

Marketing & Sales Practice

Marketing's moment is now: The C-suite partnership to deliver on growth

Is your marketing executive a Unifier, Loner, or Friend? The CMO's rapport with the C-suite is crucial in establishing marketing's role as a growth driver.

by Julien Boudet, Biljana Cvetanovski, Brian Gregg, Jason Heller, and Jesko Perrey



Marketing's big opportunity is here. CEOs are turning to marketing to drive their company's growth agenda, and they're giving CMOs the runway and support to do so.

In a new McKinsey study,¹ 83 percent of global CEOs say that marketing can be a major driver of growth. For a function that has all too often been thought of as the "brand" or "advertising" arm of the business, this is a notable development. But the news isn't all rosy. Some 23 percent of CEOs do not feel that marketing is *delivering* on that agenda, and the view elsewhere in the C-suite is even more mixed. One group of CMOs, however, has figured out how to deliver on the growth promise (Exhibit 1).

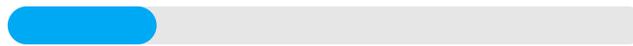
Exhibit 1

CEOs see marketing as owning the growth agenda.

83% saw marketing to be a clear driver of growth



23% do not feel their marketing organization is delivering on the growth agenda



C-suite view of marketing

In recent years, a sea change has occurred at leading companies. Executives at these organizations no longer view marketing as

bound by functions that sit in the marketing department. Instead, they think in terms of what we call "marketing with a capital M." In this model, diverse areas of the organization—from sales and product innovation to finance, technology, and HR—participate in marketing's success and see themselves as partners in its mission. As head of marketing, the CMO has a crucial role to play in driving organizations toward this vision, and the stakes are high. Our analysis reveals that a marketing organization's ability to drive growth depends heavily on the strength of the partnerships the CMO can forge across the organization. We call these CMOs Unifiers.

To build deep, productive relationships, CMOs have to win over some skeptics in the C-suite. Only half the CFOs we surveyed, for example, said marketing delivers on the promise of driving growth, and 40 percent don't think marketing investments should be protected during a downturn. There is even less symbiosis between marketing and the chief human resources officer (CHRO)—a big Achilles heel, given the need to attract the world-class talent that will allow marketing organizations to thrive. Further complicating matters, just 3 percent of board members have a marketing background.² "Everyone [on the board] has an opinion about marketing, but there is very little expertise," noted one former apparel CEO.

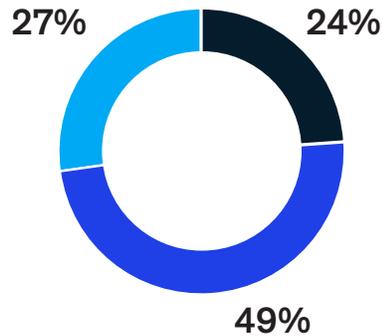
Overcoming these hurdles isn't just essential for the CMO; it's crucial for the business's growth. Our analysis shows that high-growth companies are seven times more likely to have a *Unifier* CMO—someone who fosters robust, collaborative partnerships across the C-suite—as the more isolated archetype we call *Loner*. Most marketers are somewhere in between, an archetype we call *Friend* (Exhibit 2).

¹ Interviews with 60 C-suite executives and quantitative surveys with another 200, February–May 2019.

² McKinsey analysis based on 2017 Spencer Stuart U.S. Board Index, 2018 PwC's publication, "Board composition: Consider the value of younger directors on your board," and Kimberly A. Whittler, Ryan Krause, & Donald R. Lehmann's article, "When and How Board Members with Marketing Experience Facilitate Firm Growth."

Exhibit 2

Today's CMOs break into three different archetypes.



- **Unifier**

Strong partnership with key players in C-suite to drive growth

- **Loner**

Limited relationship with C-suite focused primarily on marketing communications

- **Friend**

Good relationship with 1-2 of C-suite, especially CEO, with limited responsibility for growth and customer experience

Meet the three CMO archetypes

If Julius Caesar were a modern executive, he might say that, like Gaul, all CMOs are divided into three parts, each with distinctive habits and traits: the Unifier, the Friend, and the Loner. However, only one—the Unifier—is the key to future victory.

Unifiers: These CMOs are masters at fostering cross-functional collaboration. They ensure that marketing has a clearly defined role in the eyes of C-suite peers; they adopt the language and mindset of other C-suite executives; and they articulate how marketing can help meet the C-suite's needs. They also establish mutual accountability and a shared vision with other executives. Sought after by peers for advice, they have a seat at the table when critical decisions are made, have broad profit-and-loss (P&L) responsibility, and are often involved in defining the company's strategy. As a result, their budgets are more likely to be protected during a downturn, and they enjoy a 48 percent longer tenure. Unifiers may be born or

made. Aside from inherent leadership abilities, the organizational and cultural conditions for creating Unifiers can be established by the CEO.

Loners: These CMOs may be great marketers, but they don't have the full support of, or deep relationships with, their C-suite peers. Loners tend to focus on near-term activities like ad campaigns and social media. They are seen by CEOs as executors of brand stewardship, advertising, and PR, not as equal partners. They are more likely to implement strategy than develop it and often report that their CEO doesn't understand or trust marketing. "If a campaign goes well, it's because the sales team did well. If it goes bad, it's marketing's fault," one former entertainment president told us, summing up the challenges of working with a Loner CMO.

Friends: This most prevalent type of CMO lies somewhere between Unifier and Loner. The Friend has one or two allies in the C-suite, often the

CEO, but hasn't been able to spread marketing's agenda fully across the organization. Responsible for top-line growth through marketing channels, Friend CMOs typically don't have broad P&L responsibility or even much influence across the entirety of customer experience, such as product development and customer service. They are also not as adept at speaking the language of the C-suite, and chief technical officers (CTOs) tend to see them as "customers" of technology rather than as partners in driving innovation and developing new capabilities.

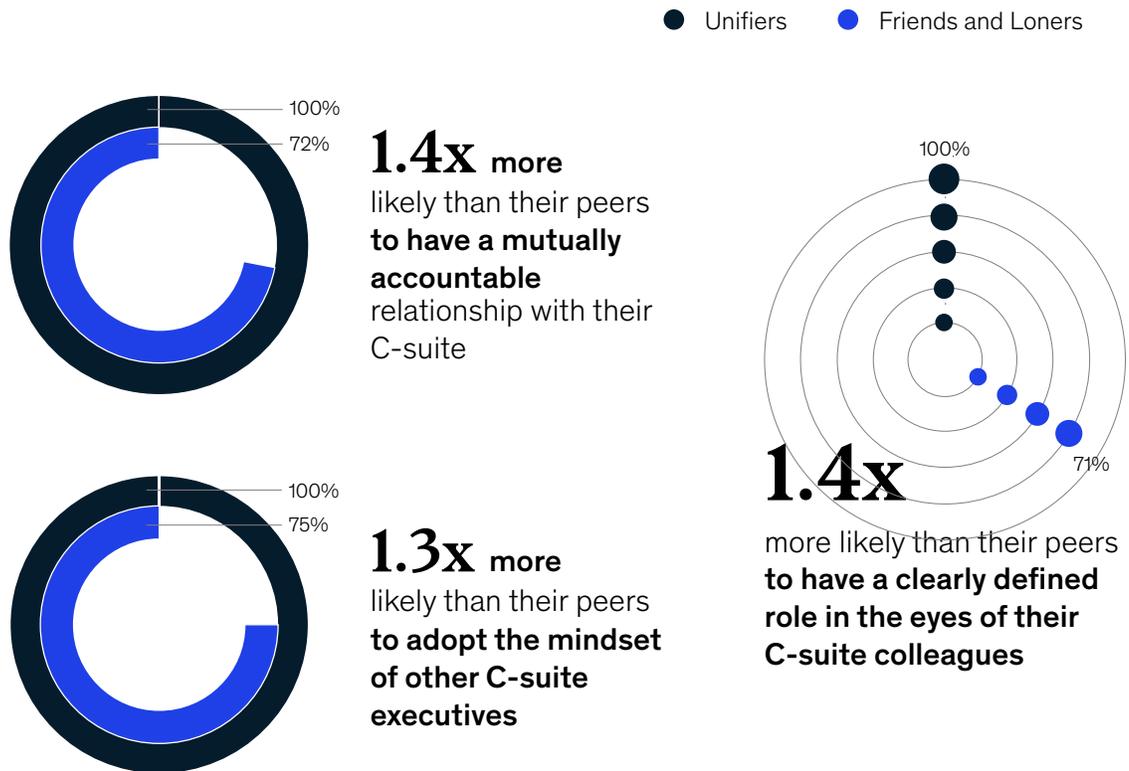
What Unifiers do well

Unifier CMOs excel in four areas in which they work directly with relevant members of the C-suite to drive the business's growth agenda.

Fully leveraging CEO support to help drive growth

Unifier CMOs know the CEO is firmly in their corner, and they use this support to further marketing's growth agenda (Exhibit 3). They start by making sure the CEO understands how exactly marketing is driving growth, owning the customer, and serving the company's broader goals and

Exhibit 3
Key Unifier CMO relationship-building traits



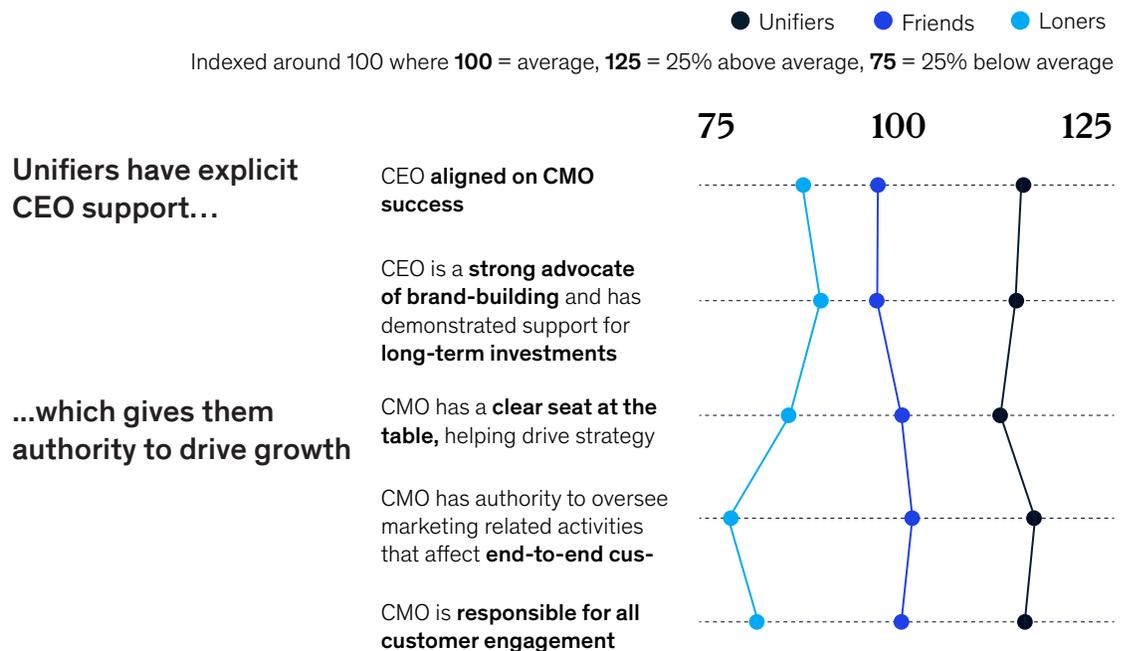
objectives. Unifiers weave many sources of insight and a deep understanding of the customer into a holistic picture of opportunity that the CMO and CEO jointly translate into short- and long-term initiatives.

These CMOs are viewed as peers and called upon by CEOs for insight and early detection of changes in customer habits that will impact the business. Unifiers elevate marketing's role by developing a deep understanding of end-to-end customer journeys. Thanks to such mutual accountability and shared mind-sets, they report meaningfully more support and buy-in for marketing's agenda from CEOs than Loners (Exhibit 4).

"Marketing as a support function is antiquated," said the CEO of an apparel company with a Unifier CMO. These leaders are also given greater authority to oversee marketing-related activities that may not reside in marketing but affect the end-to-end customer journey, such as product and customer service. They are twice as likely as Loner CMOs to be responsible for all customer engagement and value creation, and roughly three times as likely to have oversight over the end-to-end customer journey.

There is at least one area where Unifier CMOs have room to grow, however. Many CEOs want marketers to think big and take risks that could pay off—something CMOs don't always realize.

Exhibit 4
Unifiers report meaningfully more support and buy-in for marketing's agenda from CEOs than Loners.



The former CEO of a leading retailer told us that he was a huge believer in the value of marketing, more so than anyone else in the C-suite. Yet his CMO still sometimes asked for permission instead of assuming co-ownership of the challenge.

Adopting the mind-set of a CFO to establish marketing as a driver of value

If the CEO is a CMO's closest natural ally, the CFO is one of her toughest critics. "Under pressure, marketing gets cut first because it is the hardest to justify," said one former consumer-goods CFO we interviewed. Forty-five percent of CFOs we surveyed said the reason marketing proposals have been declined or not fully funded in the past is because they didn't demonstrate a clear line to value.

To overcome this, Unifier CMOs demonstrate that marketing is accountable and does in fact drive predictable and significant value. The best marketers use advanced analytics to help quantify the impact that marketing spend has on short- and long-term value. They build business cases with metrics that reflect meaningful financial value (ROI, customer lifetime value, revenue run rate) rather than more prevalent but less valid—in the CFO's eyes, anyway—indicators, such as brand equity, gross rating points (GRPs), or engagement. "Embrace metrics that matter," said one telecommunications CFO. "Come to me and tell me what the right ones are."

Unifier CMOs don't just adopt financial lingo for their interactions with the CFO; they incorporate quantitative rigor as well as profit-and-loss accountability into every decision they make. They jointly own the vision, coming to agreements about what each other's needs are and which initiatives and key performance indicators (KPIs) are important, with the CMO reporting back regularly with progress updates. Artful CMOs are able to do this while still supporting a culture of innovation and experimentation. One tech CMO, for instance, worked with his CFO to cocreate a "fighting fund" that looked for marketing efficiencies and funneled a portion of the savings

into a reinvestment fund that marketers could access for projects with a clear ROI. The availability of new funding incentivized marketers to think of innovative approaches.

CFOs who appreciate marketing's value are also far more likely to preserve its budget in difficult times. At one apparel company, where the CMO has a collaborative relationship with the CFO, it's the CFO who asserts, "We are not going to touch the marketing budget."

Partnering with the CTO to unlock the power of data

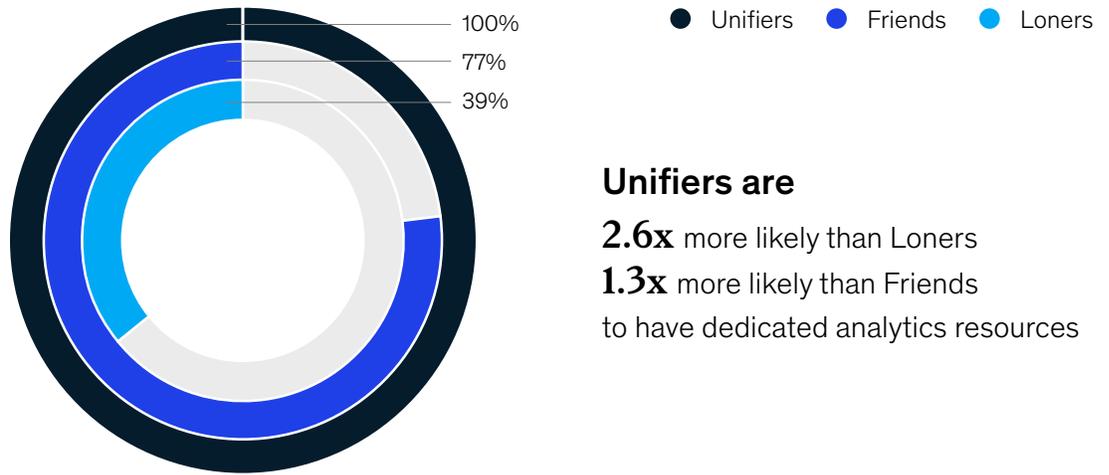
Companies with Unifier CMOs understand that marketing and technology are inextricable partners in developing capabilities for unlocking value in new ways. Marketing simply can't take advantage of the vast volume of data companies possess without close collaboration with the CTO.

As partners, they develop a shared vision of how data from separate, disconnected systems can be integrated and then used to understand customers at granular levels, personalize interactions, and predict customer behavior. At a leading retailer, the CTO joined the CMO in taking accountability for the digital transformation of marketing, repeatedly presenting their vision and budget requirements to the operating committee and board until they got full buy-in.

CTOs who feel responsible for the outcomes of marketing initiatives are more likely to devote dedicated resources to them. Unifier CMOs are about three times as likely as Loners to have their own dedicated data-analytics teams, for example, which help improve the quality and speed of marketing decisions. At one direct-to-consumer entertainment company, the CMO used to "beg" for support from IT. That changed after the company did a multiyear migration to cloud platforms and adopted an agile model in which marketing and tech teams work side by side in pods to accomplish shared goals. These shifts helped the company drive an 11 percent increase in top-line revenue (Exhibit 5).

Exhibit 5

Unifiers have the analytics resources they need.



Unifiers are

2.6x more likely than Loners

1.3x more likely than Friends

to have dedicated analytics resources

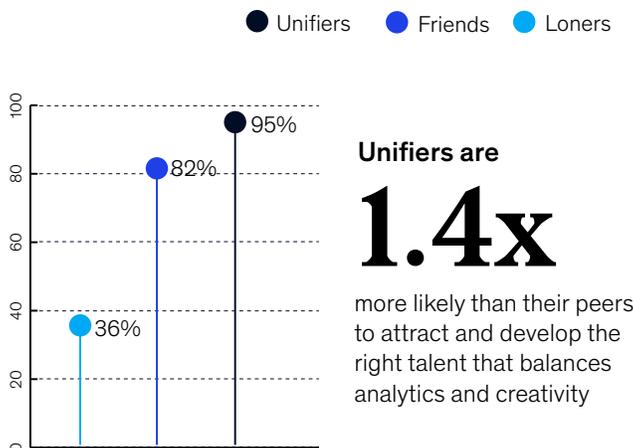
Empowering the CHRO to win the war for talent

All CMOs, regardless of their leadership archetype, understand that driving performance requires access to world-class marketing

talent, never an easy thing to come by. Although companies with Unifiers are roughly three times more likely than those with Loners to attract and develop talent that balances analytics and creativity, they still report difficulty in meeting their talent needs (Exhibit 6).

Exhibit 6

Unifiers have the right balance of analytics and creative talent.



Overall there is a massive talent gap: a whopping 82 percent of Fortune 500 executives don't believe they recruit highly talented people.³ Relying on legacy recruiting and training programs won't do. The CMO can play a critical and influential role here by engaging with the CHRO, educating her about marketing's diverse talent requirements and the need to evolve the organization's culture for the next generation. Together, the CMO and CHRO can develop new job classifications and devise innovative ways of building talent, from going all out to hire anchor talent and building new careers paths to creating talent war rooms that can recruit more quickly. Setting up internal academies to reskill and upskill existing marketers and non-marketers can help people keep pace with changes in the marketplace.

³Scott Keller and Mary Meaney, "Attracting and retaining the right talent," *McKinsey Quarterly*, November 2017.

Arguably, there has never been a better time to be a CMO. CEOs are giving CMOs permission to step up and think boldly about how marketing can drive growth. But CMOs also need to give themselves permission to assume the growth mantle. Being a modern, highly effective CMO means taking on ambitious ideas, unifying the C-suite, and transforming other leaders into champions of the marketing agenda.

But CMOs can't do it alone. CEOs will need to look at their role in supporting the CMO and whether the company's operating model supports cross-functional collaboration. The rest of the C-suite will need to fully embrace the potential of marketing and see a CMO partnership as an opportunity to help drive growth and deliver real value for the organization. Ultimately, the C-suite needs to ask itself: Is the CMO empowered to function as a Unifier or is she destined to be a Loner or Friend?

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