

The Evolved CMO

**Produced by
Forrester Research
and Heidrick & Struggles**



FORRESTER LEADERSHIP BOARDS

The CMO Group

HEIDRICK & STRUGGLES

Executive Summary

Marketers want to be more business-focused and strategic in their roles. A recent survey conducted by Forrester Research's CMO Group and Heidrick & Struggles validates this overwhelming desire for business alignment, finding that almost two-thirds of chief marketing officers want more involvement in business strategy development and increased P&L responsibility. However, wishful thinking will not change anything.

For these desires to be realized, CMOs need to proactively create alignment and insert themselves into the strategic process — thereby driving their own career success instead of waiting for development opportunities to come to them. It's time for chief marketers to demonstrate their abilities to understand the business and apply their knowledge and expertise to drive growth and profitability for the organization.

How can CMOs make this happen? By taking overt actions to adapt and evolve their focus and behaviors to generate and wield influence across a new set of imperatives. Analysis of the survey data indicates that the proactive activities and strategies that CMOs should pursue include:

- **Spending more time on personal and career development.** On average, CMOs spend less than 10% of their time developing their skills or careers. Marketing leaders' top two career aspirations are either to become the CMO of a larger company or brand or to become a CEO — two positions that demand a wide range of business success and backgrounds. CMOs will have to increase time spent on professional growth, especially if they want to reach their desired next steps.
- **Seizing the opportunity to lead the organization towards customer-centricity.** Today's senior marketers don't prioritize customer-centricity as a focal point for success. But CMOs are in a unique position within their organizations to ensure that the customer is at the center of everything the company does. Evolved CMOs will leverage a range of resources, including Social Computing and Web 2.0 tools, that enable a two-way dialogue with customers to increase their customer understanding. That understanding will be widely socialized within the company to develop successful business strategies that create brands and offerings that are highly relevant to their customers. This heightened relevance will help acquire new customers, drive stronger customer loyalty, improve retention, and enable bottom line growth.
- **Building credibility through the marketing team and leadership contributions.** CMOs report that building a strong marketing function is a necessity if they are to gain credibility, increase their influence, and secure a more strategic role. More than two-thirds of surveyed CMOs cite people management as an essential skill for personal success, though most invest far too little time in this critical area. Marketing leaders also recognize the importance of forging strong relationships with the executive team — **relationships that can facilitate better alignment with corporate strategy.** But it takes more than just relationships: Successful marketing leaders must search out and obtain cross-functional leadership experiences; increase their knowledge of different departments, operations, and processes; build best practices across multiple functions; and use those skills and knowledge to develop trusting relationships with key influencers across the business.

The full analysis of the survey, which features insight from more than 130 chief marketers as well as key recommendations for CMOs working to advance their roles, can be found in the full report *The Evolved CMO*.

Introduction

A new generation of marketing leaders has emerged. Guiding more than just the classic marketing mix, successful chief marketing officers (CMOs) are driving corporate strategy, holding general management responsibility, and developing next-generation talent in a function that was once relegated to the “four Ps” of marketing (product, price, place, and promotion). As the CMO role redefines itself across the business landscape, marketing leaders struggle to overcome functional stereotypes and prove their value to the organization. Are they succeeding? Forrester Research’s CMO Group and Heidrick & Struggles surveyed more than 130 CMOs to answer that very question, probing into how CMOs have effectively positioned themselves as true business leaders.¹

While survey results illustrate key opportunities for marketing leaders to gain solid footing across the C-suite, they also prove that many marketing leaders must work harder to expand their role past that of traditional marketing. As new technologies allow companies to reach more audience members, evolved CMOs

“CMOs face a new world of marketing choices and arguably have to be the most agile and responsive executive in the face of the changing market as business strategy and marketing strategy become more synonymous.”

John Kennedy, vice president of marketing, IBM

position themselves as the trusted change agent in their organization, revolutionizing the business to be more relevant to customers. CMOs have a great opportunity to transform their marketing team from order takers to collaborators, partnering with business units to drive the bottom line. The prospects for CMO-nurtured growth abound, but it takes more than harnessing available opportunities to win credibility — it takes diligent self-development. However, CMOs on average spend less than 10% of their time developing their personal careers, and almost three quarters feel that they spend too little time on their professional growth. If CMOs want to become true business leaders, it’s time for them to step up to the plate and proactively evolve their role.

This research examines the key steps CMOs should take to broaden their role from functional head to business leader, including detailed insight into how to make the leap.

Paradigm Shift Or Stuck In Neutral?

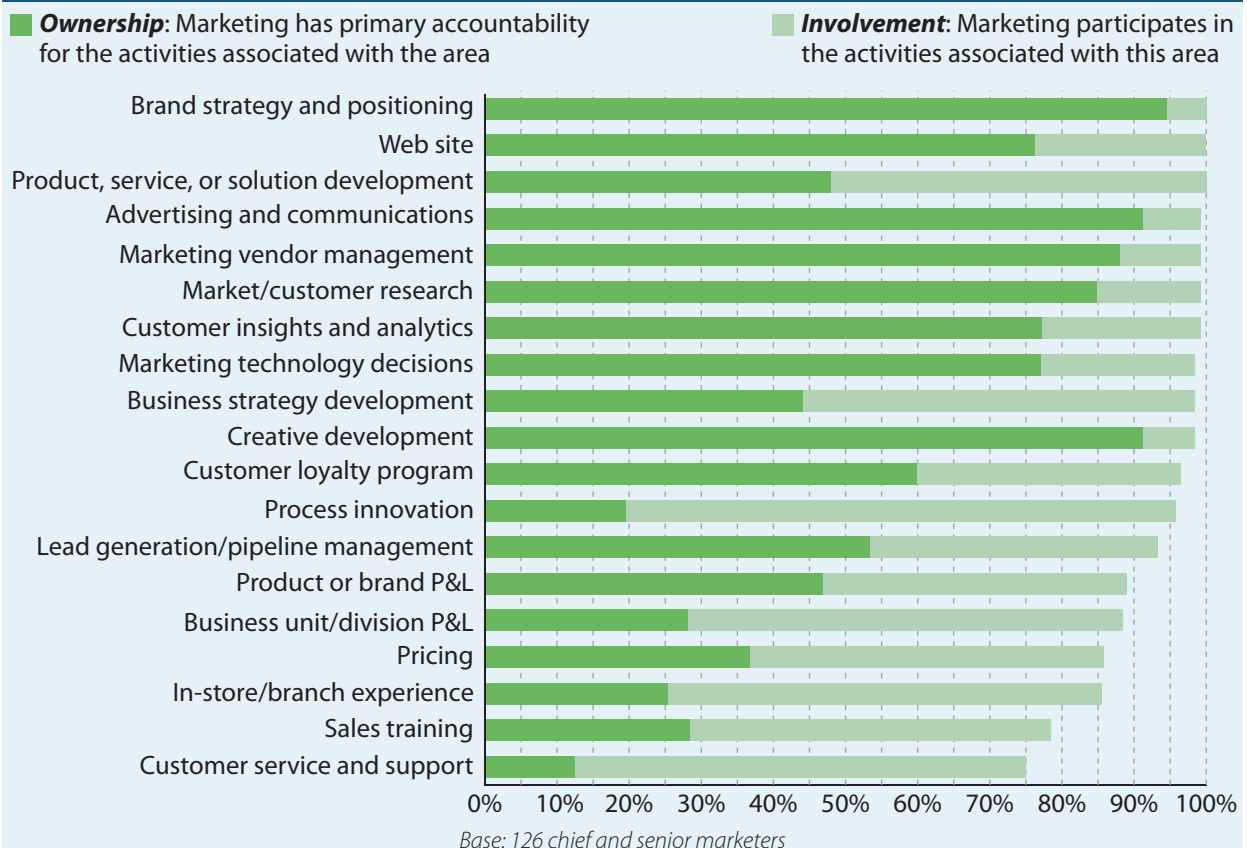
The CMO role, and marketing in general, is shifting dramatically. In a recent article, Booz Allen Hamilton claims, “No corporate function has evolved more dramatically than marketing.”² Once viewed as the ultimate cost center, firms now replace the “black box” of marketing with more transparent and measurable growth drivers, ones goaled on business results as opposed to advertising spend. As the function changes, so should its leaders: “Few senior-executive positions will be subject to as much change over the next few years as that of the chief marketing officer,” begins a recent article in *The McKinsey Quarterly*.³ Yes, yesterday’s CMO was about communications, branding, and advertising. Today, the CMO is a strategic partner to the CEO, someone expected to understand the business landscape well enough to articulate and predict which markets, products, services, or execution strategies will deliver the most profitable growth. John Kennedy, vice president of marketing at IBM, shares: “CMOs face a new world of marketing choices and arguably have to be the most agile and responsive executive in the face of the changing market as business strategy and marketing strategy become more synonymous.”

While marketing is indeed aligning itself to the business much more closely now than in the past, survey results confirm that CMOs still fight to increase their involvement beyond that of traditional marketing (see Figure 1). Classic marketing responsibilities such as brand strategy and positioning, advertising and communications, and creative development rank as the top three areas of ownership for CMOs. Ownership of general management themes, areas that can help align CMOs to the business, ranked much lower. For example, less than half of surveyed CMOs own product/brand P&L, and even less own business unit/division P&L. As many survey participants noted, being able to talk P&L with business unit leaders is critical to CMO success. And on a personal development note, the lack of P&L management experience serves as a recurring self-admitted barrier for CMOs as they progress their careers. CMOs continue to strive towards business leadership, but many are still only at the early stages of this journey.

Dr. Steven Althaus, head of marketing communication at Allianz, one of the world’s largest financial services providers, shares that for marketers to take a more active role in business strategy development they need to have a balanced “will and skill” profile. Many marketers want and possess the “will” to have a more strategic, business-aligned role in their organizations. However, Althaus notes, “To have a more strategic role, marketers need to be proactive and take part in business activities. They need to read balance sheets, understand the business model, understand key drivers of market cap, and identify key growth regions and opportunities for the company.” Althaus has been contributing to the general strategy group at Allianz since 2004. He took on this responsibility because he recognized the value marketing could contribute with the function’s knowledge of the market, trends, and customer behavior. He recognized the opportunity as especially timely, given that the financial services industry is shifting from supply-side to demand-side thinking.

Although for many CMOs business-focused responsibilities are currently auxiliary to those of traditional marketing, CMOs want them to expand. Four of the top five areas in which CMOs desire increased influence

Figure 1: Scope Of Responsibility For Marketing Organization



are business strategy development, product/brand P&L, lead generation/pipeline management, and even one of the 4 P's — pricing. The good news is that CMOs expect that their purview will increase in these areas. Business strategy development is the number one area of anticipated increase, with expected gains in influence over product/brand P&L and pricing also resonating for many CMOs. And tenure will help: Trends show that CMOs who have been in their positions longer have more responsibility for areas such as business strategy development and product/brand P&L.

On The Right Track, But Not Quite There

Perhaps the gap between the strategic CMO prophecy and the traditional CMO reality stems from a misalignment between CMO marketing objectives and the business. As expected, a large percentage of CMOs report having objectives around delivering revenue targets. And while many are goaled on driving profit, more CMOs' objectives focus on delivering rather than bottom-line value (see Figure 2). Customer acquisition and growing brand awareness ranked as top marketing objectives, but objectives for increasing customer retention or increasing customer lifetime value were considerably lower. If CMOs desire an increased stake in business strategy development and product/brand P&L, their objectives will need to evolve to increase focus on the long-term profitability of customers. For example, The Vanguard Group's head of marketing, Sean Hagerty, is willing to walk away from initiatives that lead solely to immediate revenue gains from new customers at the detriment to existing customers. Instead, he focuses on the needs of customers, concentrating on long-term value, not short-range gains.⁴ By focusing marketing objectives on retention and lifetime value, CMOs

Q&A With Jane Stevenson, Global Managing Partner Of Heidrick & Struggles' CMO Practice

What are today's CEOs looking for in a CMO?

"When hiring CMOs, CEOs are looking for a business partner: someone who has a track record of successfully growing businesses and someone who has a keen insight into business opportunities and areas of the business that can be exploited for advantage. They're looking for people who understand how to differentiate in the marketplace and to create that differentiation in such a way that competitors are hard pressed to keep up or make up the gap.

"CEOs also want a leader versus a manager: someone who is able to drive change in an environment where they don't necessarily hold the tactical capabilities to deliver within their organizational structure. So it has to be delivered by business unit heads and others in the organization, even though the CMO is the driver. What's interesting about that is that is not unlike what the CEO has to do; the CEO is not the steward of the strategy, he or she is the guide. The challenge for CMOs is that, individually, it is hard for them to hold business unit leads accountable in the way that the CEO can, thus the role requires great influencing skills."

What challenges do you see CMOs facing as they evolve their role?

"For many CMOs, prioritizing their focus is a major challenge. The CMO role has become so much broader, encompassing much more than simply managing the marketing function, if the CEO isn't providing prioritization for the CMO, it creates a major challenge. Similarly, if the CEO doesn't support the CMO's evolution to become a more strategic player, it's difficult for the CMO to succeed. In general, CMOs' winning that level of credibility and trust with the CEO, and even their peers, can be a major hurdle. CMOs who have overcome this are the ones whose input is desired every time someone is talking about the business."

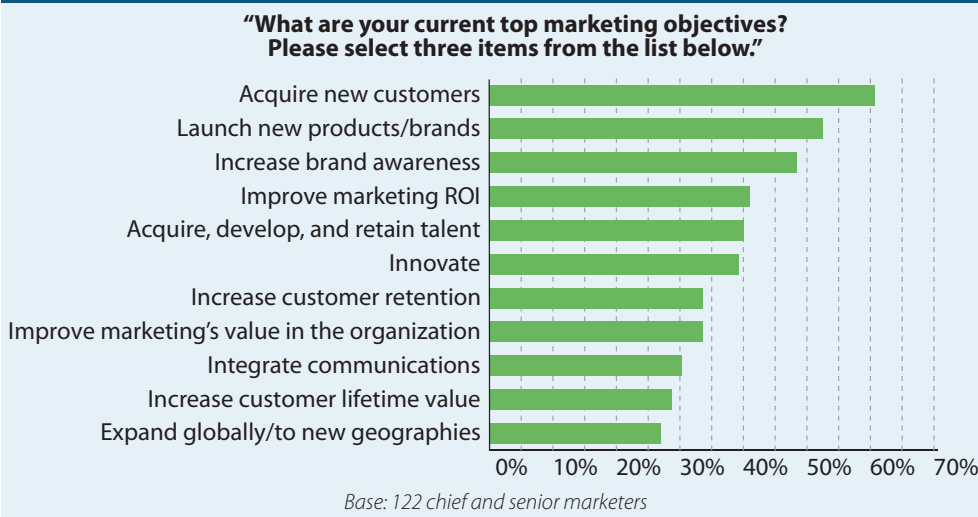
How would you describe an evolved CMO?

"If you get a group of CMOs in one room, the ones that have evolved stand out like a sore thumb. They talk about the business like a business owner. They articulate things not in a technical perspective but in a holistic, business perspective. Innately, people gravitate to them. They're business leaders."

How will the CMO role continue to evolve in the future?

"I think in the future there will be more of a linkage between sales and marketing and the commercialization aspect will continue to develop. The CMO will still drive strategy and I think there will be a tighter linkage between general management and marketing. I think ultimately, you'll start to see CEOs appointed who come from a marketing heritage."

Figure 2: Top Marketing Objectives For Chief Marketers



can report valuable metrics that show the impact of marketing on financial results. Althaus of Allianz Group explains that it is sometimes easier for CEOs to measure CMO performance around brand objectives, but evolved marketers are measured around areas such as customer loyalty, price premiums, and overall business impact.

Even though CMOs stand to improve the correlation of their specific objectives to business goals, a collection of internally-focused objectives serve as a good sign that CMOs are focused on overall business leadership. For example, 40% of CMOs rank recruiting, developing, and retaining marketing talent as a top objective, indicative of the organization’s commitment to developing a strong marketing function. A robust and capable marketing team can give senior marketers a managerial edge, boosting not only marketing credibility but also the CMO’s capacity as a sound business manager. As CMOs work to improve marketing’s value in the organization — another top objective that more than one-third of surveyed CMOs share — it’s natural that they are relying on the skills and abilities of their teams to help. For example, one CMO practiced regularly bringing her marketing team members to present to executives. Not only did this provide great experiences for her direct reports, but it also helped showcase marketing talent to the C-suite, helping to build up the credibility of the team.⁵ Objectives around marketing measurement have a similar two-pronged effect for CMOs, demonstrating both marketing function effectiveness as well as the CMO’s business integrity. With 40% of CMOs listing the improvement of marketing ROI as a top objective, CMOs are making headway in communicating marketing’s value in business language. These objectives, which focus on improving the efficiency of the marketing organization, will in turn advance the CMO’s standing in the organization.

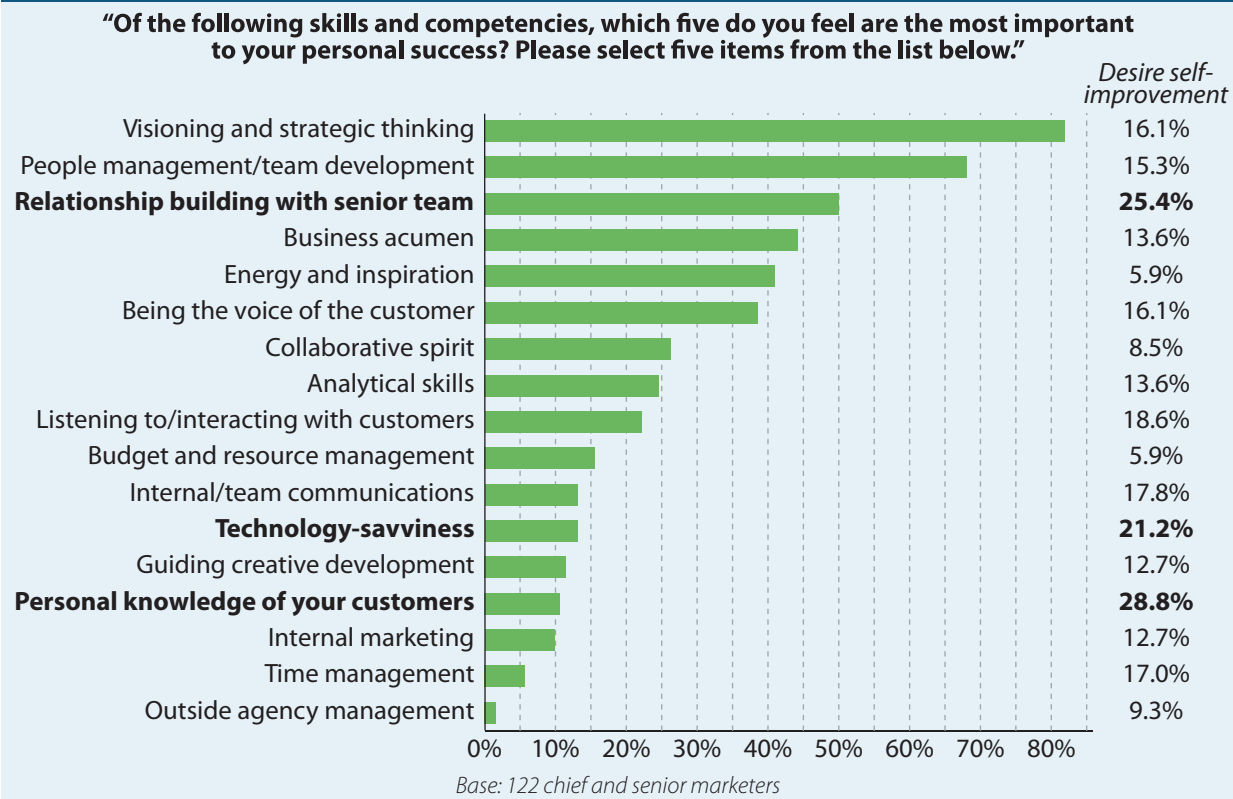
Balancing Business Leadership And Personal Character

When asked which five competencies are the most important to their personal success, chief marketers know that business leadership skills reign supreme (see Figure 3). In fact, an overwhelming 82% of CMOs found visioning and strategic thinking as imperative to their success. Other leadership-driven competencies such as people management/team development, relationship building with the senior executive team, business acumen, and energy and inspiration completed the top five CMO abilities by importance. While marketing function-specific competencies are still a key component of CMO success, they need to be complemented by business and leadership competencies. IBM’s Kennedy shares, “The modern CMO must retain the ability to think creatively and emotively about the big picture, but must also be an operational expert and competent leader.” CMOs are clearly aware that their role today is something more than just the head of the marketing function; the role requires a true business leader. Explains six-year CMO veteran Stewart Stockdale, CMO at the mall real estate giant Simon Property Group and president of the company’s consumer ventures subsidiary Simon Brand Ventures, “CMOs should be business people first. Where many companies hire advertising

executives to fit the CMO role, the lack of business-focused skills will hinder aligning to the corporate agenda as well as building credibility with business units.”

In addition to possessing strong business leadership competencies, CMOs note the importance of embodying certain personal attributes. Having thick skin and being politically savvy were noted as key attributes for successful CMOs in addition to courage, resilience, and patience. As one senior marketer explained, the skill to convey complex marketing concepts and strategies to key stakeholders in the business, derail well-intentioned but off-the-mark ideas, and at the same time avoid significant political damage are crucial skills for the CMO. The emphasis on these particular character traits hints at frustrations felt by senior marketers who have had trouble generating companywide respect, appreciation, and authority in their role. Many senior marketers are still fighting for recognition and influence in their organizations. The path to becoming an evolved CMO certainly requires the ability to withstand and overcome organizational challenges and the personality to not only progress in the CMO role, but to revolutionize the way the organization views marketing.

Figure 3: Top Skills And Competencies For Chief Marketing Officers



Leveraging The Right Opportunities To Increase Value

One way CMOs can forge a business partnership with key stakeholders in the organization is through heightening their focus on the customer. CMOs have an opportunity to lead the charge for a customer-centric business strategy and become an influential voice regarding customer behaviors, wants, and needs. Currently, one-quarter of CMOs are not involved in any way with customer service and support, distancing marketing from what customers are saying in the field. The exclusion of customer-centric skills from CMOs’ perceived most important competencies furthers their separation from the customer. Less than half of CMOs found being the voice of the customer a top priority for their personal success, with even fewer identifying listening to/

“*Customer-centricity and communicating good business strategy go hand-and-hand. You not only have to anticipate customer desires, you have to connect the dots to show the business how customers will be profitable.*”

Stewart Stockdale, chief marketing officer, Simon Property Management and president, Simon Brand Ventures

interacting with customers and personal knowledge of customers as crucial to their jobs. Customer-centricity starts at the top, and CMOs who can acutely tap into customer needs and evangelize them throughout the organization will be able to drive growth and strategy for the business. For example, at financial software company Intuit,

understanding the customer is a priority driven down by the leadership team and is enabled by bringing customers into team lunches, product launches, and all-hands events — face-to-face scenarios that facilitate individual employees’ personal connections with real customers.⁶

Of course, a truly evolved CMO has both a profound comprehension of the customer and the proven business leadership to authenticate why a particular strategy is optimal. As CMOs answer to the calling of their new strategic role, piggybacking sound business knowledge on top of a comfortable familiarity with marketing execution, they admit the need to master a deep understanding of the customer in the process. CMOs might not initially rank direct familiarity with their customers as high in value for their job now, but they clearly realize its potential importance and seek self-improvement now in preparation for the future. When asked which competencies they want to improve, CMOs’ top choice was their own personal knowledge of customers, with listening to/interacting with customers falling close behind. But simply being smart about

How B2B Marketers Differ From Their B2C Counterparts

Of the 132 CMOs surveyed, 40 hail from B2B organizations. Research uncovered four key differences that distinguish B2B marketing executives from their B2C peers. In general, B2B CMOs:

- **Are less likely to own P&L responsibility.** While 56% of B2C CMOs own product/brand P&L, only 32% of B2B marketing leaders do the same. And only 16% of B2B CMOs own business unit/division P&L — less than half the number of their B2C peers. To increase their P&L accountability to the CEO and the board, B2B CMOs should partner with business unit leaders and other P&L responsible peers to not only leverage their learning but also to better demonstrate marketing’s impact on the business.
- **Are less likely to be goaled on building up their marketing teams.** Fifty-percent of B2C CMOs are goaled on acquiring, developing, and retaining marketing talent, objectives that only one quarter of their B2B peers have. Robust, effective marketing teams are more likely to drive successful marketing initiatives, which will help CMOs gain credibility in the organization. B2B marketers should work with the CEO and human resources to create people development plans for marketing staff that include industry and organizational training, mentorships and reverse mentoring, cross-functional experiences, and other interdisciplinary approaches.
- **Place more weight on listening to/interacting with customers.** When asked to select the top five competencies essential to CMO success, B2B marketing leaders rated direct interaction with customers as twice as important as their B2C peers. Smart B2B marketers leverage customer interactions and grow insights across the organization by sharing customer stories and adopting customer-empowering technology and customer-driven design techniques. For example, in recent research with 160 B2B marketers, Forrester found that the adoption of customer-engaging technologies is on the rise. Almost half of respondents maintain a corporate blog and 25% more expect to pilot them in the next 12 months. Why? Because B2B marketing execs see how buyers turn to blogs for thought leadership, product insights, and customer success stories that aren’t as easily available through the sales channel or regular marketing collateral.*
- **Are more likely to turn to marketing peers outside of the organization.** B2B marketers value the insight of marketing professionals outside of their organization. They see peers as a top resource for building their personal skills, competencies, and understanding. Top B2B marketers find new opportunities to network and share knowledge with other marketing leaders — from both B2B and B2C backgrounds — to fully leverage this valuable resource.

* “B2B Marketers Dip A Toe Into Emerging Tactics,” Forrester Research, Inc., July 19, 2007.

the customer won't help CMOs, as indicated by the second highest area for desired improvement: relationship building with the senior executive team. As Simon Property Group's Stockdale notes, "Customer-centricity and communicating good business strategy go hand-in-hand. You not only have to anticipate customer desires, you have to connect the dots to show the business how customers will be profitable."

Other current areas of desired improvement illustrate how CMOs think their role is evolving and which aspects of their job will be important in the future. Interestingly, many CMOs desire to improve their technology-savviness. Today's marketers have an overwhelming array of technology options to help them track and understand marketing performance, monitor customer behavior, and gather customer insights — as well as a new set of technology-enabled marketing channels, including online communities, blogs, virtual worlds, and mobile phones. As technology is becoming an increasingly important component of marketers' internal processes and practices, as well as a key enabler for communication and engagement with customers, CMOs want to increase their understanding of these technologies to be in a better position to implement and leverage them for driving greater customer-centricity and future success.

Getting To Know The Customer Better Than Ever Before

Just because CMOs are striving to gain more business influence does not mean that they are abandoning their marketing tools and tactics. In fact, CMOs rank sophisticated analytics- and metrics-based tools such as CRM/customer data analytics, Web analytics, and marketing measurement as the most important to their marketing organization's success (see Figure 4). The prevalence of these left-brain marketing tools indicates that today's CMOs value quantitative tools that not only help drive effective marketing but also help prove its effectiveness.

While CMOs currently rank data-collecting tactics such as research, measurement, and analytics as top tools for marketing success, what will the evolved CMO toolkit of tomorrow look like? CMOs noted their current desire for education in tools that empower customers, suggesting these tools' perceived importance in the future. The top tools CMOs are interested in learning more about are Social Computing/Web 2.0, applications such as blogs, social networking sites, wikis, etc. that allow customers to influence others about a brand or product. CMOs are right to be interested in these emerging marketing channels; with increasing consumer access to the Web, people now have a choice in whom to listen to about brands: companies' ordained marketing messages or other consumers like themselves who they can relate to and trust. Smart CMOs will utilize this shift and leverage these tactics to build stronger brand loyalty, reach targeted audiences, and gain insight into customer needs — all actions that can help marketing drive future growth.

Other customer-empowering tactics that CMOs are interested in strengthening their knowledge of are customer-driven design techniques and customer community development. Methods such as ethnography, lead-user analysis, and online customer communities enable marketers to create products motivated by

Figure 4: Marketing Tools And Tactics

"Please assess the following select marketing tools and tactics in regards to the overall importance to your marketing organization's future success from 0 (no importance) to 3 (great importance)."

	Average score	Desire more education
Customer trends and research	2.65	9.8%
Marketing measurement	2.55	19.6%
CRM and customer data analytics	2.51	20.5%
Web design and usability	2.46	16.1%
Web analytics	2.24	15.2%
Email marketing	2.12	12.5%
Search marketing	2.06	20.5%
Brand monitoring	1.94	10.7%
Customer community development	1.89	19.6%
Customer-driven design techniques	1.82	20.5%
Social Computing/ Web 2.0 tools	1.73	21.4%
User-generated content	1.56	16.1%

Base: 115 chief and senior marketers

first-hand, substantiated — and not assumed — customer needs. Combined with traditional customer trends and research (the number one marketing tactic CMOs find imperative to marketing's success), CMOs who harness these tools will advance their customer-centric competencies by improving their personal knowledge of the customer, increasing opportunities to listen to customers, and providing a reliable voice of the customer to the organization. Patrick Whitney, director of the Institute of Design at Illinois Institute of Technology, explains, "CMOs need to connect the CEO and management team with the customer experience, showing them customers' pains, frustrations, and unmet needs."⁸ CMOs who take the initiative to educate themselves on these tools and transform them into credible communication with customers can supply relevant business opportunities to fellow senior executives, securing better alignment to the organization.

Andrea Spiegel, vice president of marketing at JetBlue Airways, is a great success story for not only enabling customer-empowering tactics but for also sharing the voice of the customer with senior leadership. When launching their "Sincerely, JetBlue" campaign, Andrea and her team included easy access for customers to share their experiences with the brand. Customers could share both compliments and problems right from the main Web site — and if that wasn't easy enough, JetBlue utilized a traveling storytelling booth to open up lines of communication with its customers. But the customer insight gained from these initiatives wasn't cloistered within the marketing organization. Sitting on the Customer Focus Team, a cross-functional committee comprised of senior leaders, Andrea and her peers review customer feedback from across many channels, discuss customer issues and frustrations, and share stories that help bring the customer to life.⁹

Evolving Roles, Developing Resources

So where can CMOs turn for support? The demands of today's evolved CMO, from leveraging deep customer insights and analytical methodologies to delivering keen business leadership and profitable growth, require multifaceted comprehension on the CMO's part. And CMOs turn to people to boost their personal set of skills and knowledge (see Figure 5). The top five resources CMOs depend on to grow their understanding are all based on human interaction, but interestingly, the top two resources are through the marketing team itself. CMOs are turning to their marketing organizations for their own personal growth, and hiring new employees to fill the missing gaps, which stresses the importance of building a good team with a wide variety of perspectives and experiences. One chief marketer discussed the importance of his team's reverse mentoring program, which pairs younger new hires with more tenured marketing team staff. Sharing fresh perspectives and outside ideas, junior staff is able to provide in-depth understanding up to marketing team members who might not have experience in new trends happening outside of the marketing organization. The marketing team can then adopt appropriate tools and technologies faster, build new skills, and gain new insights by leveraging the experiences of junior members.¹⁰

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Marketers have a tremendous number of resources within their own organizations. There is a great opportunity to learn from your peers across functions and across geographies, but also an obligation to contribute.

Steven Althaus, head of marketing communication,
Allianz Group

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And where don't CMOs turn for help? CMOs find the personalized support like that found in the interactions with people on their team and organization much more valuable than general advice. That's probably why individual dealings with consultants and experts and tailored approaches like personal career planning rank higher than all-encompassing (and often generic) leadership seminars, workshops, and training. They also

Figure 5: Resources For CMO Personal Career Development



don't turn to marketing-only resources. Marketing publications, conferences, and organizations were the least valued CMO sources of knowledge. As they push to forge a sound partnership with the business, CMOs prioritize business publications and books to help clinch that seat at the strategy table.

Of course, personal experience serves as the best source of understanding. In regards to preparing them for their current role, the most valuable functional experiences CMOs have had outside of marketing are from working within strategy, general management, sales, and finance — all functions that provide wide exposure to the organization and that can help build business leadership skills. This resonates with chief executive officers, as Heidrick & Struggles' executive interactions show that more CEOs prefer that their CMOs have experience in a general management function. The more well rounded a business background, the better resource it is for CMOs to build credibility and success in their organization.

Peer Relationships: Strong Ties Across The Board

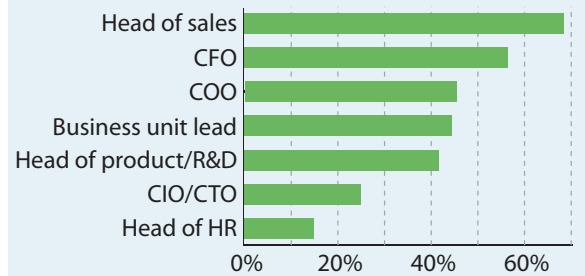
CMOs dedicate a significant amount of their time interacting with others in the organization. More than a quarter of an average CMO's time is spent with company peers. Working to ensure better alignment with the business, CMOs are determined to align themselves with the functional heads who sit at the executive table. When assessing the quality of their relationships across the executive suite on a scale of 1 (very poor) to 5 (very good), no relationship received less than an average score of 4. CMOs believe they have strong relationships with all peer-level executives, which could serve as a great bridge to gaining well-rounded, cross-functional perspectives and business understanding. Allianz's Althaus talks about the benefits that he has gained from sitting on international, cross-functional teams in large companies. He shares, "Marketers have a tremendous number of resources within their own organizations. There is a great opportunity to learn from your peers across functions and across geographies, but also an obligation to contribute." Nothing strengthens relationships more than giving more than you take. By helping their peers achieve objectives, CMOs gain not

only an inherent understanding of the other disciplines and functions, but also build credibility and respect.

It is interesting to note that the bottom ranking peer relationships, those with the CFO and the CIO, might be with the two departments that are the most critical to marketing's success. With finance holding the budget resources CMOs need and IT controlling technology implementations CMOs want, the pushback CMOs receive from these two functions is arguably greater than that of any other in the organization. However, as the business demands more and more results from CMOs, they are becoming quite aware of the importance of working with the accountability-demanding CFO, with 69% choosing it as the most important organizational relationship for a CMO to develop (see Figure 6). CMOs who want to improve their technology-savviness are also aware of just how necessary a good working relationship with the CIO is. Gaston Legorburu, chief creative officer at Sapient, summed this up perfectly: "Successful CMOs know that technology is the secret weapon of marketing. To take full advantage of technology, CMOs need to forge relationships with CIOs."¹¹ CMOs can build these relationships with their peers by looking for ways to add value. For example, the chief marketer at a technology company forged a stronger relationship with her CIO counterpart by offering to provide guidance and assistance around the internal marketing efforts for the IT organization, leveraging her own marketing skills to help communicate IT success to the rest of the organization.¹²

Figure 6: Key Peer Relationships

"Which peer-level relationships do you feel are most important for a CMO to develop? Please select the top three important relationships."



Base: 108 chief and senior marketers

The Evolution Continues . . .

Today's evolved CMOs are working to increase influence in the business not only to extend successes in their current organization but also for future opportunities. When asked what they aspire for their next role, survey participants ranked CMO of a larger company or bigger brand and CEO as their top career goals (see Figure 7). How do CMOs plan to get there? At the top of the list, by driving best-in-class results in their current role, building a strong marketing function, and being proactive about networking. These goals align strongly with the business leadership competencies that CMOs rank as most important to their role, the trust they put in human interaction as a resource for their continuing development, and the importance CMOs find

in maintaining relationships with influential people such as the executive team. Developing these skills as part of CMO evolution will undoubtedly help CMOs progress to their desired next step.

The top things holding CMOs back from where they want to be? Not surprisingly, lack of time resounds with many CMOs as does needing more experience in their current role. The fact that marketing is considered to be a cost center in many organizations (versus a strategy driver) topped the list as a potential barrier to upward mobility, affirming many of the same issues previously ascertained. The very things CMOs want to change about their jobs — more time to develop their personal careers, ownership in areas that can drive business growth, and bolstered internal credibility — are the same elements holding them back. Without proving results, without working diligently to develop a strategic

Figure 7: CMO Career Aspirations

"What is your overall career aspiration for your next role?"
(Multiple answers selected)



Base: 109 chief and senior marketers

role, and without transforming marketing to a profit oriented function, CMOs will have trouble evolving their roles beyond that of traditional marketing managers.

At the end of the day, an evolved CMO is an enduring business leader, a strategy-driving, influence-wielding executive with a finger on the pulse of the organization and the customer. In short, an evolved CMO is one to whom everyone in the organization comes to with questions. His or her input is not only valuable, but also essential when making decisions about growing the business.

Recommendations

Revolutionizing the CMO role to become a fully evolved and strategic business leader can be a complex endeavor. Fortunately, there are clear steps CMOs can take to gain the critical development, experience, and organizational respect required. CMOs can start by:

- **Spending more time on personal career development and education.** CMOs should take on new responsibilities outside of their comfort zone or seek ownership of a leadership role in strategic cross-functional initiatives outside of the traditional purview of marketing. For example, Brad Iversen, CMO at H&R Block, took ownership of the call center — despite having no previous experience in the area. On his path for personal development he states, “I look for opportunities to continue to grow, including learning new skills or learning more about our operations.”¹³ Other initiatives like reverse mentoring can help CMOs leverage the fresh perspectives, cutting-edge skills, and untapped knowledge of young talent in their organization. Finally, as Steven Althaus of Allianz Group has done, CMOs should be “self-starters” and have the will to identify and take on opportunities to sit on cross-functional teams and play an active role in global strategic initiatives as a way to spend time with executive peers and increase organizational knowledge.
- **Gaining a deeper insight of the customer to lead the charge towards customer-centricity.** The rise of the Internet has led to the rise in blogs, product review sites, and other peer-to-peer platforms. Only 6% of consumers agree that companies generally tell the truth in advertising¹⁴ and are increasingly turning to online sources for information, the only form of media in which trust is rising.¹⁵ This loss of control over the brand puts CMOs in a unique position to evangelize the shift of consumer trust throughout the organization as well as the need for a fundamentally customer-focused business strategy. Focusing on the customer has to come from the top, and by personally seeking customer understanding CMOs can serve as an organizational role model. There are countless ways to learn more about customers, but the most basic is to simply go out in the field and interact with them. Primary communication with customers can open opportunities never known to exist. CMOs should also leverage new technologies — such as Social Computing/Web 2.0 tools — to not only regularly monitor what customers are saying about the brand but to also interact with them. Using these tactics, marketing leaders can further evangelize the voice of the customer by sharing customer stories, pictures, and videos throughout the organization, bringing the customer to life for all employees. By actively learning more about customer wants, needs, and behaviors, and by ensuring that the organization does the same, CMOs can deliver the solutions and strategies most relevant to the customer base, improving customer loyalty and driving profitable growth.

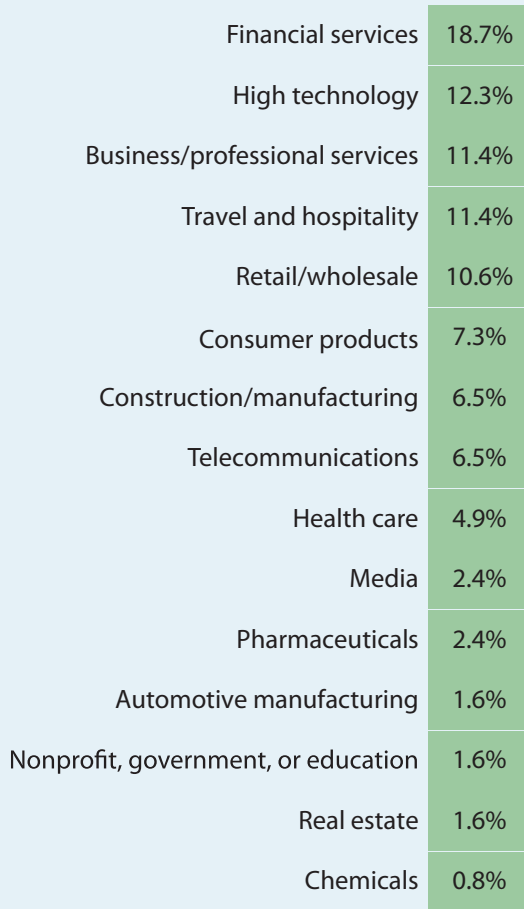
- **Treating marketing budget as an investment strategy.** Be willing to give budget dollars back to the bottom line, like Mike Haaf, senior vice president of sales, marketing, and business strategy at Food Lion. Haaf has a business-oriented focus when running his budget, admitting, “I am the guy who will underspend first.” His willingness to give back money if experiments in new programs don’t work creates a strong relationship with the CFO and increased credibility with his peers.¹⁶ In addition, CMOs need to increase focus on customer profitability and customer lifetime value and concentrate on objectives around customer acquisition and customer retention. Lastly, marketers need to partner closely with their finance peers to develop mechanisms for better measurement of marketing activities. Marketers can leverage the expertise and analytics capabilities of their finance organizations to help them increase overall accountability. As the management of the marketing investment advances, marketers can build up their own team’s analytics skills to create a balance between right-brain creative capabilities and left-brain analytics firepower.
- **Building a strong and robust marketing organization.** Look outside of your industry to recruit new marketing talent. A former travel industry CMO purposely sought new staff outside of the industry, feeling that external perspectives would bring fresh ideas to the team. For tenured marketing team members, take the time to nurture and develop talent. Travelocity’s chief marketer, Jeff Glueck, takes this principle to heart: “I spend at least half of my time on HR activities, such as company culture, professional development, goal setting, recruiting talent, and gardening overall talent.”¹⁷ Creating tailored career plans for marketing staff — plans that even entail shifting marketers to other functional areas in the company — is a great way to deliver broad business knowledge to employees, in turn making them more valuable to the entire organization, not just the marketing team. For example, Rebekah Whitehouse, CMO at CIGNA Group Insurance personally understands what the members of her team need in terms of personal development. From actively mentoring individual team members to shepherding staff throughout the organization, she works to ensure their professional progression in the company.¹⁸ Finally, add new positions to the marketing team that address customer empowerment and the new relationship between marketers and customers. During a recent meeting of Forrester’s CMO Group, many chief marketers talked about creating new positions dedicated to managing social networking and media opportunities, monitoring and reacting to what customers are saying online, and building customer communities.
- **Increasing alignment to the business — without waiting for the business to align to marketing.** Spend time with peers to understand their business and issues. One former CMO at an online retailer needed to understand the value chain of activities across all functions of the company, so he tagged along on key account sales calls and visited call centers and distribution centers. His perspective is that “CMOs and their marketing departments need to get out of the office and go to where the action is,” gaining hands on experience with unfamiliar territory to increase organizational understanding and drive business impact.¹⁹ To increase understanding of marketing strategy, loop in the executive team to major marketing and branding efforts, connecting the dots between marketing initiatives and corporate strategy for these key stakeholders. Be a giver, not just a taker — find key opportunities that provide value to executive peers and build bridges across marketing and other organizational functions. At the same time, actively seek out the support and assistance of your peers, leveraging their skills, knowledge, and successes to increase your alignment to corporate objectives.

Endnotes

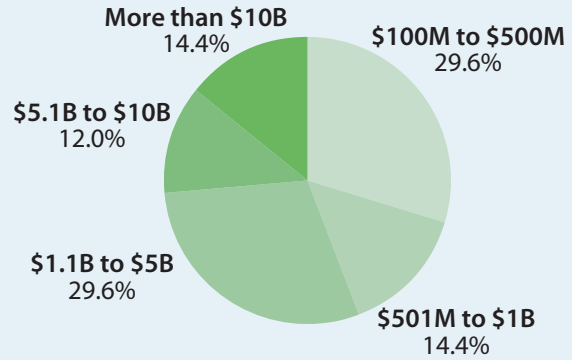
- ¹ “The Evolved CMO” survey included 132 chief and senior marketers from companies \$100M and over. No significant differences were found across company size. The sample included a range of chief marketers from both businesses-to-business (B2B) and business-to-consumer (B2C) companies across a variety of industries. While not all participants bear the “chief marketing officer” moniker, survey respondents will be generally referred to as “CMO” throughout this research. For more information, please see the appendix to this report.
- ² Gregor Harter, Edward Landry, and Andrew Tipping, “The New Complete Marketer,” strategy+business, Autumn 2007.
- ³ David Court, “The Evolving Role Of The CMO,” The McKinsey Quarterly, 2007.
- ⁴ From the Forrester Research CMO Group research project “Building And Leveraging Loyalty.” CMO Group research projects are quarterly best practices research reports produced exclusively for its members.
- ⁵ From the Forrester Research CMO Group research project “The Marketing Of Marketing.”
- ⁶ From the Forrester Research CMO Group research project “Customer-Driven Design And Development.”
- ⁷ “Social Computing,” Forrester Research, Inc., February 13, 2006.
- ⁸ From the Forrester Research CMO Group research project “Customer-Driven Design And Development.”
- ⁹ From the Forrester Research CMO Group research project “Customer-Driven Design And Development.”
- ¹⁰ From the Forrester Research CMO Group research project “Managing Marketing Human Capital.”
- ¹¹ From the Forrester Research CMO Group research project “Partnering For Success: The CMO-CIO Relationship.”
- ¹² From the Forrester Research CMO Group research project “Managing Marketing Human Capital.”
- ¹³ “Best Practices: Customer-Centric Marketing,” Forrester Research, Inc., July 25 2007.
- ¹⁴ “Social Computing,” Forrester Research, Inc., February 13, 2006.
- ¹⁵ From the Forrester Research CMO Group research project “The Marketing Of Marketing.”
- ¹⁶ From the Forrester Research CMO Group research project “The Marketing Of Marketing.”
- ¹⁷ From the Forrester Research CMO Group research project “Managing Marketing Human Capital.”
- ¹⁸ From the Forrester Research CMO Group research project “Managing Marketing Human Capital.”
- ¹⁹ From the Forrester Research CMO Group research project “The Marketing Of Marketing.”

Appendix: Demographics Of Surveyed Marketers

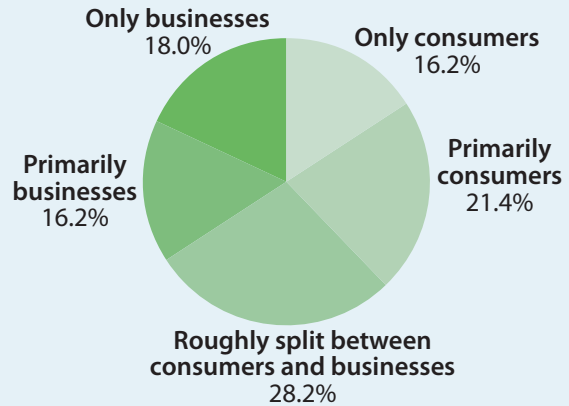
“Which of the following best describes your organization’s industry group?”



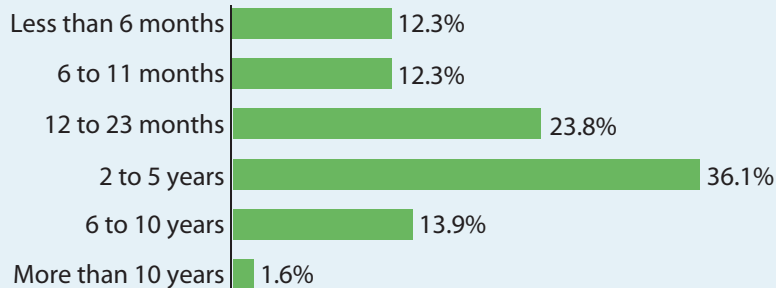
“In FY 2006, what were your company’s worldwide revenues?”



“Which of the following best describes your marketing organization’s audience?”



“How many years have you been in your current position?”



Base: 132 chief and senior marketers

About The Authors

Cindy Commander

Cindy is an analyst with Forrester Research's CMO Group, a peer executive networking group for chief and senior marketers that is part of the Forrester Leadership Boards product offering. Cindy conducts research on the issues and challenges facing senior marketing executives and has written best practices research on topics including *The Marketing of Marketing*, *Customer-Driven Design And Development*, *Transforming Employees Into Brand Advocates*, *Partnering For Success: The CMO-CIO Relationship*, and *Managing Marketing Human Capital*. In her research, Cindy has written case studies featuring over 75 chief and senior marketers and helps members of the CMO Group apply the research findings to their own organizations. Her upcoming research includes topics such as marketing dashboards and green marketing strategies. Prior to joining Forrester, Cindy worked in management consulting at A.T. Kearney and spent time in brand marketing at Ethos Water during its early start-up phase. Cindy has an M.B.A. degree from the UCLA Anderson School of Management and a B.A. in economics from Dartmouth College.

Meagan Wilson

Meagan is a senior research associate at Forrester Research, performing member-driven research across Forrester's marketing and strategy Leadership Boards programs. Meagan's past research includes *The Marketing Of Marketing*, which features case studies in internal marketing for technology marketing executives, and *An Overview Of IT And Technology For Marketers*. Within Forrester's CMO Group, Meagan has contributed to the content development of *Customer-Driven Design And Development*, *Transforming Employees Into Brand Advocates*, and *Partnering For Success: The CIO-CMO Relationship*. Before coming to Forrester, Meagan worked in developing communication and media relations strategies for both nonprofit and corporate companies. She has a B.A. in English literature and philosophy from Wellesley College and has also studied at Williams College and National University of Ireland, Galway.

Jane Stevenson

Jane is Global Managing Partner of Heidrick & Struggles' Chief Marketing Officer (CMO) Practice. She focuses on searches for senior executives in marketing, sales and innovation roles, primarily in consumer based industries. As the head of Heidrick & Struggles' CMO Practice, Jane and her team of over 60 consultants in offices worldwide are uniquely equipped to take advantage of the opportunities presented by the evolving role of today's senior marketing executives from a creative, image-focused brand builder to a bottom-line oriented, growth-focused strategic business driver. Prior to joining H&S, Jane spent over a decade as a partner with Howard Fischer Associates International, serving as Executive Vice President of the Corporation and President of the Southern Region. Jane began her search career with SPI, Inc., a boutique search firm specializing in corporate information technology searches. Prior to her career in executive search, Jane spent five years leading public relations, admissions, and recruitment programs for Loma Linda University and Columbia Union College, which was also her alma mater.



About The Companies

About Heidrick & Struggles Global Marketing Officers Practice

By focusing on the intersection of marketing and growth, Heidrick & Struggles' Global Marketing Officers practice helps build world-class leadership teams for organizations of all sizes across numerous industries. With a dedicated team of over 60 professionals, the practice has conducted more than 1,500 searches for marketing officers across all four continents over the past three years. Moreover, most of Heidrick & Struggles' Marketing Officers practice members possess deep functional marketing expertise that extends into unique specialty areas such as digital marketing, multicultural marketing, and innovation

About Forrester Research

Forrester Research, Inc. (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. For more than 24 years, Forrester has been making leaders successful every day through its proprietary research, consulting, events, and peer-to-peer executive programs. Forrester's CMO Group is an executive-level peer knowledge and networking community for chief and senior marketers. The program strives to help marketers become more effective through a combination of member-driven best practice development and Forrester's analyses of how the marketing landscape is changing and what marketers need to do to adapt and succeed today and in the future. CMO Group members receive benefits including personalized service from an advisor to connect them with the right resources, the right research, and the right people; exclusive best-practices and case study-based research on topics highly relevant to marketing leaders; and an array of networking opportunities including member meetings, phone exchanges, webinars, and regional dinners. Members of the group span a wide array of industries, with both B2C and B2B marketers represented. The CMO Group is one of five marketing and strategy Leadership Boards programs that Forrester offers. Others include the Interactive Marketing Council, the Direct Marketing Council, the Market Research Council, and the eBusiness Council.