

## Marketing For Value

When I was a young Brand Manager in 1980's Britain, I was a member of The Marketing Society (equivalent to our CMA), which back then was really just an opportunity for mass back-slapping by the acknowledged and unchallenged Masters of the Business Universe. I became reacquainted with this organisation a few days ago when an old colleague forwarded me a publication of theirs which summed up how much times have changed for our beleaguered profession.

Let me give you a couple of quotes from their 'Manifesto for Marketing',  
*'Business needs marketing more than ever before to deliver profitable growth, but there is a widespread view that marketers are not rising to the challenge...they are perceived to be inflexible and arrogant, lacking the discipline and capabilities to drive profitable growth...CEO's don't want functional marketers who are not aligned to the priorities of the business, who are resistant to change, and are often some of the least accountable people in the business.'*

And this is what the Marketing Society is saying; just imagine how the Society of CFO's is feeling right now.

Coincidentally, I recently attended a seminar given by Professor Robert Shaw, organised by his Canadian partners, The Business Workshop, that made a good claim to uncovering the root cause of this calamitous decline in our standing. His big schtick is 'Marketing for Value'; the premise being that marketing has, over time, become decoupled from the creation of economic profits and shareholder value. In other words, the pursuit of revenue, brand image, market share or competitive goals in many cases

actually destroys shareholder value, and if these are the predominant goals given to the Marketing Dept., then you are in deep trouble.

From the hundreds of companies he has looked at, there are a set of symptoms from which one can unfailingly diagnose a Marketing Department that lives down to the Marketing Society's gloomy outlook, these being,

- Disconnect between finance and marketing
- Reluctance to listen to customers or learn from experience of product failures
- Evident innumeracy of senior marketers
- Fragmented use of available tools

On this whole issue, as far as I was concerned, he was preaching to the choirboy. In the late 1990's, my then employer wholeheartedly grasped the concept of putting economic profit at the heart of its decision-making, treating us all to a massive training programme to equip us with the mindset, processes and tools to make decisions that increased value. Of all the training I ever had, this was by far the best. Colleagues who moved elsewhere still tell me that when they unveil the fruits of this training to their new organisation, it's treated like the Second Coming.

There are three key stages to it:

1. Identifying the sources of and causes behind value creation and destruction
2. Identifying the key value issues being faced by the organisation
3. Developing and evaluating strategic alternatives to address each issue

I simplified this further in my own mind down to the simple phrase, 'How do you know?'  
How do you know where your business creates shareholder value? How do you know

which issues you should be spending your time on? How do you know you are implementing the most appropriate course of action? If you don't know, then you are just guessing. And guess what? We didn't know.

But the implications of this approach went far beyond reordering our priority list; it is in fact a revolution for a marketing department. The usual departmental goals of being Consumer Champions, Innovators etc. counted for nothing if we couldn't prove we were optimally creating value for the company. Such goals, which have become ends in themselves in most marketing departments, are only tools to enable value creation, which, if applied to the wrong issues or the driving of sub-optimal solutions, destroy value.

What is more important in this new world, as the Marketing Society document went on to elucidate, is being the following:

- **Accountable:** measuring and articulating the value created
- **Collaborative:** no longer being the hub of the business wheel, surrounded by other functional spokes, but working in partnership across the business
- **Commercial:** highly numerate, making balanced decisions, and being financially astute.

Things like being creative are no longer core attributes, but again, enablers. I'd take numerate over creative any day.

The fact is that few businesses devote the time, effort or expense into realigning their marketing departments from their 1980s-style insular focus, which is why so many CEO's are basically unhappy with them and why the average tenure of a CMO is

currently half that of a CEO. Marketing for Value might sound like an oxymoron, but the chances are that your boss thinks you don't do it.

You might want to think about changing that perception before he or she thinks of changing you.

Revised by-line:

John is taking another sabbatical from column-writing to research and write his next book. His debut book, Cadbury's Purple Reign, is available now.