



DEATH OR GLORY

IN THE DIGITAL AGE OF MARKETING

BEN LEGG

We are over halfway through a massive transformation of the advertising industry.

Smartphone penetration is getting close to 100 percent in many parts of the world and it won't be too long (maybe 2-3 years) before most TV and video viewing is streamed on demand and most newspapers and magazines will be read on a screen. At that point, almost all marketing will be digital. In parallel, the amount of data about your customers (and potential customers) is growing exponentially. These two trends are converging to destroy mass marketing, along with the associated slow planning timelines and wasted budgets.

To succeed in this new world, the marketing function needs to reinvent itself fast, and it won't be easy. The number of marketing technology platforms and available ad formats are in the thousands and ever-changing. The future of the advertising agency as we know it is being fundamentally challenged. Most CEOs and marketing leaders are confused, and are floundering when it comes to embracing the new world and capturing these new opportunities.

In July 2012, The Fournaise Marketing Group released its Global Marketing Effectiveness Program report for that year. To compile it, they interviewed more than 1,200 CEOs from around the world, and in doing so discovered that 80 percent of CEOs don't trust the work their marketing units do.

According to the Fournaise report for 2013, more than 70 percent of CEOs said their marketing teams failed to deliver real, quantifiable business results, such as increased sales, higher conversion rates, and greater market share.

Forbes reports that only 20 percent of CEOs have marketing backgrounds, as most opt for MBAs or finance degrees. For those who do have marketing experience, the realities of what marketing should be doing has changed enormously in the past decade. Therefore, the majority of chief executives don't know what to look for in hiring a CMO, let alone how to build a marketing department, provide direction, or define which metrics to look at in order to figure out what's working and what isn't.

According to a Spencer Stuart survey, the average CMO tenure is now 48 months. That means that 25 percent of CEOs will fire or lose their CMO this year.

Is your CMO up to the task?

Let's break it down into the key things to look for in your most senior marketing leader. In this new and complex world, is your CMO:

- Defining and communicating a clear brand vision that is compelling, differentiated, motivating, and shaping your company culture?
- Building an awesome marketing team of A-players?
- Integrating and continuously evolving an ecosystem of technology partners to win?
- Smart (and creative) enough to understand the opportunities and risks, and look from fresh angles?
- Writing and executing strategies to drive digital transformation and outperform the market?
- Firing underperformers and bad agencies?
- Measuring and optimizing everything using data, and linking it closely as possible to a customer lifetime value (LTV) approach?
- Setting high standards and never satisfied?
- Collaborating with your finance, IT, product, and sales teams?
- Out of the corner office, with sleeves rolled up (or better, in a T-shirt) leading from the front?

How To Hire a Future-Proof CMO

JOB DESCRIPTION | Clearly, your CMO job description will depend on your industry, the state of your marketing organization, your geographic footprint, etc. It will also depend on the existence and responsibilities of other C-level executives, such as chief digital officer, chief revenue officer, chief product officer, et al. Let's start with creating job description.

SUMMARY | The chief marketing officer will drive profitable and sustainable customer and revenue growth through defining a differentiated and compelling brand strategy, plus rigorously executing the strategy with defined customer target groups, supported by world-class, data-driven marketing and CRM activities, while ensuring that the customer experience meets or exceeds the brand promise.

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PRIMARY RESPONSIBILITIES

Brand Leadership: Define and communicate a brand vision that is compelling, differentiated, motivating, and shapes the company culture and activities. Ensure that external brand communication is aligned with customer experience and internal culture, and that customers actually experience the brand promise.

Team: Build a best-in-class marketing team of A-players, including critical roles like CRM, media planning, analytics, creative, and technology. Put in place a clear and effective marketing organizational structure for a data driven and relentlessly innovative approach. Bring critical capabilities in-house, funded by reducing third-party fees and media spend.

Ecosystem: Act as your own agency-of-record and build an integrated ecosystem of internal team and systems, combined with third-party technology platforms and creative partners to win, while staying abreast of industry developments. Use rigorous “bake offs” wherever possible to select vendors.

Planning and Execution: Write and execute strategies to drive digital transformation and outperform key competitors. Your strategy should feed into rigorous quarterly goals cascaded throughout your team, right through to planning for each campaign. Iterate your plans regularly, based on learnings and market changes.

Data and CRM: Build a world-class CRM database and approach. Measure all activities using data, linking key performance indicators (KPIs) as closely as possible to the customer lifetime value (LTV) approach. Ensure weekly and monthly dashboards are in place and used for all KPIs that matter, plus hold data-driven reviews of every single campaign. Use data to maximize the ROI from creativity, rather than kill it.

SUCCESS CRITERIA | Building a world-class marketing ecosystem takes more than one quarter. Therefore, to incentivize the right behavior, your success (and bonus) will be based on:

Quarterly Management By Objective (MBO) Outcomes: These will focus on delivering many of the activities and outputs defined above, in order to build a world-class marketing function over multiple quarters.

Customer Lifetime Value: Given that much of your focus will be on efficiently acquiring and retaining customers, while simultaneously improving their lifetime value, you will have a bonus linked to the total predicted future value of the CRM database.

EXPERIENCE REQUIRED | We are looking for someone who can transform the marketing organization for the digital age. Therefore, we expect the following experience and qualifications:

Strategy: In-depth strategy experience, either at a top-tier consulting firm or on the strategy team of a respected company.

Broad Functional Experience: Preference for candidates who have worked in more than just the marketing function. Ideally, in addition to marketing, also in analytics, product, sales, e-commerce, and project management roles. Experience working within an agency-of-record would also be useful, as you will be building those skills in-house.

Digital Marketing: In-depth experience in digital marketing, including a working knowledge of customer lifetime value, plus search, social, video, and mobile advertising. Experience working in a marketing technology or Big Data company would be advantageous.

Leadership: Have built and led world-class teams to attract, develop, and retain top talent, plus manage out underperformers.

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Highly Numerate: Ideally studied for a numerate degree (e.g., economics, statistics, engineering). An MBA would be beneficial.

Project Management: Have run/overseen large complex technical projects, such as CRM system implementation.

PERSONALITY TRAITS | Beyond these specific experiences and qualifications, we also expect the CMO to possess the following characteristics:

Sense of Urgency: Love winning and working at speed. Have a track record of setting industry standards and benchmarks. Smash through obstacles. Doesn't accept "no."

Intellect: Have the brains and confidence to be accepted as a peer of the other C-level executives. Have been a thought-leader in all your former roles.

Creativity: Use data and insights to continuously find new and better ways to get stuff done. Can identify and nurture creative talent to drive business success.

Teamwork: Display a history of successful collaboration with peers in other functions.

Toughness: Have a track record of firing underperforming people and suppliers, and dropping/pivoting initiatives if they haven't delivered the expected results.

Action-Oriented: Don't need a corner office or an assistant. Spend your days with sleeves rolled up, either with your teams getting stuff done, listening to customers, or checking out the competition.

Global: Have lived and/or worked for significant periods in at least five countries.

Prepared to Travel: This job requires constantly taking the pulse of customers and front line marketers, as well as evangelizing the brand, therefore it requires 50 percent travel.

ASSIGNING PRE-INTERVIEW HOMEWORK | Once you've narrowed the field down, at least three elements of homework should be assigned before the interview:

Personality Profile Test: Give them a personality profile test, to see how well they know themselves. This is a useful discussion document at the actual interview.

Experience Questionnaire: A list of around 10 questions that asks them to give examples of the critical things you are looking for.

Presentation: Give them a real problem to solve, resulting in a 10 to 15 slide presentation, that 1) tests whether they could actually solve your problems, and 2) gives them a flavor of the kind of work they would be doing.

This could include things like:

Competitor analysis and recommendations for your brand strategy/differentiation.

An analysis of your website and/or mobile app, with recommendations for improvement.

A segmentation and targeting proposal, based on a subset of your CRM data.

THE INTERVIEW | There are two purposes of the in-person interview:

Determine whether you think the candidate would be a successful CMO in terms of experience, personality, fit, etc.

For those candidates who could be a good fit, impress and excite them with your vision, the caliber of the team, and the expectations of the role.

Weakness Drill Down: Drill down into each candidate's weaknesses—from the screening, homework, or performance on the day. Openly discuss your concerns, and brainstorm possible ways to mitigate them (one hour).

Tour: Give the candidate a tour of your office/campus to get a feel for the culture and maybe introduce them to key people on the route.

MEASURING SUCCESS | How should you and your CMO judge success? What KPIs should you use?

PROGRESS VS. STRATEGIC GOALS | For the big strategic goals, such as building an awesome CRM database, maximizing customer LTV, or shaping your company's reputation, you should set BHAGs or "Big, Hairy, Audacious Goals."

These BHAGs define the desired end state. This could include the database size and quality, market share, customer numbers, or revenue per customer that are you trying to achieve in the next 2-3 years. You can then set quarterly milestones, i.e., break your BHAGs into quarter-by-quarter goals, so that you can track progress towards meeting your BHAG over multiple quarters.

KEY INITIATIVE PROGRESS | These are related to one-off campaigns or projects, which could be focused on specific marketing goals, or back-end marketing processes and capabilities.

Examples of trackable initiatives could include:

- Launching a new product or service
- Entering a new market
- Seasonal campaigns, e.g., Christmas or Back to School or the Super Bowl

- Launching new/revamped websites and apps
- Overhauling the creative process to make it more efficient, scrappy, and iterative
- Introducing a new platform
- Changing agencies

For each initiative you're tracking, you'll have a different dashboard and set of KPIs, and they probably won't fit neatly with the quarterly schedule.

If in doubt, for most initiatives, KPIs fit into one of three buckets:

1. **Time:** Are the right things happening at the right time to stay on track, as per the plan?
2. **Budget:** Is everything costing what it should?
3. **Quality:** Are the outcomes meeting or beating expectations?

TACTICAL KPIs | These are the KPIs that demonstrate daily impact, and the KPIs around which a lot of marketing activities can be optimized. They fit more neatly into a dashboard, and would typically be tracked daily by the marketing team, weekly by your CMO and monthly/quarterly by you.

They would include things like:

Awareness: Lean back interactions, in which potential customers are reminded who your company is and what you do, but don't need to do anything. For example:

- The number of target customers reached with your non-engaging messages, such as TV or display ads (“reach”)
- The number of times those customers saw your message (“frequency”).
- Brand awareness survey results

Interest: Lean forward interactions, in which consumers actively engage with your brand content.

- The number of visits to website
- The number of times your mobile app was opened (without purchase)
- The number of videos watched to completion (when skipping was an option)
- Total number of articles read
- The count of other engagements with consumers, like social media shares

Intent: The times in which consumers demonstrate that they're thinking of spending money with you

- Mobile apps downloaded (free version)
- The number of appointments booked (e.g., test drives)
- The number of people who submit their details (email addresses, phone numbers) in order to learn more
- The number of samples ordered/coupons downloaded

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Sales: Instances in which consumers actually spend money with you

- Revenue and gross profit, broken down by geography, channel, product, etc.

Loyalty: Times in which existing customers extended their relationship with your brands.

- Percentage of customers renewed/lapsed
- Change in customer LTV

SET QUARTERLY GOALS | Taking these three elements of the scorecard into account, each quarter you should set your CMO quarterly MBOs. These are the SMART (specific, measurable, achievable, realistic, timebound) goals, defined in detail, that you expect the CMO to deliver in the current quarter. They could be related to the BHAGs, key initiatives, or optimizing a particular tactical KPI—likely a combination of all three.

You need to set these to avoid the trap that many marketing organizations fall into, in which the only tracked metrics are tactical KPIs, while the department never transforms marketing or achieves market preeminence.

Your CMO should also set quarterly MBOs for each direct report so that every single person makes tangible progress towards the most important BHAGs each quarter.

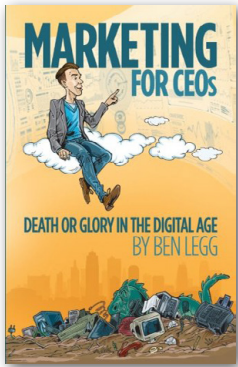
So what now?

To begin with, understand the reality of the situation. Marketing is changing faster and more radically than any other time in the history of commerce. This is about survival. If you maximize LTV, and execute CRM and creative iteration well, you're going to win market share, grow profitably, and increase your share price. If you don't, your company will wither and die.

While that may seem melodramatic, trust me when I say that it's not.

Cutting edge marketing strategy and execution are critical to your company success and it's not enough to be good. **You have to be better than your competitors, or you will lose.** 📌

Info



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ABOUT THE AUTHOR | Ben Legg is a global chief executive, engineer, marketing leader, entrepreneur, keynote speaker and author. A former British Army captain with over a decade of leading military engineering organizations, Ben Legg led the military engineering organization that relieved the Siege of Sarajevo in 1995. After leaving military service, he applied his lessons learned in military engineering organization to leading businesses and growing brands. He has amassed over 20 years of business leadership expertise in building, leading and innovating with companies such as McKinsey & Company, Coca-Cola and Google. Currently, Ben is the CEO of AdParlor, the world's leading all-in-one video and social advertising platform.

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