



November/December 2006 Issue

In addition to our 2007 program preview (required reading!), here's some compelling articles to add to your holiday reading list: Gal Borenstein forecasts "gloom and Zune" for Microsoft thanks to some poor product decisions; Wachovia CMO Jim Garrity reveals the great measures he takes in ensuring top results; Glen Petersen relays the importance of CMO/CIO harmony; in The Download, MarketingCentral's David Ryan lays out a detailed Marketing Automation primer; and more.

Editor's Cut

As people I work with know all too well, I love good gossip ...

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Get the skinny on upcoming Council initiatives...

MarketingSherpa's Practical Stat of the Month

Ever since 2002, MarketingSherpa's research team have noticed a hype-related trend.

Get to Know a CMO: Jim Garrity of Wachovia

As executive vice president and CMO for financial giant Wachovia, Jim Garrity leads integrated marketing activities that include advertising, brand positioning, corporate identity, marketing research, merchandising, creative services and events...

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Just Wait and Watch Microsoft's Music Ambitions Get "Zuned-Out"

The last couple of years have certainly demonstrated that smart branding and advertising make the difference between success and failure...

The CMO-CIO Organizational Alignment Mandate

The topic of aligning the information technology (IT) agenda with the business agenda has spawned literally hundreds of articles...

Marketing Is Not A Cost - A CEO Who Doesn't Understand Marketing Is!

If I had a nickel for every time I've heard a CEO say, "We want to get as much marketing as possible for the least amount of money"...

The Download: Marketing--The Final Automation Frontier

Finance was automated in the '60s, HR in the '70s, manufacturing in the '80s, and sales and customer service.

Take the Northwestern/Promotion Marketing Association Integrated Marketing Audit

We need your input...

Marketing Is Not A Cost - A CEO Who Doesn't Understand Marketing Is!

By Michelangelo Celli

If I had a nickel for every time I've heard a CEO say, "We want to get as much marketing as possible for the *least* amount of money," I would be a rich man. Believe me. *I have measured it.* Why is it that so many CEOs and their management teams are still approaching marketing from the position that it is a cost? Because they have absolutely no metrics to justify how they are spending their marketing dollars.

Most CEOs of privately held business-to-business organizations have not taken the time to measure what their customers are worth to them over their lifetime, and so they have no way to build a rationale for what they are willing to spend to win more customers.

A TRUE STORY

A CEO of a \$10 million professional consulting business wanted to see an increase of 20 percent in sales each year for the next three years. But the size of the approved marketing budget was just \$150,000 per year. The company struggled – and ultimately failed – to reach its goals, and was constantly modifying its sales forecasts, and creating excuses about the inadequacy of the plan. *This company was trying to get the most out of marketing for a minimal amount of investment.*

A far better strategy was executed by the above company's competitor, whose CEO decided to view marketing dollars as an investment. He analyzed his customer base and discovered that 80 percent of the company's revenue for the last 3 years was coming from the same 10 accounts. Further, he realized that each of these accounts had, over their lifetime, generated a total of \$2.4 million in revenue at a 20 percent net margin.

The only relevant question for this CEO quickly became how much of his account profit he wanted to invest to win more key growth accounts. By investing all of his profit, the CEO grew the company at a rate of 100 percent per year for 18 months, and then at a rate of 40 percent after that... pretty impressive!

HOW TO INVEST IN MARKETING

Think for a moment about what an investment advisor does. Let's assume you and your spouse have \$10,000 to invest in your retirement. You give the money to your advisor and he recommends a solid mutual fund that should earn between 7 -12 percent in the next 10 years. If you assume an average of 10 percent in earnings a year, then you will have more than doubled your investment in 7-10 years. Good job!

What did that investment advisor really help you to do? He worked with you to manage your money over time – and helped to deliver a measurable return.

THAT'S what your marketing team is supposed to be doing – taking your company's money, directing that money into the market through programs and initiatives, and managing it over time to give you a measurable ROI.

LESSONS LEARNED

Say you and your spouse told your investment advisor that you wanted to get as much money as possible out of your retirement investment, but that you only wanted to put a small amount of money in. Your advisor would explain that the dynamics of the marketplace make that an unwise investment... and would likely steer you in another direction.

Editor's Cut



As people I work with know all too well, I love good gossip, so I've been following the firing of Wal-Mart SVP of marketing Julie Roehm with the same fervor as when I scan the tabloids at the supermarket. In fact, if the story gets any juicier, "Unruly Julie," as she's been tabbed by the media, could just end up on the cover of the *Star*—taking the concept of the "celebrity CMO" to new heights in the process.

I'm struck by the zeal of the press, undeniably driven by alleged debauchery on the part of Ms. Roehm, who was known even before the Wal-Mart gig for racy ad campaigns (think "Lingerie Bowl"). The media is using New Media to flesh out the story: instead of citing MySpace—like you would to check on Lindsay or Paris--they've gained access to LinkedIn profiles of Ms. Roehm and her co-worker Sean Womack, Wal-Mart's now former VP-communications architecture, who is also involved in the scandal. LinkedIn instantly becomes the new MySpace for the business set. Now I'm just waiting for a "secret" video to show up on YouTube.

That's *one* year-end story that's grabbing a lot of attention. The big story for the CMO Council is somewhat less tawdry (although there are some hard partiers among us!): In 2006 we built our membership to over 3,000, helped by our efforts in Asia and Europe. The first Asia-Pac CMO Summit and our second annual European Summit were both very well received and we look forward to building on those successes in 2007.

Thanks to this global infusion of marketing talent, you'll be seeing more articles on global marketing issues in Marketing Magnified in 2007. Also next year we're launching a bevy of new thought leadership initiatives that you can read about in detail below. We urge your input and participation in these programs.

One initiative that's already underway is our **Mastering MPM Certificate program**, which teaches the ins and outs of marketing performance measurement, a required skill of all marketers. Launched this year, the course received great reviews and is slated to start in April 2007. For a detailed overview and registration information, go to www.mpmforum.org/courses.html

Finally, we're interested in learning of *your* plans in 2007. Please take some time to complete our **Marketing Outlook 2007 Survey** so we can report on your top marketing priorities, opportunities and challenges in the year ahead. You can go right to the survey here: www.surveymonkey.com/s.asp?u=811422993734

Thanks, try to stay out of trouble with your agencies, and have a happy holiday season!

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CMO Council 2006 Roundup and Program Overview for 2007

Overview & Highlights

Membership in the CMO Council increased by more than 50 percent in 2006 to nearly 3,000 worldwide. Virtually every major industry sector is represented and the new advisory board for '07 will include senior marketing executives from brand name companies in technology, communications, media, retail, health care, financial services, entertainment, utilities, insurance, transportation, hospitality, consumer products and foodservice sectors. There are now active members in more than 52 countries and regional groups have been formed in North America, Europe, Asia Pacific and the Middle East/Africa.

Web site traffic has increased to more than 15,000 unique visitors per month with some 6,000 CMO Council reports and survey documents downloaded in 2006. The Council has been featured and quoted in more than 100 articles resulting in millions of media exposures. The elite affinity network is perceived as one of the most influential and prolific authority leadership channels for strategic marketing in the world.

Headline & Program Sponsors in 2006

AT&T, Symantec, CMP, Factiva, BearingPoint, Deloitte, NetLine, Clickatell, Vistaar, Yahoo!, GMI, Cognos, WebCollage, USA TODAY, The Economist, ARM, IBM, Amdocs, TechTarget

Trade-Out Partners in 2006

ON24, PR Newswire, Exact Target, TechTarget, Small World Labs, TBA Global Events, ClickZ Networks, Forbes, BtoB Magazine, The Deal, US Exhibits, Scriptum, Orange Exposure, Blitz IT, Hunts, JUST Communicate, Palm, Qstik, Plantronics

CMO Council's Cyber Crime Prevention Campaign

- Milestone public education campaign with National Crime Prevention Council
- Take a Bite Out of Cyber Crime with McGruff the Crime Dog to be extended in '07
- Coalition of member sponsors: Intel, McAfee, VeriSign, CNET and Comcast
- Over 40 million media exposures in first three months; thousands of visits to www.bytecrime.org
- McGruff at NASDAQ, Digital Life Show, network television studios and on digital billboards in Times Square, NY
- Junior CyberGuards in-school program and Guard Your Home Net sports franchise tie-ins (ice hockey, basketball, soccer)
- Category exclusive co-sponsorships are available for 2007 for companies in the computer systems, software, networking, peripherals, communications, retailing, banking, insurance, business services, education, foodservice, hospitality, food, beverage, media, publishing and entertainment sectors.

New Programs Planned for '07

Coalition to Leverage & Optimize Sales Effectiveness (CLOSE)

Driving Business Performance Through Marketing & Sales Alignment

The Coalition to Leverage & Optimize Sales Effectiveness (CLOSE) will be launched under the auspices of the Chief Marketing Officer (CMO) Council to serve as the category ombudsman to better integrate and align sales and marketing groups in the process of capturing, closing and retaining business. Key initiatives for the advocacy group will be to:

- Demonstrate thought leadership on issues around sales and marketing interaction; techniques to drive adoption of best practices; and industry standards.
- Help industry players understand opportunities and challenges of new strategies, best practices and software aimed at boosting close rates.
- Share knowledge that is acquired and ideas that are created through targeted member communication, the media, hosted events and interactive engagements.
- Help educate enterprise organizations and bring solutions to sales and marketing integration issues to the forefront of strategic business, procurement, operations, finance, and IT decision-makers.
- Develop criteria and a model for better sales & marketing integration, including measures and metrics that can be adopted and utilized in private and public companies.
- Evangelize the use of new applications that can improve the function performed in sales and marketing departments and better integrate their efforts.
- Work with software and hardware vendors to improve the usability of these new services by pooling resources for key research.

The overall objective of this authority leadership marketing initiative by the CMO Council will be to accelerate the adoption of best practices and software applications that are in the best interests of industry players. Key players will not want to be on the outside looking in. The key to making this effort successful will be involvement of movers and shakers from within both the marketing and sales sides of top-tier corporations.

Groove with Those on the Move

Mining the Global Mobile Mindset

CMO Council's Forum to Advance the Mobile Experience (FAME) will team with the GSM Association, Global Market Insite (GMI), and key mobile ecosystem vendors in a milestone syndicated research program to annually assess "The Global Mobile Mindset" of diverse consumer segments worldwide. Six category exclusive underwriters in the component, network equipment, handheld device, carrier, content, middleware, retailing, and CRM sectors will co-fund the initiative which will draw from GMI's research panel of 5.7 million consumers in 200 countries. Some 20,000 respondents will be targeted for participation in 40 countries. The online survey will be fielded in December, 2006 and the findings will be released in early February, 2007 prior to a FAME underwriter roundtable on the topic at the 3GSM Conference in mid-February in Barcelona. Quantitative insights on all facets of the mobile user experience will be combined with the cultivation of a dynamic market feedback channel driven by a diversified online community representing all mobile user segments. The Groove with Those on the Move channel will enable vendors to gain real-time insights and perspectives through conversations, dialogues and discourse on the mobile lifecycle experience.

Customer Advocacy & Affinity Index

Gauging Attachment & Purchase Intention

The CMO Council will undertake a major research and ranking initiative with leading business schools in 2007, centering on the creation of The Tech 100 Customer Affinity Index (CAI). In partnership with CMP's media properties, the CMO Council and the Marketing Division of Columbia Business School will develop an evaluation framework and online auditing tool to determine the level of customer affinity, loyalty and attachment to top technology and telecommunications brands by major enterprise IT specifiers and buyers. Similar to the value and equity rankings in BusinessWeek's Top 100 Global Brands list compiled in association with Interbrand, the CMP Tech 100 Customer Affinity Index will become an annual institutionalized undertaking. The six-month program will be based on both qualitative and quantitative research that taps the perspectives of the InformationWeek 500, a ranking of IT-savvy companies, which spend an average of \$334 million annually on their technology infrastructure. The program will

explore customer views, opinions and observations of the quality and value of the customer experience with solution providers, vendors, consultants, integrators, It will establish measures and metrics for determining customer affinity based on frequency of contact, caliber and consistency of touch points, value-added services, responsiveness, business policies and practices, effectiveness of the customer interface, problem resolution, etc. It will also seek to determine levels and drivers of loyalty, intimacy, retention, preference, word-of-mouth, trust, confidence, satisfaction, and predisposition to buy. The program will rate and rank the customer handling performance and retention marketing effectiveness of the top 100 IT vendors, IT consultants and integrators through their call centers, web sites, e-mail communications, sales organizations, channel partners, as well as customer event, relationship management and personalization programs.

Correct How You Connect Online

Campaign Testing, Targeting, Timing & Tracking

Aimed at enabling consumer and SMB marketers increase the effectiveness of their demand generation programs through advanced geo-targeting, tighter audience segmentation, increased timeliness and relevance of ad/content delivery, greater personalization, better lead qualification, adaptive promotions, as well as improved integration of online, mobile and offline marketing channels. Thought leadership program would kick-off in Q1 '07, initially targeting key verticals like consumer electronics, communications, and retailing. Would coincide with the launch of new advertising and geo-targeting platforms, as well as new content consumption analytics and polling of small business and consumer audiences. Surveys of different audience segments with media, portal, service provider and organizational partners will reveal how buyers are most effectively reached, notified, influenced and alerted through online graphic and mobile advertising, search optimization, opt-in email, SMS texting, viral communications, editorial, web conferences, on-demand webcasts, etc. Best practice report will be published and syndicated, incorporated into an on-demand webcast and discussed at breakfast briefing series for key marketers in NYC, LA, SF, Chicago, Atlanta, etc. Latter would feature CMO Council members and subject matter experts from academia, consulting, editorial and interactive agency environments.

Mastering MPM (Marketing Performance Measurement) Program Roll-Out

Since 2003, the CMO Council has been the global leader in developing proprietary Marketing Performance Measurement methodologies, models and intellectual capital based on insights and input from global marketing leaders. It conducted a 12-month qualitative and quantitative research program that identified the current state of MPM programs, standards, and practices within leading organizations. This resulted in the publication of a milestone, 150-page MPM Report: Measures + Metrics, which details how companies can measure and quantify marketing performance. It has conducted MPM Forums in New York City, Boston, Silicon Valley, Los Angeles, Chicago, London and Munich to impart MPM knowledge to hundreds of senior marketing decision makers. In 2007, the CMO Council will offer a Mastering MPM Certificate program to independently assess and certify the marketing performance measurement competencies of technology marketing practitioners. The program will provide participants with an independent validation of MPM knowledge and expertise and professional qualification to help improve career advancement. Two study tracks will be offered. Track One is designed for individual practitioners from a wide range of participating companies who wish to become Certified MPM Specialists. Track One will be offered twice in 2007, a spring quarter (April, May, June) and a fall quarter (September, October, November) and will include online participation and independent study supervised by program Academic Directors. Track One will cost \$395 per registration and include one year of free access to the CMO Council's MPM Forum repository, a \$250 value. Track Two is designed for companies who wish to train MPM leaders to implement MPM practices and procedures within the organization and is structured for participation by three to six students per company. This corporate MPM Leadership program will also be offered during both the 2006 spring and fall quarters and include online participation and independent study

supervised by Academic Directors, but will also require the preparation of a company project. Track Two will cost \$295 per registration (for a minimum group of six) and include one year of free access to the CMO Council's MPM Forum repository, a \$250 value.

Secure the Trust of Your Brand – 2007 Program Expansion

Secure the Trust of Your Brand is a major thought leadership initiative by the Chief Marketing Officer (CMO) Council to raise awareness and influence thinking about how security breaches, failures or compromises can impact brand trust, reputation and relationships with customers, suppliers and partners. The global research initiative provides the first comprehensive view of how digital security policies, processes and practices, as well as data and infrastructure integrity, can impact corporate credibility and brand integrity. Sponsored by Symantec and Factiva in 2006, Secure the Trust of Your Brand, involved extensive research and business/media analytics by Factiva, business schools such as Emory University's Zyman Institute of Brand Science, leading media publishers, information service providers, and other experts. The goal was to assess how much security now influences customer consideration, predisposition, acquisition and retention. Leading brands in banking, insurance, securities, data management, retail, healthcare, technology, transportation, travel, hospitality and professional service sectors are represented on the program's board. The findings, detailed in a comprehensive 150-page report, accent the need for crisis contingency and recovery plans, pre-emptive security communications strategies, as well as a far more security aware employee population. In 2007, the CMO Council will team with key professional organizations in the marketing, internal communications, human resource, IT help desk and information security sectors to help sensitize employees and the external enterprise ecosystem to the need to protect brand trust through attentive and disciplined approaches to security policy enforcement and customer reassurance.

Get a Fix on Marketing Analytics

Improving Campaign Impact & Outcome

Many global marketing organizations lack, or are hindered in, the ability to integrate, analyze and extract insight from multiple internal and external databases and real-time data streams. Siloed information, unreliable data, limited IT resources and the difficulty of finding and financing resources with quantitative marketing analytics skills is challenging CMOs to better detect, predict and react to market opportunities and shifts. Making smarter, more penetrating and substantiated marketing decisions is driven by effective use of data analytics and real-time market intelligence gathering. Marketing's credibility and influence with management is directly related to its ability to track, measure, quantify and represent the value of marketing and its impact on the acquisition, retention and recovery of business. Predictive modeling, forecasting/simulation and campaign measurement and management have become critical elements in strategic market and business planning. This authority leadership program will explore the level of adoption and use of marketing analytics applications in segmentation, sizing, customer life time valuation, prospect identification and qualification, cross-sell/up-sell, churn and retention tracking, brand equity measurement, marketing mix modeling, spend and offer optimization, etc. Get a Fix on Marketing Analytics will audit and assess where and how analytics is being embraced in key verticals – like insurance, banking, wealth management, health care, travel, CPG, pharmaceuticals, consumer electronics, retailing, automotive, etc. – in partnership with industry-specific marketing organizations affiliated with the CMO Council. It will be underwritten by a coalition of leaders and innovators in business process outsourcing (BPO), customer value building, market/business intelligence, data/knowledge management, and consulting/integration. Key components include the formation of a thought leadership committee, online survey, best practice report, content syndication, media relations, web conference, webcast and member roundtable discussions.

Operation Renovation & Innovation

Evaluating Internal Assets, Agencies, & ASPs

As enterprises strive to increase marketing yield, accountability and visibility, new organizational structures, disciplines, solutions and outsourced service providers are reshaping the way marketing groups operate and innovate. Findings from the CMO Council's 2005 Renovate to Innovate study revealed a significant need to improve marketing alignment with strategic business goals, break down functional marketing silos, integrate more effectively with field sales, increase performance measurement, add new skills and redeploy internal assets, as well as review central, regional and local marketing team structures. The Council's end-of-year audit of members also gains insights into where and how senior marketers will modify and adjust the way they go to market in 2007. This will look at allocation of resources, pressing operational needs, and priorities for increasing performance and output of marketing organizations, agencies and solution providers. Working with business management consultants, talent management experts, affiliated associations, organization development professionals, agency executive search firms, the CMO Council will delve more deeply into the dynamics of aligning and integrating resources, as well as tapping new resources and skills from specialist agencies, creative boutiques, and technology enabled service and solution providers. It will look at the emergence of new practices and disciplines in the areas of buzz marketing, experiential events, guerilla and ambush strategies, competitive intelligence, as well as loyalty and rewards programs. This will be done through dialogues, roundtables, and audits of criteria used to select, source and compensate agencies, consultants and hosted service providers.

Define the Need Before You Bleed

Early Stage Marketing Dynamics & Disciplines

Too frequently, early stage companies dedicate a disproportionate share of financial resources to massive R&D efforts without doing the due diligence necessary to verify the commercial viability and customer relevance of its offering. Rather than solely fixating on the next technology breakthrough, new venture companies and their funding partners must do a better job of focusing and directing development against well-defined and sized market opportunities and needs. Greater resource allocation is needed for upfront qualitative and quantitative market research, better business analytics, customer and channel co-innovation, prospect validation and engagement, as well as effective thought leadership prior to product or solution delivery. This will optimize R&D spend, validate business models, improve time-to-market, assure faster customer uptake, as well as evidence a quicker and more valuable return on investment. In this early stage authority leadership program, the CMO Council will team with The Deal, Fortune Small Business and venture capital associations to survey serial entrepreneurs, angel investors, venture capitalists, institutional investors and marketers at newly funded and emerging growth companies. The research will be directed to determine where and how earlier investments in marketing can reduce start-up costs, accelerate market entry, impact early stage success, or influence better business outcomes. It will also conduct analytics with Factiva and business school partners to look at the incidence of failure or high burn rates among start-ups could have been mitigated or alleviated through earlier marketing action and better strategic planning and business modeling.

Product Ingenuity from Closer Community

Making the Case for Customer Co-Innovation

The Chief Marketing Officer (CMO) Council will structure a knowledge brokering partnership to test and verify the value of Virtual Customer Environments (VCEs) in helping to drive cooperative customer development practices, improve future product and service relevance, and enhance user experience and market uptake. This program will be undertaken in collaboration with CMO Council media partners like Crain's, VNU, Reed, CMP, BusinessWeek, ClickZ, New Product News, CRM Daily, and others.

The CMO Council will create a program leadership committee drawn from the information technology, consumer electronics, automotive, sporting goods, financial service, CPG, and consumer durables markets. Qualitative information and best practice insights will be gathered

from these 12-15 brand headliners. Separately, a comprehensive online survey of senior marketers will be undertaken to audit and assess the degree to which they are generating Product Ingenuity from Closer Community. This will examine their product development process, use of customer councils and affinity networks, success in shortening and improving product delivery cycles, and the correlation to improved business performance and customer value creation. The findings of these qualitative and quantitative research initiatives -- in addition to primary research by subject matter experts such as Prof. Satish Nambisan of the Lally School of Management at Rensselaer Polytechnic Institute -- will be compiled into a comprehensive report on Product Ingenuity from Closer Community, which will be taken to market through multiple digital, media, community, online publishing and syndication channels.

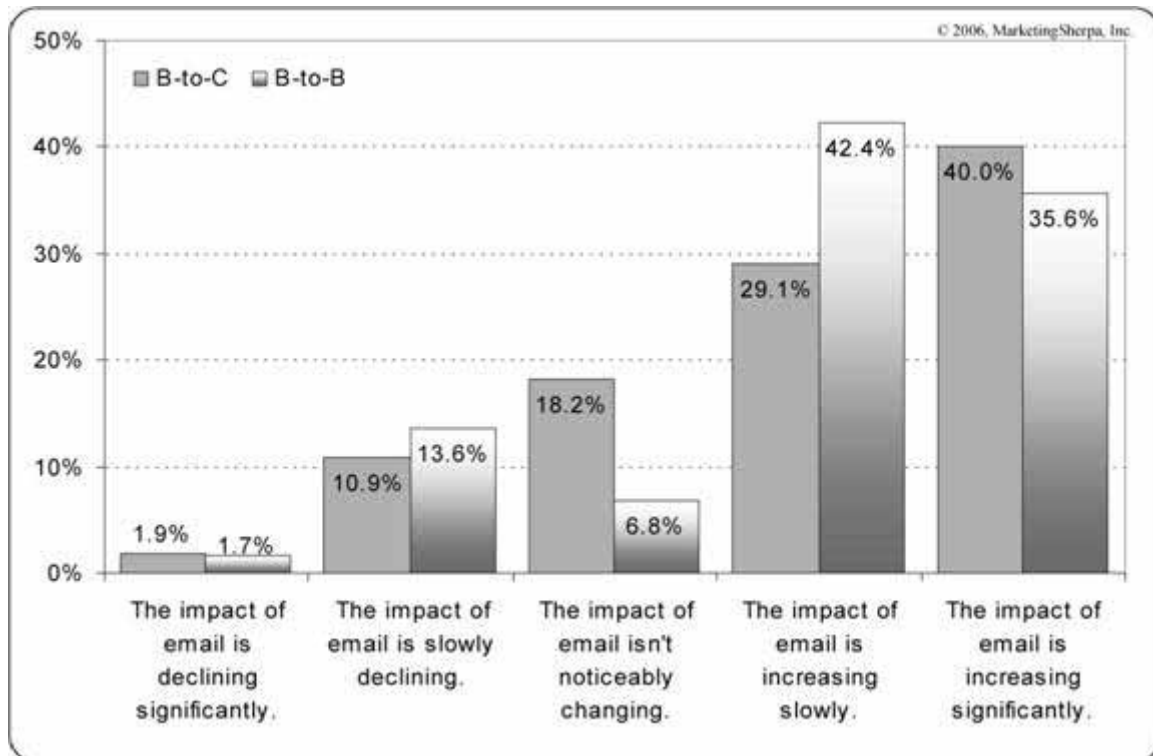
Key components of the CMO Council thought leadership initiative will include:

- An audit and assessment of customer co-innovation prevalence and success across industry sectors through online surveying and direct decision maker engagement
- A major go-to-market, lead generation campaign to deliver findings to the broad market through media relations, syndicated content delivery, online publishing, e-Journal inclusion, web conference and on-demand webcast
- Identification and discussion of best practices, processes and disciplines for customer engagement and co-innovation at leading BtoB and BtoC companies
- Discussion of findings at intimate CMO dinner dialogues and strategic retreats

Program Underwriter Options

Interested CMO Council partners will have the option to underwrite customized programs, co-fund thought leadership initiatives, sponsor interactions and engagements, or take headliner or hospitality positions at gatherings, forums and summits. As the leading channel of insight, access and influence in strategic marketing, the CMO Council is a valuable partner for reaching an audience that controls more than \$70 billion a year in annual marketing expenditures. Underwriter benefits include one-to-one relationship development and introductions, credible authority leadership building, editorial visibility and recognition, as well as qualified opportunity and prospect identification.

MarketingSherpa's Practical Stat of the Month



Source: MarketingSherpa, *E-mail Marketing Benchmark Survey, November 2006* Methodology: This fifth annual survey was opened to selected MarketingSherpa reader lists on Oct. 26 and closed on Nov. 1, 2006. 3,637 total responses were collected from e-mail marketers (2,492) and employees at agencies/ESPs working with e-mail (1,145).

Ever since 2002, MarketingSherpa's research team have noticed a hype-related trend. Whenever hype-makers try to build up excitement about a new marketing tactic, they knock e-mail. Frequently, their speeches, articles and white papers begin with phrases, such as, "Now that e-mail doesn't work anymore, you should turn instead to ..."

We've seen this tactic used to promote blogging, RSS feeds, desktop applications, mobile marketing and, most recently, podcasting. Here, at MarketingSherpa, we're not against new marketing tactics – in fact, we champion their use via practical research and Case Studies.

However, we would never be so foolish as to say that (a) e-mail is in any kind of serious trouble; (b) e-mail should be replaced by a different channel; or, (c) the reason to test a new channel is to replace e-mail.

The reason to test a new channel is to continually expand the effectiveness of your marketing tactics. In the 1950s, people didn't test TV ads because radio ads were "dying." Today, broadcast ads in both mediums are alive and well.

As the chart above indicates, marketers in the trenches agree that e-mail is also alive and well. And, for some, it's even improving.

This is excerpted from MarketingSherpa's Email Marketing Benchmark Guide, available for download at: <http://www.sherpastore.com/home.html?8895> Copyright MarketingSherpa 2006. All rights reserved.

structure is becoming more mature, especially as we integrate Golden West/World Savings. We now have a West Coast operation and a creative services team there.

In terms of segmentation and focusing on diversity segments, we've had a pretty effective approach to marketing to women and African Americans, and we've had a growing practice in the Hispanic community after we moved into Texas through another acquisition. The Golden West deal gives us an added emphasis on Hispanics, and a new focus on the Asian population. Those are important growth areas and we're changing our structure and allocating our resources to address that—in fact this week we are bringing in three finalist agencies in a search for our Hispanic agency of record.

Wachovia is known to be ahead of the marketing curve when it comes to metrics and ROI. In terms of media mix, what do your metrics tell you?

We continue to test our ROI model, and grow more trusting in its recommendations. The model a year ago suggested we reallocate the 2006 budget by 40 percent—pretty radical. At that time we didn't bet the ranch on it. Instead we did some further experiments to validate the model and they came back quite strong. Now we're comfortable enough to the extent that we'll be making our most radical shifts yet in 2007. We'll be spending quite a bit less in broadcast TV—flat or even up a little in terms of cable TV because it plays to our demographic. There will be a major shift to online investment.

What kind of stuff do you focus on online?

Onsite advertising—both on Wachovia.com and on our authenticated space for our customers. We can do much more on our authenticated space because we know who they are and how much time they spend on the site. We do e-mail marketing, and we have partnerships with Google and Yahoo! Our advertising, whether online or off, is about putting content at the right time and the right place for the correctly targeted person.

For example, there was an article on Monday in the *Wall Street Journal* about the tendency of Americans to lie about their retirement readiness. Two pages into that section we had a full-page ad. We only put retirement planning ads in an environment where retirement is the major topic.

You also focus pretty heavily in events, especially sports...

We've invested quite heavily in events since we launched our crown jewel, which is the Wachovia Championship golf tournament. At the event this year we hosted 5,000 clients and prospects. It's high touch and an opportunity to pitch our business in a very positive environment to very high-potential prospects. The metrics around that tells us to add more resources to events.

Get to Know a CMO: Jim Garrity of Wachovia



as Wachovia's radical shift in media mix.

As executive vice president and CMO for financial giant Wachovia, Jim Garrity leads integrated marketing activities that include advertising, brand positioning, corporate identity, marketing research, merchandising, creative services and events. Before joining the bank in 1997, Garrity held top marketing and sales positions at Compaq and IBM. Thanks to an aggressive acquisition strategy, Wachovia has been growing leaps and bounds—it's now the fourth largest bank in the U.S. In October Wachovia bought California-based Golden West Financial (World Savings Bank) for \$25.5 billion—its biggest and perhaps last deal for a while, said Garrity. He recently spoke with us about marketing's role in such an acquisition, as well

MM: What is the strategy behind the Golden West deal?

Jim Garrity: California was on our radar for a number of years. It was appealing to us and we were determined to get there one way or the other. Golden West has 250 financial centers under the World Savings name and mortgage offices in 39 states.

What is your organization's role in making the deal work?

It takes a fair amount of our bandwidth just doing the work to integrate the company in.

Last seven months we've meeting in California with their leadership to understand who all the marketing employees are, and what their business model is—theirs, by the way, is a very successful model—they sell mortgages and self fund them by selling CDs. They have a fine-tuned engine that generates the funds by competitively selling those CDs. We examined the business and the marketing, figured out what the go-to model was, and are making sure we have the right people in place, both geographically and structurally.

And World Savings will be renamed Wachovia?

Yes. We're converting in two stages: the first phase is in the second quarter of 2007 with the non-overlap markets—those states where we had no footprint. The second phase is late 2008, and that's in the overlap markets where we'll have some bank closings in states like Florida, for example, where we're already oversaturated.

What challenges does this particular deal pose from your standpoint?

The major challenge for us is to not interfere with this highly successful, and very different model that is very responsive to the market and to competitors. Frankly, we're not that nimble. We're much more of a matrixed organization and have a much more complex product set—so that's the bad news. The good news is we now have several million customers that have either mortgages or CDs, and can cross sell our entire portfolio to them.

Besides the Golden West work, what else is on marketing's plate?

About a year ago we concluded that we were running to the end of our string of growth through acquisition and have been doing a lot of work figuring out how to grow organically by being more innovative. Every CEO with a pulse in the Fortune 1000 would tell you that's their No. 1 goal. So driving that growth is high on the list. We are in the midst of centralizing the marketing group. Our

Think Product Naming is Not a Marketing Science? Just Wait and Watch Microsoft's Music Ambitions Get "Zuned-Out"

By Gal S. Borenstein



The last couple of years have certainly demonstrated that smart branding and advertising make the difference between success and failure in technology marketing. No matter whom you are marketing to, when your company's marketing department becomes a "legend in its own mind," it might produce and go to market with product names that could literally kill the spirit of your brand's mission.

Just look at an "ever-dying brand" called **Apple** that was relegated to a cult-following and some educational and government markets and then, came up on top with the **iPOD**. As this article is going to press, Apple's stock has gone from \$50.00 per share in the beginning of 2006 to about \$90.00 per share. Conversely, look at Microsoft's competing product named **ZUNE**.

Just like the Monty Python's scene in "Life of Brian," if a stone-pelting squad for branding experts was available, and someone said "Zune" one more time, I would be right there to ask 'what were they thinking?' when they decided to name the flagship product for Microsoft's entry to the music business with a word that is unpronounceable, does not connote user-friendliness or any compelling value that would truly compete against Apple's cute and endearing iPod.

Moreover, inferior product packaging by Microsoft followed, whereas user blogs clearly indicate that Apple has done a fantastic job in creating mindshare via simple and elegant design. And Microsoft is looking, once again, like a market laggard. In the words of a blogger on gizmodo.com:

"**When is it coming? Very zune!**" Could you think of worse publicity? And indeed, according to surveys done in retail stores this holiday season, a very small percentage recommend **Zune** as oppose to the iPod. How did Apple become the "safe choice" and Microsoft become relegated to "second choice"?



Another example of the difference between a market leader and a laggard is **TiVo** versus **DirectTV's genericized DVR**. TiVo has caught on fire, not only because of its user-friendly design and innovative approach to TV viewing, but because even its remote control is called the "peanut remote." When DirecTV introduced the generic version of TiVo as a "DVR," it took no time to invest in creating a compelling brand name that will truly stand on its own two feet. Instead, it assumed we will all be buying it because it's a great feature. Think again.

What can technology marketers learn from these colossal errors in brand decisions? Product naming is not just a marketing or engineering project anymore. Doing the marketing research to match with the audience is not a "nice to have" but a strategic pre-requisite for success.

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The CMO-CIO Organizational Alignment Mandate

By Glen Petersen

The topic of aligning the *information technology* (IT) agenda with the business agenda has spawned literally hundreds of articles, and certainly sensitized the IT community regarding this issue. Despite the progress made regarding the alignment question, *chief information officer* (CIO) reporting relationships continue to be positioned at a distance from the *chief executive officer* (CEO) and strategy function. A comparable trend appears to be occurring with the marketing function. The *chief marketing officer* (CMO) position is experiencing this same distancing from strategy. These two functions should be on the leading edge of strategy formation rather than the receiving end. Organizationally, this is a source of dilution few organizations can afford, yet it is unlikely to change unless these two functions can demonstrate a clear contribution to the CEO's agenda. In this regard, the CMO and the CIO may be more effective working together than separately.

An Odd Association?

The first thought that the title of this article may bring to mind is “what an unusual pairing—the CMO and the CIO?” The next logical association would be to recognize the need for CMOs to justify or otherwise rationalize their function's spending and their dependence on IT systems (the CIO) to support such an effort. Although it is true that CMOs are under considerable budget scrutiny, the thrust of this article is to address the dilution of influence of marketing and technology on organizational strategy, and to offer some suggestions as to how to create a framework that will leverage the potential of these functions, thereby increasing organizational alignment and performance.

Marketing, IT and Alignment

There is a common management mindset that results in an immediate association with the IT function when the words *organizational alignment* are spoken. Obviously, there is a legacy of misuse and misdirection supporting this association, and there are reams of literature that address how to correct the situation; however, the reporting relationship of the CIO remains removed from the center of power and strategy.

Ironically, the CMO position is gravitating to a similar position. Despite a history of marketing leading the direction of the company, current trends are strikingly similar to the plight of the CIO. Consider the parallels in the two positions:

- CMOs and CIOs are reporting to executives other than the CEO.
- In most cases, the CMO and CIO are not members of the board or even part of the executive committee.
- The marketing and IT budgets often deal with extended time horizons, and impact results in a manner that may be viewed as intangible.
- Marketing and IT have their own language and concepts that are not understood by other functions.
- The marketing and IT budgets often eclipse other functional budgets in terms of expense and capital expenditures. For these reasons, there is increased pressure to justify spending. However, justification involves extrapolating into the future with minimal near-term visible results.
- In general, with an organizational emphasis on near-term results, the CMO and CIO are not viewed as the “go-to people” to make them happen.

Thus, though it can be argued that these two functions are among the most strategic within the whole organization, they are increasingly isolated from the seat of influence, where they can have the greatest impact.

Is the Answer ROI?

Most management pundits argue that the answer for marketing and IT is to demonstrate connectedness through a demonstration of *return on investment* (ROI). From the perspective of fending off the challenges of the CFO at budget time, ROI may work; however, ROI does not address the alignment or connectedness issue. The CEO must be able to connect the dots between the executive agenda and the actions of marketing and IT, in both the short and long run. Likewise, the other peer functions must sense (moreover experience) a common feeling of pain and commitment.

For many in the marketing community, the answer is brand equity and ROI. Certainly, brand recognition and the power of the brand are intuitively appealing, but these concepts are difficult to measure as a component of the whole purchase rationale and experience (meaning impact on customer behavior). Therefore, from a non-marketing perspective, it is difficult to rally around the abstraction of brand attitudes and perceptions. Likewise, ROI is often dependent on forecasted impact, which has its own aura of lack of credibility—and utility.

Thus, the discipline of ROI is certainly a positive step toward creating a sense of accountability relative to the decision making process; however, it does not address the issue of alignment or influence—all it does is introduce a sense of constraint, as opposed to contribution.

In Search of a Lynchpin

The most logical common ground for the CMO and CIO is in the area of *customer relationship management* (CRM). The obvious follow-up to this starting place would be marketing automation, which is an application designed to help the marketing function more efficiently plan programs and assess the corresponding ROI. Success in this area can build the relationship between the CMO and the CIO, and can generate some slack from the CFO relative to budgeting. However, it is unlikely to create much visibility outside these perspectives. Even if it does receive visibility, it is likely to be viewed as justifying one's actions, as opposed to pulling the organization forward..

The more central and relevant issue is the customer. In *business-to-business* (B2B) transactions, marketing may be viewed as relevant only in the context of promotions, leads, and literature. Typically, the other functions view these contributions as follows:

- **Promotions**
Promotions may not be timed to match other strategies and needs. Moreover, promotions may produce customer behaviors that negatively impact the other functions (such as spikes in demand that add pressure and costs to operations and customer service).
- **Leads**
Leads are often considered unqualified (if they are not decision makers, or if there is a questionable decision time frame) by the sales function; this translates into essentially zero follow-up.
- **Literature**
Because the marketing department is structured into product groups, literature communicates product attributes versus solutions. Customers are seeking solutions, and the sales function must improvise proposals that address customer needs. Product literature tends to be general (30,000-foot level) or detailed (3-foot level), and therefore does not address an audience of mid-level people, who are often decision influencers if not buyers. The sales function must again improvise to create relevant literature and

value arguments to obtain access to decision makers and influence their decision process.

For the CIO, the customer-facing functions may be operating with systems that limit flexibility, require many workarounds, have slow response times, or have data integrity issues. These limitations can impact the ability to scale operations or improve the customer interface.

For these reasons, the customer-facing functions may not have warm feelings for the CMO or the CIO. To be credible, the CMO and CIO need to be seen interfacing with customers in a listening and learning mode. Any help these functions can derive that will make them more productive and improve profitability will be well-received. Key (B2B) issues revolve around various topics:

- Who is buying (customer attributes), and why do they buy?
- Who is *not* buying, and why?
- What is the customer's buying process, and who are the players (decision makers and influencers)?
- What type of solution is being sought, and how does it fit with the customer's competitive strategy?
- What supplier policies or performance drives them nuts?
- Where are the opportunities to work more closely together?

What should emanate from these discussions is a clearer definition of how to help the customer-facing functions communicate and deliver a value proposition that will drive revenue and profitability, while improving competitive strength. The sales organization should receive tools and programs that help them relate to the myriad of buyers and influencers they must deal with, and the other functions should receive system and policy support that makes the organization easy to do business with. These types of changes will reduce the height of the walls of the functional silos, and set precedents for working together. Moreover, progress in this area will position the CMO and CIO as clearly directing their efforts to eliminate impediments that impact revenue, margins, and profitability—as well as fostering sustainable performance (music to the CEO).

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It's the same with marketing. As a CEO, it is your responsibility to improve your understanding of marketing so that you don't set your team up for failure. You can't get blood from a stone. You have to put money into the market in order to pull money out. Educate yourself on the marketing process, and how to activate it for your business. A great place to start is to build a model for what your customers are worth to you, and then you can work backwards to a rationale for what you can spend per customer to win new ones. Good luck!

Michelangelo Celli is president of The Cornucopia Group, where he works exclusively with CEOs of privately-held B2B companies that sell expensive products or services, and whose sales depend on strong customer relationships to allow them to systematically develop more predictable outcomes from their marketing and sales efforts. To find out more, visit The Cornucopia Group Web site at <http://www.cornucopiagroup.com>, or e-mail Mr. Celli at mcelli@cornucopiagroup.com.

The Download: Marketing -- The Final Automation Frontier

By David Ryan

Overview

Finance was automated in the '60s, HR in the '70s, manufacturing in the '80s, and sales and customer service in the '90s. This is the decade for marketing automation.

The good news is that marketing people have the opportunity to learn from all that came before. The bad news: there is a long bloody trail of failed automation projects in other business functions, especially with early tools and vendors, which is exactly where marketing automation is - its early stages.

Because of the relative immaturity of the marketing automation marketplace, terminology is still evolving and knowledge about the do's and don'ts isn't as abundant as you might hope.

As a marketing professional, you are uniquely qualified to understand how marketplace dynamics impact the products and solutions offered to you. If you are involved in a marketing automation effort, whether as a recommender, senior marketing executive, or technical buyer, an understanding of these unique marketplace dynamics will help improve the probability that you find the right solution, and most importantly, ensure you set realistic plans and expectations with your team from top to bottom.

The Business Drivers

Marketing is a **\$500 billion** dollar-a-year industry. The top advertiser spends around \$350 million a year. The No. 100 advertiser invests less than \$20 million a year. **Marketing is a highly fragmented, truly global and diversified industry.**

The marketing supply chain, including agencies, media buyers, media outlets, printers, etc., is highly fragmented and largely un-automated, and is dominated by non-capitalized service companies. **The marketing supply chain is highly inefficient.**

Internet technologies provide the first reliable, affordable, cross-platform (PC and Mac) infrastructure capable of efficiently integrating the flow of information and goods and services through the marketing supply chain.

Accountability is in — especially financial accountability. Marketing has traditionally been perceived as largely unaccountable to the finance community, which is why CEOs and CFOs lean disproportionately on the marketing budget to adjust expenses with the ebb and flow of business and earnings. CMOs are fighting back, tired of being the main target of budget cuts and reductions.

Media and marketing outlets have expanded exponentially in the past 10 years, making it harder to make media buying decisions and harder to measure the effectiveness of marketing programs and campaigns.

These high-level market dynamics, especially the unique combination of inefficiency, focus on financial accountability, and volume of money in the marketing supply chain is now bringing significant attention to the topic of marketing automation.

Just five years ago, there were no trade shows and little media coverage. None of the big technology watchdogs, like Gartner, Forrester and IDC, covered marketing automation to any

degree. Now, there are trade shows, plenty of media coverage, and many analysts that regularly publish information on marketing software and marketing automation.

Automation vs. Marketing - the Culture War

Technologists love the combination of inefficiency and repetition. When software entrepreneurs and engineers look at opportunities for automating marketing, they look for marketing processes with highly definable rules. They look for rules that can be described well in English and then translated into languages like Java and .Net, so computers can automate the rules and apply them quickly and consistently over and over again, reducing time, effort and costs.

The problem is that, at its core, **marketing is still more art than science. An essential ingredient in art is innovation - that is, breaking and changing the rules.**

Historically, marketing has had few rules. Change, more than anything, has marked the evolution of marketing over the past 100 years. Marketing will remain more an art than a science, and marketing rules will continue to change at a rate that creates inherent conflict with automation, which seeks stable and repeatable rules.

Sure, there are processes within marketing that are highly definable and repeatable. **But at the root, marketing and automation are in cultural conflict. Understanding this is essential to managing your organization through its first marketing automation project, as this underlying conflict will impact attitudes and adoption of marketing automation tools.**

The Suppliers of Marketing Automation

Run an Internet search on marketing automation (or marketing software). You will receive links to hundreds of seemingly unrelated and disconnected tools and topics. E-mail marketing, web statistics programs, search engine optimization, work-from-home, pay-per-click optimization, online marketing, and sales automation software (CRM) all appear.

Many of these products are aimed at automating niche marketing functions, ones that lend themselves well to automation and the Web. You will also find many links to the most visible sector of the evolving marketing automation marketplace — "campaign management." This term is so prevalent that many people simply define marketing automation as campaign management.

If you worked in marketing before 2000, you would likely view a "marketing campaign" as an assault on a market, employing different forms of coordinated media and tactics to stimulate buying interest and response. A campaign might include coordinated print ads, direct mail, promotional offerings, a media/PR push and even a tradeshow.

Technologists have hijacked the term "campaign management," significantly narrowing its definition to include only targeted direct marketing activities. Why? Because this narrowly defined component of marketing is one with well-defined and predictable business rules that lends itself well to automation.

"Marketing campaigns" are now distinctly direct marketing-centric, with a focus on marketing analytics, data analysis, targeting segmentation, e-mail automation and call center and CRM integration.

If your marketing activities include a traditional and balanced mix of marketing activities and media such as print advertisements, direct mail, TV, radio, tradeshows, outdoor, sales collateral, PR etc., then specialized campaign management software will not likely solve your marketing department's efficiency problems.

What you need is something from the less well-defined marketing automation segment referred to interchangeably as Marketing Resource Management, Marketing Operations Management, Marketing Project Management, and Enterprise Marketing Management.

Key components of Marketing Resource Management (MRM) include:

- Financial and performance planning and budgeting
- Estimating and scoping projects/work
- Trafficking, workflow, and resource management (internal and external people resources), also referred to as Project Management and Resource Management
- Tracking expenses and time
- Reviewing and approving marketing and creative materials
- Managing vendors
- Measuring results against plans

While there are many that can and should take advantage of the new campaign management tools, there are a great many more who are looking for marketing operations/MRM software. And, this is what most marketing people are looking for when they look for marketing automation. The challenge is wading through the millions of links, paid ads, and grandiose hype of these niche product vendors to find the core organizational and operational solutions that provide the real operating backbone for most marketing groups.

Cultural Challenges

As you would suspect, many of the processes within marketing operations common to most businesses are difficult to describe in sufficient detail to automate in a traditional manner. Most would agree that estimating work, scheduling work, creating marketing materials, and reviewing creative materials involve a lot of back and forth collaboration and coordination.

The automation of specific marketing functions like e-mail marketing or direct marketing ("campaign management") is typically highly procedural, again because business rules of this form of marketing can be described in great detail.

In actuality, most marketing organizations would agree that their overall operations are not predictable nor defined by rigid procedures. **They would characterize operations as a flexible and fluid collaborative team response to the ever-changing ideas and innovation that defines marketing.**

To achieve improvements in quality, time-to-market, results, accountability, and resource utilization, the marketing function needs collaboration and productivity tools that bring new levels of efficiency to its operations. These tools are not control mechanisms forced down from senior management, and they do not provide a consistent, faultless approach to performing work.

These are tools that encourage and streamline the standard approaches and methods of exchanging information and coordinating work among the marketing team. They make tasks and work easier to accomplish, with less cost and higher reliability. **They are inherently productivity tools.**

Because direct marketing is so data driven, direct marketers are likely to receive campaign automation tools with open arms. Homegrown applications, utilities, and off-the-shelf tools (Access, Excel, etc.) are already in widespread use. So campaign automation represents an improvement over the existing systems and does not usually present a challenge to existing culture and behavior. The benefits to the organization AND to the individual team members are clear, and adoption takes place naturally at many levels within the organization.

However, marketing operations management tools present different adoption challenges. These tools are typically perceived as a radical change in the way things are done, not simply an improvement over existing automation. Marketing operations management tools are almost always a "first generation" system for a marketing organization.

Marketing operations management tools will clearly benefit the organization, but the benefits to individuals within the team are not always self-apparent, especially at the outset. Remember, the need for automation is largely driven by the need to improve collaboration and productivity. E-mail is the ubiquitous, entrenched solution for collaborative communication. It can be extremely challenging to get people to let go of e-mail as the exclusive communication tool.

While good campaign automation tools will be readily embraced by the team, marketing operations automation productivity tools will be adopted at different rates and levels by members of the marketing team.

The Economics of Marketing Automation

The cost and scope of campaign management automation will vary in direct proportion to the size of your "data." The bigger your marketplace, the bigger will be the amount of raw data that defines your existing or potential consumers or customers. A business-to-consumer campaign management environment with millions of data records frequently translates into hundreds of thousands to over a million dollars in automation costs. A smaller business-to-business environment with tens of thousands of data records typically translates into tens of thousands of dollars in automation costs.

Unlike campaign management, where the cost and scope can be predicted based on the size of the data, the **cost and scope of marketing operations automation is dictated by your goals.**

Typical goals of marketing operations automation include:

1. Reduce costly errors and improve quality of marketing deliverables
2. Reduce time to develop marketing deliverables
3. Increase the amount of work produced by the people/function/department
4. Create a culture of accountability
5. Improve ability to manage people resources
6. Improve visibility and control of financial performance
7. Improve departmental productivity
8. **Improve** return on marketing investments
9. **Measure** return on marketing investments (Marketing ROI)

Goals one through eight can be achieved with moderate investment and quick payback. Costs vary based on the vendor delivery model, with an on-demand marketing resource management system costing between \$10,000 and \$50,000 a year, and a licensed marketing resource management tool costing between \$50,000 and \$250,000.

With an on-demand solution, no IT resources are needed. And, because marketing resource management is fundamentally about productivity, process engineering studies are not typically needed, but certainly can help to establish best practices approaches to your marketing processes.

However, **one goal in particular can radically change the scope, cost, and characteristics of your marketing automation project: sophisticated measurement of marketing ROI.**

The ability to measure the return on marketing investment from cross-media marketing programs, campaigns, and initiatives requires extensive integration with other company systems, including

ERP, finance, distribution, inventory, and other systems. Integration fundamentally changes your automation project. Integration means:

- You will need extensive IT resources
- You will need process engineering help
- You will spend significantly more money on your automation project — software, consulting, programming/integration and training
- You will dramatically increase the potential for return on your automation investment
- You will dramatically increase the chance of failure

So, here is the bottom line: A marketing operation automation project with sophisticated system integration component will carry a cost of ownership of between \$500,000 and several million dollars, including software, hardware, technical services, and professional services. If your marketing budget is in excess of \$20 million annually, you are a candidate for a sophisticated marketing operations automation project. But, you need to approach the project cautiously.

If you do undertake a project with huge potential upside, the financial investment and the amount of work will be significant. The larger the investment, the more formal the process you need to measure the benefits, and the more hard-dollar the benefits must be.

A project and system with a total cost of ownership in excess of \$500,000 should produce tangible and real hard-dollar benefits. Since your MRM system is likely your first foray into marketing automation, it is unlikely you have historical operational information against which to benchmark the results from your new automation system.

It is also unlikely that you will be able to measure the bottom-line benefits of your marketing automation project in the short term. The benefits typically take time to manifest themselves in measurable ways.

Since benefits take time to measure and the cost of ownership is high, you should take great care to set up your system correctly to provide accurate measurement of the key business and marketing metrics you want to improve. Your Chief Financial Office will want results, so you must **set up your system to enable you to measure the impact of marketing investments on key line items in your income statement and balance sheet.**

If your goals aren't so lofty or your marketing spending is below \$20 million, the economics of automation change dramatically.

Few marketing people are interested in spending 10% to 20% of an annual marketing budget on automation, unless the marketing process is one that lends itself well to automation and/or the project is likely to yield sustained strategic advantage.

How much should you spend to measure the benefits of a MRM system that costs \$15,000? How much visibility will there be with the Chief Financial Office?

Justification of a system that costs a fraction of a percent of your overall marketing budget can include hard-dollar benefits, but will most definitely include soft benefit as well. You would be hard-pressed to quantify the dollar value of your e-mail system, but you would not be competitive without it.

If the cost is low, strategic "productivity systems" do not need hard dollar measurement returns. At the same time, there needs to be consensus among the team as to the benefits to justify the ongoing expenses. Look for economic benefits in:

- Measurable reductions in project timelines
- Measurable reductions in tracked time per project
- Vendor cost reductions due to less rework/change/late fees
- Measurable increases in use of available people/resource hours
- Measurable increases in output

These changes can be translated into hard dollar benefits with relative ease.

The Rollout - What Should it Look Like?

Characteristics of MRM Automation

Unless you plan to go for glory with a big project with lots of IT pros and data flowing back and forth between different systems, you can expect the following with your MRM project.

Investment Payback should be Quick

General productivity benefits can be significant, and should quickly cover costs. A significant effort to document and define marketing processes and business rules is not necessarily required to achieve payback (but can certainly help overall return and value).

Deployed in Steps

Most marketing operations automation tools are robust. A typical rollout involves using only a portion of the capabilities, with later phases exploiting other capabilities. Benefits increase over time as adoption spreads among the team, as usage increases, and as the team uses more of the capabilities of the system.

Reasonable Costs and Timelines

The automation required to achieve most common goals shouldn't be expensive or time consuming. **Do not overspend on your first system.**

Simplicity Wins — Do Not Over Automate

A relatively small level of automation can improve quality, productivity, and organizational throughput. Asking your team to do too much too soon might prevent you from achieving the significant benefits most organizations archive with even a little automation.

Resources

IT/technology expertise and support is not a requirement unless you plan to install a computing environment rather than use the increasingly more popular on-demand/software-as-a-service (SAAS) model of delivering applications. A process engineer, consultant, or external resource are not requirements, but can be helpful.

Cultural Resistance is the Biggest Challenge

Deploying a marketing operations system requires no real specialized technology skills or talents. **More than anything, marketing resource management is an exercise in changing organizational behavior.** Some leaders use sticks, some use carrots, but behind most successful rollouts you find management leadership, and behind most of those that fail, you find none.

Characteristics of Campaign Management Automation

As a general rule of thumb, campaign automation is very different from - almost the opposite of - MRM. Regardless of size, marketing campaign automation projects have very similar high-level characteristics:

Well-Defined Processes

Direct **marketing processes** and business rules **can and must be well defined** before they can be automated. A comprehensive level of rigid, procedural automation is required to achieve efficiency and consistent-quality outcomes.

Expensive and Time Consuming

Automating well-defined processes is not difficult, but may still be expensive and lengthy. Data analytics tools can provide significant insight and strategic value, but are expensive and take time to implement.

Resources

IT/technology expertise and support is a requirement. A process engineer, consultant, or external resource is a requirement. Your team will readily adopt improved systems, so the key to success of your campaign management rollout is dependent on your technology project manager, whose job it is to define the needs, data flows, processes, and integration points, and to coordinate all the work needed to implement the system.

Focus on Data

Data comes from internal and external sources and needs to be merged, purged, and cleaned before it can be used. Data merging and cleansing is tedious work. While automation tools help, it always includes some level of manual intervention and therefore requires a person with an aptitude and patience for this type of work.

Conclusion

Marketing automation is here. It is important to understand first what type of automation you need. Two major classes of marketing automation have evolved, marketing operations management and campaign management. Each class is unique in its focus and feature set, but more importantly, they can be very different in costs, strategic benefits, cultural challenges and in the complexity of implementation.

Defining your strategic needs, assessing your team's culture and capacity to absorb technology and looking at the timeline of the flow of costs and benefits of the alternative solutions will lead you quickly to the right solution.

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