



C-Suite Perspectives

How do C-Suite executives view the evolving role of their CMO colleagues?

EgonZehnder

C-Suite Perspectives



Jon Ferrando
*Executive Vice President - General Counsel
Corporate Development and Human Resources
AutoNation*



Donagh Herlihy
*EVP - Digital & CIO
Bloomin' Brands
formerly SVP - CIO & eCommerce
Avon Products*



Stefan Larsson
*Global President
Old Navy*



Deirdre Mahlan
*Chief Financial Officer
Diageo*



Andrew Robertson
*President and Chief Executive Officer
BBDO*

In our recent one-on-one discussions with five esteemed executives from prestigious enterprises, each leader shared candid insights, key concerns and their best advice for CMOs.

Intriguingly, while the executives interviewed hail from different companies and industries, substantial consistency emerged across the dialogues. C-Suite executives see CMOs facing unprecedented challenges, and say a great deal rides on how CMOs perform.

Here's what we heard.

C-Suite Perspectives

Changing Expectations

Donagh Herlihy
EVP - Digital & CIO
Bloomin' Brands
formerly SVP - CIO & eCommerce
Avon Products



Increasingly, CIOs expect that no matter what your function, you're digitally savvy... at least in terms of understanding how you can use technology to improve your business area. More and more we expect functional leaders to be able to articulate that themselves, as opposed to trying to tease it out of a conversation with IT. Technology is such a fundamental enabler of business performance, we need leaders to be tech savvy everywhere

You can rely less and less on personal experience to understand what is happening and what is actually important.

in the business. A tech savvy marketing organization working with a marketing savvy tech organization. That's nirvana. You also need to bring a true worldview. Avon's CMO grew up in Venezuela and she's worked in Latin America and Eastern Europe, arguably two of the most important geographies. She also ran a P&L, so she knows how to connect the dots among operations. When you add it all up, I think it shows that if you want to be a CMO people can believe in, you have to bring a lot to the table.

Deirdre Mahlan
Chief Financial Officer
Diageo



We need to get better at prioritizing and evaluating all our spend. For example, a lot of my investors have been asking me about digital media and how do we know it pays back and how do we measure it. Your external radar also has to be dialed up really high to navigate what is a constantly changing environment, and that is not necessarily what people were looking for in CMOs in the past. You're predicting where best to place your bets on the development not only of content but delivery mechanisms. And your options for disseminating information are changing so quickly.

One thing I hope CMOs keep in sight, even in the midst of all the new questions they are expected to answer, is clarity of messages. Consumers are now bombarded basically 24 hours a day with messages, so I think it all starts with a clear message that connects emotionally with your consumer, so it stays with them, drives them to purchase, and they tell their friends about it. That's still the essence of great marketing.

C-Suite Perspectives

Changing Expectations *(continued)*

Andrew Robertson
President and Chief Executive Officer
BBDO



The speed with which new things now happen is difficult to keep up with. It took 70 years for half of the US population to get a telephone. It took 50 years for television. Facebook got there in about five. CMOs face exponential increases in the number of things they could do, with insufficient time to learn about them all. So how do you decide which of them are really

One thing I hope CMOs keep in sight is clarity of messages.

important, versus which are actually just interesting? There's tremendous potential for fragmentation of your energy, effort, and resources. So you have to avoid rushing headlong into whatever looks new and shiny. Stick close to the consumers. They are still your anchor.

Jon Ferrando
Executive Vice President - General Counsel
Corporate Development and Human Resources
AutoNation



The big thing for us at AutoNation and across retail is consumers moving online and into mobile. The average customer used to visit seven stores to purchase a car. Now they're using mobile, social, online, and web to decide what and where to buy before they ever come into a store. It introduces a lot more complexity to deal with those channels. Whether it is email, SEO, or SEM, you need more expertise and specialization in your marketing function, which must become much more data-driven. Our CMO is building a great team here and he has played a key role in helping us assess what type of talent to bring in and how to go about it. We feel very good about the road that we are on. I think we will win. It's really a question of how significant a competitive advantage we can build. Can we knock it out of the park in a big way? It's an exciting time to be in our business.

Stefan Larsson
Global President
Old Navy



Our industry long pursued what you might call a manufacturing approach, where you push out something that you decided to produce 12 months in advance. That approach is going completely away. The whole industry has shifted to understanding what consumers will pull. This shift from push to pull is very big. It means the CMO has to make sure we are telling stories the customer wants to interact with. The message has to be entertaining. That is the biggest shift I have seen over the last year. We'll do a TV commercial and put it on YouTube, and the ad itself gets less views than the outtakes, because the outtakes are funny or more interesting

Deliver the P&L rather than focus on revenue growth alone.

to people. Obviously today's CMO has to understand how to tell stories via new media, in combination with traditional media, because traditional media is not going away. The compelling opportunity I see for marketers is, if they really understand how this new world works — especially what consumers will pull — relatively small marketing investments can cut through to generate extremely high returns.

C-Suite Perspectives

Needs from Fellow Functions

Jon Ferrando
*Executive Vice President - General Counsel
Corporate Development and Human Resources
AutoNation*



Speaking specifically from the perspective of HR, the brand shapes the entire company. So for our current associate population and in terms of our ability to recruit and attract new talent as our business grows, building the power of our brand will be an exponential driving force. Companies need CMOs to communicate the direction they are heading with great clarity and confidence.

Stefan Larsson
*Global President
Old Navy*



The CMO and marketing team need to look holistically at the business and work cross functionally. As CMO, you have to be involved with design. You have to be involved with merchandising. You have to be involved with stores. And you need to build a marketing team with the wider array of competencies that are needed now in this changed landscape, versus a traditional marketing department.

Share information to **help your fellow functions quickly adapt and respond.**

Donagh Herlihy
EVP - Digital & CIO
Bloomin' Brands
formerly SVP - CIO & eCommerce
Avon Products



We've all lived through the ERP challenges or the CRM challenges. There will be some equivalent to that in achieving a new level of engagement between IT and marketing. Our two functions don't have a particularly rich history of having lived through battles together, so we haven't necessarily built up a lot of that mutual credit to draw down on when the going gets tough, which it surely will. To make

Deirdre Mahlan
Chief Financial Officer
Diageo



From a finance point of view we need to find better mechanisms for prioritizing and measuring marketing spend, and we need good conversations and good relationships to make that happen. Having a CMO who not only says but actually walks the talk of delivering the P&L has certainly made for a more cohesive conversation on our Executive Committee. When we talk about resource allocation and how much to put toward trade spend versus brand marketing, for example, our CMO will acknowledge that trade spend is sometimes the better place to go. She will also advocate strongly for media when she believes it is critical to brand goals, but it helps that she fully shares the leadership team's commitment to stay consistent with the strategy, making sure that resource allocation is done effectively, that it is measured, and that there is a rigorous process.

The brand shapes the entire company, particularly the ability to recruit and attract new talent.

this partnership work, everyone has to adjust. For example, I might want to say to marketing: "If you can't show me a process, I can't automate a process." But I also understand there are aspects of marketing that are not inherently process oriented, especially the creative side. On the other hand, marketing can't let digital be an afterthought. For example, when shooting an image for a catalogue, marketing might shoot it to look good on paper, then we'd have to reconstruct it so it would look good on a website. We all need to be upfront about the differences in our respective traditions, mindsets, and ways of doing things, and work hard to find common connections.

C-Suite Perspectives

CMO Self-Concept

Andrew Robertson
President and Chief Executive Officer
BBDO



As my dad would say, “If you can’t ride two horses at once, don’t join the circus.” Many CMOs might feel most natural focusing on a strategic approach to the business, but the reality is you also have to focus on daily sales. The best CMOs can ride both horses. My sense is it may also be time for top marketing execs to put more focus on brands. The typical trajectory was you started with the brand, then you ran a category, then you became a CMO. But I fear that brands aren’t getting the attention they need because senior leaders don’t have clear personal responsibility for them. If you look at what goes into the marketing of brand, somebody has got to really drive that. Actually, they have to love it. Experienced, powerful, passionate leaders are vital to growing brands. Of course, a CMO is responsible for a broad set of activities, not just a single brand. So this is another example of having to ride two horses at once. One is a kind of über brand manager. The other is really an über coach for their marketing teams.

Deirdre Mahlan
Chief Financial Officer
Diageo



I often say you have to be a business leader first and a functional leader second. I think that is becoming ever more true for a CMO. A CMO still needs that creative flair, but you have to be a business executive with flair. You have to understand what is happening from an IT capability point of view. You have to understand what is

See yourself as an orchestra conductor, rather than as a field general.

happening from a measurement point of view. You have to be thinking two generations out about your relationship with your agency. Being a CMO today demands a broad sphere of strategic and business acumen. I’d say CMOs should be very commercially driven, but the last thing you want is a CMO who takes on the role of sales. Because you may find that you have eroded your brand by driving a lot of point of sale material and neglecting marketing activities, and by then you are way behind. So I believe CMOs should be very commercially-driven, but without losing your strong commitment to brand marketing — and doing it with flair.

C-Suite Perspectives

CMO Self-Concept (continued)

Donagh Herlihy
EVP - Digital & CIO
Bloomin' Brands
formerly SVP - CIO & eCommerce
Avon Products



CMOs are having to significantly adjust their risk tolerance. You can't control the environment nearly as much as you could

in the past, yet you're still ultimately accountable. For example, the minute you're in the social media game, if you don't cede control, you're killing yourself. Yet at the same time you're

Cede control, gain speed.

accountable for engaging social media in a way that delivers consistently positive outcomes. In practically everything marketing does, if you don't cede some control you're going to lose speed. You can't put the company at unacceptable risks to gain speed, but neither can you bury your head in the sand and let the competition be faster. So I'd say CMOs need to see themselves as an orchestra conductor who constantly seeks the best balance, rather than a field general who tightly controls each and every variable.

Stefan Larsson
Global President
Old Navy



The CMO was traditionally skilled in putting together a marketing plan and optimizing traditional media. It used to be

essentially a budget discussion in terms of how much money do you put into traditional push media and being able to credibly forecast what kind of impact that would make. Now it is much more about creativity, particularly telling great stories across multiple channels. The perfect CMO understands customers really, really well.... Not only how the customer shops, but also how they interact with media and how they live their lives. A CMO with that kind of insight is now much more valuable than a CMO who is a traditional marketing expert.

C-Suite Perspectives CMO Self-Concept *(continued)*

Jon Ferrando
*Executive Vice President - General Counsel
Corporate Development and Human Resources
AutoNation*



With all the change and the new capabilities you have to build in marketing, CMOs have to be able to attract and recruit top talent into their organizations. So it is important for CMOs to see themselves as — and in fact be — leaders who bring in great talent. I think CMOs also need to be driven by the desire to be part of something larger than themselves or their function. A great CMO wants to be part of a great team that does great things. At the end of the day, it is all about getting results and building a track record. So you have to be very results oriented and very serious about marketing driving the P&L.

A CMO who understands customers really well is now much more valuable than a traditional marketing expert.

C-Suite Perspectives

Personal Strengths

Donagh Herlihy
EVP - Digital & CIO
Bloomin' Brands
formerly SVP - CIO & eCommerce
Avon Products



In any group focused on the kinds of challenges marketing faces today, you need a leader with high levels of courage and accountability. Your CMO has to be ready to lead the charge. Avon is a perfect example. It is a 127 year-old success story. There are a lot of things the company has done the same way for many, many years. The time has come for much of that to be revamped, and it will take

Stefan Larsson
Global President
Old Navy



I am not interested in the marketing expert anymore. I want a CMO who is very curious and a deep learner, because things are changing so rapidly. It's not about knowing in advance exactly what will work because nobody knows exactly where all this is going. It's about experimenting, measuring the outcome, tweaking, and always refining.

“Ride two horses”: maintain a strategic perspective *and* focus on daily sales.

some kind of courage to push those changes through a culture where you've had such a long history of success. Of course, that's not just about the CMO. You need a leadership model embedded into the organization, and you have to identify leadership behaviors that are very important that you will look for in hiring and developing leaders. Accountability is certainly one of those behaviors. Courage. Decisiveness. Curiosity. Motivation and inspiration. We don't talk about that enough. We need to get more explicit about it because those personal strengths matter so much.

C-Suite Perspectives
Personal Strengths *(continued)*

Deirdre Mahlan
Chief Financial Officer
Diageo



Your ability to engage, communicate, influence and align is ever more important because you just do not have time. You cannot take forever to get something done because even if you get it right you will have fallen two steps behind. So I think the more complex the environment you operate in, the more important it is that you have the capability to influence and align stakeholders very quickly.

Jon Ferrando
*Executive Vice President - General Counsel,
Corporate Development and Human Resources*
AutoNation



The CMO needs to be a good manager of change, with a demonstrated ability to collaborate and influence others across the organization. You can't overlook work ethic. Our company is fairly lean, so everyone around here needs to roll up their sleeves. A strong work ethic, superior business intellect, and personal integrity are all crucial.

Andrew Robertson
President and Chief Executive Officer
BBDO



CMOs have to be genuinely curious about, and interested in a whole lot of things. You've got to be as smart or even smarter when asking questions as you are when you're giving answers. And you need to be tough. The trick is not to always avoid punches. You can't. The trick is to pick yourself up quickly and keep going.

**It's not about knowing in advance.
It's about experimenting and always refining.**

The Message for CMOs

If you are a CMO, know that your C-Suite colleagues grasp the daunting complexity of marketing in the third millennium. Your peers are personally invested in your success and recognize that their fate and yours have never been more intricately intertwined.

They call on you to partner and collaborate. To disrupt and transform. To be curious as well as courageous.

More than ever before, they look to you to show them the future.

This edition of *C-Suite Perspectives* researched and presented by:

Angus (Rory) Finlay

Egon Zehnder, Chicago
angus.finlay@egonzehnder.com

Rory focuses on senior marketing talent and leads Egon Zehnder's global Consumer Products Practice.



Dick Patton

Egon Zehnder, Boston
dick.patton@egonzehnder.com

Dick leads Egon Zehnder's US Consumer Practice and co-leads the firm's global Chief Marketing Officer Practice.



Amanda Roberts

Egon Zehnder, New York
amanda.roberts@egonzehnder.com

Amanda focuses on the consumer sector and is a core member of Egon Zehnder's global Chief Marketing Officer Practice.



EgonZehnder

Egon Zehnder is the world's leading privately owned executive search and talent management consulting firm with over 420 consultants working in 68 offices in 41 countries. The firm specializes in senior level executive search, board consulting and director search, management and team appraisals, and leadership development.

www.egonzehnder.com

Amsterdam	Lyon
Athens	Madrid
Atlanta	Malmö
Bangalore	Melbourne
Barcelona	Mexico
Beijing	Miami
Berlin	Milan
Bogotá	Montreal
Boston	Moscow
Bratislava	Mumbai
Brussels	Munich
Budapest	New Delhi
Buenos Aires	New York
Calgary	Oslo
Chicago	Palo Alto
Copenhagen	Paris
Dallas	Prague
Dubai	Rio de Janeiro
Düsseldorf	Rome
Frankfurt	San Francisco
Geneva	Santiago
Hamburg	São Paulo
Helsinki	Seoul
Hong Kong	Shanghai
Houston	Singapore
Istanbul	Stockholm
Jakarta	Stuttgart
Jeddah	Sydney
Johannesburg	Tel Aviv
Kuala Lumpur	Tokyo
Lisbon	Toronto
London	Vienna
Los Angeles	Warsaw
Luxembourg	Zurich

© 2014 Egon Zehnder International, Inc.

All rights reserved.

No part of this publication may be reproduced, stored in retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of Egon Zehnder.