

# THE EVOLVED CMO IN 2014

## CMOs MUST RAMP UP BUSINESS AND TECHNOLOGY ACUMEN

A Joint Research Project by Forrester Research and Heidrick & Struggles  
March 2014

### KEY TAKEAWAYS

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#### EVOLVED CMOs RECOGNIZE THAT THEY NEED TO SHARPEN GENERAL BUSINESS SKILLS

Leading the marketing organization is obvious table stakes for the CMO. Financial, strategic, and collaborative skills are the areas these heads of marketing want to hone.

#### THE CEO IS THE NEXT RUNG ON THE LADDER FOR MANY RESPONDENTS

In 2011, when we last surveyed CMOs, they were planning a move to the same role at a bigger brand or shifting gears to become consultants. In this year's survey, the plurality of respondents had their eye on the CEO spot.

#### TECHNOLOGY SMARTS WILL DEFINE THE SKILLS DIVIDE FOR LEADING CMOs

The world of the CMO is more affected by technology, say respondents to this survey. The need to understand how technology works, how technology can spur growth, and how to evaluate vendors is high on the CMO agenda for 2014.



## The Evolved CMO In 2014

CMOs Must Ramp Up Business And Technology Acumen

by [Sheryl Pattek](#)

with [David M. Cooperstein](#) and Alexandra Hayes

### WHY READ THIS REPORT

Forrester and Heidrick & Struggles fielded a global survey of 212 CMOs in July 2013 to assess their current remit and how they prove their value as business and strategy leaders. In this report, Forrester reviews the state of the evolved CMO for 2014 based on these responses and interviews with CMOs across industries. The results show progress in taking action to build a better marketing organization, growth in their development of vital peer relationships, and renewed attention to the personal skills they need to fuel their company's business growth.

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### Notes & Resources

Forrester used responses from 212 CMOs in the Q3 2013 Forrester/Heidrick & Struggles Global Evolved CMO Online Survey and interviewed eight CMOs and industry experts to corroborate the survey findings.

### Related Research Documents

[The CMO And CIO Must Accelerate On Their Path To Better Collaboration](#)

October 31, 2013

[Competitive Strategy In The Age Of The Customer](#)

October 10, 2013

[The CMO's Role In Technology Purchasing](#)

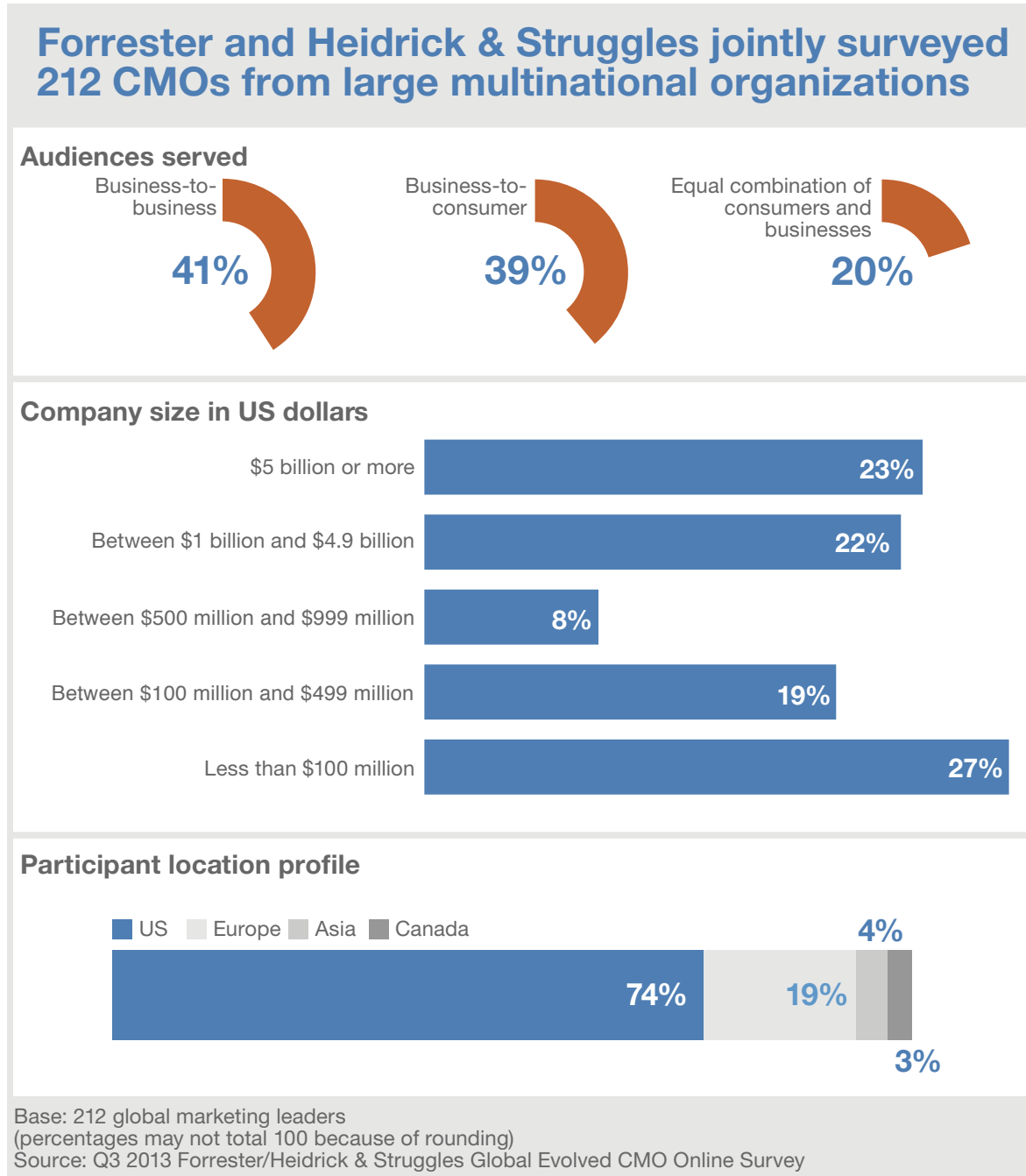
June 20, 2013

[The Evolved CMO In 2012](#)

February 22, 2012



Figure 1 2014 Evolved CMO Survey Participant Profile



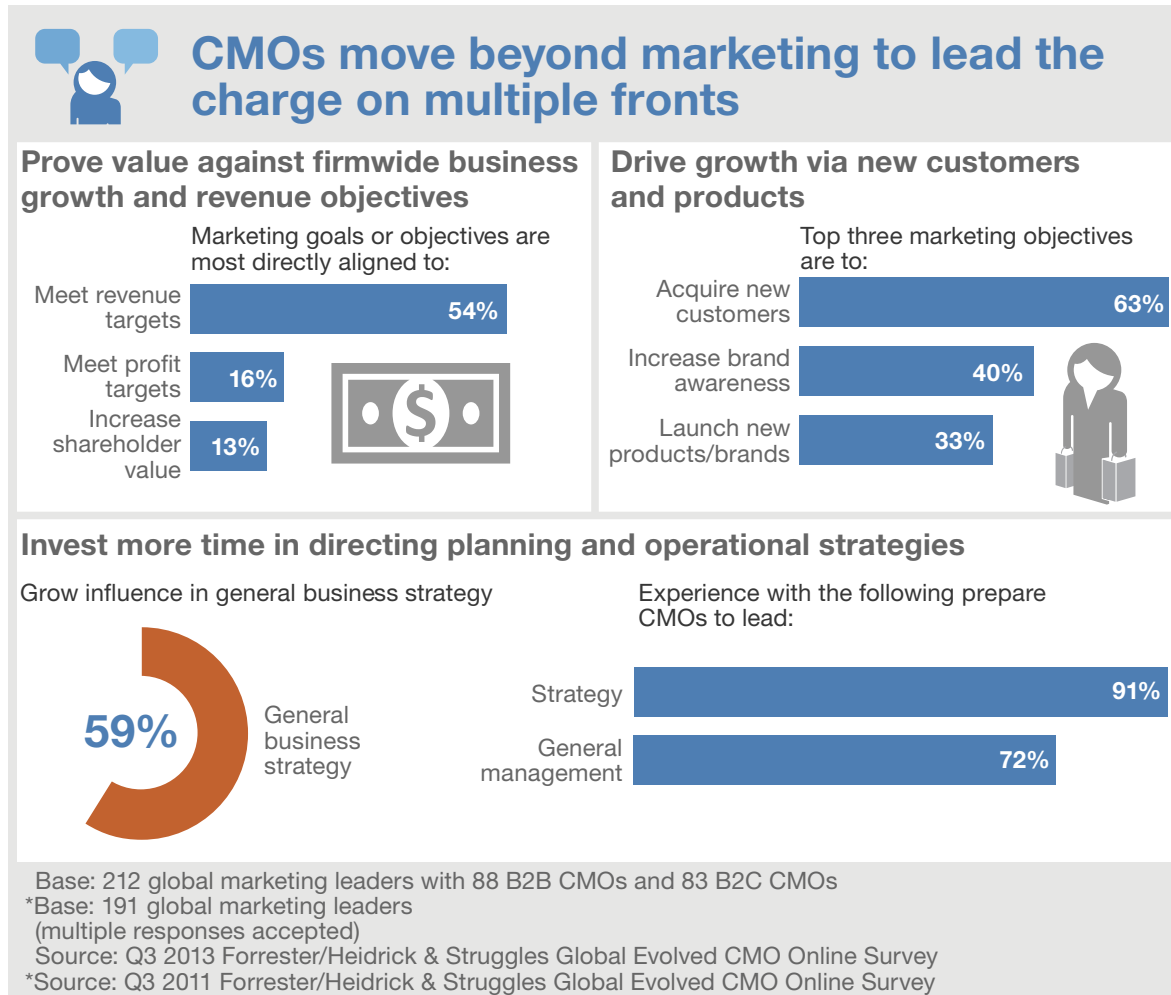
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Source: Forrester Research, Inc.

## CMOS MOVE BEYOND MARKETING TO LEAD THE CHARGE ON MULTIPLE FRONTS

In response to our survey, CMOs recognized their need to step up as business leaders. The data indicates that they are paying more attention to their own business skills, how those skills are communicated to their C-level peers, and how that relates to the organizations they run (see Figure 2).

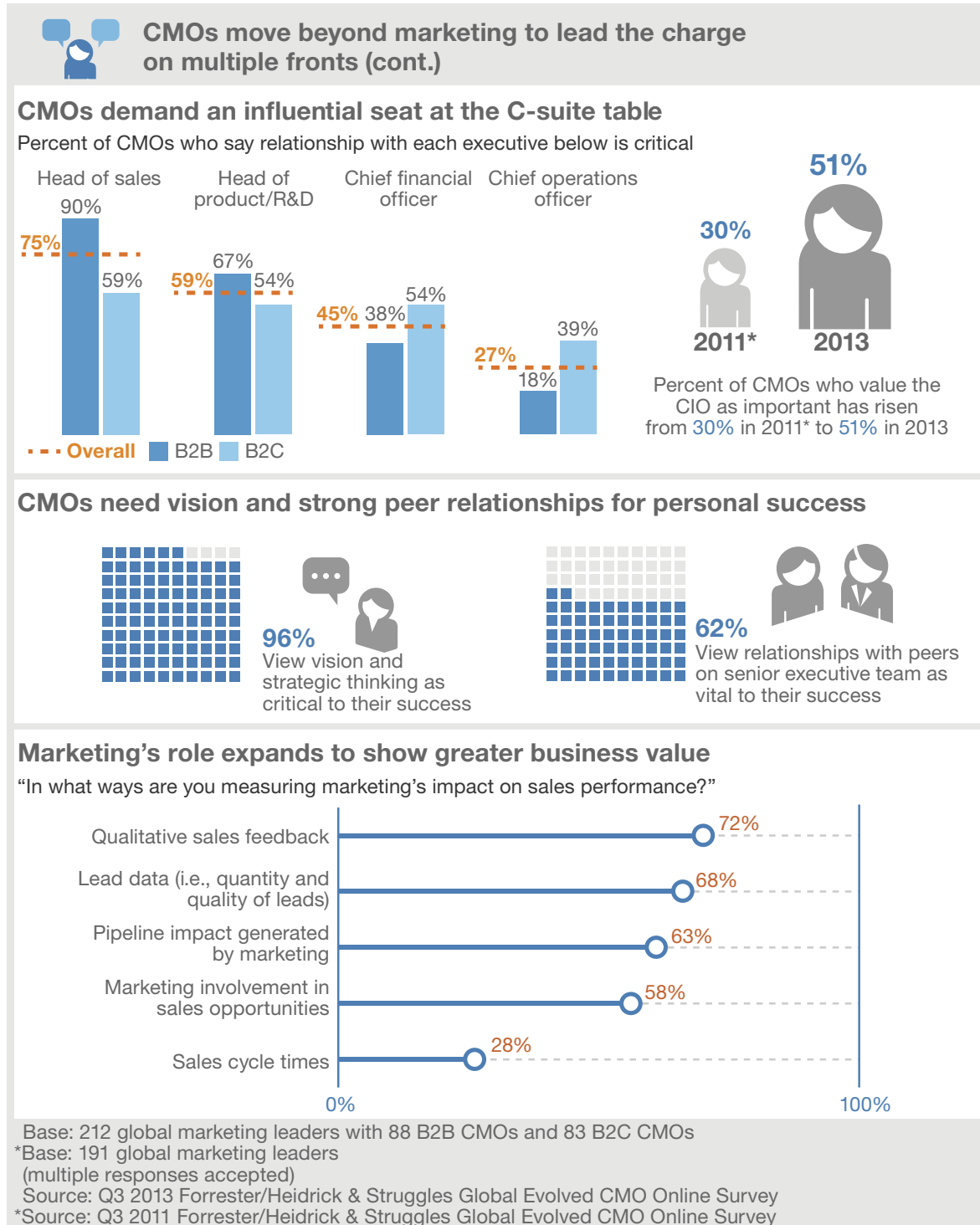
Figure 2 CMOs Evolve Their Leadership Role And Business Influence



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Source: Forrester Research, Inc.

Figure 2 CMOs Evolve Their Leadership Role And Business Influence (Cont.)



## CMOs Make The Move From Marketing Leader To Business Leader

CMOs told us that they have made progress in asserting themselves as business leaders, not just leading the marketing department. While at Wm. Wrigley Jr. as senior vice president (SVP) and CMO, Martin Schlatter had responsibilities spanning both classical marketing excellence and development of business growth strategies. In his role, Martin led not only the development of where Wrigley should play but also how the organization could win with operational, distribution, and portfolio management excellence. Moving beyond just marketing leadership, Martin's expanded CMO scope epitomizes the results of this year's survey, in which CMOs say they must:

- **Prove their value against firmwide business growth and revenue objectives.** With accountability expectations on the rise, 54% of CMOs identified meeting revenue targets as their most important business driver. Meeting profit targets (16%), increasing shareholder value (13%), and growing market share (13%) round out the list of objectives to which they map performance. While business-to-consumer (B2C) and business-to-business (B2B) respondents both work toward top-line results, B2B CMOs are much more profit aware (22%) than their B2C peers (10%). Building a new marketing function at General Electric Energy Management business, CMO Jake Ring aligned his organization's strategic imperatives from the start to contribute to the business profit and loss (P&L) by improving market penetration, pricing, and driving revenue growth.
- **Tie marketing goals to growth drivers by developing new customers and products.** With the great recession behind them, CMOs once again turn their attention to growth. Sixty-three percent of respondents identified new customer acquisition as their top objective; nearly one-third look to new product and brand launches as their top marketing goal. Our interviews confirmed this tight alignment of marketing objectives to revenue growth by finding new customers or expanding product offerings. To drive new business growth, the CMO of a multibillion-dollar insurance company assumed responsibility for a research and development (R&D) function that serves as a business innovation incubator developing and commercializing new products and business models.
- **Invest more time in directing overall planning and operational strategies.** Evolved CMOs are positioning themselves for a broader leadership role, as 59% of survey respondents say that they aim to expand their leadership and influence in general business strategy. Their previous experience is critical: 91% cite strategy experience, and 72% cite general management experience, as valuable to their evolving role. Andy Childs, vice president (VP) of marketing at Paychex, expanded beyond his functional marketing responsibilities to direct strategic planning and mergers and acquisitions. With this under his watch, Andy now strongly influences Paychex's overall business growth.

## CMOs Demand An Influential Seat At The C-Suite Table

CMOs in this survey indicate that they now must engage with a wider set of C-suite peers. At OpenText, the CEO looks to CMO Kevin Cochrane to lead collaborative business strategy development and implementation with a focus on the customer. As the customer advocate in the C-suite, Kevin spearheads defining customer engagement models across sales, marketing, support, and operations. The result? Kevin now holds one of the most influential roles in the OpenText C-suite. This example aligns with our survey results that show that evolved CMOs:

- **Concentrate on building relationships with sales and operations.** Three-quarters of the CMOs responding to the survey identified their relationship with the head of sales as critically important. Ninety percent of B2B CMOs name this as their most important relationship, and two-thirds of B2B CMOs point to the head of product/R&D as indispensable. For consumer-oriented companies, 54% of these CMOs identify the CFO and head of product or R&D as their most important relationships after sales. Corporate strategy responsibility has helped Barry Wolfish, Land O'Lakes' CMO and SVP of corporate strategy, build the operational and business credibility needed to form strong bonds across the C-suite.
- **Cement stronger partnerships with the CIO.** More CMOs recognize the need to engage their CIOs to develop the most effective strategy for putting marketing technology into practice. Our survey results indicate that CMOs state the importance of this relationship, rising from 30% in 2011 to 51% in this year's survey. At OpenText, Kevin Cochrane develops the strategy to embed digital across the enterprise and looks to his partnership with the CIO to operationalize that strategy. This strong partnership has been essential for OpenText's digital transformation.
- **Cultivate trust, respect, and collaboration across the entire C-suite.** More than 60% of respondents identify peer relationships as important to their success. Yet CMOs recognize that there is more work to do, with 28% signifying room for improvement. Susan Lintonsmith, CMO of Quiznos, told us that collaboration at the top requires a strong trusting relationship with her executive team peers. To build that relationship, the Quiznos' executive team travels together to operationalize strategy with franchise operators and then collectively analyzes its effectiveness.
- **Aspire to cross-functional leadership roles.** At the tail end of the great recession, CMOs were planning to head to the hills of consulting or jump to a bigger brand challenge as their next career move. Today, we find a very different picture. Forty percent of B2B marketers aim to become a CEO in their next role. On the B2C side, 10% of CMOs seek a chief operating officer (COO) role. Several CMOs we spoke with agreed that previous operational roles in their career have both prepared them for as well as fueled their interest in leading a company as a CEO or COO.<sup>2</sup> To reach the desired next step, evolved CMOs must acquire cross-functional leadership experiences and intimate knowledge of functions, operations, and processes across the organization to build trust and influence across the enterprise.

## Chief Marketers' Remit Expands To Prove Broader Value

As marketers indicate, their business leadership requires them to optimize the department they oversee. At Land O'Lakes, Barry leads a comprehensive talent management program composed of competency benchmarks, talent evaluation, career development plans, and cross-pollination position rotation. The result? Enhanced visibility and positive perception of the marketing organization's contribution to the business. Our survey results show that evolved CMOs:

- **Take on more than promotional marketing efforts.** According to our survey, CMOs maintain a broad range of responsibilities for overall marketing functions — from marketing strategy, brand, and customer/market insights to pipeline management across the path to purchase as well as digital, eCommerce, and marketing technology. Similarly, in our discussions with CMOs, we have learned that while no two execs hold identical responsibilities, evolved CMOs are expanding their functional scope to include new areas of responsibilities such as product development, packaging, mergers and acquisitions, and innovation functions.<sup>3</sup>
- **Sync marketing success metrics with objective sales measures.** While the majority of CMOs still use qualitative feedback from sales to measure marketing's impact, objective measures of business outcomes are a key part of the metrics mix. Sixty-eight percent of respondents measure lead, and 63% measure pipeline impact, followed by more than half who measure marketing impact based on sales velocity, conversion, and involvement in sales opportunities. By shifting to objective measures, evolved CMOs demonstrate both marketing effectiveness as well as their ability to lead a well-run business.
- **Create a proving ground for marketing efficacy.** Although marketing has made significant strides in accountability, CMOs are still on the hot seat to demonstrate marketing's value. Considering most organizations' focus on quarterly results, marketers are faced with proving what they have done lately as well as how they create long-term value. As a result, nearly three-quarters of CMOs use qualitative sales feedback (72%) to keep a pulse on sales' perception of marketing's value. For Quiznos, staying one step ahead of the competition requires ongoing new menu innovations. Employees are a test bed for food testing and a feedback process, which helps the CMO raise the visibility and importance of her team to overall business success.

## CMO EVOLUTION LEANS TOWARD BUSINESS GROWTH

Today's CMOs work in a data-driven customer-empowered world. To thrive, they must be proficient in digital, immersed in data analytics, able to deliver an exceptional cross-channel customer experience, and dedicated to delivering measurable business results. As Jake Ring, General Electric Energy Management's CMO, told us, today's CMOs and their teams must serve as the connection between the customer and the business.

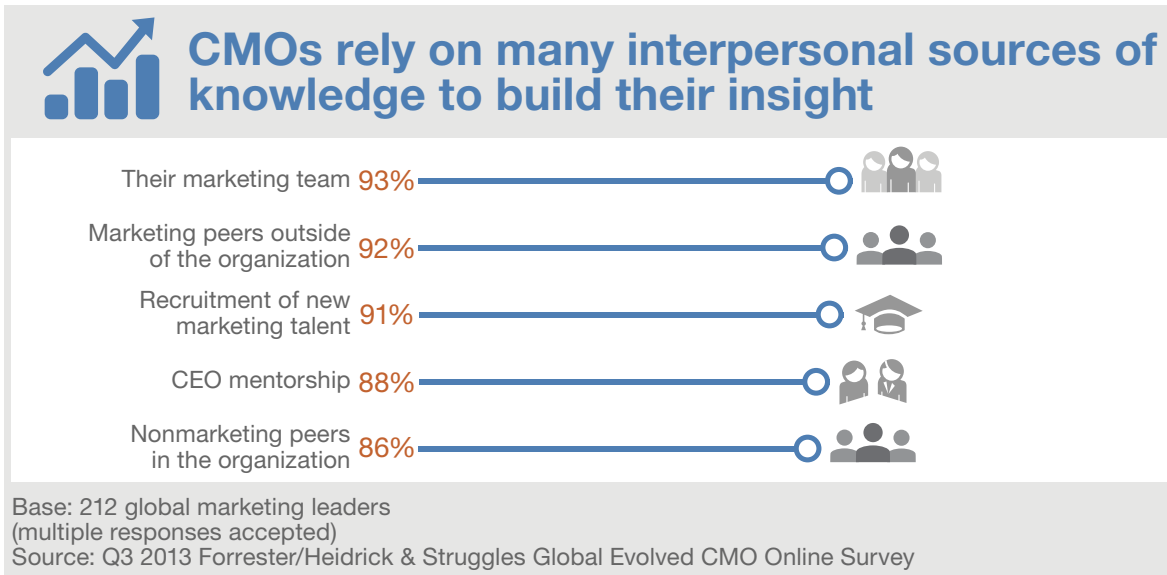


## CMOs Learn From Those Above, Below, And Beside Them

CMOs know that the evolution of their role requires growth in knowledge, skill, and competency, particularly in the areas of analytics and the use of technology. One CMO we spoke with summarized the dilemma facing today's CMOs best when he told us, "Although I've been doing this for 29 years, marketing has become more complex and technical. It's virtually impossible to keep up with everything. I tell people that every year I learn more and more and know less and less." While there are myriad ways to grow and develop new skills, our survey results show that CMOs are people-oriented (see Figure 3). To grow their skills they:

- **Tap their team for insights.** To gain credibility and business influence in the organization, evolved CMOs recognize the need to build a strong marketing operation with a wide variety of perspectives and experiences. Ninety-three percent of CMOs perceive their marketing team as a valuable resource to enhance their personal expertise. And 91% of CMOs find value in recruiting new marketing talent to the team to fill in skill gaps. While at Wrigley, Martin Schlatter actively managed the infusion of knowledge into his team as part of his larger talent management initiative. From hiring senior-level resources with specialized expertise to bringing in graduate students for long-term internships, Martin cracked the code on building a diverse skill lineup to call on when needed.
- **Engage external and internal peers to advance functional and leadership skills.** As business executives, leadership skills and a strong grasp of business fundamentals matter more than technical and functional expertise. To build these skills, our survey respondents actively participate in today's connected world, with 92% finding great value from marketing peers in other organizations to keep their functional skills relevant and 86% deriving great value from internal nonmarketing peers to build the leadership and general business management skills they need.
- **Solicit active mentorship from the CEO.** To strengthen their influence as a business leader, CMOs say that they need the support, prioritization, and mentorship of the CEO. To develop the business smarts needed, 88% of CMOs seek mentorship from their CEOs. As the remit of the CMO has expanded, mentorship from the CEO is critical to enable CMOs to broaden their thinking as a business leader. At the same time, Barry Wolfish, Land O'Lakes CMO, points to the importance of CEO endorsement to help build credibility as a business leader in the C-suite.

**Figure 3** CMOs Depend On People Resources To Expand Their Expertise



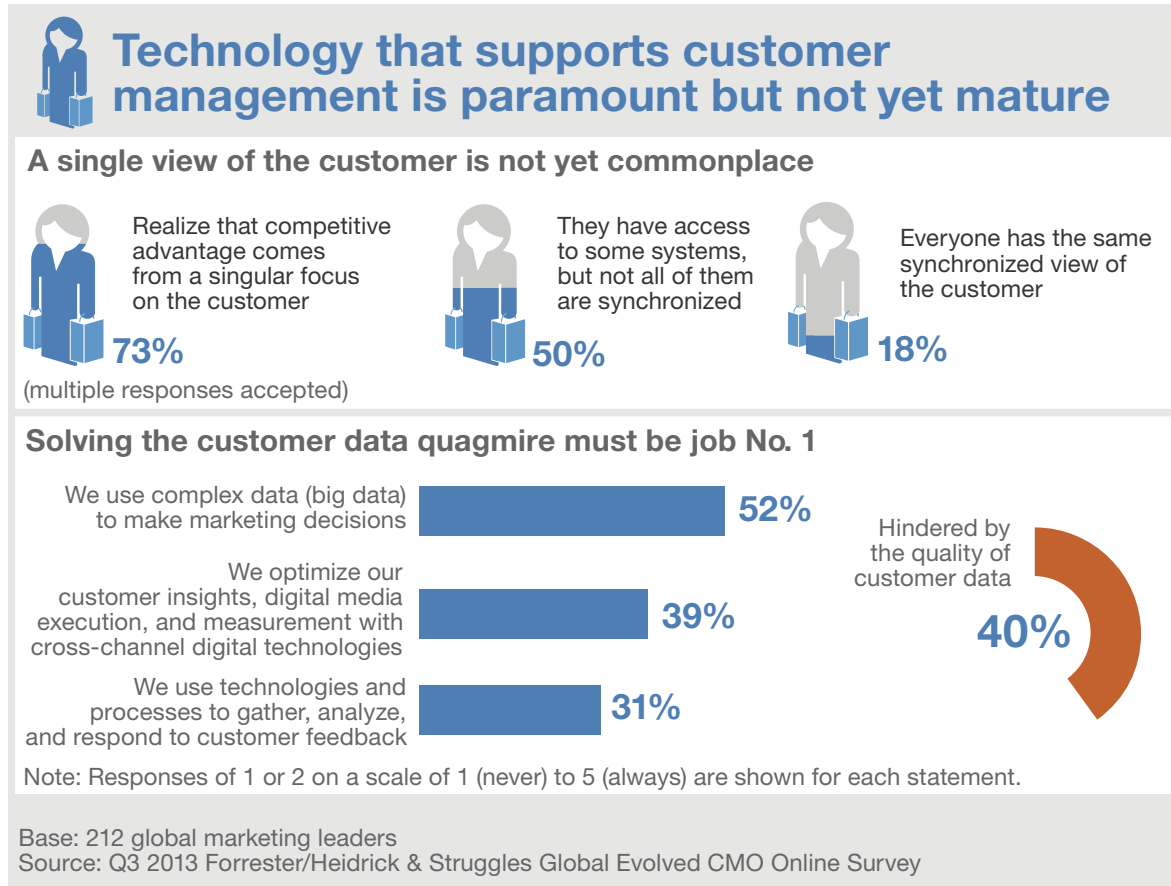
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Source: Forrester Research, Inc.

## TECHNOLOGY TO SUPPORT CUSTOMERS MUST BE CENTRAL TO ACTIONS

CMOs recognize that competitive advantage will come from having a single view of the customer and the ability to act on it. Those CMOs who transform the wealth of available data into effective customer engagement will prosper (see Figure 4).

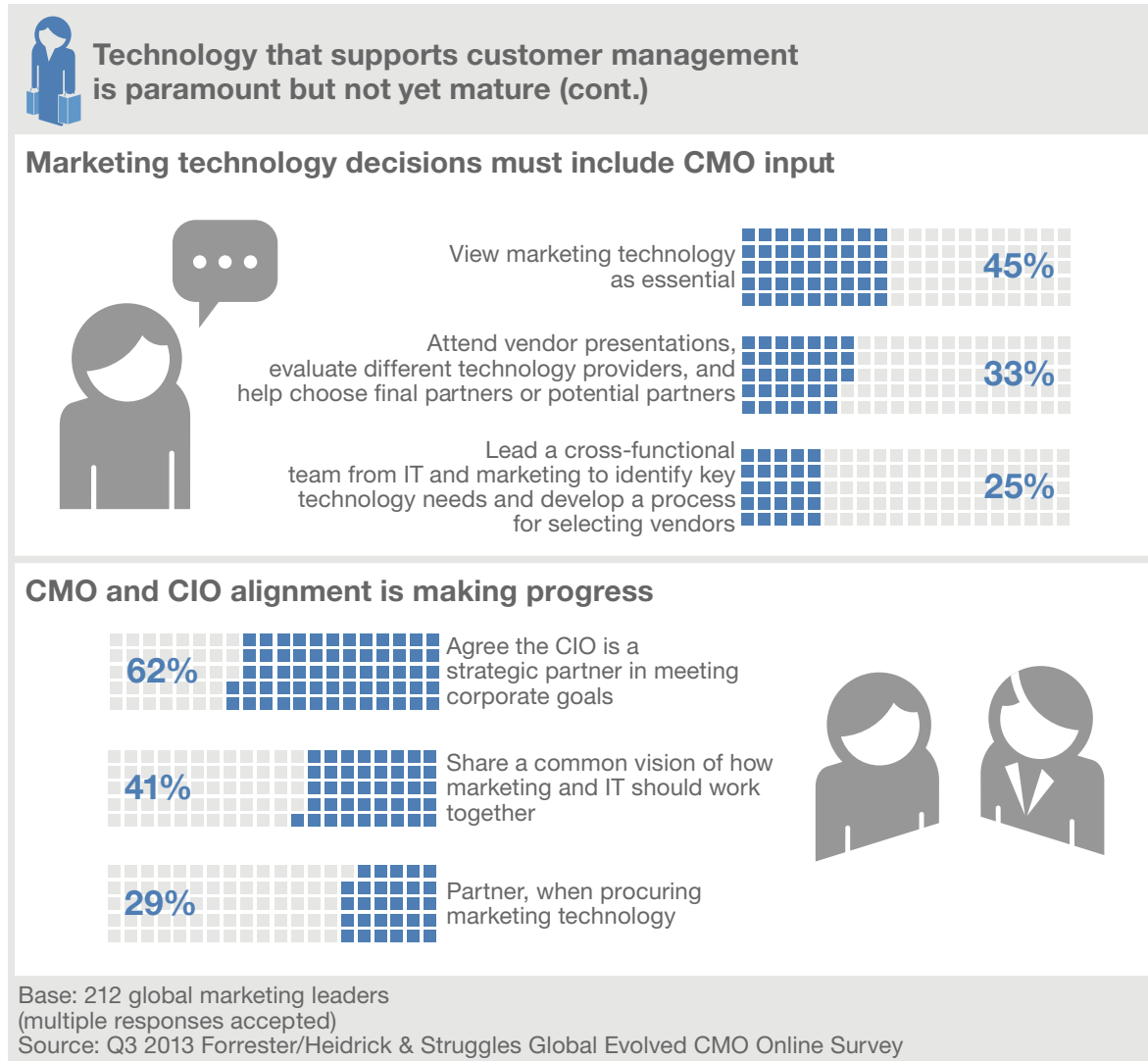
Figure 4 Customer Insight Must Become The Epicenter Of Marketing Action



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Source: Forrester Research, Inc.

Figure 4 Customer Insight Must Become The Epicenter Of Marketing Action (Cont.)



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Source: Forrester Research, Inc.

### Solving The Customer Data Quagmire Is Job No. 1

Our survey results point out the challenges that CMOs face in turning large amounts of data into actionable customer insights because:

- **A single view of the customer is not yet commonplace.** While 73% of respondents agree on the importance of having a single view of the customer, fewer than 20% of companies have achieved that goal. CMOs miss the opportunity to enhance their view of customer behavior,

as only 53% include their interactive marketing teams in development and planning and only 39% use technology to gather, analyze, and respond to customer data. Resolving this dichotomy requires connecting input from across the enterprise — from sales, service, and operations — to support a business case for improving visibility of customers' needs.

- **Siloed access to data and systems limits progress.** Data systems designed to solve intra-departmental issues did not prepare firms for cross-departmental data sharing required to build a single customer view. The 65% of unsynchronized data system access in 2011 has improved to 50% of systems remaining unsynchronized in 2013. Without the ability to quickly access all available data, CMOs and their teams are left without the complete view of the customer needed to develop insights that enhance business decisions.
- **Insufficient data volume exists . . .** Today's CMOs struggle to use available data for decision-making. Surprisingly, the market hype surrounding big data is not translating to action. Fifty-two percent of our CMO respondents rarely or never use big data to make marketing decisions. And 39% rarely or never optimize insights they do have to improve execution. At Wrigley, former CMO Martin Schlatter recognized that while Wrigley lacked the data needed to get close to the end consumer, his retail partners had shopper purchase and loyalty behavior data that the company was not leveraging. With a novel approach, Wrigley data is now combined with the rich retailer data to help organizations understand shopper decision-making and inform innovation in the consumer checkout process.
- **. . . and what data there is lacks quality.** Data accuracy and quality is table stakes to building an informed perspective about customer behavior. More than one-third of CMOs believe that their current data is not living up to quality expectations, hindering or significantly hindering their marketing strategy.

### Marketing Technology Decisions Must Include CMO Input

Forward-thinking marketing leaders say that they need a voice in the technologies their companies implement to make sure that they can fully exploit customer intelligence to fuel business growth. Andy Childs, VP, marketing at Paychex, serves as the C-suite sponsor on important customer-facing technology projects from customer relationship management to data and from marketing automation to web content management. Our survey results show that evolved CMOs understand the importance of technology to their success and therefore:

- **Integrate technology into their marketing strategy.** CMOs are recognizing that effective customer engagement requires technology. Forty-five percent believe that it is essential to business growth, and nearly one-third (32%) say that it is critical if they are to create actionable insights from data. Quiznos' Susan Lintonsmith responded to the need for social and mobile channels to engage the chain's Millennial customers by actively integrating these customer engagement technologies into her go-to-market strategy.

- **Must define a vision for working with the CIO's team.** The power and speed of technology will be a key differentiator for businesses, and CMOs are taking notice; 41% share a common vision with their CIO of how marketing and technology teams should work together. Evolved CMOs must collaborate with their CIOs to build a digital technology vision, outline the priorities, and jointly lead marketing technology implementation.
- **Partner in the technology selection process.** To ensure marketing technology purchase decisions integrate with the wider enterprise technology infrastructure, 29% of CMOs partner with the CIO when procuring marketing technology. At the same time, CMOs acknowledge the need to ramp up their overall participation in the process; 25% lead a cross-functional team to define the technology requirements and processes used to select solutions, and 33% attend vendor presentations and help evaluate options.

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## RECOMMENDATIONS

### LEAD THE JOURNEY TO CUSTOMER OBSESSION TO AVOID BEING LEFT BEHIND

In the age of the customer, newly empowered customers mean that customer obsession is the most important strategic imperative.<sup>4</sup> To steward the journey toward customer obsession, CMOs must lead the charge to use technology effectively to create actionable data-driven insights that fuel business growth. To avoid being left behind, CMOs should step up their personal involvement and:

- **Ramp up their marketing technology quotient.** Technology awareness was identified by more than half (54%) of CMOs as the top competency to improve. Referring to himself as a “technology immigrant rather than a native,” one CMO we spoke with recognized that making the right decisions requires ramping up the technology understanding depth across the marketing team to avoid being at the mercy of vendors and their interpretations. Take Forrester’s marketing technology readiness assessment to determine what skills you have and what skills you need to build.<sup>5</sup> With your personal analysis in hand, start building your weaker skills by attending webinars and taking marketing cloud vendor calls from providers such as Eloqua (Oracle), Marketo, salesforce.com ExactTarget, and Adobe. Ask key team members to read leading marketing technology blogs such as Chief Marketing Technologist and HuffPost Tech and share their learnings with the rest of your team.
- **Reach across the aisle to engage the CIO.** Although a majority of CMOs recognize that collaboration with the CIO is essential to technology effectiveness, 8% of respondents have no working relationship with their CIO. Strikingly, B2C CIO relationships significantly lag behind their B2B peers’, with 15% of B2C CMOs having no relationship with their CIO, compared with only 5% for B2B. Take the first steps to meet with your CIO weekly to develop the most effective strategy for putting marketing technology into practice. Align your strategic objectives and jointly share them with both teams to build trust in your emerging relationship. Then, turn your attention to jointly defining a prioritized marketing

technology strategy that supports the business and delivers consistent customer experiences. With a strategy in place, use your weekly meetings to agree on time-to-market requirements and how internal and external resources will be used in project implementations. Establish shared success metrics for marketing technology projects to ensure that both the marketing and the technology teams are working toward the same goals.

- **Get serious about data analytics.** Work with your CIO to bring together the disparate data sources into one united view of customer actions and business results. Then, share insights that accurately predict your customers' behavior with your C-suite peers, helping them optimize business processes and customer experiences from the front office to the manufacturing floor. Make data analytics a core part of ongoing business operations by evaluating emerging data analytic providers such as Alpine Data Labs that expand data and analytic access beyond data scientists to empower the full enterprise. Raise the analytic chops of your team by adding new talent from technical and analytic disciplines, training them in marketing skills
- **Get in the technology game to avoid getting left behind.** A small percentage, 2%, of CMOs told us that they have no role at all in marketing technology decisions. With marketing now requiring technology to run, CMOs who are not engaged in marketing technology are abdicating their success to others. These CMOs must prioritize involvement in technology evaluation and decisions or get left behind by nimbler technology-minded peers. Take the first steps by adding a marketing technologist to your team to clearly set business requirements and translate them to the technology and marketing organizations. Look for new talent among business technology program graduates such as the University of Connecticut School of Business' business and technology major.<sup>6</sup> Or identify a business-savvy member of your CIO's team to fill the role.

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## SUPPLEMENTAL MATERIAL

### Methodology

Forrester and Heidrick & Struggles conducted the Q3 2013 Forrester/Heidrick & Struggles Global Evolved CMO Online Survey of 212 organizations globally to evaluate the role of the CMO. Survey participants included decision-makers in CMO or senior-most marketer roles in the organization. The survey respondents represent 41% B2B, 39% B2C, and 20% equal combination of both B2B and B2C. Industries include consumer packaged goods, software, financial services, consulting, retailers, insurance providers, media, healthcare, hotels, banking, wholesale and distribution, transportation, telecommunications, computers and electronics, real estate, and logistics services. Questions provided to the participants asked about required skill sets, strategic objectives, and personal development.

In addition, we interviewed eight industry experts and CMOs from both B2B and B2C backgrounds to supplement the survey.

## Companies Interviewed For This Report

Heidrick & Struggles

Paychex

Land O'Lakes

Quiznos

OpenText

Wm. Wrigley Jr.

## ENDNOTES

- <sup>1</sup> In 2012, Forrester Research and Heidrick & Struggles conducted a global survey of nearly 200 chief marketing officers (CMOs) to find out how these CMOs viewed their role and their relationships with other executives on the management team. The results of the 2012 survey demonstrated that CMOs must tie their marketing plans closer to business results, influence the adoption of brand strategies across the other functional areas of the company, and engage technology and sales peers to create a consolidated vision of how to succeed with customers. To learn more of the detailed findings, please see the February 22, 2012, [“The Evolved CMO In 2012”](#) report.
- <sup>2</sup> During our interview, CMOs from Land O'Lakes, Paychex, and Quiznos shared that their prior experiences in sales, product development, and operational management provided the broad business knowledge and understanding needed to deliver business value and succeed as a CMO.
- <sup>3</sup> Consistently across all of our interviews, we heard that while no two CMO roles are identical, the role of the CMO has expanded beyond just a traditional end-to-end marketing scope. CMOs we spoke with were responsible for broader areas dependent on a combination of their personal skill set and business requirements including mergers and acquisitions (Paychex), corporate strategy (Land O'Lakes), product development (Quiznos), P&L management (Wrigley), and innovation (multibillion dollar insurance company).
- <sup>4</sup> We've entered a new era that Forrester calls the age of the customer, defined as: a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers. While companies have always, to a greater or lesser extent, called themselves “customer-centric,” this is different. This is not about “customer-centric” thinking or “the customer is always right.” Instead, the new power of customers means that a focus on the customer now matters more than any other strategic imperative. See the October 10, 2013, [“Competitive Strategy In The Age Of The Customer”](#) report.
- <sup>5</sup> In the digital-enabled world of today, CMOs must speak the language of technology and know how to navigate through the technology landscape to effectively use it to accelerate the impact of their marketing strategies. It's no longer a question of whether you need technology; you must understand the state of your skills and what role you should play in leading those decisions. To determine what skills you have and what skills you still need to build, use Forrester's marketing technology readiness assessment to analyze your skills and approach to marketing technology. See the June 20, 2013, [“The CMO's Role In Technology Purchasing”](#) report.



- <sup>6</sup> The objective of the University of Connecticut's business and technology program is to provide a business degree with a special emphasis in the application of information technology. Functional area concentrations in marketing, finance, or other areas add to the degree's scope and business readiness. Source: University of Connecticut School of Business (<http://www.business.uconn.edu/cms/p281>).

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