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Getting the CMO and CIO to work as partners

To turn new technologies into profits and growth, marketing and IT will need to change how they work—and how they work together.

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A global company recently decided to do what many companies are doing: figure out how to turn big data into big profits. It put together a preliminary budget and a request for proposal that in effect asked vendors to take the data the company had and identify opportunities.

Vendors were thrilled with what was essentially a free pass to collect and analyze everything (with due regard for customer privacy concerns, of course). Two months later, the bids were coming in 400 percent over budget. The obvious solution was to narrow the scope, but no one was sure what to cut and what to keep because the chief marketing officer (CMO) hadn't specifically defined the most important data requirements, and the CIO hadn't reviewed the request for proposal or intervened to prevent the inevitable above-budget bids. Months of wasted time and spending later, the company is no closer to a big data plan.

Variations of this big data storyline are playing out in executive offices around the world, with CMOs and CIOs in the thick of it. CMOs, who are responsible for promoting growth, need the CIOs' help to turn the surfeit of customer data their companies are accumulating into increased revenue. CIOs, obliged to turn new technology into revenue, need the CMOs to help them with better functional and technical requirements for big data initiatives.

The situation reflects a central truth in today's big data world: both the CMO and CIO are on the hook for turning all that data into growth together. It may be a marriage of convenience, but it's one that CMOs and CIOs need to make work—especially as worldwide volume of data is growing at least 40 percent a year, with ever-increasing variety and velocity. That's why many CMOs are waking up to the fact that IT can't be

Takeaways

The opportunities and challenges of big data and advanced analytics demand that CMOs and CIOs work together, sharing responsibility for turning data-generated insights into profits and growth.

Working together well is not a simple process. Marketing must not regard IT as a back-office function, and technology departments must adapt to new needs for speed and agility.

To form a successful partnership, the CMO must define joint business goals, which the CIO should analyze for feasibility and cost. A winning collaboration requires clear decision governance, transparency, and a willingness to learn from mistakes.

treated like a back-office function anymore; rather, the CIO is becoming a strategic partner who is crucial to developing and executing marketing strategy.

Companies that are more data driven are 5 percent more productive and 6 percent more profitable than other companies.¹ Given the \$50 billion that marketers already spend on big data and analytics capabilities annually, the pressure is on to show significant above-market returns for that investment.²

The big data and advanced analytics systems needed to capture that return don't follow the traditional sequential path of requirements gathering, building, testing, and deployment. They involve new architectures for data aggregation, coupled with rapid experimentation, iteration, and evolution of functionality. They demand a new way of working that is likely unfamiliar to both CMOs and CIOs.

New realities

More and more, CMOs and CIOs are seeing that they are natural partners: CMOs have an unprecedented amount of customer data, from which they need to extract insights to increase revenue and profits. The CIO has the expertise in the development of IT architectures and the execution of large programs needed to create the company's big data backbone and generate the necessary insights.

Historically, though, the relationship has often been a fractious one. CMOs have traditionally acted as stewards of the brand and have focused on large creative campaigns that generate excitement for the company's products or services. The CIO, on the other

hand, has primarily focused on a combination of business-process improvement (for example, in order-to-cash work flows) and "keeping the lights on" by managing core transaction systems, ensuring cybersecurity, supporting end users, and reducing costs.

The digital explosion has forced CMOs and CIOs to work more closely together (see sidebar, "How a technology company benefited from cooperation"). But that hasn't always made them work *better* together. As the mix of IT spending shifts from the back office and supply-chain management (for those industries that have a supply chain) to the front office and customer engagement, tensions may arise about the CMO's and CIO's decision rights and budget authority. These tensions are reflected in research suggesting that most CMOs today see marketing as the natural leader of big data efforts, while most CIOs see IT in that role.³

The demands of speed and agility are an important operational source of friction. As changes in customer behavior, technology, and the business environment accelerate, marketers need fast-adapting systems. But for IT, the need for speed can be a massive shift, often requiring the function to retool its operating model in order to quickly deliver analytic systems that drive better decision making.

It's true that technology is helping to mitigate the speed and agility issue. Big data analytics platforms, for example, allow companies to make sense of the data they have, wherever the data are, without having to pull them all into one place and make costly investments in unnecessary storage. Well-established cloud and open-source technologies permit rapid development

¹Stefan Biesdorf, David Court, and Paul Willmott, "Big data: What's your plan?," *McKinsey Quarterly*, March 2013, mckinsey.com.

²Daniel Salmon, *Digital Marketing Hub v2.0*, BMO Capital Markets, June 2012.

³Dan Muse, "What do CMOs and CIOs really think of each other?," *CIO*, May 29, 2013, cio.com.

and iteration of pilot projects and narrowly focused initiatives. And more recent technological developments are allowing companies to quickly combine unstructured and structured data within a common framework. At the same time, public and private clouds have created significant new opportunities to store, analyze, and serve data without requiring reduced stand-up time⁴ and costly investments.

However, as illustrated by the challenges of the global company described earlier, technology is not enough. What's needed is a practical approach for creating a workable partnership.

⁴The time from making a decision to having a system that works.

⁵Matt ARIKER, "The one tool you need to make big data work: The pencil," *Forbes*, October 9, 2012, forbes.com.

How to work better together

Many observers have correctly noted that today's CMO must master not just the art of strategy and creativity but also the science of analytics to identify and capture revenue opportunities. What that means in practice is that CMOs must have a passion for facts and measurement, the ability to discern the specific business opportunities that big data presents, and a clear vision of how to capture the opportunities and accelerate performance. Most important, they must be able to define their vision with precision—from the beginning of data analysis to the delivery of a solution to the front lines to the tracking of earnings impact.⁵

How a technology company benefited from cooperation

At a large high-tech company that increasingly used big data and other technologies in its marketing, a significant portion of technology resources either became part of the marketing function or resided with vendors managed by marketing. There were implicit expectations on the marketing side that the IT function would help it with its technology tools and applications and provide support if something went wrong.

The lack of a formalized operating model resulted in suboptimal technology decisions, fragmented technology architecture, and direct business risks such as regulatory complications and inconsistent support if a system went down. An example of such an issue occurred when a core marketing application was upgraded by marketing and the new version was incompatible with sales software for which IT was responsible.

As a result, sales leads stopped flowing, and the system became unusable. There was no one in IT or in marketing who was accountable and no one to solve the problem.

Another example occurred when marketing wanted to introduce a new online presentation tool. Marketing selected a vendor after weeks of reviewing different solutions. IT was consulted only when the contract was about to be signed. After a quick review, IT's cybersecurity group identified several regulatory-compliance issues. These problems proved impossible to resolve, and the company had to terminate discussions with the vendor.

It eventually became clear to marketing and IT leaders that a new operating model was required—one which could prevent or mitigate such issues by defining who was responsible for the different tools and applications.

The CIO, on the other hand, must shift IT from being a cost center to being a business-revenue facilitator and enabler. In the big data era, the CIO is accountable for using technical infrastructure to enable and accelerate revenue growth. We believe that a large portion of CEOs expect IT to use the cloud for innovations that create value rather than as a way to increase IT productivity. CIOs must have a keen sense that technology is a means to achieve business ends and use sophisticated analytics to make business cases.

It's easy to say that the CMO and CIO, and sometimes the CTO, should share

leadership of the overall analytics effort and a mutual definition of its success. But that agreement needs to be followed quickly by the next stage: having shared accountability for business-performance improvement based on specific key performance indicators such as revenue generation, usage, and retention.

One of the most important factors for success in big data and advanced analytics, for instance, is to understand specifically what you want. When you're looking for a needle in the haystack of big data, you really need to know what a needle looks like. A successful partnership, therefore,

The first step was to develop a comprehensive inventory of all the marketing technology assets—whether managed by marketing or by ad-agency contractors. This inventory made it possible to start a productive discussion about which assets would be managed and supported by IT and marketing, respectively, and who should be included in decisions on any changes. The second step was to define and prioritize business use cases and their requirements for analytics, data, and IT infrastructure support. This made it easier to define a governance model that ensured both builders and users of IT architecture and infrastructure clearly understood each other's requirements, constraints, and intended use. Furthermore, the company could set up a new model for how to decide on future solutions, with marketing shaping the technology vision or strategy and IT managing the overall architecture and subsequent solution choices.

There are many ways to structure a joint marketing and IT operating model, and an organization should consider which approach best suits its situation and needs. However, regardless of the choice, it all has to start with a top-level agreement between the chief marketing officer and the CIO to work together and have a common view of the assets that are needed for the company to succeed. Indeed, since establishing clarity about accountability, this technology company has avoided major complications with its marketing applications. The inventory keeps evolving as the portfolio of digital-marketing techniques and supporting technology tools grows, but now both IT and marketing are working toward a common goal, a common architecture, and a jointly defined road map.



requires that the CMO be able to define business goals and use cases⁶ (a method for gathering the functional requirements of applications) of any data or analytics initiative. The CIO should provide feasibility and cost analytics regarding requirements based on use cases. That involves articulating trade-offs and options by measures such as cost, time, and priorities.

When the CMO and CIO are working together on governance and use-case development, they need to overcome a common stumbling block: the lack of a shared vocabulary or understanding of what is expected. Marketers and technology people speak very different languages, so there's a need on both sides to become bilingual. To the CMO's mind, defining use cases, for example, should involve writing a few clear sentences. The CIO, on the other

hand, might expect ten pages. Frustration will erupt unless both the CMO and CIO take the time to bridge the expectations gap.

Avoiding these pitfalls requires the CMO and CIO to really invest in building the partnership. One company has taken the step of having the CMO's and CIO's offices on the same floor. At another company, the CMO and CIO host a joint dinner for their managers each quarter with the explicit goal of building camaraderie and trust within their teams.

Collaboration and coordination should involve marketing and IT organizations at large as well. Teams made up of people from both functions should define the data-use requirements with precision to ensure the proper build-out of the analytics infrastructure. These integrated teams should sit together to review, analyze, and act on the data. When good results are achieved, the team should get visible credit—for example, public announcements at large meetings or e-mails to relevant groups from the CMO and CIO. Just as important, the CMO and CIO should find, nurture, and reward people with leadership qualities that foster successful cross-functional collaboration. Those traits often include empathy and the ability to broker agreements and resolve points of conflict constructively.

All this requires important shifts in mind-set for both marketers and IT specialists. Marketers must use their specialized expertise and experience to help IT analytics teams question assumptions and pressure test outcomes. At the same time, IT should develop more of a customer-service mentality, including listening closely to what the

⁶For more information on use cases, see Michael Huskins, James Kaplan, and Krish Krishnakanthan, "Enhancing the efficiency and effectiveness of application development," *McKinsey on Business Technology*, August 2013, mckinsey.com.

marketing team wants, acting as a thought partner to develop solutions, and constantly checking to see if solutions have been effective (and updating them if needed). CIOs have a critical role in helping CMOs understand software-development trade-off decisions and opportunity costs. Critically, data should be viewed as an enterprise asset rather than a departmental asset, as is too often the case. This broader view of data can help the CMO and CIO develop insights that deliver greater value to the business.

Prerequisites for success

To make their partnership work, the CMO and CIO should ensure that five prerequisites are in place—and have the CEO’s explicit support for them.

Be clear on decision governance

An effective decision-governance framework makes clear how the CIO and CMO, and potentially other C-level executives as well as their respective leadership teams, must work together and support each other. This is much more far reaching than a data-governance framework, as it covers every stage in the journey of translating data into value, from setting strategy to constructing use cases, allocating funds, and deploying capabilities. Teams should be explicit about when decisions are needed, what must be decided, and who is responsible for making them. To bring the right stakeholders together, one company has developed a “business-transformation council” to tackle governance and operating-model design. Whatever structural approach is selected, this typically demands compromises on all

sides to achieve clarity and specificity on roles, but the benefits of alignment in accelerating decision making and avoiding wasted work make it worthwhile.

Build the right teams

The two executives must lead a common agenda for defining, building, and acquiring advanced analytics capabilities. In our experience, that often requires the creation of a center of excellence⁷ where both marketing and IT people work together. They must also agree where those critical capabilities will be located—in the center of excellence or distributed across functions and locations—what the lines of reporting are, and which budget will pay for them. To help make these decisions, the trick is to map the stages of the big data value chain—from data architecting to delivery of customer offers—and describe the necessary capabilities and responsibilities for each stage. Next, roles should be assigned



⁷An entity that can provide leadership, expertise, best practices, support, and training.

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to each stage, with the understanding that there may need to be multiple roles for a given stage and that they will often require someone from both IT and marketing. One important lesson that an insurer learned after bringing its marketing and IT organizations closer together was that in big data-oriented companies, skill sets become indistinguishable in business units, marketing, and IT.

Provide transparency

The CMO and CIO (and potentially the CTO) must bring transparency to the process. Not only must they sit down at the start to define data-use requirements with precision, but they must also meet regularly—biweekly or monthly—to review progress and keep the effort on track. Each quarter, they should have a frank discussion about the CMO–CIO relationship and how to strengthen and sustain it.

One approach is to develop a scorecard that tracks project progress and identifies breakdowns. Addressing these issues cannot be about assigning blame; that would quickly create a toxic work environment. It should be about having clear accountability and working collectively to fix any problems.

Hire IT and marketing ‘translators’

Goodwill, effort, and clarity will go a long way to bring the CMO and CIO together. But the reality is that few CMOs or CIOs have the right balance between business and technology. What each needs to do is hire “translators.” The CMO should hire someone who understands customers and business needs but speaks the language of IT. The CIO needs to hire technical people with a strong grounding in marketing campaigns and the business side. Business-solution architects, for example, put all the discovered data together and organize them so that they’re ready to analyze. They structure the data so they can be queried in meaningful ways and appropriate time frames by all relevant users.

One software company has a business-information officer for each business unit and the marketing function. This manager must understand and translate business strategy into a joint IT–enterprise architecture strategy and a technology-





investment portfolio for each business unit. The team of business-information officers also supports the CIO and IT organization on topics such as IT governance and security to ensure compliance across the marketing organization.

Learn to drive before you fly

The CMO and CIO should not expect to get all aspects of the model right the first time. Instead, they should focus on a few pilots to test team compositions and new processes for collaboration. This approach allows teams to develop best practices and learn valuable lessons that can then be used to

train other teams. One such lesson: don't be afraid to fail, but keep the projects and teams small enough at first to both fail and learn quickly.



Effective use of big data and other technologies is already separating the winners from the losers, and the CMO and CIO share responsibility for the outcome. Forging a winning relationship between marketing and IT isn't easy, but it can be done by being clear on decision governance, building the right teams, and ensuring transparency. ○