Capgemini

REDEFINING THE MARKETING ORGANIZATION

MOVING BEYOND TALK

How to transform the marketing organization

Is the marketing organization on the verge of being left behind as the rest of the business accelerates its transformation? Surely, we've been here before in our discussions about the need for change. After all, marketing leaders have been talking about it for years. They have proven their ability to orchestrate broad marketing ecosystems that drive customer conversations and brand equity yet are being hampered at several levels.

So, if marketing leaders understand the need to change, why do 70 percent of marketing transformations fail? This figure was first quoted more than two decades ago, but recent research confirms it remains constant[1]. Among the barriers to successful marketing organization transformation are a failure to actively engage their agencies in developing and implementing changes to marketing processes, a limited commitment to embrace new ways of working, and a somewhat chaotic approach to change.

The marketing function is in good company in this failure to transform successfully. According to an Everest

Group study[2], some 73 percent of enterprises fail to provide any business value whatsoever from their digital transformation efforts, with 78 percent failing to meet their business objectives.

In this opinion piece, we argue that unless the talking stops and meaningful, rigorous action starts, marketing leaders will be facing the same problems in 10 or 20 years' time. We look at the challenges in more depth, including how leaders can break down operational silos and enthuse people in the process of change. We hear from European marketing leaders, both within creative agencies and on the client side, and — with people at its core — we put change management and leadership firmly at the center of a new marketing organization.

This is the third in a series of opinion pieces exploring the challenges and opportunities faced by CMOs in the context of customer experience, brand strategy, marketing technology (MarTech) and marketing organization.

Read the first two articles here.

1 Hammer and Champy: Reengenering the Corporation (1993); see also article in HBR
2 Everest Group: "Digital Services – Annual Report 2018: Future Operating Model to Scale Digital", 2018

RETHINK TRANSFORMATION TO SEE RESULTS — AT LAST

From increasing digitalization to new work-from-home models, the world around today's marketing organization looks very different to that of just five years ago. To enable a brand differentiating customer experience with data-driven personalization and contextual engagement, the marketing organization needs to transform in tandem.

How does the CMO move beyond strategizing change to acting on that strategy? This is a perennial challenge. Nonetheless, for marketing to remain relevant as the company's consumer and brand champion, and even uplift their business value — e.g., through actively growing new sales funnels — it's a transformation that needs to get underway.

Moving from talk to action requires a rethink. We have already heard how 70 percent of marketing transformations fail. So, what's going wrong? To make change work, it needs to begin with the people it will have an impact on, and that's where so many projects with truly transformative ambitions fail.

We see three clear areas that need to be fixed in this context:

> **Limited senior management commitment**
>
> **An excluded ecosystem**
>
> **Unstructured change**

At Capgemini, we believe marketing organizations deliver best when they transform both their leadership and people to uplift employee engagement; when they jointly develop a collaborative culture and integration with their ecosystem — including their creative agencies; and when they provide a future-ready workplace that inspires marketing rock stars.

The following pages take a closer look at each of the three barriers to successful transformation — and offer insight into what has been working for our clients in addressing them.

EXPERIENCING SENIOR MANAGEMENT COMMITMENT

Will your people change if they don't feel they've got management support? The simple answer is no. Here we come to the first of our three barriers to successful marketing organization transformation — limited senior management commitment.

Far too often there is a gap between what senior management say and what they expect their people to do. Too often, they are simply not 'walking the talk'. This manifests itself in a lack of budget and resources allocated to realizing the change, and team members feeling that marketing is not part of the wider business transformation story.

There's also the challenge of silo'd thinking between functional heads that must be addressed — those heads of channels, brands, etc. reporting into the CMO. As one leading marketer stated: "[We] must reinvent ourselves as today's silo structures — marketing and advertisement vs. classical product PR and corporate communications — will increasingly overlap." (*Jochen Sengpiehl, Volkswagen AG*[3]). For Volkswagen's agency model this will mean "more centrally developed campaigns, more adaptation, less freedom for local markets to implement their own measures".[4] Colja Dams, CEO of leading event agency VOK DAMS, shares this urgent need for reinvention: "The goal is to work

in a customer-centric way, creating a consistent brand experience across all channels. This is only possible with cross-functional teams in marketing organizations and agile collaboration with the agencies. Not only in content creation, but also in data management."

But how can CMOs ensure senior management commits to a new organizational structure that dismantles silos? The CMO has responsibility for both leadership style and the degree of collaboration embraced by the marketing organization. In the best-case scenario, senior marketing managers understand the CMO's agenda and visibly support the changes required by their respective organization or function.

Joining the transformation conversation

Where this cooperation between CMOs and their direct reports falls short, the CMO needs to work to understand individual opinions on what's good, and what could be better within the marketing organization. There should be a discussion about the company's goals and how each senior manager contributes to them. During these conversations the CMO must also be clear about what part of the transformation is non-negotiable.

---

3 Jürgen Scharrer: „Die Thesen von VW-CMO Jochen Sengpiehl für die Post-Corona-Zeit", HORIZONT
4 Mehrdad Amirkhizi: „So baut Jochen Sengpiehl das Volkswagen-Marketing um", HORIZONT

And then there's the future — after all, marketing organization transformation is about the future. How will this technology-enabled transformation help the organization get where it wants to be? This should be a collective conversation, with everyone's priorities being heard. For example, some may feel it's more important to build the right infrastructure first (e.g., cloud-based tooling), while others might believe it's best to first develop a more collaborative culture.

It is clear from this that our starting point for successful marketing organization transformation is your people. By investing in your people, you're investing in your transformation. When Capgemini teamed up with the Massachusetts Institute for Technology (MIT) to examine the success factors of leading companies, we found that leadership and people were not only crucial, but the only common denominator across successful — and failing — transformations.

Building leadership skills

Senior managers must act as coaches, coordinating the marketing ecosystem, promoting talent and being role models for the future marketing organization. Our work with MIT yielded a leadership and competency development model that can serve as a good starting point for this leadership journey. It is crucial to understand your senior managers' strengths and development opportunities in digital leadership. From this starting point, leadership enabling programs designed to build the digital leadership skills lay the foundation for senior managers to move beyond simply 'walking the digital talk'.

Strength-based team building is also useful, beginning with the CMO and their direct reports, then the direct reports and their own reports, and so on. This is specifically designed to strengthen the bond and connection between leaders and their teams to improve the 'experience' of senior management's commitment to change. Instead of trickle-down diplomacy,

this is trickle-down leadership that can have immediate impact on your employee engagement.

An important aspect of showing this commitment means 'putting your money where your mouth is' in developing people. In this respect, there are some important questions to ask. How am I as a senior leader in my organization empowering my people to grow? How am I handling the need for flexible working? How are career paths supported, including career breaks and learning, etc? And, most importantly, how do my people see and emotionally understand that I truly mean what I say?

> *"People are the foundation of any company's success. The primary job of each manager is to help people be more effective in their job and to grow and develop."*
>
> **Renowned executive coach and CEO Bill Campbell**

Programs to support ongoing learning should be encouraged, for example, e-learning modules and internal certification programs (such as the Open Badges initiative). This should be taken up at all levels, from leaders and senior managers to operational level employees.

Relating specifically to the marketing organization, beyond learning and career development, senior leaders should be asking how they can break down silos, for example between brand teams that may all believe their way is the best way. They need to think about how to support new ways of working, such as with cross-team collaboration. And they should be at the forefront of new technology adoption, for example by embracing new systems, like a new cloud asset management system. If they signal their ambition to use it (walk the talk) and encourage its use, they become role models for the change. This can specifically include behavioural changes like avoiding leaving a comment within the collaboration tool that they wouldn't ordinarily include in an email.

BUILDING AN INCLUSIVE ECOSYSTEM

The marketing organization doesn't operate in isolation. Yet when it comes to change, we hit the second of our barriers to transformation — an excluded ecosystem. Let's start by defining this ecosystem. According to a recent Capgemini point-of-view paper[5] "[…] the Connected Marketing ecosystem encompasses internal teams (e.g., brand management, sales & marketing and IT), along with external entities (e.g., agencies, third party data providers)".

However, when change projects get underway, external agencies are often neglected inspite of their significant contribution to the marketing department's value chain. According to one reference,*"89 percent of marketers neglect agencies in transformations because they believe they don't contribute to the change of marketing organizations* - despite the fact, that agency leaders feel a need to rethink their business models aiming for closer cooperation!"[6] This is indicative of an approach to change that doesn't see the broader, end-to-end picture. New processes and tools are implemented in isolation, without consideration for how external partners might (or might not be able to) use them. This leads to friction between the marketing organization and agencies, with a negative impact on productivity and campaign outcomes.

Expanding marketing's borders

How should the CMO begin to build an inclusive ecosystem? Internally, the first step is to be clear on what 'inclusive' means to you. For example, what will you 'exclude' from your ecosystem partners, such as pricing strategy and unique insights into your customer profile and behavior that you consider competitive advantages? The marketing department's borders will be expanded to include internal teams (e.g., product development, sales, etc.), as well as an agency network to uplift innovation, speed and leverage flexible resourcing skills. Also, are there any non-profits you could collaborate with that aim to advance a purpose you'd like your brand to be connected with? How closely would you be willing to collaborate (e.g., having their people intern as part of your teams to advance how you embody that purpose)? This ecosystem model works both ways — from the client to the agency, and vice versa. "Our most successful projects are with clients we work *with*, instead of work *for*. When it comes to marketing, 'Tell us how you would do it' works much better than 'Do as you are told' ", confirms Colja Dams.

Your ecosystem will also be shaped by digitalization and the future of work trends that are changing the borders between industries and companies — for example mobile work and the increasing need to access the latest information from different devices (e.g., laptop vs. smartphone vs. tablet) at any time. Business simulations can help to define and expand your ecosystem and have proven their worth. In a scenario-like ecosystem mode, vertical collaboration along the value chain can be validated and increased step by step, and new business models, new tech horizons and industry topics can be tested. Empirical values provide orientation, and it becomes possible to examine how innovations can be promoted, speed increased, and flexible resources and capabilities used effectively.

5 Capgemini: Connected Marketing – Putting your Customer First
  https://www.capgemini.com/wp-content/uploads/2021/02/Capgemini_Point-of-view-
6 www.linkedin.com/pulse/digitisation-makes-ad-agencies-rethink-business-models-thomas-dmoch/

Structuring the change process

A four-step framework for building and operating an inclusive ecosystem can help CMOs put a structure to the iterative change process of expanding marketing's borders. From discovering what might be possible, through building and validating minimum viable organizations (MVOs), to scaling and sustaining the changes, each idea undergoes the same phased process — whether it's a change in tooling, an attempt at closer collaboration and process integration across internal teams, or a shift in responsibilities from one partner to another within the ecosystem.

For further elaboration on ideal collaboration models, both internally and externally, i.e. in client-agency interaction, please see Dmoch, T. (2019), "The digital Transformation of the Marketing Department", in: Transfer. Zeitschrift für Kommunikation und Markenmanagement, Vol. 65, No 2, p. 38-43.

STEP 1: Discover	Select the idea or improvement to focus on, for example closer collaboration between product development and marketing to accelerate validation of the product's value for your target groups and to get more detailed feedback for product improvements. Marketing and product development can become "partners in crime" with marketing being both sponsor and devil's advocate.
STEP 2: Devise	Ask yourself "what would we need to do, if we were to do it just once…" to probe a minimum solution — an MVO — for example, what level of cooperation, governance and remuneration, and what roles and responsibilities, as well as interfaces and workflows work for all the ecosystem players?
STEP 3: Deploy	Test the idea or improvement: dry-run processes, validate use-cases with the desired tool or technology, such as a digital asset management tool, and run a pilot — e.g., with one agency for a time that gives you enough information on the improvement scales (e.g., a month, a quarter). Be sure to choose a pilot setting that's reasonable. These are often designed with smaller use-cases or case numbers, making them feasible in the short run but more complex to scale in the long run. Also, jointly iterate improvements during this pilot phase.
STEP 4: Sustain	Share your experiences with your broader internal audience within the marketing organization. Start conversations about further ideas so that other teams can build on your experiences. Scale and adjust your solutions to other departments. Actively support them with adopting and improving your experiences — you're the expert they can rely on. Initiate a process of continuous improvement involving all current users. Also, invite potential users to join the conversation by publicly sharing your lessons-learnt company-wide and inviting people to your workshops. They could help generate further scaling or improvements.

MOVING FROM CHAOTIC TO STRUCTURED CHANGE

Let's be honest here: Marketing people are largely creative. They like new ideas and designing concepts. Change management is not part of the job description yet is often left to members of the team — unused to and inexperienced in overseeing large-scale transformation. This is where we hit the third barrier to successful transformation — unstructured change.

Realizing change needs a structured approach and the right tools for developing personalized, intimate, and digital interaction. However, according to the Harvard Business Review[7], marketers struggle to implement the right tools for a future-ready workplace.

So, what does it take to bring about structured change towards a future-ready workplace that inspires creativity and successful marketing outcomes? A marketing leader at a leading European automotive manufacturer highlights what should be obvious but still seems to be under-valued in day-to-day business: managing uncertainty is an important starting point in today's volatile, uncertain, complex and ambiguous (VUCA) workplace.

And change, of course, always has an element of uncertainty that leaders must manage. It's true that we won't be able to structure today's VUCA workplace in a way that line-workers were managed in the 1920s or even the 1990s. That's a good thing: people grow when they complete tasks and assignments that they didn't believe they could complete. Call them development assignments, stretch assignments, or whatever term fits your culture: learning, winning battles with new challenges, and growing as a person is what makes most people happy. It's what consequently makes them stay with you, your team, your brand, and your company. Hence, as leaders, we must empower, mentor and coach our people to grow through this uncertainty.

Your marketing transformation provides a myriad of such-like development assignments. It is the job of leaders to find the right match of development assignment and employee(s), and the right type of support by the leader to grow the employee(s).

Structuring the change

The work we have undertaken with MIT on Digital Mastery empirically studying more than 2.500 corporations globally, yielded impressive results: Digital Masters outperform their competition by 26% in profitability[8] — and they all approached their transformation in an astonishingly similar way.

---

7 Omar Rodríguez-Vilá, Sundar Bharadwaj, Neil A. Morgan, and Shubu Mitra, "Is Your Marketing Organization Ready for What's Next?", published in Harvard Business Review, 2020
8 "Leading Digital"; George Westerman, Andrew McAfee, Didier Bonnet; 2014

STEP 1:
Frame your challenge

Build awareness for the need to change and know your starting point in terms of what to keep and what to add or change. Then craft a vision and align your top team around what you will do differently in a defined timeframe. Make it specific and tangible. Here we refer to Deutsche Telekom CEO Tim Höttges' presentation during the company's 2019 general assembly. He addressed the audience wearing a working helmet and physically showing and touching a 5G panel — now that's making the change tangible!

STEP 2:
Focus your investments

Translate your vision into a roadmap of milestones that show when you're getting closer to your vision — a roadmap that speaks to your people; one you can share and that your people immediately understand. It might make sense to give the task of developing a strong emotional internal campaign to your agency. It might even make sense to user-test this roadmap with selected employees before launching your communication. Add to this a need for governance. Large transformations, especially those looking to change several elements in parallel, require orchestration with surgical precision, so build your governance as a priority. Even those organizations priding themselves on their ability to structure and manage large-scale systems in detail should feel empowered to create governance that's as lean as possible, while keeping the necessary orchestration and transparency in place. There is no one-size-fits-all governance, you will need to find what works for you.

STEP 3:
Mobilize your people

A large part of this step is covered earlier in our discussion on senior management commitment. Leadership is critical. Signal your ambitions loud and clear. Let people see them in what you do day in, and day out. As leaders, we must earn the right to engage (walk the talk), set new behaviors, and evolve the culture. Understand the individual strengths of team members so that you can match the right people to the right kind of development assignments (projects).

STEP 4:
Sustain the transition

As we have previously mentioned, it's important to build a solid foundation of the skills needed in your digital, connected, marketing organization. Plan several steps ahead in terms of engaging your team in upskilling. If your teams subsequently feel like the pieces to the puzzle have fallen into place — and it's been intentionally designed this way — you've accomplished the mission. Align incentives and rewards (put your money where your mouth is) with transformation goals added to the annual performance management process.

These steps can also be viewed in terms of maturity levels — our clients like to call them Key Adoption Indicators.[9] Here we see leaders and employees alike having **heard** about the marketing transformation, **understood** what it means for them and their roles, **accepted** that this marketing transformation will happen and that their work routines will undergo changes, **tested** some new working habits, tools and processes as the 'new normal', and are consequently **living** in this new adaptive marketing organization.[10]

9 Ziegler, C.: „Organisations using Key Adoption Indicators are significantly more successful in achieving change"; https://www.linkedin.com/pulse/your-transformation-going-smoothly-organisations-using-ziegler/

10 This understanding of an adaptive marketing organisation as part of an ecosystem is the heart of Capgemini's offer Connected Marketing. Connected Marketing means: customer activation by data-driven, personalized and thus relevant content, delivered in the right moment, by a responsive, empowered and interdisciplinary marketing organization that is able to execute at scale through adequate Marketing Technology."

BUILDING A MODERN MARKETING WORKPLACE

We have talked about creating a future-ready workplace as part of a marketing organization transformation, but what does this look like? It puts your people in a digital, and networked collaborative ecosystem. One in which senior managers share their commitment to new structures, technologies, and ways of working to empower their teams. According to a Gallup study, this empowerment will contribute to your overall success: "Empowering your people creates an uplift in employee engagement and raises your profitability by up to 22 percent".[11]

Performance thrives in a future-proof workplace. Optimized both digitally and physically, this will inspire your marketing rock stars. But this future proofing is about more than just new tools. It needs a commitment from senior managers — people prepared to say "I need to learn how to use these tools correctly in the new digital and networked environment". This can require rethinking and relearning those applications already in use as they migrate to the cloud. Do you need to onboard digital scouts and create an 'ambassador network' to enthuse people in the new marketing organization model?

Be clear about the jobs-to-be-done

As you build your modern marketing organization, take a close look at your marketing rock stars. What jobs do they do most frequently? Not just 'tasks' but the jobs that provide value to you or your customers. Then be aware of the context in which they perform these jobs. Are they working in the office with a large screen? Are they working from a desk at home, or from their smartphone while home-schooling? Also, consider the jobs your agencies and other partners in your ecosystem do for you.

11 Gallup study, "State of the global workforce", published in Harvard Business Review, 2015

Once you have a clear picture of these jobs, consider how enabling them might change over time. Just as we once travelled to work by horse, then by bike, then bus, then car, the objective — getting us to work — is the same, but the solution evolves. So, it's important to design your tools and technical architecture in a way that best supports your whole ecosystem as it evolves its approach to the jobs-to-be-done. You may ask why you should bother what kind of processes or tools your agencies or other partners use to work with you. Remember, they work for you. The more efficiency and swiftness you can bring to the collaboration, the more value you get for your buck.

Effective cross-functional collaboration with partners and agencies in a modern marketing organization is enabled by continuous digitization, automation and agile ways of working. With agile structures you enable the rapid development of personalized, intimate and digital customer interactions, pushing marketing forward as a driver of advertising impact and brand differentiation.

Building Blocks of Success

As mentioned above, Capgemini's clients successfully use a concept called Key Adoption Indicators to continuously track their progresses and achievements. These KAIs can further help to identify where a project is lagging and needs more work to get things moving. They can also be a great measure and input for continuous agile planning, for example by identifying a need to adjust initial plans.

Senior manager commitment. Digital enablement. An inclusive ecosystem model. And a structured, collaborative approach to change. These are the building blocks for a successful transformation that will ensure the marketing organization continues to be an enabler of business strategy, productivity, and creativity in the future workplace. Failing to move beyond the 'talk' and start acting on that transformation now, could see the marketing organization's role diminish in years to come.

Christof Ziegler
Senior Managing Consultant;
Transformation Excellence

With Christof's support, our clients translate transformative digital strategies into tangible business outcomes. Working at the sweet-spot of Project Management, Change Management and Coaching, he supports our clients in structuring their challenges and realizing their project and program outcomes. Christof orchestrates the people side of transformation journeys, and coaches leaders to lead their teams through the VUCA of transformation. A graduate in Computer Science, he works in technology-empowered business process re-design since 2010.

Together with his team, Christof developed the concept of Key Adoption Indicators. Also, Christof hosts the "Navigate Transformation" podcast.

Try the TRIM Self-Assessment

What's the digital maturity level of your marketing department?

Find out here:

www.trim-capgemini.com

About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 270,000 team members in nearly 50 countries. With its strong 50 year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fuelled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2020 global revenues of €16 billion.

Get the Future You Want | www.capgemini.com