

# The CMO's legacy

CFO: "But what if we invest in training these sales and marketing people and then they leave?" CMO: "What if we don't invest in them and they stay?"

In my final *Admap* column I'd like to reflect on the legacy to which chief marketing officers should aspire. The usual things that come to mind are spearheading marketing mix changes, e.g. new product launches, new markets, and new media. All very fine, but this is the same criterion used to judge marketers further down the organisation chart. Whereas the role of CMOs goes beyond implementation, they are also responsible for building capability. In the long run, it's capabilities that determine which organisations last, which deliver sustained profits, and which are rendered obsolete by marketplace changes.

Sadly, too many marketing departments are so busy chasing their tails that there is no time for development and improvement. They are so busy, not because their work is so important, but because they are inefficient. Working smart frees up time to learn to be smarter; it's a virtuous spiral, but a route that too few marketing departments are travelling.

More than once, I've heard protestations like "We'd love to schedule a workshop and hear your research on price promotions, but my people haven't time, they have so many promotions to get into the field". Then there are those who simply lack motivation and/or imagination: they don't want to learn new practices. In spite of the image of marketers as non-traditionalists, there are still CMOs who find real change scary. Just look at our marketing magazines and conference topics over the decades. Compare *Mad Men* to now. The jargon changes, the cut of the suits changes; it's digital now but the substance remains the same.

Clearly, bringing about real change is not easy, but that's why it gives such competitive advantage. And that's why the legacy of CMOs depends less on what marketing was done during their tenure, and far more on what marketing capability was built. By marketing capability, I largely mean what marketing people know and how they think. This determines how they plan and execute marketing. It also determines how vulnerable they are to money-wasting distractions, including many of the flawed products consultants pitch to marketers. For example, billions

have been wasted on loyalty programmes and CRM – huge investments that were, at the time, justified on the basis of flawed assumptions about how easy it was to reduce customer defection and the financial pay-off of improved customer retention. Yet, the science was already in: there was no need for companies to fall for this.

A firm's marketing capability requires many skills, for example, media placement, SEO, and customer database management, but such skills are readily available for hire from agencies. What matters more is fundamental knowledge about buyer behaviour and how marketing works. And knowing how to acquire intimate market knowledge via analysis and experimentation. Which means that the second thing a CMO needs to build is a meaningful marketing metrics system.

Marketers are renowned for cherry-picking metrics, for misinterpreting metrics, and for falling for sexy-sounding, but pointless, black-box proprietary metrics sold to them by consultants and market researchers. These are very distracting and all get in the way of effective marketing, while a sound metrics system can be wonderfully empowering, shining a light on the road ahead. A metrics system needs to cover five essential areas: financial metrics, buying metrics, memory metrics, customer profile metrics and marketing activity metrics. Only then, as a whole, can it allow marketers to learn more about what affects what, as well as monitoring and tweaking campaigns on the run.

So the legacy I would recommend any CMO to strive for is an educated marketing team – where the understanding of buyer behaviour and how to influence it is widespread, with a few specialists with deep knowledge in areas such as media, research, in-store, and pricing. All supported by a simple but comprehensive metrics system that is open and transparent, and used not just by the marketing team, but by everyone involved in delivering profitable growth. The result will be that marketing is far more respected by other parts of the organisation.

Too many CMOs think their ex-company is worse at marketing now that they are gone. A great CMO leaves behind a company that is far better at marketing.

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