Sixth Annual CMO's Agenda™

THE AGILE ADVANTAGE

THE MINDSET

CMG Potential Realized.

THE AGILE ADVANTAGE

AGILE IS THE NEW BLACK

We live in a world of profound and constant change where companies big and small must rapidly adapt to survive. Technology and innovation are disrupting the marketplace and transforming industries. More than ever, marketers battle the "always on" environment that runs counter to the traditional way of operating. The old way of doing things—highly structured scope-and-sequence creative and production processes—does not meet rapidly changing business requirements and constantly evolving consumer behaviors. Simply put, the way we think about and execute marketing is in flux.

The Sixth Annual CMO's Agenda™ investigates how marketing organizations like Discover, HP, Hershey's, SAP, Teradata and more are staying relevant in a world of accelerating pressures for growth and innovation. There is no one-size-fits-all solution, but our research found an emerging and compelling new story about business. One where agility is essential because it gives marketing leaders the ability to quickly react and respond to the market, adjust when things don't work, get to market faster, and be more responsive to customer needs. And they're achieving it through what we call **The Agile Advantage**.

PART MINDSET, PART METHODOLOGY

To understand The Agile Advantage as a whole, it's important to first understand its major components separately; our findings are broken up into two reports:

1. **THE AGILE MINDSET**—Focuses on how CMOs are transforming their enterprises through leadership and organizational values expressed via *The Seven Principles of Agility*.

2. **THE AGILE METHODOLOGY**—Focuses on the processes to advance organizational agility and the Agile Mindset that can be adopted by project team, department or company wide (*see our companion report*).

ABOUT AGILE

Agile describes a shared organizational culture and formal set of processes based on iterative and incremental activities and cross-functional teams. It was first developed and applied by the software development community (*see "Agile Manifesto"*). Drawing from this foundation, Agile—in the context of marketing—is helping today's CMO evolve their organizations with speed and effectiveness.

THE BUSINESS CASE FOR AGILE

Research conducted at the Massachusetts Institute of Technology (MIT) suggests that agile firms grow revenue 37 percent faster and generate 30 percent higher profits than non-agile companies. CMG Partners found the same linkage between agility and growth—in our sixth annual study, the CMOs of self-reported agile marketing departments were more likely to report significant growth in market share (33 percent) compared to their non-agile counterparts (12 percent).

Agile companies are also more willing to take risks, to innovate and to keep a better pulse on the market. As a result, they are able to change course and iterate when initiatives aren't delivering expected results.

AGILE ORGANIZATIONS:
*   Understand the market more quickly
*   Better utilize that understanding to drive action
*   Listen to and act on feedback
*   Change campaigns quickly when they're not delivering results or see opportunity to gain even more
*   Create small experiments and scale them when they work
*   Win more frequently

WHY AGILITY? WHY NOW?

The only way for lead marketers to account for ever-changing customer demands is to constantly adapt. The CMOs best positioned for this reality are those who lead with agility, not an annual plan. They value iteration and flexibility over stability. As **Scottrade's** chief marketing and digital officer Kim Wells puts it, "We don't have time to spend months baking ideas and putting a big bang into market." With this understanding, Wells and others like her have an unprecedented freedom and ability to tackle corporate realities—translation: unprecedented speed and intelligence leads to growth.

Real competitive advantage comes from being lean, fast and strong. The leanest, strongest and most Agile teams are the ones that win.

–Mark Pritchard, Global Brand Building Officer, **P&G**

THE AGILE ADVANTAGE

DAVID BEATS GOLIATH WITH AGILITY

The Agile Advantage is frequently seen in start-ups that often leverage agility with smaller budgets to grab share from incumbents. In a recent article from *Advertising Age,* "How Tiny Startups Like Hello and 800Razors Are Stealing Share from CPG Giants," writer Jack Neff points out, "Collectively, [smaller CPG brands] are having a big impact. Small and midsize firms took 1.6 share points, or nearly $10 billion in sales, from the packaged-good behemoths over three post-recession years from 2009 to 2012, according to a report from IRI and Boston Consulting Group."

While the article points out that these smaller brands are able to disrupt traditional media and retailing efforts because of low-margin costs of entry via digital channels, it also notes another critical factor to start-ups' success: "the natural agility of small players."

In the Sixth Annual CMO's Agenda, CMG Partners shares insights and experiences from more than 40 lead marketers and Agile experts who are evolving their organizations into keenly focused units dedicated to being more effective in the modern marketplace, creating more value to the customer and moving the needle on organizational KPIs.

INSIDE
THE MINDSET

A RECIPE FOR AGILITY

The Agile Mindset creates the foundation for a culture of agility, the building blocks for employees' understanding of what's expected of them and how to better collaborate.

LEADERSHIP MAKES OR BREAKS AGILITY

It's up to CMOs and marketing leaders to encourage the Agile Mindset by setting an example and promoting priorities around experimentation, acknowledging the potential of failure, and fostering transparency and collaboration.

CULTURE VIA *THE SEVEN PRINCIPLES*...

The Agile Advantage requires a specific culture maintained through a set of shared organizational values. Leslie Snavely, VP of marketing and corporate business development for **CHG Healthcare Services**, explains: "It's all about culture. Your customer and process are important, but if you don't have a culture where your people feel empowered to be adaptable, to learn and communicate, you won't be able to serve the rest of the business. Some people join my team who haven't been in environments where they're comfortable with risk or being willing to fail and it takes them a while to adjust to the way we operate. But once they're part of our culture and recognize our agile focus, their ability to drive positive business and personal progress is amazing." Through CMO's Agenda research, CMG Partners coined the values of an Agile culture as *The Seven Principles of Agility*.

FIVE STEPS TO AN AGILE MINDSET

So much of achieving agility rests in the organization's culture and operations. Being agile requires a change in how people think first, and then how they act second—we've identified five key steps to help marketing leaders in their quest for the Agile Mindset.

WHERE MINDSET AND METHODOLOGY MEET

Agile marketers are accelerating their Agile Mindset and organizational agility through formal processes that are increasingly being adopted across a variety of companies. We'll touch on this area in this report but please *see our companion piece* for an extensive look at how today's top marketers are applying the Agile Methodology across projects, departments and entire organizations.

Most leaders admit their organizations aren't flexible enough to compete successfully.

While 63 percent of CMOs say agility is a high priority, only 40 percent call themselves Agile.

-CMO's Agenda Survey

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> What a leader does is set the bar for what the organization is trying to accomplish. They put a mark on the wall and say, 'we've got to go there, guys.' And then the leader becomes on some level the water carrier. It's up to you as a leader to help move people and help prioritize these things in context.
>
> – Allen Olivo, VP, Global Brand and Marketing Communications, **PayPal**

AGILITY TAKES LEADERSHIP

Agility is often blocked by cultural, organizational and communication barriers that prohibit, or at least severely limit, an organization from achieving The Agile Advantage. Agile leaders put an end to the status quo and promote agility by setting the tone and vision for what it means to be an Agile organization, reinforcing and encouraging a shared Agile Mindset along the way.

According to CMG Partners' survey, Agile companies are 14 percent more likely to believe that having change-oriented leadership is important and nearly four times more likely to have change-oriented leadership in place.

CHARACTERISTICS OF SUCCESSFUL AGILE MARKETING LEADERS

CHANGE-ORIENTED
Agile marketing leaders are change agents who model the behaviors they expect of their teams, and reinforce the importance of agility in the way they lead and in the expectations they set. They measure employees on and reward them for agility. Additionally, they remove barriers to keep their teams as nimble as possible, and ensure everyone is working toward the same goals.

CLEAR ON WHAT THEY ARE TRYING TO ACHIEVE
Agile marketing leaders possess and articulate a very clear vision about where they're trying to go. This enables them to rally the team around a stated purpose and clear criteria for the work that needs to be done. It also aids decision making and prioritizing.

DRIVE THE AGILE MINDSET AND METHODOLOGY
Agile marketing leaders focus on creating the culture of agility (mindset) and developing business processes/operating methods (methodology) to support agility in their organization. This combination of mindset and methodology is a critical foundation to speed and enhanced performance.
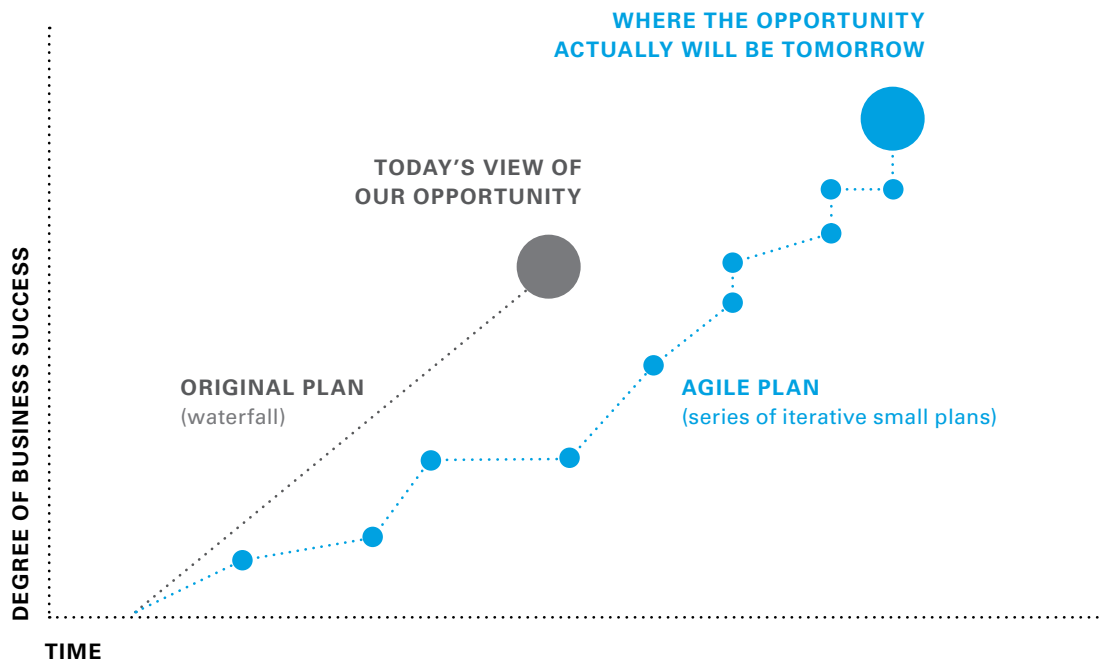
THE SEVEN PRINCIPLES OF AGILITY

No process or methodology can help a marketing organization achieve The Agile Advantage without a contextual framework and culture that genuinely embraces qualities like transparency, collaboration and experimentation. A primary focus of the Agile Mindset, these shared organizational values are expressed through CMG Partners' research as *The Seven Principles of Agility.*

PRINCIPLE #1 — FLEXIBLE AND FOCUSED

You can't move with speed without the end destination in sight. Agile leaders focus on creating clarity around priorities yet build in enough flexibility to be able to change direction based on the information available to them.

Agile marketing leaders recognize that where the opportunity lies today may not be the same place it lies tomorrow. Fundamental to their beliefs is that you need to be able to change and correct course. Locking into a year of planning with all the change happening in the market just doesn't make sense anymore. Building in the ability to change direction based on market changes or customer feedback is essential to growth.

AGILE VS. WATERFALL PROCESS

**WHERE THE OPPORTUNITY
ACTUALLY WILL BE TOMORROW**

**TODAY'S VIEW OF
OUR OPPORTUNITY**

DEGREE OF BUSINESS SUCCESS

ORIGINAL PLAN
(waterfall)

AGILE PLAN
(series of iterative small plans)

TIME

> When we are focused we've been very successful in moving quickly and utilizing the right process to get things done. We have to be able to get a lot of things done but prioritize to make sure we're all marching down that same path.
>
> – Brian Kagen, EVP and CMO, **Medifast**

ADVICE FROM AGILE MARKETING LEADERS

- **PRIORITIZE CONSTANTLY.** Setting clear priorities strips away distractions and allows teams to focus on the tasks and projects of highest value to the organization, not just important to an individual or calendar. This enables teams to take into account new developments, such as customer feedback or changing market demands, to choose the most relevant and valuable use of their time.

   "We have really smart people and great partners so there's never a shortage of good ideas," says Marc Pritchard, global brand building officer for **P&G**. "But we can't pursue them all with equal energy, focus and resources. So leaders must be discerning and make decisions on what we will do, and what we won't."

- **UTILIZE SHORTER PLANNING CYCLES.** Marketers learn too much between now and next quarter to not stop, react, adjust and modify. So long-term strategic plans are fueled by nearer-term, highly focused execution. Shorter time horizons based on what they know today make it easier to adjust.

UNIVERSITY OF PHOENIX'S ARRA YERGANIAN ON PRIORITIZATION IN PROJECT MANAGEMENT

Agile marketers create process around prioritization, creating specific ways to streamline unplanned work to keep it from derailing strategic objectives. To best manage resources and workload, marketing leaders put these plans in place before crisis or change distracts teams from core duties.

The Project Intake Form (PIF) process is how the marketing team at University of Phoenix handles their issues of prioritization. As Arra Yerganian, CMO, **University of Phoenix**, describes:

   As you can imagine, a lot of what we do really is on the project management side. With an organization that's as large as ours we have literally hundreds of projects that come into our team as requests, many of which are unplanned. We've implemented a process where everybody basically throughout the organization has to submit a brief form for review where they ask for resources by rationalizing why they need these resources. This allows us to assess quickly whether or not the project is on brand, whether it's a priority, and once prioritized then how we can resource it to ensure it gets done in a timely fashion.

   The Project Intake Form has streamlined our unplanned work so that it helps us during our annual operating plan process to ensure that people aren't going rogue and just identifying projects ad hoc. Every Monday we have a meeting called the Monday Morning Mash-up where we review all the PIFs that have come in the week before and we prioritize them, assign them, or kick them back if we don't think they're complete. There's going to be a creative brief that's attached if there are creative elements to it. We have a very small group, a cross section of project management, brand management, and creative who review them and then move the process along.

PRINCIPLE #2 — DATA-DRIVEN

Fact-based decision making and clear metrics drive accountability and growth. As Harit Talwar, executive vice president, president of U.S. Cards at **Discover Financial Services**, notes, "Data has to play a central role in all decision making if you want to be agile."

Agile marketing organizations have put discipline and rigor around using analytics and customer feedback loops to ensure they have the right data on which to base decisions. They're purposeful in what they measure and how, and put metrics in place to gauge success before initiatives begin. Doing so enables teams to respond quickly to changes in the market as their KPIs are aligned, versus arguing about how campaigns will be measured after they've been introduced to customers.

ADVICE FROM AGILE LEADERS

- **BE PURPOSEFUL ABOUT METRICS.** Identify the best KPIs to measure the efficacy of your marketing efforts. Take the time to clearly define the metrics that will drive decision making on the back end— including what failure and success look like. Taking this approach to everything you push out the door requires discipline, but Agile marketing leaders understand that this exercise not only ensures agreement on how success will be measured, but also helps align their teams around the purpose of the campaign to ensure all relevant parties are in lockstep.

- **USE DATA WISELY.** Monitor metrics and derive actionable insights from the data to move the needle on initiatives. In an Agile environment, clear success metrics are established before launching an initiative. Timelines for evaluation during the project enable marketers to adjust and improve the program or pull the plug. Understand these thresholds and make the tough calls to move on when an initiative isn't meeting expectations.

- **AGGREGATE DATA.** Systems also play an important role in a marketer's ability to deliver on Agile because not having the data they need readily available and under one roof will not only slow them down, but it won't allow them a full view of what exactly is happening. "If data is scattered everywhere, it's critical to aggregate all that information into one place so you can understand the effectiveness of a campaign at the press of a button." – Bob Boehnlein, General Manager of Marketing Operations at **Teradata**

Data shouldn't just be analyzed; it should be actionable. We use our data to make decisions because it's in a digestible form.

– Leslie Snavely, VP of Marketing and Corporate Business Development, **CHG Healthcare Services**

ADOBE'S ANN LEWNES ON BEING DATA-DRIVEN

Ann Lewnes, SVP and CMO for software-maker **Adobe**, drives the use of data in her organization in three ways:

1. PRE-PROGRAM INITIATIVES
Before Adobe launches a marketing program, they agree on:
- What success looks like
- How we measure success: no more than 5 things so they focus on what's most important to look at
- How often we meet to review and adjust

In addition, the team takes advantage of predictive (econometric) modeling as a key part of the campaign planning process. Using both historic and predictive data, the model provides guidance on not only overall budget spend for the campaign—in order to achieve optimum return on marketing investment—but also guidance on how to allocate that budget across different marketing channels for maximum impact.

2. ONGOING OPERATIONS
The Adobe marketing team holds weekly operational reviews of all campaigns to drive accountability and alignment:
- Teams review data (same team develops regular reports so everyone knows the reliability of data/information gathered and analyzed)
- Patterns, anomalies, wins and misses identified within all marketing initiatives
- Next steps and tasks assigned to address issues surfaced in weekly meetings
- Best practices recorded to grow insights/learnings database

3. DURING CAMPAIGN LAUNCH
Teams meet daily during launch to review campaign performance:
- Structured like weekly meetings
- Teams from Sales, Support, IT, Lewnes' direct reports and other key stakeholders supporting the Launch looped in

Having the courage to fail is hard but having the strength to 'fail fast forward' takes courage. As a team we talked about showcasing both best practices and lessons learned so that others can benefit from our experience. We believe in contributing back to the DNA of HP—the good, bad and ugly.

– May Petry, VP of
Digital Marketing, **HP**

TELLTALE SIGNS OF AN AGILE MARKETING ORGANIZATION
Bob Boehnlein, general manager of marketing operations at **Teradata,** identifies agile marketing organizations by:
1. The degree to which data is used to make great decisions

2. Whether they take measured steps to fail fast and fail quickly

3. If they are iterative, with feedback loops fed back into the organization

PRINCIPLE #3 – ITERATIVE AND EXPERIMENTAL

To achieve agility, it is important to take calculated risks and learn from them. In other words, accept failure and embrace learning. This is a shift for many marketing organizations and a hard thing for employees to adjust to. Marketing leaders must create a safe haven for teams to iterate, experiment, and learn without fear of repercussions.

The challenge for most marketers is making that commitment. You have to give iterations and experiments a fighting chance. Too often marketing leaders don't invest what's really required to get a pilot off the ground or to prove out a test. But you can't maximize your chances of success without tracking, learning and adjusting to make a program successful—and without embracing failure as an option. Agile marketers develop a learning environment, where learning from experiments is as critical as delivering results.

"We encourage an environment of empowerment, where we're really trying to help associates understand that they are empowered to bring forth the big ideas, get those ideas or little ideas activated and see how they go," Kim Wells, **Scottrade's** chief marketing and digital officer, explains. "We have a pretty rich test and learn environment where we're okay with putting out a bunch of different ideas and seeing what gets traction. I encourage that because I think it's the only way that we can continue to do a good job of reaching and delivering value to our clients."

ADVICE FROM AGILE MARKETING LEADERS
- **COMMIT TO BEING A LEARNING ORGANIZATION.** The rewards of iteration and experimentation—institutional learning and knowledge—outweigh the risks because insights make the organization smarter and more efficient on subsequent projects.

- **ENCOURAGE FAILURE**. Reframing risk from a negative to a key enabler of innovation empowers teams to commit to agility. Marketing leaders encourage failure as long as you learn from it and reinforce the importance of failing fast, forward. This is why success criteria being in place is so important. If you can't get an early read on the performance of a program, you can't pull the plug on programs that aren't working in a timely fashion.

- **DON'T WAIT FOR PERFECT.** Agile marketing leaders have moved toward incremental improvement—they don't wait for perfect, they put campaigns in market sooner to see what works and doesn't, and iterate to make it better and more relevant.

- **NAIL IT, THEN SCALE IT.** The idea is to test small, rapid experiments and optimize them before scaling. For example, instead of launching a product nationwide, do it in one region. After optimizing the marketing mix in that smaller market, scale with confidence. This also allows you to experiment or fail cheaply because testing doesn't come at great expense to budgets or time. Of course, the analytics behind the test, to know what is working and not working and why, are key.

INDEMAND'S JIM EWEL ON INVESTING IN ITERATION AND EXPERIMENTATION

Benefitting from testing and failing demands budgeting for the time and the money necessary to iterate and experiment.

Jim Ewel, CEO at **InDemand Interpreting** and author of the **AgileMarketing.net** blog, explains how Coca-Cola allocates resources for agility, based on Coke's video, *Applying the 70/20/10 Investment Principles for Liquid Content*:
- Spend 70 percent of your budget and 50 percent of your time on the things you know will work, the proven ideas or products that you know have an impact on sales.
- Spend 20 percent of your budget and 25 percent of your time on iterations of what works and testing more broadly to your larger customer base.
- Spend the last 10 percent of your budget and 25 percent of your time on wild experiments that could transform your marketing and move the needle in more meaningful ways.

PRINCIPLE #4 — CLEAR AND TRANSPARENT

Agile marketing leaders believe that making marketing an open book fosters speed and collaboration. By being open about what marketing is working on, how marketing programs are performing, and the status of projects, marketing leaders are able to build trust throughout the organization.

Transparency also reduces confusion, miscommunication and frustration, which increases the speed of decision making and creates stronger teams. By embracing transparency, marketers create an environment where everyone knows what each team and individual is working on and why, allowing easier information sharing and more effective collaboration.

ADVICE FROM AGILE LEADERS

- **SET CLEAR OBJECTIVES.** Start every new project with well-defined objectives, specific and agreed-upon success criteria, and a measurement plan. Instead of "We're doing a campaign to increase traffic to our site," Agile leaders say "We're doing a campaign to drive an X percent increase in traffic to our site by Y date and measured by Z."

- **MAKE MARKETING AN OPEN BOOK.** Real-time visibility into what marketing is working on keeps everyone inside and out of the marketing organization clear on who's doing what, why they're doing it, and when it will be delivered.

- **HOST MARKETING "SHOWTIMES."** Showcasing marketing's accomplishments and milestones acknowledges team members and gives other departments a peek behind the proverbial curtain. The CMOs we interviewed noted that sharing marketing's work with other departments significantly improved the perception of marketing, and strengthened the visibility and integration across departments.

Where people learn is the interacting and talking about their experiences. I think that's the best way to do it because it creates muscle memory of what happened, why it happened, and it also creates relationships that help the next program establish better team connections. It's a mix of discipline of writing things down and that face-to-face interaction. We try to put real time into sitting down together and actually having a discussion about what happened. There's always a backstory and it's never written in the case study. That's where you get the learning—whatever the backstory is.

– Elisa Steele, EVP of Strategy and CMO, **Jive Software**

Being agile means having a strong degree of trust and respect across teams. In our case, people are not concerned about which group is going to get credit, but about what we're delivering and figuring out how to work together across teams.

– Tom Vogl, CMO, **The Clymb**

PRINCIPLE #5 — COLLABORATIVE

Truly moving with speed takes a team fluidly working together across disciplines and departments to generate higher-quality output.

Collaboration is key to moving smarter and faster because collaborative work environments encourage:

- **ALIGNMENT AND INTEGRATION.** Barriers between departments are broken down, enabling better alignment of strategies and tactics, speeding progress and increasing productivity.

- **INFORMATION SHARING.** Teams are able to make better decisions because together they gather and work with more complete data and share insights better.

- **DIVERSITY.** Opportunities for innovation and out-of-the-box thinking are increased by bringing diverse points of view together to solve problems.

ADVICE FROM AGILE MARKETING LEADERS

- **BREAK DOWN SILOS.** Move to teams. Agile marketing leaders focus on building teams that break down organizational silos and foster the needed integration and collaboration among the teams. For marketers to achieve this, they must move to teams comprised of cross-functional and cross-discipline members to help ensure alignment and integration. Agile marketing leaders make it a priority to set up the right teams for initiatives to ensure that silos are broken down so that success can be achieved.

- **DEVELOP A "WE" MENTALITY.** Team members need to be invested in the work of the team, not of the individual. Jonathan Becher, CMO for software company **SAP**, encourages employees to move away from being a really great product marketer or a really great web marketer to being a *really great marketer,* period. And he bakes that into their compensation.

  "I did change KPI's, I did change compensation, I did change behaviors. As a leadership team we agreed if one KPI failed we all failed. This forced us to think and act outside of our silos. If one KPI was suffering, leaders not directly responsible would reallocate their own budget or resources to help turn it around. We tracked the KPIs in real time so that we could make quick adjustments. I have an analytics background, that's the way I came into **SAP**. So I created a CMO-level dashboard to track our KPIs. I carried it around on my mobile device and talked about our progress in meetings all the time and bonused people on it. I said it doesn't matter if we do 375 percent of one of our 10 KPIs if we only do 60 percent of another."

  Only through collaboration can you achieve integration that will allow marketing efforts to have a larger impact. As Elisa Steele, EVP of strategy and CMO at **Jive Software**, notes, "Good marketing can be functional, but great marketing is integrated. So your PR team, your insights team, your campaign team, your product marketing team, your operations team, your web team, all of the different functional experts need to have the leadership and capacity to work together collaboratively to drive a big program or a few big programs versus doing all of their functional stuff in silos."

PRINCIPLE #6 — EMPOWERED

When managers avoid micromanaging, agility increases. Empowered and trusted employees feel a sense of ownership and accountability, and strive to achieve results for the organization.

To achieve speed and agility, decision making must be as close to the decision as possible. Traditional organizational structures operate as a pyramid with a few senior executives weighing in on every major decision before any work is passed down to other staff. This process is time consuming, and saps team motivation because they don't feel a sense of ownership for their work. It's impossible to gain agility in this environment.

ADVICE FROM AGILE MARKETING LEADERS

- **PUSH DECISION MAKING CLOSE TO THE DECISION.** By genuinely scrutinizing where bureaucratic processes hinder agility, marketers identify layers that can be stripped away to empower teams, improve communication, and accelerate decision making. Steve Walker, former CMO of **Sony Mobile Communications**, explains the benefits of flattening the organization:

  "We had a multilayered organization and it made any kind of agility extremely difficult. . . So I took away an entire regional management layer, which meant I could reduce the number of communication steps from the central decision-making entities to the local market execution teams. We found we could significantly reduce headcount and improve flexibility in deployment simply by minimizing the number of steps to get-to-market."

- **BUILD TRUST.** Alison Cerra, VP of marketing for **Alcatel-Lucent**, spells it out best: "Distrust will paralyze you, but trust can enable you and speed you up considerably." That's why she makes a point to be more deliberate about forming relationships to engender trust.

  "It really does take time, energy, effort, and tenacity to build company relationships at the right levels and at the right functions to get stuff done," Cerra says. "But once you've got a foundation of trust that really transcends any org chart, you can ignite that foundation to go get stuff done."

- **ESTABLISH CRITERIA FOR DECISION-MAKING AUTHORITY.** To ensure empowerment works for everyone, agile leaders clearly define and articulate what's "your call" and "my call." This gives teams the confidence to act and helps managers remain hands-off.

INTERCONTINENTAL HOTEL GROUP'S LARRY LIGHT ON ACHIEVING EMPOWERMENT

Many marketing leaders deliver a framework to teams, but leave how to get from start to finish up to the members. These "guardrails" fuel employee ownership, accountability and pride.

"Freedom within a framework unleashes creativity, but it's not random and chaotic," explains Larry Light, interim chief brand officer of **InterContinental Hotels Group.** "Most of the time, ideas come from the bottom up. One of the biggest prizes is that we get to turn the world into an innovation lab instead of having to wait for some innovation to be contributed from the center."

He cites a famous example from McDonald's. "Corporate had been working for seven years to come up with an appealing breakfast offer when a franchisee in California came up with the Egg McMuffin. In our case, an idea may start at a hotel and expand to a local geography or region to the point where it may have global potential."

Our leadership encourages our teams to do what's right for the customer, and to speak up to make that happen. People feel empowered to share ideas and are supported to go and do these things. And that's been very different, to feel like you can move fast with ideas you have because you're not concerned that management may not support you.

– Tobias Lee, CMO, **Thomson Reuters Tax and Accounting**

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The primary driver for everything we're doing should be making customers really happy. So my sense of urgency comes from, Are we making customers happier? Are we creating more loyal customers? Are we creating the right kinds of experiences? With a well-defined view on solving customer problems and delighting them we can be much swifter in how we go out and approach that task because we'll know which way the arrow is pointing for us to make customers happy.

– Allen Olivo, VP, Global Brand and Marketing Communications, **Paypal**
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PRINCIPLE #7 — CUSTOMER-CENTRIC

Putting the customer at the center of decisions drives agility. Agile marketing leaders understand how consumers react to marketing efforts, and how the market itself is changing, so that they are able to make quicker decisions on how to change and where to place their investments. As Arra Yerganian, CMO at **University of Phoenix**, notes: "If you know your customers well, know the personas of the most loyal evangelists, know what their lives are like—you can develop breakthrough marketing, take some big bets and move with greater speed."

That's why the customer must be at the center of everything. In an agile marketing organization there's a customer presence in every meeting. The customer's wants, needs and perspective are folded into every decision the organization makes.

ADVICE FROM AGILE MARKETING LEADERS

- **EMBRACE OUTSIDE-IN DECISION MAKING.** Drive decisions based on direct feedback from customers. In non-agile companies, the consumer isn't involved in decision making. "If the consumer isn't there to voice their opinion, planning is all inside-out as opposed to outside-in. They [marketers] are all just talking to themselves," says Jonathan Becher, CMO for enterprise software maker **SAP**.

- **GET AN INTEGRATED VIEW OF THE CUSTOMER.** Aggregate customer data to create a unified customer profile that can be used for deeper insights. Agile organizations focus on making all customer data and information available for use in decision making, putting feedback loops in place to ensure that you have actionable data, and monitoring customer data on an ongoing basis.

- **BASE PRIORITIZATION ON CUSTOMER INSIGHTS.** Prioritize initiatives based on importance to customers. Agile marketers prioritize work based on the value it delivers to the customer. According to Becher, "One of the major products at SAP has an interesting ranking phenomenon, which is if they only have capacity to do, let's say, 100 things in one release and there are 300 things on their table, they'll go back out to Idea Place and say, 'What would you recommend that we do out of this 300? Help us narrow it down to 100.' And unless there are a few bits that have to get done because internally we know they have to be done, the crowd actually chooses the priorities rather than SAP product managers."

ALCATEL-LUCENT'S ALLISON CERRA ON GETTING CLOSE TO CUSTOMERS

As a way to build collaboration between departments, but more importantly get access to the critical customer data needed to drive decisions, Allison Cerra, VP of marketing for **Alcatel-Lucent**, created value-added content for customers that also improved the relationship with her sales team:

One thing that naturally slows you down when you're building a relationship, and I'm talking about a marketing function here, is having a sales function in the mix. Those sales people are justifiably very concerned about who gets to talk to their customer. I respect that because those people own that customer interface and they've likely been burned one too many times by somebody in the company who didn't know what they were talking about only to have the trust relationship that goes between the company
and the customer compromised. That's a really difficult barrier to overcome because you're having to find ways to prove your value into sales while at the same time trying to prove your value to your customer.

In the old days we had very much of a Mother may I culture. We'd knock on the salesman's door, and say, Mother may I, can I please go see your customer? And they'd say, What are you going to talk about? And they might be okay and you might get an entrée every once in a while.

So we started thinking out of the box. We're marketers, let's market ourselves to customers. And how do you market yourself to customers? Well, you've got to tell them something that they don't already know every single day. We had to think deliberately.

We began to research major topics that were affecting the marketing organizations of our customers and then published books that demonstrated those findings. And, lo and behold, customers started to coming to us to say, I want to talk to you. That changed the dynamic with sales from an exclusively Mother may I culture to a blended culture. Now when we get invited to talk to customers we get to be on the other side, calling sales saying Hey, the CMO of your customer just reached out to me via e-mail. They want to meet with me and my team. I'd love for you to accompany me to that conversation so that you can hear what their concerns are. It's a completely different relationship and now we can bring sales to the party.

FIVE STEPS TO AN AGILE MINDSET

To achieve agility, marketing leaders must focus on changing the culture to one that reinforces the Agile mindset. Marketing leaders who have achieved the Agile Advantage took the following steps:

STEP 1 – CREATE A SHARED PURPOSE

Moving with agility starts with articulating marketing's purpose as it relates to the company's mission and clearly communicating how to get there. Agile marketers rally teams around a shared purpose, constantly reinforce it and weave it into their teams' daily activities. This ensures that each employee understands both his/her task and how it fits into the bigger picture for the marketing organization and the company.

Lisa Arthur, CMO of database software maker **Teradata**, reinforces purpose with stories that infuse the team with excitement.

"To help get personnel on board, I created a vision and a challenge for my team: 'We are going to be the best B2B marketers on the planet.' This became my mantra. I told them this was going to be like climbing Mount Everest, so…during our quarterly all-hands meeting I would put up a picture of Mount Everest, but the view from the top. When we are the best B2B marketers on the planet this is what it's going to feel like. We're going to be the market leader. People will seek us out for our thought leadership on how to do marketing better. They will look for our software to help them because that's what we use. Then I talked about base camps [along the way to the peak] as a scorecard for how we are doing. These are things like success for sales and customers. The base camp methodology created a scorecard for how we were doing."

STEP 2 – SET CLEAR OBJECTIVES

Start every new project with well-defined objectives, specific and agreed-upon success criteria, and a measurement plan. Instead of "we're doing a campaign to increase traffic to our site," Agile marketers say "We're doing a campaign to drive an X% increase in traffic to our site by Y date and measured by Z."

It's critical to take the necessary time up front to do this. Neglecting to do so leads to inefficiency and frustration. Tom Vogl, CMO of **The Clymb**, calls it rock fetching. It's a common situation: You ask someone for a rock and they bring you a rock. But you wanted a different rock—maybe a brown one. So they bring you that, but you decide you really wanted more of a boulder. So they bring you that. It's an incredibly inefficient and frustrating process for everyone. And lots of non-agile marketing projects are just like that. "The adage is showing that if you just take the time up front to say, 'Can you go get me a rock that's about the size of a baseball, that's kind of rounded and I'd like something that's sort of speckled like granite and I'd like something that's maybe pink and black instead of green,' then somebody can go and they can find you the rock you're looking for," explains Vogl. "But the process more often when you're kicking off a project, even some big projects at times, is much more like this rock-fetching example, where if you're just clear and thoughtful about what it is you're trying to accomplish it can make things so much easier down the line. And ironically, it just requires that little bit of effort up front but it speeds the process up immensely down the line."

One major thing that slows a company down is lack of a shared purpose, or a lack of understanding around what they're solving for. If you want to move fast, you have to know where you are going. That's why our goal is to join people together around a shared purpose. This is the essence of what we want to accomplish.

– Allen Olivo, VP, Global Brand and Marketing Communications, **Paypal**

STEP 3 — DO, SHOW, TELL

Agile marketing leaders focus on modeling the behavior they want to instill in their teams. This starts with embodying the Agile mindset themselves—being collaborative, data-driven, flexible and iterative. Empowering their team. Allowing them to take risks and learn. Showcasing the ways the team should act toward each other.

It is also critical to be able to provide tangible examples to team members when they aren't embodying agility. Point out when individuals are not being collaborative, are focused on the "I" versus the "we" or aren't using all the data and information available to them to make the best decisions possible. Agile marketing leaders must coach individuals to understand what is required to be Agile.

Jonathan Becher, CMO of **SAP**, notes that to achieve this change, "You have to start telling different stories. You have to tell stories of the aspiration of what you want and what that looks like. Here in my marketing department I told a lot of fables that involved animals—The Blind Men and the Elephant, the 4 Oxen and the Lion. All of these were fables that were easy to remember that reminded us of who we wanted to be as opposed to who we are."

Lastly, constant communication and reinforcement on the type of marketing organization that you want to be is essential to wading through the change. It will take time for the organization to think like Agile marketers.

STEP 4 — MEASURE, REWARD AND REINFORCE THE RIGHT BEHAVIOR

To solidify agility, marketing leaders need to measure, reward and reinforce individuals who are being collaborative, taking risks and building a learning organization. This starts with identifying the behaviors you want to change in your organization and building the measurement system around those behaviors.

For Jonathan Becher, CMO at **SAP**, it was driving a "we" mentality. Team members need to be invested in the work of the team, not of the individual. Becher encourages employees to move away from being a really great product marketer or a really great web marketer to being a *really great marketer*, period. And he bakes that into their compensation.

STEP 5 — HIRE AND PROMOTE THE RIGHT PEOPLE

To win at agility, you have to hire differently. Agility is as much a personal mindset as it is an organizational one. That's why some people have difficulty working in a flexible, data-driven and collaborative environment and others excel at it.

SEEK OUT "AGILE ACTIVATORS" WHO ARE . . .

- **ADAPTABLE.** Thriving in an Agile culture requires a level of comfort with ambiguity and an ability to adapt to changing conditions quickly and easily. Marketers who thrive without a rigid structure and are flexible in the face of change can likely drive lasting agility for the organization.

  "A leader needs to attract people that are excited and enthusiastic about this kind of real-time marketing process," says Bob Kraut, SVP and Global CMO for **Papa John's International**. "Some people are not cut out for it. Having people who like that kind of challenge, who can do both the robust planning part of the job but also react with agility, is important."

- **CURIOUS AND ENTREPRENEURIAL.** Agile leaders strive to improve, iterate and experiment. They're curious about options and alternatives and enjoy taking calculated risks. Where possible, hire new talent from start-ups, as these smaller, younger organizations are training grounds for moving quickly while wearing multiple hats.

- **TEAM-ORIENTED.** The most effective Agile team members are collegial and collaborative. They understand that the sum of the parts is greater than any individual piece. Listen to how often a candidate says "I" or "me" versus "my team" or "we." While a leader can teach someone new marketing skills, they can't change their outlook if it's too "me" focused.

Finding people who have that right cultural fit and who are going to work effectively in an Agile environment is one of the most important things that you can do as a manager.

– Tom Vogl, CMO, **The Clymb**

CHG HEALTHCARE SERVICES' LESLIE SNAVELY ON HIRING FOR AGILITY

Leslie Snavely, VP of marketing and corporate business development for staffing firm **CHG Healthcare Services**, has a process for identifying agile qualities in potential hires. Here are a few of her tips:

- **EVALUATE CORE SKILLS FIRST.** Does this candidate have the basic skills necessary to do the job? For instance, if you're hiring a digital marketer, the candidate needs to understand social analytics and how to execute a digital campaign.

- **IDENTIFY CROSS-FUNCTIONAL ABILITIES.** What else can the candidate contribute? Because agile marketing team members often pinch hit in all-hands situations, it's important to know the prospect's other capabilities. "When I hire I look for two major skills beyond their core expertise," Snavely notes.

- **ASSESS ADAPTABILITY.** Can the candidate describe a time his/her team had to adapt a project, or when s/he was a part of a project and how it did and didn't work? "You learn how they feel about change," she explains. "If they say something like, 'We set out with a game plan to launch a product, then we moved to execute the plan,' you can tell they wanted the plan to be buttoned up. But a person who is adaptable will talk about launch with a plan, results from their activity, followed by what they learned, and then how they changed to make it better."

- **DETERMINE WILLINGNESS TO LEARN**. How does the candidate view professional development? "I like to see if people use the word 'learning' a lot," Snavely notes. "People who are learners tend to ask better diagnostic questions versus saying, 'I'm on this career path and I want to get from here to there.'"

ASSESS YOUR ORGANIZATION

Here are questions to help you gauge the overall agility of your organization.

FOCUSED AND FLEXIBLE

1. Are you focused on a few key strategic initiatives or are you always putting out fires?
2. Is your planning process long term or short term?
3. Does it allow for flexibility and adjustment throughout the year almost on a real-time basis?
4. Do you prioritize your workload on a weekly or regular basis with your teams? If so, how?

ITERATIVE AND EXPERIMENTAL

5. Could you let a project go to market at less than 100%?
6. What processes do you have to make changes to initiatives once they're in market?
7. Do you have processes in place to fail fast and learn?
8. Do you showcase and reward the failures as you would the successes?
9. Does the spirit of fear permeate your organization?
10. Do you have access to the data you need to iterate on your marketing initiatives?

DATA-DRIVEN

11. What data do you use when creating a new initiative?
12. Do you have a process to establish specific KPIs before an initiative goes to market?
13. What data and analytics tools do you have in place to measure the impact of initiatives once they're in market?
14. What feedback loops exist with your channels or customers to understand what is working and not working?

CLEAR AND TRANSPARENT

15. Do you have a defined purpose that has been clearly communicated to your marketing organization?
16. Does each employee know what they're marching towards and why?
17. Do you take the time to clearly define a project's objective and success criteria before getting started?
18. Do you have a process or system in place to give visibility into what marketing is working on?
19. Do you share marketing's accomplishments?

COLLABORATION

20. Which word best describes the nature of your organizational structure: silo or cross-functional?
21. Do you frequently work in cross-functional/cross-departmental or multi-disciplinary teams? Why or why not?
22. Do you have the right people on your team to complete required tasks?
23. Do you solicit and implement input from others outside your team, your pay grade or your discipline?
24. Do you encourage team members to pinch hit or pitch in on projects?

EMPOWERED

25. Which word best describes the nature of your organizational structure: pyramid or flat?
26. Do you push decision making to the lowest levels possible? Why or why not?
27. Do you have the right people in the right roles to be able to empower your team to make decisions?
28. Do people on your team know when they need to fold you into decisions versus when they have the ability to make the decision on their own?

CUSTOMER-CENTRIC

29. Is your customer at the center of everything you do?
30. How quickly are you able to respond to customer feedback?
31. Do your customers weigh in on your decision making or are you only listening to their sentiment in social media channels?
32. Do you have an integrated view of your customer to support decision making?

HIRING FOR AGILITY

33. Do you have a team of Agile Activators? How do you know?
34. Do you have a list of Agile qualities you look for in new candidates?
35. What questions do you ask to test for an Agile Mindset in an interview?

CMG Partners' Sixth Annual CMO's Agenda™

FROM ALWAYS-ON TO ALWAYS-AGILE

TO ACHIEVE THE AGILE ADVANTAGE, REMEMBER . . .

MARKETERS NEED TO BE AGILE

In today's always-on marketplace, an inability to respond quickly to consumer needs can hinder growth. There are increasing market pressures, intense competition, and new, more agile entrants—Agile marketing organizations will enable companies to compete more effectively through speed and discipline.

AGILITY IS A COMPETITIVE DIFFERENTIATOR

With the sheer pace of change in the marketplace today, quick planning cycles, rapid iterations, strong prioritization, and data-backed decisions are required for success. Marketing leaders leveraging Agile create a competitive advantage through their increased speed, flexibility and ability to quickly deliver on changing customer needs.

LEADERSHIP MAKES OR BREAKS AGILITY

Achieving agility in marketing requires a change in culture and a shift in the way the marketing department operates. Marketing leaders must first set a vision for their organization and then reinforce it by encouraging experimentation; acknowledging the potential of failure, and fostering transparency and collaboration.

NEXT STEPS

The marketing leaders featured in this paper already benefit from the Agile Mindset. They're transforming cultures, gaining competitive advantage, getting to market faster, and delighting their customers and employees today—what about you? Is it time to embrace change, and get the benefits you and your marketing organization deserve from your hard work?

GET THE AGILE METHODOLOGY

As we mentioned in our introduction, our Sixth Annual CMOs Agenda™ is broken up into two parts. This paper, part one, defines The Agile Advantage and the Agile Mindset behind it. Part two, **The Agile Methodology**, shows you how to accelerate agility by infusing your operations with formal process that can be applied by project team, department or organization wide.

Agility is the key for modern marketers to benefit from change. By embracing the Agile Mindset, CMOs can address the always-on marketplace while growing their bottom lines.

– Russ Lange, Partner and Co-Founder, **CMG Partners**

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ABOUT THE RESEARCH

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TRAVIS ARNOLD
Founder
Harbinger Labs

LISA ARTHUR
CMO, Applications
Teradata Corporation

JONATHAN BECHER
CMO
SAP

BOB BOEHNLEIN
GM, Marketing Operations
Teradata Corporation

SCOTT BRINKER
Cofounder and CTO
ion interactive

ALLISON CERRA
VP, Marketing
Alcatel-Lucent

JOHN COMMON
CEO/Chief Strategist
Intelligent Demand

BILL CRONIN
VP, Marketing
WeddingWire

PAUL CULLING
VP, Alliances
VersionOne

FRANK DAYS
VP, Marketing
Correlsense

STUART ECCLES
CTO and Cofounder
Made by Many

JIM EWEL
CEO
InDemand Interpreting

JASON FALLS
VP, Digital Strategy
CafePress

WILLIAM HART
SVP and Chief Strategy and
Marketing Officer
Cliffs Natural Resources

BRIAN KAGEN
EVP and CMO
Medifast

JASCHA KAYKAS-WOLFF
CMO
Mindjet

DAVE KIMBELL
CMO and EVP
U.S. Cellular

JOE KING
VP, Marketing
EPAM Systems

KIRSTEN KNIPP
VP, Brand and Product
Marketing
Bigcommerce

BOB KRAUT
SVP and Global CMO
Papa John's International Inc.

TERESA KROLL
Former Chief Marketing and
Entertainment Bear
Build-A-Bear Workshop

TOBIAS LEE
CMO
Thomson Reuters Tax
and Accounting

BRENNA LENOIR
Marketing Group Manager
TeleSign

ANN LEWNES
SVP and CMO
Adobe

LARRY LIGHT
Interim Chief Brand Officer
InterContinental Hotels Group

ROHN JAY MILLER
Strategic Consultant
Independent

BETTY NOONAN
CMO, North America
Panasonic Corporation of NA

ALLEN OLIVO
VP, Global Brand and
Marketing Communications
Paypal

MAY PETRY
VP, Digital Marketing
HP

MARC PRITCHARD
Global Marketing and
Brand Building Officer
P&G

JON RUSSO
Founder
B2B Fusion Group

MICHAEL SAHOTA
Certified Scrum Coach
Agilitrix

ADAM SANDMAN
Director
Inflectra Corporation

DENIS SISON
VP, Global Marketing
Excellence
The Hershey Company

RICH SMITH
CMO
Ditech

LESLIE SNAVELY
VP, Marketing and Corporate
Business Development
CHG Healthcare Services

RAMON SOTO
SVP and CMO
Magellan Health Services, Inc.

ELISA STEELE
EVP, Strategy and CMO
Jive Software

CELIA STOKES
EVP and CMO
K12

HARIT TALWAR
EVP, President of
U.S. Cards
Discover Financial Services

TOM VOGL
CMO
The Clymb

STEVE WALKER
Former CMO
Sony Mobile Communications

KIM WELLS
Chief Marketing and
Digital Officer
Scottrade

ARRA YERGANIAN
CMO
University of Phoenix

ABOUT CMG PARTNERS

The first consultancy of its kind, CMG Partners was founded on a simple truth: strategic marketing is essential to business growth. Nearly sixteen years later, our firm remains at the forefront of its field, providing services that drive demand, engage customers, optimize marketing organizations, build brands, and more.

Highly sought-after by lead marketers, we help our clients—a cross-section of well-known FORTUNE 1,000s, budding middle-market corporations and start-ups—create and sustain top-line growth. At CMG Partners, we eat, sleep and breathe strategic marketing. Our people are smart, experienced, and driven by results, approaching each client challenge as if it were their own.

With nearly 50 consultants nationwide, we are a Durham, North Carolina-based company, privately held since 1998.

CONTRIBUTORS

CMG Partners would like to thank its CMO's Agenda research team co-led by Barre Hardy and Nicolina Nelson Miller.

For more information on the CMO's Agenda™, please contact Barre Hardy at *barre.hardy@cmgpartners.com*.

To learn more about our team and our work, please visit *www.cmgpartners.com*.

For media inquiries, please contact *PR@cmgpartners.com*.

Sixth Annual CMO's Agenda™
THE AGILE ADVANTAGE

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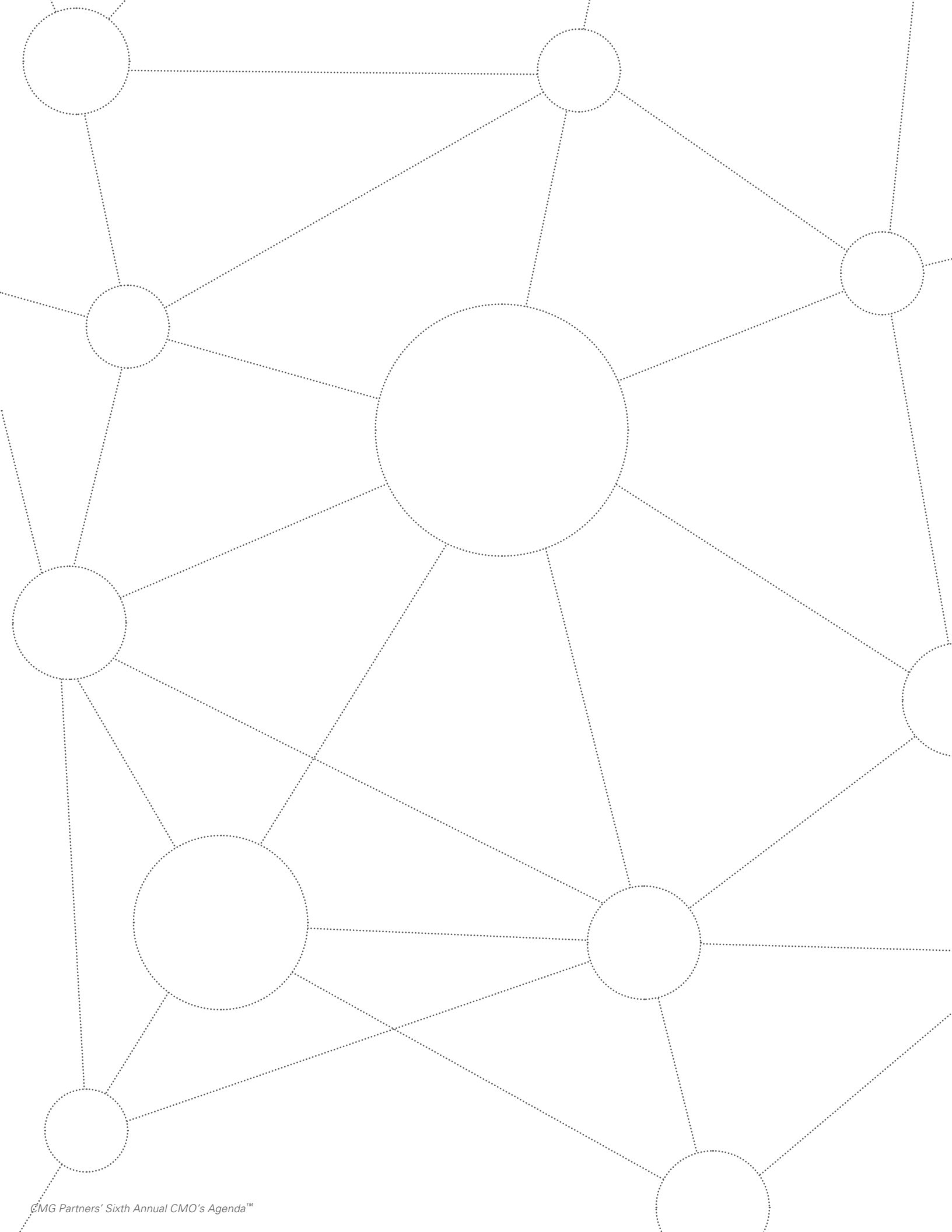
410 Blackwell St., Ste. 420
Durham, NC 27701

P: 919-688-1803
F: 919-688-1804
cmgpartners.com