Supporting Profitable Growth by Solving the Marketing Problem

More than ever before, companies need to find new ways to lower costs and increase effectiveness in order to deliver profitable growth. This is especially true for firms facing major market disruption or organizational change. With the right approach and processes, companies can transform a traditionally complex, inefficient, and expensive marketing function into a valuable strategic asset that supports sustainable, profitable growth.

Why Focus on Marketing?

Marketing is often a visible and expensive cost center within a company. As a result, management may overlook the strategic importance and potential that Marketing has to contribute to the bottom line.

> *Marketing is the only function to connect a business from first idea to customer use and satisfaction.*

Marketing is the backbone of successful, growing, profitable companies because it is a critical end-to-end process – the only one that spans the entire company – from fundamental business planning to ongoing customer care.

Granted, this view of Marketing is frequently obscured in companies where the various marketing functions (from Commercialization to Product Management to Marcom) have been fragmented across the organization. The resulting issues are often magnified further between Marketing and other entity resources (Operations, Finance, Planning) that reside in product groups or entities that operate as "silos," inhibiting the linkages and synergies required for operational success. However, properly connecting and integrating the right resources through optiized process and structure makes it possible for companies to capture and exploit the full end-to-end reach and potential of Marketing.

Successfully transforming the marketing function enables companies to:

- ☑ Better define their market-driven technology and core asset decisions
- ☑ Gain breakthrough customer insights that enable the organization to develop differentiated and winning products
- ☑ Better integrate go-to-market investments and planning
- ☑ Align brand and category communications across regional entities and staff organizations in strategic ways
- ☑ More efficiently manage marketing costs in line with overall strategy
- ☑ Help support sustainable, profitable growth

The Marketing Problem

The inefficiencies and other frustrations associated with the marketing function frequently originate from the way Marketing is organized and operated. Resources are often spread across businiess units, regions, and corporate resulting in both duplication and discontinuity of decisions, activities, and deliverables. In many companies, various marketing functions have been "disaggregated" and distributed across entities (for instance, separating Product Marketing from Market Development or Marketing Communications), resulting in poor communications and coordination between groups that should be working together seamlessly.

In practical terms, the results of this kind of marketing organization are all too familiar:

- ☑ Marketing spend can't be adequately tracked or managed
- ☑ Coordination and leverage between groups is sporadic or non-existent
- ☑ Marketing talent is inconsistent throughout the company
- ☑ Agencies are poorly directed and managed
- ☑ Brands and categories lack integrated strategies and messaging
- ☑ Accountability is weak or non-existent

The problem extends far beyond the marketing function itself. Without the right marketing:

- ☑ R&D doesn't always know what to design, and products may lack key features and proper pricing, or are late to market
- ☑ Customer solutions aren't well defined because product lines don't collaborate
- ☑ Operations spends time forecasting instead of driving supply chain efficiencies
- ☑ Forecasts are inaccurate because they don't effectively integrate sound market data and analysis from across the organization
- ☑ Sales spends too much time gathering requirements instead of selling

CMOs and other executives charged with solving this problem need to find ways to improve communication and coordination, foster marketing leadership, and drive better economies of scale and scope within their organizations. This work often involves variations on centralization, consolidation, or even downsizing strategies. While any of these approaches may be helpful in some ways, they alone aren't enough to drive the sustainable change required for successful marketing transformation.

Solving the Marketing problem requires a more comprehensive method -- one that provides a repeatable and scalable model for efficient planning and execution across a complex organization. Given the truly end-to-end nature of effective marketing organizations, it makes sense to organize in a way that defines the work to be done and then provides a comprehensive blueprint or map of the infrastructure, core processes, and tools that drive products and services from that initial idea to the customer.

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1/23/2009
Page 2 of 8

Applying a *network* approach or model for marketing organization provides such a blueprint, and is a proven, effective way to organize resources -- people, processes, information, partners, and suppliers -- to deliver the knowledge-powered marketing results required for growth and success.

The Solution: A Network Approach to Marketing

The Value of Networks

Network models have been successfully applied in many situations to facilitate information flow or optimize the use of resources. For instance, with the common availability of the Internet, many online social, business, and specialty networking websites are now used to broaden communications, foster collaboration, and harness the collective knowledge and contributions of diverse participants.

Supply chain systems are an example of a network model that has matured. Applying a network approach to the integration of disparate functions such as purchasing, manufacturing, and logistics has revolutionized a critical activity used by companies of all sizes. Just as bringing together these elements into a cohesive system has allowed companies to drive better efficiencies and increase profits, many of the same network principles of communication, integration, collaboration, and knowledge sharing can also be applied to transform Marketing.

Marketing Redefined

It's important to first clarify some basic terms that will be used going forward:

Marketing:
Beyond the "4Ps" and other concepts traditionally taught in business schools, Marketing is about the *end-to-end* development and delivery of products and solutions that meet customer needs in target markets. Marketing is more than a department that provides services and deliverables (advertising, literature, etc.); at its best, it functions across the organization to translate business opportunity into strategies and initiatives that support sustainable, profitable growth for the company.

Network:
A group of entities bound together by a collection of processes that are linked by formal and informal flows of information and are intended to work toward established plans for the greater good of a business.

Marketing Network:
A framework that defines the functional work areas and interconnected processes within Marketing that drive innovation and the successful delivery of products or services to customers.

Building a Marketing Network

Creating a marketing network enables companies to manage the complex seams between groups and functions within an extended organization. A marketing network must:

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1/23/2009
Page 3 of 8

☑ Define the functional work, key deliverables, and core processes of Marketing

☑ Organize the complex and multi-layered activities of Marketing into a scalable model

☑ Define and map the relationships between marketing organizations and their partners

Establishing the framework to organize marketing resources for maximum efficiency, effectiveness, and innovation requires several key elements.

Key Element 1 – Structure:

The first required element is a *structure* that provides a blueprint for the entire network and its operations. Its use is similar to that of an architectural blueprint – it specifies what is to be constructed. The marketing network blueprint should include:

☑ Description of work hierarchies – vertical views that detail the work of the marketing organization

☑ Definition of marketing entities – organizations that possess specific expertise and perform key marketing activities

☑ Depiction of boundaries and linkages between organizational entities that define decision rights and enable good planning, smooth coordination, and accountability

Note that the emphasis here is on the *work* to be performed, and *how* it is organized, rather than *who* (which particular role or person) does it. This is very different from the typical approach of beginning and ending with an organization chart, and it's the key to maintaining the *scalability* of the marketing network. By having a blueprint that clearly defines what needs to be done and how those activities are linked, organizations can continue to operate and deliver on key processes over time, even as staffing levels and personnel may fluctuate.
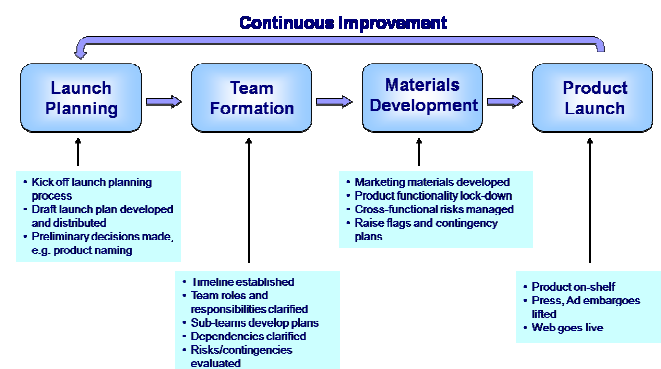
Key Element 2 – Processes and Tools:

The next required element includes the key processes and tools needed to drive the work across the marketing network. As an engineer would show how the key systems within a building need to work together, these processes define key tasks, roles, and responsibililties, so that all marketing network participants share expectations about deliverables and handoffs.

For instance, launching a new product involves a complex set of activities that span multiple entities and teams, and occur over several months. By clarifying and documenting the required phases, activities, and dependencies (and then providing tools and templates for each step), a successful product launch process can

Managing the Launch Process

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Page 4 of 8

be planned, executed, critiqued, and then improved and repeated over time.

This focus on communications, coordination, and repeatability means product launches can be done more efficiently and effectively, resulting in lower costs and better results in the marketplace.

There are many other core processes crucial to the success of a marketing network, but a few common ones include:

- ☑ Business planning
- ☑ Forecasting
- ☑ Communications (brand and marketing)
- ☑ Marketing cost envelope (MCE) management
- ☑ Product generation

Key Element 3 – Knowledge Bases:

While the marketing network structure provides the blueprint (for the organization to be constructed), and the key processes and tools describe how (different entities interact with each other) to accomplish important tasks, the Knowledge Bases provide the data, strategies, and plans of record (POR) that power the decisions and activities of the marketing network and enable the organization to achieve its objectives.

These knowledge bases are crucial repositories of information that are shared across the marketing network. They contain the organization's accumulated (and updated) best thinking, strategies, industry information, plans, and data archives. While certain groups may have primary responsibility for establishing and maintaining particular knowledge bases, various participants across the marketing network may contribute or have access, so that they are all working from the same, most current information.

For instance, using our example of a new product launch, multiple Knowledge Bases are accessed, used, and eventually updated throughout this process. They include:

Knowledge Base	Description	Typical Owner
Technology	Business Unit's Technology Plans of Record (POR)	R&D/Engineering/ Commercialization Team
Platform	Platform PORs	Product Management
Vintage POR	Product Vintage PORs	Product Management
Product Planning	Product Plans	Product Management/ Product Marketing
Markets	Market & Segmentation PORs, Market Research	Product Marketing
Forecasting	Market & Product Forecasts	Product Marketing/ Business Analysis
Business Planning	Business Objectives, Strategies, and Plans	Business Analysis/Staff
Communications	Brand/Marketing Communications Plans and Assets	Marketing Communications

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1/23/2009
Page 5 of 8

Key Elements – Putting Them All Together:

When brought together in a well-constructed marketing network, all of these elements combine to provide a comprehensive map of the work that a successful marketing organization needs to do, along with the methods, processes, tools, and information flows required to get that work done in an efficient and effective way that aligns with strategic business objectives.

Benefits of a Marketing Network

With a solid marketing network in place, more of the right products and services are developed in the first place, and then delivered to more of the right target customers in the most efficient and cost-effective way. Other benefits include:

- Competitive advantage via faster innovation achieved through effective and consistent management and continuous process improvement
- Strategic alignment across all business/entity functions
- More consistent and compelling messaging and customer communications
- Increased marketing competency across entities
- Better measurement and accountability of marketing investments
- Active management of complementary resources and networks (e.g. agencies and channel partners)

The right marketing network provides the structure and environment needed for the initiatives, performance, and results that support sustainable, profitable growth.

Marketing Network Architecture from MarketFrames®

MarketFrames Group has developed a network approach to help clients identify, create, and sustain the change needed to transform their marketing function. Its Marketing Network Architecture (MNA) provides a proven framework and methodology that integrates the right structure, processes, tools, and knowledge base practices needed for successful marketing renovation and management in companies looking to maximize their effectiveness, efficiency, and support sustained profitable growth.

discover → design → develop → install → mobilize → operate

continuous process improvement
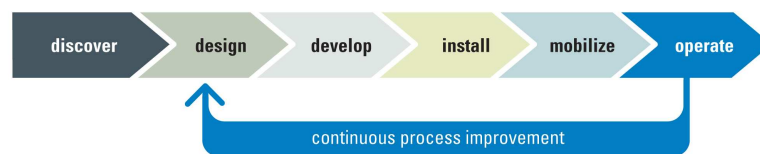
When working with a client, industry veterans from MarketFrames are paired with client teams to conduct a systematic analysis of a company's marketing function. Those findings are used along with MarketFrames' marketing network reference models to create a customized blueprint – a Marketing Network Architecture (MNA) – for that company.

Operational experts from MarketFrames work closely with clients, providing tools, resources, and training for implementation of the client's new MNA:

- Maturity models to evaluate marketing function effectiveness
- Analysis of marketing resource deployment
- Hands-on learning for client leadership teams and key personnel

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1/23/2009
Page 6 of 8

- Installation tracking, performance dashboards, and process assessment and documentation & assessment
- Services for ongoing network optimization and key process management

For illustration purposes, the following graphic shows a simplified overview of a sample Marketing Network Architecture(MNA):
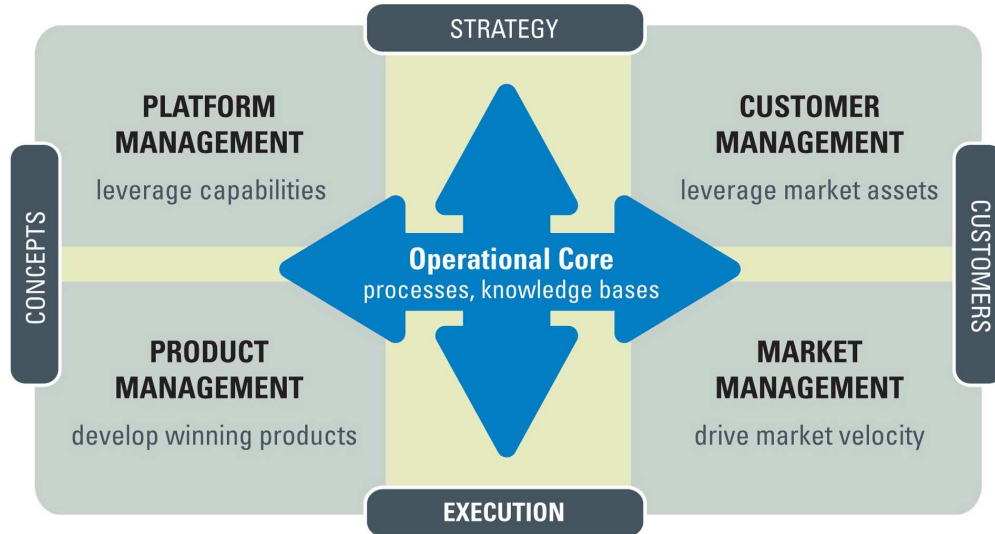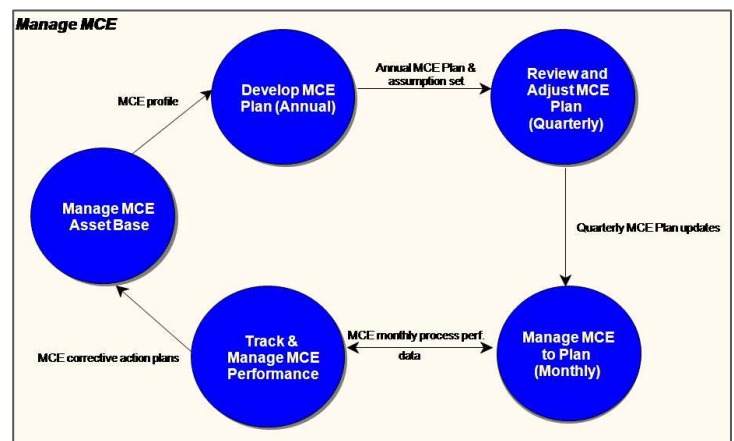

The MNA has been used to group distinct marketing functions that may have existed elsewhere within the client's organization. For each function, key job descriptions, responsibilities, and requirements have been specified, along with baseline processes
and transition plans. Each quadrant contains functions that naturally work closest together, yet each quadrant (and function) is linked to the others via an operational set of core processes and knowledge bases, as well as the cross-functional practices and tools established as part of the MNA.

We'll use another process example to show how the MNA is used to organize and manage the work in a transformed marketing organization. One of the problems facing many CMOs
and other executives is the need to better manage their total marketing spend, and then have the ability to better manage key investment decisions going forward.

Once an MNA blueprint has been designed and established for a marketing organization, the new structure, processes, tools, and information flows can be used to first analyze and then better manage the marketing cost envelope (MCE).

The purpose of the MCE management process is to interpret and guide marketing investments for competitive advantage and to enable intelligent choices and trade-offs across the end-to-end marketing mix. To do this,

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1/23/2009
Page 7 of 8

several tools may be used to gather, analyze, and report on elements of marketing (and related) spend across the organization, including SG&A, headcount, division/region/group or staff expenses, and advertising and promotion expenses and discounts.

Once established, managing the MCE *process and tools* becomes the responsibility of key designated functions within the MNA. The *data* needed for those tools resides in each of the MNA quadrants, where marketing resources reside. Those tools and data also become part of the MCE *Knowledge Base*, where they are maintained and used as needed.

Summary

As companies increasingly face the challenges of downsizing, globalization, reorganization, and faster product cycles, they need more help than ever to bring about the sustainable change required for survival and growth. Marketing presents a unique opportunity for renovation and transformation, given its typically significant level of investment and reach across an organization. With the right approach, Marketing can become a powerful, strategic resource that supports greater efficiencies, effectiveness, and sustained, profitable growth.

Just as a network model has been successfully used to revolutionize communications, political campaigns, creative arts, and industrial processes (such as supply chain management), MarketFrames Group has applied a network approach to marketing organization in developing its Marketing Network Architecture (MNA). MarketFrames brings extensive industry experience to every client engagement -- along with proprietary process models, tools, frameworks, and knowledge base practices – all customized to meet a wide range of client needs.

About MarketFrames

MarketFrames helps clients achieve profitable growth through more effective and efficient marketing operations.

Company Facts
- Founded in 2003
- Headquartered in Portland, OR
- Resources in the US and Europe

Operations
- Experienced industry resources to effectively address a broad range of client needs
- Satellite resources manage local, customized project engagements
- Technology-enabled efficiency: web-based project collaboration, knowledge management, and conferencing

Services Offered
- ☑ Marketing organization and process optimization (MNA)
- ☑ Marketing, product/service and business plan development (MNC)
- ☑ Ongoing organization and process performance management (MNS)

To find out more about MarketFrames or their Marketing Network Architecture, go to www.marketframes.com.

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1/23/2009
Page 8 of 8