationships
- Sales and marketing integration led to a responsive marketing organisation – but one which saw marketing resource biased towards supporting the sales requirements of today, not tomorrow
- Marketing roles were becoming increasingly specialised in support of key deliverables to the sales operation, setting a narrowing context for recruitment and skills development
“The ‘Strategic’ arm has improved the positioning of Rolls-Royce with its customers and has clearly positioned the organisation as being thought leaders.”
• Ultimately, the ability of the marketing function to explore the longer term trends and opportunities which would shape future business, was heavily restricted

**A changing external environment**
Recognising this relatively short term outlook, the attention of business leaders moved to the increasingly changing external environment and the threats and opportunities therein:

- Environment, sustainability and corporate responsibility were making clear moves from a position of trends or even fashion statements to long term, strategic priorities for Rolls-Royce and other members of the value chain (aviation fuel providers, airframe manufacturers, airlines, travel retail operations and travellers)

- Business model innovations (such as the low cost carrier model) had made air travel more accessible and fundamentally challenged the accepted status quo of the industry

- Legislative restrictions regarding carrier ownership and flight paths were beginning to relax – seen initially in the formation of airline marketing, capacity and route partnerships (OneWorld and StarAlliance) and more recently in cross-border M&A activity

- Airline consolidation was becoming an increasing likelihood

- Aftermarket services were becoming a significant revenue and growth stream, in some cases representing a greater opportunity than the core product with which Rolls-Royce had built its business

Having invested over £3.5 billion in research and development (R&D) over the last five years and with a continued commitment to investing in R&D, Rolls-Royce leadership sought to understand how it could avoid future ‘shocks’ and capitalise on new opportunities for growth.

**Organising for marketing at two velocities**
Robert Nuttall, who at the time was leading the function as Vice President, Marketing, began a review of the function – seeking to address three key catalysts for change:

**Catalyst one: growth**
The success of the organisation not only began to draw on more resource from the marketing function, it also widens the potential options for the organisation. Of the many investment options available, in which option(s) should the organisation invest? What could a future world look like? What could the best opportunities be?

**Catalyst two: environmental concerns and CSR**
An increasing focus on corporate social responsibility and the environmental impact of commercial aviation was acknowledged by leaders as a significant and long-term market factor, with the potential to create major threat or opportunity for the organisation. In light of this, how should Rolls-Royce respond and seek to capitalise on future, emerging opportunities?

**Catalyst three: focus**
From a marketing leadership perspective, the ability to balance the requirements of the ‘day-to-day’ versus the long term needs of the business was becoming increasingly difficult. How could structure, reporting and capability be leveraged to facilitate a better balance?

Both sides of our marketing function now have a clear understanding of exactly what resource is at its disposal.
Recognising the continuing theme of two distinct timelines – day-to-day and long term – the function was evaluated against several questions:

1. What skills and competencies do we have today? Where are we strong and where do we need to improve?
2. What is our level of ability to service the needs and requirements of both timelines – day-to-day and long term?
3. Where should conversations be taking place within the business and how do senior management reporting lines influence this?

“The short-term/long-term theme was strong – the business was seeking different support from us on completely different timelines... our skills and people requirements would therefore be different and our internal conversations would be focused in different directions. The logical thing for us to do was create a delineation along these timelines and make sure we have the right people and position within the business to support both timelines well.”

**A new model for marketing**

A new marketing model was articulated (ref. fig. x), comprising four significant changes:

1. Distinct split between day-to-day and long term activities through the replacement of a single marketing unit with two distinct functions – ‘Civil Engine Marketing’ and ‘Strategic Marketing’
2. New co-leadership roles created – Vice Presidents installed to lead both functions
3. New reporting lines for marketing leaders, aligned to ‘most appropriate’ lines of communication to business leadership
4. New roles, competencies and recruitment approaches for marketers in different timeline contexts

**Rolls-Royce plc quick facts**

- 38,000 employees in 50 countries
- 54,000 gas turbines in service worldwide
- £9 billion annual sales (2007)
- £55 billion order book (end 2008)

*Fig. x: Rolls-Royce’s new marketing model*
Civil Engine Marketing – winning today’s business

Main tasks:
- 1-5 year focus
- Managing campaigns
- Customer analysis
- Market and competitor analysis
- Market positioning

Strategic Marketing – preparing to win tomorrow’s business

Main tasks:
- 6-20 year focus
- Trend forecasting, scenario planning, competitive landscape
- Environment issues
- Strategic partnerships and alliances
- Direct working input to corporate strategy team

More than an ‘org chart’

The changes brought about with the creation of two marketing functions aligned to distinct timelines are much deeper than merely a new organisation chart.

“By clearly allocating our marketing resource to the distinct needs of the business, we also changed our approach to people and capabilities. Within the more tactical marketing function, we’re more focused on bringing through and developing people with great analytical capabilities and strong technical marketing skills. In the strategic function, however, our view on capability has changed – we’re looking for people with a more conceptual mindset, the ability to ‘see the wood for the trees’ and an understanding of how the industry works. It has also changed our view on recruitment and career management – we’re driving a faster churn rate, albeit via internal moves, within the strategic marketing function. This ensures we keep bringing fresh eyes to the picture, whereas the average tenure in the tactical unit is probably twice as long, as we prefer marketers to see multi-year campaigns and customer bids through to completion.”

Reflections and learnings

The links between market requirements and R&D investments are better understood, and leaders reassured, through extensive strategic analysis, forecasting and market knowledge development

“In 2008 we spent £800 million on R&D. With six year product development timetables and investments of this level, we simply cannot afford to get it wrong.

Linking the value contribution from strategic marketing to the security of hundreds of millions of pounds makes a strong case for business leaders to support a sustained commitment to this function.”

Stronger grasp on the future for the market and the position and opportunities for Rolls-Royce within it

“Our measure of success is simple: no surprises. We’re actively looking, and have the resource to do so, at long-term issues like China, economic climate, environmental developments, new fuel possibilities. Having the resource to identify and fully explore all possible eventualities enables us to help protect the organisation from major external ‘shocks’ in the future – as well as helping to inform our R&D and strategic investments in those areas which will yield greatest long-term return and increased shareholder value. And what’s more, it’s gone a long way to securing real understanding of, and commitment to, the true potential of ‘marketing’, on both timelines, with our business leaders.”

Robert Nuttall FCIM
Vice President,
Strategic Marketing
Civil Aviation
Rolls-Royce plc
Brand and reputation amongst clients and partners has evolved – the organisation is now seen as much more innovative, leading and forward thinking.

“We didn’t expect it, but our work has had a very positive impact on our positioning and reputation with customers. Airframers, airlines and supply chain partners now see us in a different light – often coming to us for insight on the future of the industry. This has an obvious benefit to our current client relationships as well.”

Future market perspectives develop stronger competitive advantage

“The development of internal ‘know-how’ and the associated proprietary intellectual capital is a real and potentially valuable source of competitive advantage – if we develop a view of renewable fuels and see a significant, and viable, business opportunity within it – why would we want this to land in the lap of our competitors? This proprietary knowledge not only builds our intellectual asset base – by learning how to ‘do it’, we become adaptive and responsive to future requests for answers. It absolutely deserves to sit within the organisation.”

Better use of marketing resource and better support to the different needs of our internal customers

“Both sides of our marketing function now have a clear understanding of exactly what resource is at our disposal – rather than worrying about an imbalance to either timeline.”

Integrated delineation?

An important observation, is that the ‘split’ in the function is balanced by strong communication and working approaches both by marketing leaders and marketing teams, to ensure a ‘silo’ mentality is avoided.

“Both sides sit close to one another and we talk on a daily basis – whilst the structure has changed, the working relationships have been reinforced to support this. The last thing we need is two teams operating in complete isolation, or even conflict – we’re still dealing with the same customers and markets, it’s just the context which is different.”

Conclusions and recommendations

“This started out as a necessary change to allow us to focus on the future, to respond to the strategic imperative. It has ended with significant benefits that we never foresaw. The ‘Tactical’ arm of marketing is focused on winning the business we need to move the company forward – and with this extra focus improvements have been seen across the entire range of activities. The ‘Strategic’ arm has improved the positioning of Rolls-Royce with its customers in ways we never thought and has clearly demonstrated us as being thought leaders. But crucially, although we now have two marketing arms, they are firmly attached to one corporate body and often work hand in hand to deliver the corporate goals.”
In search of a strategic role for marketing
Leading, influencing or supporting?

40  A global benchmarking study exploring structure, leadership and community

KEY FINDING 3
In search of a strategic role for marketing
Leading, influencing or supporting?

Key finding 3:

Most organisations fail to leverage and proactively manage their talent base

Internally-oriented structures and silos are often necessary as many organisations operate along very clearly product divisionalised lines and are unlikely to change doing so. However, there are opportunities to leverage good and pioneering practice across divisions within an organisation, and these are often missed.

There exists a significant opportunity, especially with the budget constraints and financial pressures of the current economic climate, to take measures to enable talent, best practice and competency to flow across a total marketing population, regardless of product division or geography.
Very few multi-business, multi-geography organisations operate with one centrally managed and located marketing operation. A number of factors over recent years have contributed to the geographic dispersal of marketing headcount resource:

- Mergers and acquisitions have seen teams being formed in new locations
- Globalisation has led to regionalised marketing management and people deployment
- Decentralisation and the alignment of marketers with P&Ls (and local sales teams) has moved marketers away from the centre or ‘HQ’

Compounding the change in locality and allocation of headcount, the personal and professional context of marketers has changed over the last 10 years:

- Technology pervades office and home life in ways hitherto unseen – resulting in employees operating with higher levels of competence and confidence
- Virtual and flexible working trends have challenged the concepts of communities and teams, with many organisations seeing marketers ‘hot-desking’ between different office locations
- The social context of employees – marketers and others – is becoming increasingly virtual, with many utilising online networking tools in their personal and business lives

This study found that non-centralised marketing functions account for nine out of ten of organisations surveyed, confirming the wide dispersal of marketers which exists in the majority of major, international or global organisations.

In addition to the distribution of marketing talent into the business units and geographies, there often tends to be a separation of marketing structures from the sales and service functions. This fragmentation is happening inside the business units, meaning that marketing struggles to gain critical mass because it is separated from its cousins in other units and is increasingly misaligned from the customer interfaces of sales and service.

**This study has found that non-centralised marketing functions accounted for 90% of organisations surveyed, confirming the wide dispersal of marketers which exists in the majority of major, international or global organisations.**
Enabling talent and driving performance
Almost 90% of marketing leaders surveyed agree with our belief that the proactive management of marketers as a collective community can be leveraged for greater benefit for the organisation, specifically:

- Better utilisation of talent for the organisation
- Improved career opportunities for individuals leading to lower potential churn
- Collaboration of best practice sharing across businesses and geographies
- Adoption of common language and processes
- Establishment of marketing as a recognised, professional discipline with a bona fide career path

We also believe that marketing’s role and performance can be enhanced through closer alignment with different communities. For example, to drive better customer loyalty, the communities that regularly ‘touch’ consumers should be closely aligned to marketing.

Seeking such benefits, and holding the belief that ‘the sum is greater than the parts’, we looked specifically at how marketing leaders are proactively managing their widely dispersed marketing population as a collective community.

What seems concerning is that most organisations surveyed are not investing in structured, strategic approaches to managing and leveraging talent and capability across their organisation to any significant degree (ref. fig. xi):

- 89% of marketing leaders surveyed agreed that investment in marketing community management tools and programmes would be of value, the main drivers being:
  - Career development for the individual (1st)
  - Talent management for the organisation (2nd)
  - Best practice sharing (3rd)
- However, in practice only 35% of organisations surveyed are investing in structured, marketing community management programmes
- This leaves approximately 65% of organisations relying on ad hoc initiatives or intra-country/regional activities, overlooking the potential within the total marketing population

Fig. xi: Do you currently utilise structured talent or community management activities?
In search of a strategic role for marketing
Leading, influencing or supporting?

- There is rarely a cross business unit view fostering a common curriculum and tool set, which would balance the process and science with the art and competency
- Of these, financial restrictions (1st) and work pressures of marketers (2nd) were the main reasons cited for lack of focus on these programmes

**Best practice – pitfalls and recommendations**
Although few companies appear to be doing so, clearly there are many benefits to leveraging capability and skills in marketing across the organisation, sharing and creating best practice being just one of these.

However, as well as benefits, there are risks and downsides to creating and sharing best practice without restriction.

1. **Pockets of adequacy**
   Where organisations seek to codify or document best practices, they can often breed ‘pockets of adequacy’. Those marketers most willing (or keen) to share their ideas or processes, or those with an influential leader, will be heralded as ‘best practice’, whereas in reality they may only be ‘acceptable practices’.

   All things are relative, however, and this codification is often done without reference or research amongst other teams in a marketing organisation to identify the truly high performing processes or ideas.

2. **Standardised mediocrity**
   In other more process-oriented disciplines, best practices are largely researched and developed for standardising activities for maximum efficiency. Examples would include management of software systems, quality assurance and financial control.

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**What seems concerning is that most organisations surveyed are not investing in structured, strategic approaches to managing and leveraging talent and capability across their organisation to any significant degree.**
In a marketing context, however, standardisation can lead quickly to mediocrity. With marketing being a less predictable, more dynamic discipline, best practices may require ‘watering down’ to become universally applicable to such a degree that they are no longer optimum.

3. **Patchwork quilts**
Best practice sharing is rarely complete. Content is typically created in pockets across an organisation, therefore not creating a complete picture and best practice adoption is not generally an institutionalised discipline. The decision to adopt is often left open and the extent of adherence to the practice is at individual or team discretion. People rarely adopt practices in totality, typically adapting existing processes, market or team ‘nuances’ to suit. This can lead to a ‘patchwork quilt’ of practices, which becomes patchy in itself.

4. **Internal focus**
A final risk with best practice initiatives is that they focus people inwardly on their own organisation, fostering the belief that excellence exists within and the challenge is to find it. Not looking beyond the four walls of the organisation leads to missed opportunities of identifying and adopting leading practices from across industry.

If, therefore, the principles of best practice sharing can be institutionalised, exhaustively implemented and augmented by externally oriented activities (such as professional bodies, networking and learning forums, research foundations and think tanks), innovation and practices of high performers can be adopted in leaps and bounds, helping to accelerate marketing performance.

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**Conclusion**

The management issue is clear: in a world where, to quote one anonymous respondent, “we can’t throw more headcount at problems”, marketing leaders at country or line of business level need to make better use of existing knowledge, best practice and talent that exists within the marketing organisation.

The challenge is to improve marketing productivity through a combination of skills and practices. The first step towards this, sharing knowledge and good practice, is not being routinely institutionalised.

This challenge is only amplified in the current economic climate; the opportunity to access budgets for external advice, new headcount recruitment or new agency expertise is likely to be tougher in 2009 than ever. Therefore, the ability to capitalise on latent expertise, existing talent and the tacit knowledge across the marketing organisation is likely to become a key source of marketing performance this year and beyond. Doing so will help equip the marketing function with the right strategic skills to move the role of the function forward.
Managing global marketing communities

Build capability – moving from a marketing organisation to a marketing community
The very definition of a brand synonymous with its product and creators of arguably the most iconic brand globally, The Coca-Cola Company spreads wider and deeper than many may realise.

In its coveted position as the world’s largest beverage company, The Coca-Cola Company is architect and guardian of more than 500 sparkling and still brands. Along with Coca-Cola, recognised as the world’s most valuable brand, the Company’s portfolio includes 12 other billion dollar brands, including Diet Coke, Fanta, Sprite, Coca-Cola Zero, vitaminwater, PowerAde, Minute Maid and Georgia Coffee.

Globally, it is the No. 1 provider of sparkling beverages, juices and juice drinks and ready-to-drink teas and coffees. Through the world’s largest beverage distribution system, consumers in more than 200 countries enjoy the Company’s beverages at a rate of 1.6 billion servings a day.

With an enduring commitment to building sustainable communities, the organisation is focused on initiatives that protect the environment, conserve resources and enhance the economic development of the communities in which it operates.

Background to marketing structure and leadership
The Coca-Cola Company offers over 500 brands in 200+ countries worldwide. Different regions have different emphasis on their consumer insights, occasions, buying behaviour, outlets and channels – the marketing organisation is therefore designed to address two key challenges:

1. Recognise market diversity
Local sales and marketing operations work together in recognition of the need to service the complexity of the local markets

2. Leverage scale
With the same brands sold over many countries, Coca-Cola is well positioned to leverage common insights across countries and regions: common programmes (ie Olympics, FIFA World Cup); and common processes (ie brand planning, campaign management).

The Company is looking to accelerate scale, one of the key drivers of efficiency and effectiveness by:

- Leveraging synergies and scale in portfolio managing marketing projects
- Eliminating work duplication and focusing resources on innovation and executing with speed and excellence
- Building team trust and collaboration
- Simplifying marketing interfaces and decision making across regions

Alberto Cappelletti, Marketing Capability Director, commented: “It’s important to understand that we’re not rigid – we talk about ‘freedom within a framework’. We’re a flexible organisation and working hard to foster a collaborative, innovative culture within the marketing organisation.
This requires trust and a certain set of behaviours, which we’ve tried to address across our marketing population."

Knowledge challenges – the enabling objectives
The need for a collaborative marketing community made marketing leaders question how effectively the community interacted and how knowledge and ideas moved around the organisation.

“There was recognition that we were diluting communications and limiting connectivity. There were a number of existing communities of practice; however there was almost zero transparency across the organisation – meaning if you weren’t part of one, you didn’t even know it existed.” Rachel Cain

Rachel Cain, at the time running knowledge management for AT&T, was approached by Coca-Cola in 2004 to help the organisation to share knowledge in a faster and more collaborative way, to support a ‘global marketing community’ mindset with workable tools for the organisation.

Rachel, now Coca-Cola’s Global Marketing KM Operations and Capability Manager, observed: “We needed to get smarter in moving work around and sharing knowledge. Silos of information were developing which was creating confusion and frustration within the marketing community. We had to look at ways of leveraging the knowledge of our marketers both within and outside their current roles and projects. For example, we may have a brand manager working on Diet Coke who has great sponsorship experience hidden away in their background…. how can we tap into this tacit knowledge?”.

Marketing as a community – goals
The basic goals for this new initiative were as follows:

- Create transparency across the various geographical, brand and project silos
- Create a common sense of trust and openness – ensuring marketers feel no risk of chastisement in publicising their work
- Shift the mindset from that of ‘marketing organisation’ to ‘global marketing community’
- Make programmes work harder, circulate great ideas and operationalise knowledge in a faster way
- Drive true connectivity: every Coca-Cola marketer to be within one degree of separation

A global marketing portal – from many to one
Given the global scale of Coca-Cola and its marketers, the advanced level of technology adoption and the variety of existing online communities, a decision was taken to rationalise key online forums and sites into one single, global marketing platform.
Four primary sites with good content and assets were identified as competing for the same ‘eyeball’. It was deemed critical for the portal to be seen as new, and a proposition which would deliver added value, rather than a ‘used to be’ – hence the decision to close the other sites down.

Rachel noted “It’s worth pointing out... don’t underestimate the challenges of ‘closing things down’. We decided quickly that we couldn’t introduce a single global platform and still allow these legacy sites to continue, but it took roughly two and a half years to reach agreement on the proposed direction. It’s impossible to put a ‘dollar value’ on hidden knowledge in an organisation – you do not know what you do not know – so you need an enlightened executive sponsor... it requires a philosophical buy-in from your leadership.”

Some resistance was encountered early on, but largely overcome by ‘selling’ the concept of consolidation – taking the best of the existing sites and integrating them into a single platform, taking user volumes and views from two or three hundred to a total community of almost 3,000, and a readiness within the organisation to begin working more collaboratively.

**Introducing ‘Spark City’**

Spark City was conceived in 2006 and launched in 2007. Positioned as the home of marketing worldwide, it was designed to support a number of initiatives – not just peer connectivity. The core structure of the site articulates well the breadth of its potential application:

- **Homepage**
  - A number of modules keep users up to date on new content added to Spark City in real time, in addition to latest topics and posts within the Knowledge Xchange Forums

- **Portfolio of brands**
  - Centralised location for all brand programmes and campaigns
  - Supports core brands and trademarks across both Sparkling and Still Categories
  - An extensive collection of campaign related information such as creative briefs, execution examples, strategy, program guidelines and more, can be found for each brand

- Two ‘news’ areas present editorial features from around the globe, in addition to placement for WEBinar registration, rotating on a weekly basis

- Marketing community is ‘brought to life’ through a 3 x 3 square module showing 9 faces and inviting users to discover more about their colleagues

**Fig. xiii: Spark City screen shots**
**Areas of expertise**
- Focuses on the supporting marketing functions (not brand specific), such as integrated marketing, capabilities, knowledge and insights, design etc.
- Provides access to global programmes such as World Cup or Olympics with identified contacts and profiles for each programme or initiative.

**Connect and collaborate**
- A collection of tools and capabilities to drive connection and collaboration across the global marketing community.
- ‘Knowledge Xchange’ module allows users to view recent topics/threads matching their chosen categories.
- ‘Bloggers Around The World’ provides a feed of recent updates to internal marketing blogs and leverages blog technology to promote the sharing of tacit knowledge.
- Marketing Wikipedia (and tag cloud) allows users to access and help expand/enhance definitions within our marketing glossary.
- Profiles and people search allows users to locate colleagues based on country, name, brand, tags – and add people to ‘their network’.

**DNA**
- Provides users with instant access to frameworks, templates, processes and tools which form ‘The Coca-Cola Way of Marketing’.

**Asset marketplace**
- Today provides contacts, overviews and jump off points to a number of digital asset repositories and design tools across marketing.
- The future sees a single ‘super search’ across all systems removing the burden from users having to visit each system independently.

**Grow and develop**
- Provides an overview of the core competencies across marketing – as identified and developed through DNA, as well as a full marketing training and development curriculum.
- Provides information about on-boarding programs and leadership centres.

**Resources**
- Provides extensive listing and jump off points to ‘official’ tools used across the marketing community.
- RSS feeds deliver real time news to the marketing community from major publications – users are invited to add and grow the list of feeds, providing a truly global news source.

Reflecting on the Spark City initiative since launch, Rachel Cain commented: “12 months in and it’s going really well – we are beginning to see a shift to the mindset of asking ‘who else could benefit from what I’m working on?’. The platform is now gaining momentum and people are actively making their work available and allowing the whole community to decide for themselves whether it could be useful or interesting.”
Since its launch little over a year ago, Spark City has smashed registered user targets – from a total marketing population numbering a little over 2,900 people, Spark City now has over 4,300 registered users – the excess being ‘lurkers’ – interested Coca-Cola employees working alongside, or hoping to learn more about, marketing and its community at The Coca-Cola Company.

**Linking community to capability**

Coca-Cola has developed ‘The Coca-Cola Way of Marketing’. These frameworks, processes and tools are contained within the proprietary DNA Model. The creation of Spark City was identified as an opportunity to create visibility of the DNA framework and related tools and development programmes amongst the total marketing population. Since its inception, three core benefits have been realised:

1. **Internal PR**

   “It’s been interesting to see how the portal has developed as an incentive for our marketers to share practices across teams and regions – it’s a fantastic way to ‘big up’ great work and create exposure to the marketing community... not just your own team.” Alberto Cappelletti

2. **Real time, up to date information**

   “When we first launched DNA, we produced a much publicised ‘red book’ – the DNA bible, if you will, containing the framework and tools. The problem was that it quickly became out of date. Spark City has made this a living and breathing toolkit with videos and moving image... this could never have happened without Spark City.” Alberto Cappelletti

3. **Virtual communication enhanced**

   “We used to use web and video conferencing applications, but now our marketers communicate with WebEx’s through Spark City and it’s really enhanced the communication, reinforcing Spark City as the one place to go for Coke marketers.” Alberto Cappelletti

The future for Spark City is a bright one:

- Introduction of distributed publishing will allow greater flexibility and ownership of content amongst brands and functions – pushing Spark City closer to ‘the edge’ – will include platform expansion to support global groups: EU, LATAM, PACIFIC etc
- Extensive Business Networking capabilities (end 2009) will help drive greater connection and engagement across the global marketing community

**Learnings**

**Find the hotspots**

“Go where the heat is – every company, function or department has pockets of innate collaborators – these are your champions. Another note on this is to steer clear of ‘boiling the ocean’... it’s so easy to get wrapped up in the enormity of the problem and attempt to solve it all – starting small will be easier to sell in to senior leadership and enables you to get traction and show some early wins”, Rachel Cain

**Treat it like a brand or product launch**

“Communicate, communicate, communicate! A clear communications plan and launch strategy is critical to driving awareness and adoption as well as the ‘tone and voice’ you use – this should resonate with your audience”, Rachel Cain

**Be prepared to stop doing ‘other stuff’**

“If you really want to change behaviour or direction, you have to stop doing things ‘the old way’ – focus on areas where you can deliver real business value, time saved, greater reach – and whilst there may be time investment on...
the front end and a few moans and
groans to make this change, the
rewards quickly follow”,
Rachel Cain

Know what you need to know
“it’s imperative with an initiative
such as this that you become
crystal clear on the ‘what’ before
you begin the ‘how’. Spark City
employs an evergreen structure
which transcends leaders and
organisational structure, and allows
us to focus on the knowledge
needs of our community, rather
than the structure in which it
operates – which I believe will be
key to our continued growth and
success”, Rachel Cain

Alberto Cappelletti added in
closing “The test of a good
initiative is when it has internal
‘pull’ and Spark City now has
its own momentum. When
marketers decide how to amplify
their initiatives to the system,
how to share news or how to
build relationships, they seem
to naturally head towards Spark
City...”

The Coca-Cola Company
quick facts

90,000
employees worldwide
500
brands in 200 countries
1.6 billion
customer servings per day
more than
2,800
products
Decentralised marketing presents significant challenges that are still largely unaddressed

Decentralised marketing models are most common and perceived to be the most effective. Either through the development of strong product or market expertise, or alignment with sales teams and activities, marketing leaders place value on the benefits of aligning marketing headcount and resource with its point of business impact.

However, such models have downsides, well recognised by leaders but still largely unaddressed by organisational design. The dispersal of marketers across an organisation’s lines of business challenges marketing leaders to innovate and evolve their approaches to policy and consistency; standards and professionalism; and resource optimisation.
In the broad context of this study, we specifically explored the benefits and drawbacks of a centrally led and resourced marketing function, versus the alternative of a decentralised function aligned to the structure and accountabilities of the business.

Overwhelmingly, the organisations surveyed employed and favoured decentralised structures for their marketing functions (ref. fig. xiv).

As well as identifying the core marketing organisational model employed by our survey base, we also explored the nature of decision making between ‘HQ’ and local markets/lines of business. Specifically, we explored whether decisions in relation to planning and implementation were made:

- Centrally (viz at HQ)
- On a devolved basis to country/region or line of business but with clear guidance/policy from HQ
- On a decentralised basis where decision making authority lies with country/region or line of business

At a high level this illustrates that most organisations have centralised strategy, with operational marketing planning and communications ‘owned’ by the local marketing or line of business.

“The local markets are accountable for their marketing plan and the plans can be different – that’s perfectly fine. We don’t say that every year for two weeks in May, we have to have a hotel sale, as a for instance. And the reason for that is that I have yet to find, in any category I’ve worked in to be honest, a centralised consumer. When we have the same consumer that wants to do the same thing everywhere in the world on the same date, then I’m happy to centralise marketing planning. But I haven’t met one yet.”

Simon Thompson, Chief Marketing Officer and Group Managing Director, Lastminute.com

Fig. xiv: How is the marketing function structured?
Fig. xv: Allocation of marketing decision making
We confirmed this trend towards devolved and decentralised marketing structures and decision making by questioning the reporting lines of senior marketers outside the “HQ” or group level.

Here, we asked specifically whether divisional, line of business, regional or country senior marketers reported directly to a functional leader (ie Group Marketing Director), or to a country/line of business leader (ie UK General Manager). Significantly, the trend weighs heavily to the latter, with marketers reporting to business, rather than functional, leaders:

“Marketing and its leadership being aligned to the business is the most productive relationship – it enables debate around real strategic and financially based issues”.

John Penberthy-Smith, former Marketing Director, 3 UK

There are clear benefits of a decentralised approach to operational marketing activity, cited by marketing leaders as:

- 1st: market sensitivity and customer focus (60%)
- 2nd: accountability and alignment with business (44%)
- 3rd (joint): ability to specialise centrally and develop talent (31%)
- 3rd (joint): consistency in brand and strategy (31%)

However, a devolved or decentralised approach to operational marketing activity also comes with drawbacks, the top three cited by marketing leaders being:

- 1st: inefficient use of resources and duplication of effort (46%)
- 2nd: lack of consistency (40%)
- 3rd: loss of community and talent management (33%)

“Having now decentralised, the downside obviously is that suddenly, we will not be running as one business – we will be running as three, or possibly four, different businesses. So one of the challenges is making sure that our messages to customers are aligned – clearly, customers don’t necessarily segment themselves as beautifully cleanly as we do ourselves. They need to see an

Fig. xvi: Marketing reporting lines
This finding highlights the challenge facing marketing leaders; in seeking the benefits of a more integrated, relevant marketing function, people and processes require strong central leadership to avoid losing control of talent management and fostering a rise in inconsistent and inefficient activities.

Leaders need to innovate their community management initiatives and to review the role and intra-marketing organisational relationships of centres of excellence or shared services teams. Each could provide part or all of a solution to the drawbacks of dispersed marketing teams and activities – however each are heavily underleveraged at present:

- 45% of organisations do not utilise any formalised Marketing Council, Board or other governance body (see Key finding 1)
- Only 35% of organisations surveyed are investing in structured, marketing community management programmes (see Key finding 3)
- This leaves approximately 65% of organisations relying on ad hoc initiatives or intra-country/regional activities, overlooking the potential within the total marketing population
- Only 31% of organisations utilise centres of excellence – a potential opportunity to enable cross business / cross border collaboration of marketers

Senior Vice President, Marketing – global media and information business

Further questions for the economic climate of 2009

The current economic climate throws up considerable challenges across the board as organisations struggle to respond appropriately. The key issue may no longer be whether localised planning enables market sensitivity or damages brand consistency, but whether the organisation can better focus on agility, execution and scale. For example:

- Do the local markets have the latitude to execute rapid tactical response?
- Is the centre able to leverage resource to provide local markets with market and competitor analysis insights to speed up decision making?
- Can the centre deploy global plans rapidly as attack or defence strategies?
- Can regional theatre organisations help local markets by socialising plans and activities?

Conclusion

aligned and co-ordinated message – those are the challenges that we need to address.”

In search of a strategic role for marketing 57
CASE STUDY 4

Countering the downsides of decentralisation

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
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**

“Skandia has product experts that are rightly proud of their skills, and knowledge – our challenge was to support them with equally skilled communication and marketing people who could bring that technical knowledge to life consistently and clearly for our external audiences.”
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.
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
In search of a strategic role for marketing
Leading, influencing or supporting?

A global benchmarking study exploring structure, leadership and community

CONCLUSIONS
Conclusions and further information

Each finding in this report tackles a specific issue, based on slightly different data, learnings and insight from our research – and each is complete with its own concluding comments.

Stepping back from these individual findings, this closing section highlights the resonating perspectives from the two lead authors of this report – Thomas Brown, architect of the research from The Chartered Institute of Marketing and Simon Longhurst, lead contributor from research associate Accenture.

This is followed by information on The Chartered Institute of Marketing and research associate Accenture, along with details of The Institute’s next global benchmarking study, commencing March 2009.
Conclusions and recommendations
Thomas Brown DipM MCIM Chartered Marketer, Project Leader for Company Connect, The Chartered Institute of Marketing

1. Start by tackling the role and understanding of marketing

Too many conversations about structure begin with lines on an organisation chart or the political bartering of task and resource allocation. Undoubtedly, these are sound issues to be addressed, but they often mask the true organisational challenges facing marketing leaders – namely those of the definition, understanding, role and purpose of marketing.

Eight out of ten senior marketing leaders are dissatisfied with the role and positioning of marketing in their organisations, yet less than one third look strategically at capability when it comes to marketing organisational change. This suggests that marketing structural change initiatives largely start by missing the ‘bigger picture’ issue of role and definition – and when two thirds of those organisations surveyed expect structural change within the next two years, this is of concern.

Most of us won’t benefit from the opportunity of Thomson Reuters, our first case study organisation, to leverage a major international merger as the fresh starting point to redefine the purpose for marketing in the new organisation. However, the core principle stands out in support of this recommendation – the journey required was one of transformation, not simply organisation redesign.

Legacy perspectives of the role, value and success of marketing may cloud the views of top management but as demonstrated by Rolls-Royce, our second case study organisation, sensible conversations aligned with the future needs and challenges of the business (as opposed to a micro-focus on the marketing function alone) can yield greater understanding and productive outcomes.

2. Seek out knowledge and great practice – from inside and out

Nine out of ten marketing leaders believe that managing their total marketing population as a collective ‘community’ would be beneficial, yet in practice little over one third of organisations are actively investing in tools or initiatives to enable this.

Large, international or global organisations have access to significant marketing resource but this is often overlooked. For the likes of Coca-Cola, our third case study, the organisation recognised that its 2,900 strong marketing population was an underutilised asset and took steps to better leverage this source of knowledge.

In our current turbulent financial climate, initiatives to move from a mindset of ‘marketing function’ to ‘marketing community’ may prove powerful at a relatively modest cost – with shared knowledge and insights improving agility, marketing effectiveness and talent deployment across the organisation.

As noted in our third finding, such initiatives – if conducted in isolation from the outside world – can engender an internal focus, actually stifling innovation potential. If coupled with external knowledge activities, however, these initiatives are likely to be more rounded and holistic.

Exploring the ability to identify, codify and transfer learnings from other sectors; alliances and strategic partners; channels; and in cases key customers, must become a leadership imperative in order to drive innovation; encourage rapid adoption of new practices and thinking; and stand apart from competitor organisations.
3. Innovate the model

Three of our four case studies in this report contain practical insights into structural innovations which have enabled organisational change.

In all three instances – Thomson Reuters, Rolls-Royce and Skandia – the organisation and its marketing leadership challenged traditional or legacy approaches to marketing organisation design and drew a degree of inspiration and insight from other sectors and disciplines.

In the case of Thomson Reuters, the challenge of instigating long-term change, rather than a short term project, was in part addressed by the introduction of a new transformation unit – the Office of the Chief Marketing Officer, with dedicated resource allocated to support the marketing function in moving to a leadership, rather than service provider, role within the organisation. Such units are also found in other business areas facing the same challenges of changing roles and understanding within the organisation – IT and HR are two such examples.

In the case of Rolls-Royce, the need to provide long-term strategic guidance to the organisation was addressed by a fundamental split in the function across two timelines – fundamentally challenging the ‘marketing department’ mentality, with shared responsibility for short and long term activities. This delineation, based on a timetable aligned to the business’ needs, enables a clearer allocation of the right resources for the timeline in question, notably with different skills and talent required for the strategic team, versus the shorter term marketing team.

Finally, in the case of Skandia, the organisation’s move to establish three standalone business divisions required leaders to commercialise marketing services and establish scale economy and technical expertise – avoiding costs increasing three-fold as each division formed its own marketing function. This was supported by the introduction of a formal shared services model – an approach common with ‘administrative’ functions such as HR, IT and Finance and successfully applied in a marketing context.

This study told us that six out of ten recent marketing organisation efforts have been focused on improving central and local marketing/line of business relationships, and that almost 50% have been concerned with drawing efficiencies and synergies. In principle, these are valid improvements one may seek to make within an organisation – yet with a backdrop of such dissatisfaction with the core marketing model and the lack of truly strategic influence of the marketing function, in isolation they may not sufficiently challenge the status quo – something akin to trying to extinguish a fire by spraying the top of the flames.

Based on the insights, learnings and candid case examples within this report, we would recommend any leaders dissatisfied with or re-evaluating their marketing model, to consider the following principles:

- Don’t start by re-drawing the organisation charts... begin by analysing the needs of the business from the marketing function and let the charts follow
- Step outside of a marketing ‘box’ and consider how other functions and disciplines tackle similar challenges
  - Balancing short term vs. long term
  - Making change a constant, not a project
  - Driving long-term transformation
- Embrace organic, collaborative innovation – explore ways to leverage insights, approaches and learnings outside of the organisation or sector in question
  - Engage with professional bodies and trade associations for industry access
  - Contribute to, and draw down from, research foundations and think tanks
  - Engage marketing leaders from major customers in collaborative learning initiatives
  - Join forces with strategic partners, alliances and appropriate channel members for cross-value chain learning and combined benefits
The current economic climate represents an opportunity for marketing organisations to seize the initiative and drive their business forward into strong positions ready for the end of the downturn. There are many examples of new opportunities:

- Large national food retailers are seeing customers “trade down” from premium outlets to the next tier down in their cohorts
- Some of the beneficiaries in the lower tiers have an opportunity to delight these newly trading down customers and secure them as future revenue streams and not just transitory customers during the downturn
- Smart retailers are increasing the shelf space they allocate to “own branded” products with clever pricing strategies which ensure their own profitability (at the expense of their suppliers) while retaining their customers with better value offerings
- Financial institutions are re-evaluating their brand values and looking for ways to convince their customers they are trustworthy
- B2B organisations are looking at increasing their penetration and service levels with their most strategic customers while looking for more expedient ways of managing the less profitable
- Organisations which sell through partner networks are looking for new ways to collaborate to make the partners more successful with their brands than their competitors

Across the board however, planning and decision making constructs are proving inadequate for these testing times. Annual, half year and quarterly planning cycles are inhibiting organisations from both responding and also taking a pro-active stance which is resulting in missed customer expectations, and erosion of loyalty day by day.

However, how can the marketing organisation seek to better prepare itself for a strategic role in growing the business into the future? Three key recommendations stand out:

1. **Strategic timelines**

Today a strategic role equates to a much shorter time horizon than it did yesterday. Customer segments presenting opportunities are arising and disappearing extremely quickly. Only the most agile organisations can keep up and exploit these opportunities to acquire new customers or refine the “conversations” they are having with existing customers to foster loyalty.

However, marketing needs to measure itself and link to measures which are relevant. Our experience is that many organisations measure loyalty incorrectly and at the wrong points in the customer lifecycle. If an organisation is customer centric and measures itself on customer acquisition and retention, then appropriate measures must be put in place – operationally – throughout the customer lifecycle and across the channels.

If this is done, then marketing can position itself to develop the offers, orchestrate the channels and manage the experience that acquires and retains the most profitable customers. Without the right measures, marketing will be out of sync, even with its own aspirations.
2. Today’s competencies and talent

Talent is scarce, expensive to acquire (just like customers) and to replace. For large multinational organisations, marketing functions are spread across products, segments, routes to market, geographies and marketing vehicles.

As markets become increasingly dynamic, product lifecycles shorten; customer expectations rise; and competitors become more cut throat. In these environments, marketing organisations must find ways of becoming more agile: stop reinventing, start collaborating.

Knowledge management, internal social networking and virtual teaming have often required cultural change within a business in order for the full potential to be realised. Today however, a new generation of socially connected and digitally enabled professional is in the workplace. Organisations which combine learning and development (aligned to overall strategy) with mechanisms that enable collaboration, rapid replication and execution of ideas and teaming will be the ones which can adapt quickest.

3. Decentralised marketing

The debate over centralisation vs. decentralisation must be set against the wider operating model of the organisation in question. Some organisations, for example, have been hugely successful in driving heavily product divisionalised structures and attempts in the past to unify these divisions and present a single face to the customer have been too challenging.

Whichever overarching operating model is in place, there are typically opportunities to improve the alignment of the marketing function with its cousins in sales and service. As we have described, delivering the branded customer experience is one of the key tools in fostering customer loyalty, but this requires the ability to define, influence, shape and manage activities across a wide range of areas: products; sales and service channels; and segments.

Organisations that wish to define and deliver the branded customer experience and exploit technology and insight to do so, will find themselves needing to refine their marketing operating model to enable such change. This will mean a shift from list based marketing in favour of seizing control over each inbound customer interaction and the definition of business rules for handling each of these. The operating model implications are significant and clearly include aspects of centralisation, though this may not necessarily be a geographical term here – it could well be a cross product centralisation within a market.
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.

Our wealth of research and work into standards uniquely places us to help organisations identify skills gaps, devise tailored learning programmes or build bespoke solutions that precisely fit all members of your team. Ultimately, we will help you attract and retain the best talent and to develop a world-class marketing capability.

Creating and sharing knowledge, insight and resources
As any professional marketer knows, knowledge and insight is key to successful marketing and people performance. Our Research and Information Department is at the forefront of marketing knowledge creation, producing:

• The industry leading biannual Marketing Trends Survey, assessing attitudes and opinions to today’s issues
• The annual Marketing Rewards survey, providing practical insight into marketing roles, remuneration and benefits
• Two Agenda Papers each year, tackling the key issues affecting the marketing profession both now and in the near future

In addition, it also produces ad hoc White Papers and Research Projects to address specific issues such as ‘Marketing and the NHS’. Individual members of the Institute also have access to Europe’s leading specialist marketing library, with over 4,000 books and 100 journals available at our Berkshire home and campus, and a wealth of research papers, articles and resources available online.

Cross industry learning for global organisations
Company Connect is our unique cross-industry learning and networking community bringing together senior marketing, HR and Learning and Development practitioners exclusively from major, international organisations.

The community includes some 40 organisations who gain access to the latest industry thinking at regular insight forums and roundtable events. Our in-depth global benchmarking studies, of which this represents the first, ensure senior leaders are well informed on current and future industry trends impacting global organisations.

For more information:
Email benchmarking@cim.co.uk
www.cim.co.uk/benchmarking

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

Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments.

Our “high performance business” strategy builds on our expertise in consulting, technology and outsourcing to help clients perform at the highest levels so they can create sustainable value for their customers and shareholders. Using our industry knowledge, service-offering expertise and technology capabilities we identify new business and technology trends and develop solutions to help clients around the world:

- Enter new markets
- Increase revenues in existing markets
- Improve operational performance
- Deliver products and services more effectively and efficiently

With more than 187,000 people serving clients in over 120 countries, the company generated net revenues of US$23 billion for the fiscal year ended 31 August 2008.

For more information:
Next global benchmarking study focused on major, international organisations

Marketing capability – the future for people, talent and learning

This next, future-oriented study from The Chartered Institute of Marketing, commences March 2009 exploring the changing nature of marketing capability and its impact on people, talent strategies and learning and development, tackling such questions as:

- What will a high performing marketing organisation look like in five years time and how do we get there?
- What expectations will business leaders be placing on marketing and its constituents, and how can we prepare for this?
- How can we innovate and measure the contribution of marketing to organisational performance?
- What skills and competencies do we need and what are the implications for people, talent and learning strategies to enable this?

For more information visit: www.cim.co.uk/benchmarking
or email benchmarking@cim.co.uk
A global benchmarking study exploring structure, leadership and community.

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

In association with
The Chartered Institute of Marketing
Moor Hall
Cookham
Maidenhead
Berkshire
SL6 9QH

+44 (0)1628 427 394
e benchmarking@cim.co.uk
www.cim.co.uk/benchmarking

Accenture
60 Queen Victoria Street
London
EC4N 4TW

+44 (0) 20 7844 4000
+44 (0) 20 7844 4444
www.accenture.com