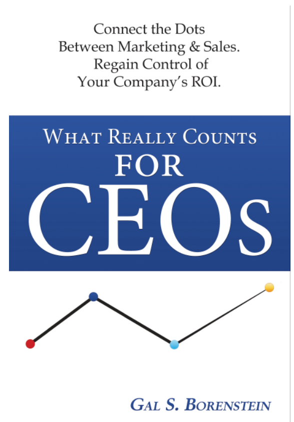
What Really Counts for CEOs

Connect the Dots Between Marketing & Sales

Regain Control of Your Company's ROI



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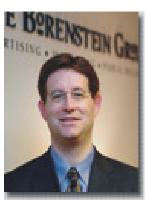
About Gal Borenstein



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■ The Big Idea

At the end of the day, the CEO must determine what is and isn't working for in his or her company, and act accordingly. Yet, trapped by old-school marketing practices that don't fit and perpetuate finger-pointing between sales and marketing, it can be hard to break through and grow to the next level. That's unless you were able to make your marketing a science, and quickly discern What Really Counts.

It's a brave new world for CEOs; given the move from old-school print advertising to Web 2.0 social networks and the emergence of digital strategies, CEOs far too often have no idea which part of their marketing works and which part doesn't. And neither do many of them know what to should invest in to enhance their company's long-term success. This confusion leads to quite a few CEOs spending more marketing budget dollars than necessary, squandering profit margins and resources that could be used elsewhere.

If the CEO does not understand which parts of the marketing effort are producing the best ROI, there is a strong likelihood that he or she will cut the very infrastructure required to maintain or restore the company's vitality.

■ Why You Need This Book

In *What Really Counts for CEOs*, you will be asked to think differently. You will learn to ask your marketing, sales and communication teams the right questions that will produce better answers, those which lead to meaningful metrics resulting in marketing outcomes that can be repeated and adjusted accordingly. In short, you will find out What Really Counts and make it work hard for your money.

This book will help you uncover the key challenges CEOs face, and will give you the tools needed to treat marketing as a science.

■ Accountability Dodge Ball

As marketing has become increasingly sophisticated, not to mention expensive, CEOs find themselves still in the dark when it comes to understanding what works and what doesn't. In all other aspects of their companies, they can meaningfully measure a Return-On-Investment, usually in the form of charts or graphs that reflect the correlation between a dollar spent and the value it has, or has not, brought to the company.

The quandary for the CEO is understandable. In every other department of the company, he or she can determine productivity down to the individual employee, if that's what's required.
But when it comes to marketing, all this precision collapses. The CEO cannot determine which part of the marketing budget has produced which result. Typically, when CEOs call on marketing management to account for their activities in the same way as every other department in the company, the result is a failure to produce a universally accepted measurement. Instead of getting meaningful figures, the CEO finds himself playing corporate dodge ball, and not with much success, as he throws and the marketing department dodges. The result is not merely an elusive situation for the CEO, but an utter inability to genuinely measure marketing ROI.

This is a situation marketing seeks to avoid. The balls coming their way have been gently thrown, and they aren't difficult to dodge. No problem can be solved with the same mindset that created it. This very much applies to the single most important issue facing CEOs. They've gotten to where they are by not imposing accountability on marketing, thus avoiding the issues it creates. Accountability isn't easy, but avoidance won't solve the problem or create growth. The point is that every CEO must change how he or she thinks in terms of marketing. Nothing positive will happen until the CEO ends the game of corporate dodge ball.

■ The CEO as Quarterback

The primary ingredients for change are not complicated and require no special training. They are will and courage.

The key to effective management is the possession of the right tools, along with the understanding that you cannot manage what you cannot measure. This must become ingrained in your thinking. Otherwise, you will continue to measure statistics that don't matter and to act, or not, in response to them.

You, the CEO, must also understand that you did not create the culture or structure of your company. This has evolved as the result of many forces, most of which are institutional and existed before you became part of it.

As CEO, it is your responsibility to provide inspiration and vision. Ultimately your imagination, and willingness to see it made a reality, is more important than the myriad details your managers present you with each day.

In many ways, the CEO is like a quarterback. As such, you have the leadership responsibility and the power to coalesce or realign your departments and management teams into a streamlined system that supports your objectives. Understand that you are dealing with an entrenched structure and with individuals who won't give you the right information unless you ask, probe, challenge, and demand it. Success and failure is largely determined by how effectively you accomplish this.

■ Digital Marketing: The Promise of a New Casino

The Internet has changed not only how a company presents its message, but how many messages it presents. Companies traditionally had a single message that they presented through various media. Their magazine and newspaper advertising campaigns were essentially the same as their television commercials, even with the time restriction. The delivery was slightly different, but the message was the same. All that has changed.

This points to another innovation: your company's website. The messaging on your website is not just viewed by a controlled group, in the way a direct presentation or print advertisement would be. In effect, it's a sales presentation to a vast body of people, only some of whom are potential clients. It is open to the world, 24/7/365.

Your marketing resources are not unlimited, and no CEO should ever accept metrics that are selected by those who are selling the service. A CEO needs to ask questions that apply specifically to his or her company and competition. To grow, you'll need the right metrics, not just the pie charts the search engines provide.

■ Public Relations – The Rising Empire of Perception

With so many new portals available to the consumer, CEOs understand they must market in a different way. They can't simply continue to pour ever increasing amounts of resources into traditional platforms. There are now multiple audiences to which a company must deliver its message, and public relations can be a cost effective and superior methodology to deal with the demands of these audiences and the challenges that result. The result is that many smaller companies are likely to employ public relations as mainstream strategic endeavors for marketing their brands.

Online public relations ROI has become commonplace, in part because software has made it possible to run these measurements, almost without effort. With the Internet, every browser is known; every click appears to be recorded. And while there is still the "click fraud" phenomenon, online tracking is preferable to simply hoping and praying that your ad will be seen on page 34 of the print newspaper.

Public relations can be an extremely powerful weapon in your arsenal, especially with the proliferation of digital media (blogs, video podcasts, and online encyclopedias, to name a few). All of these new Web 2.0 platforms can add to the potency of your message, and they are accessed primarily through public relations.

"The medium is the message" has never been truer. New Web innovations seem to spring up every quarter, and companies often leap at them in order to appear innovative. In doing so, many are being reactive, conforming their marketing efforts to the medium, instead of using the medium to their advantage.

With computers and all of the marvelous new tools and tricks available to them, public relations can provide figures never before possible. What was once a laborious process of information gathering can now be performed in mere minutes. It's simpler than it's ever been before. But this is a seductive path the CEO may take, and one with tremendous allure. It's easy to stop paying attention to what's important – to mistake simpler for keeping it simple.

■ Superior Marketing Strategies for CEOs

The Forrester Study determined that there are two major categories in judging marketing ROI:

Branding - This includes all activities intended to build strategic awareness of a corporate image. Forrester concluded that the ten most effective marketing tactics (ranked by order of effectiveness) were:

1. In-Person Events
2. Public Relations
3. Industry-Specific/Trade Magazines
4. Custom Publications
5. Television
6. Online Marketing
7. Direct Mail
8. Printed Newsletters
9. General Business Magazines
10. Newspapers

Lead Generation - These are the activities directed toward developing qualified leads suitable for closing a sale. The Forrester Study concluded that the ten most effective marketing tactics (ranked by order of effectiveness) were:

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3. Public Relations
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7. TV
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9. General Business Magazines
10. Newspapers

Now consider the other "must read" resource that can help CEOs gain quick insight into what works in lead generation. It's Marketing Sherpa's Annual IT Marketing Metrics Survey. Each year, it religiously compiles benchmarked data about the most effective lead generation tactics. Most recently, these were:

1. Corporate Website
2. House List Email
3. Seminars/Road Shows
4. Webinars
5. Telemarketing
6. Paid Search Engine Advertising
7. White Papers
8. Channel & Affiliate Marketing
9. Rented Email Lists
10. Third Party Newsletters

So compare and contrast these two highly reputable research sources, which in more than one way appear to contradict each other. For the overall population, according to Forrester, in-person events are most effective in generating qualified leads. For IT Marketing, according to Marketing Sherpa, your corporate website seems to be Numero Uno.

■ Brand Equity: What CEOs Need to Bank On

What can you do to build your brand equity?

1) Assess whether your external public image matches the business development opportunities you pursue. When a smaller company chases big contracts, it looks like a garage operation. Perception is everything. At every touchpoint in your company, you must engage your audience in a manner that promotes your desired brand equity and strategic position.

2) Identify and elevate your "evolutionary place" in the market sector "food pyramid," and build proof points to show you have inherent value beyond that of your current contracts. A great way to demonstrate your expertise is to publish white papers and by-lined articles that discuss future trends in your market niche.

3) Don't drink your own "Kool-Aid." It's easy to assume that because your contract gets renewed, you must be doing a wonderful job. But it's rarely that simple. Ask an outside marketing consultant to interview your key customers for insight into your core strengths, and to identify the real reasons they like doing business with your company, and the answers will usually come as a surprise.

4) Maintain Strategic Visibility. Gone are the days when a small business could afford to remain "under the radar." In the age of Google, YouTube, CNET, and daily e-newsletters, if you don't control the message about your company's leadership position, your competition will. It's up to you to create positive information about your brand, both online and in print. As long as your proof-points are solid, the media loves a success story.

■ 4 Key Mistakes in Selecting ROI Partners

1. Relying Exclusively on Your Advertising, Marketing, or PR Agency. Your PR agency is almost certainly producing ROI reports that calculate only the metrics that justify its existence. Since sales and marketing don't talk much to each other (and since sales rarely shares information about product failures, bad customer service experiences, or operational debacles), your advertising and PR agencies have little to no control over your product or service management life cycle. As a result, they only report their own sliver of the external communications universe – whether the product works or not.

2. Relying Exclusively on Your Internal Marketing Department. It is incumbent upon you, the CEO, to encourage development of marketing metrics that your marketing management feels comfortable communicating. You must also promote an open dialog, without which you will rarely experience anything beyond misrepresentation and finger pointing.

3. Relying Exclusively On Your Customer Relationship Management (CRM) System. If you believe your CRM system has all the answers, you will be sorely disappointed. It simply shows you, in real-time, what the software company determined to be "visually compelling evidence" of activity hot spots. It's meaningless without the context that only you can provide.

4. Relying Exclusively On Your "Gut." Why go against your instincts when judging what works in marketing? After all, you've been called upon for years to make sound decisions with little but your "gut" to guide you. But you cannot succeed by relying solely on instinct. Your gut might be right today - but what about tomorrow?

■ Design Imperatives in Building Your CEO Marketing Dashboard

A properly designed Marketing Dashboard is an essential tool for every CEO when working with his or her marketing department. There are several key questions that can help you design an optimal dashboard, but you must consider the sensitivities and sensibilities involved:

1. Who will be reading it? This is about leadership, so whatever you do, don't be a sheep. As Charles Maurice de Talleyrand, strategist, said: "I am more afraid of an army of 100 sheep led by a lion than an army of 100 lions led by a sheep." Only the CEO can objectively and honestly interpret the marketing data. You're the one who has to face public scrutiny when sales are down; it's lonely at the top. Yes, you could be wrong about the data, and yes, you should listen to your managers. But if you tolerate metrics you don't fully embrace or comprehend, chances are good you'll find yourself receiving yet another meaningless ROI report.

2. Who is going to act on the collected data? Once you've collected the right information and decided what should be done about it, you must again pre-identify the best managers to carry out your wishes for maximum impact. As General George S. Patton once said, "Don't tell people how to do things; tell them what to do and let them surprise you with the results."

3. How and who will communicate the success or failure of your dashboard? The CEO's Marketing Dashboard is both an analytical tool and a communications tool for sharing success with your management team and employees. You may even decide to share it with certain external groups like shareholders, investors, or the media.

■ The End of the World as We Know It

The lines between local, national, and global advertising are quickly disappearing. At the very least, this means that local advertising will have to adopt the same interactive functions as the national campaigns, or risk having their messages ignored.

Advertising Inventories. Open digital platforms are coming to dominate advertising space. Over the next five years, 30% of revenue currently going to proprietary sources such as broadcasters will migrate over.

Continued Evolution. This scenario anticipates that customers will continue to use the TiVo model, in which they skip commercials while visiting user-generated and peer-distributed content online. Here, marketers will focus their spending on broad campaigns to establish their brands.

Open Exchange. This scenario imagines the industry changing behind the scenes, with little consumer influence. Marketing formats remain largely the same, but the inventory will be bought and sold through more efficient, open exchanges, and will therefore be less expensive.

Consumer Choice. Here the consumer exerts even more control over exposure to marketing messages by skipping them or finding ways to filter them out. In this scenario, the marketing format evolves to a new kind of interactivity. Marketing messages will be consumer approved and targeted, and designed primarily to draw attention. Here the consumer will primarily drive marketing, exercising increasing control and choice over exposure to advertising.

Ad Marketplace. In this scenario, consumers will select their exposure to marketing messaging. Advertising would be sold primarily through open exchanges that allow any size advertiser to touch any customer. Consumer involvement will determine costs.

Consumer. There must be greater creativity in traditional advertisements, while utilizing the new available platforms in various digital media. Personalization and segmentation will become essential. Online communities will be adopted as part of the marketing approach. Marketing will become more interactive. ROI will be even more essential than ever before.

Business Model. How advertising is sold is changing and will continue to change. The types of partnerships, metrics, formats and revenue models will all be different. There will be a shift towards revenue-sharing, alternative pricing, in the various forms of distribution. Partnerships are the future, and your revenue models and marketing formats should be directed towards that goal.

Business Design and Infrastructure. Metrics, delivery, creation, buying, and selling will all be redesigned. Adopt marketing operations to allow for greater consumer innovation, as well as to accept new technological developments. Cross platform consumer communications are the direction in the future. Broadcasters, distributors, and agencies all must work towards multiple platform content and distribution.

What is apparent is that the CEO must prepare for the implications of these various scenarios described. If the past has proven anything, it is that we cannot predict with absolute accuracy how the future will unfold, but these outcomes are based on our best estimates of what the future holds.

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