



IMPROVE YOUR
MARKETING
TO GROW YOUR
BUSINESS

INSIGHTS AND INNOVATION THAT
DRIVE BUSINESS AND BRAND GROWTH

Hunter Hastings
with Jeff Saperstein

Foreword by Tom Falk, CEO, Kimberly-Clark Corporation



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Endorsements for *Improve Your Marketing to Grow Your Business*

"This book will help you steer your organization through an ever more challenging business environment—to thrive, not just survive."

Tom Falk, CEO, Kimberly-Clark Corporation

"Improve Your Marketing to Grow Your Business not only frames the business growth challenge for us, but completes the set of actions we need to take to respond to the challenge. We learn that we have to transform our organizations around our customers and coordinate our internal units in their direction. This is a great book."

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"Demand generation has evolved toward market research-oriented campaigns. The days of marketing by 'gut feeling' are gone, replaced by metrics and processes designed to drive profitability. Improve Your Marketing to Grow Your Business provides an in-depth look at this marketing transformation, and a strong case for marketing accountability. This is a must-read for anyone involved in demand generation!"

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"Organic growth is a critical component to the overall success of virtually any business enterprise. Declaring growth important is never, by itself, enough. Improve Your Marketing to Grow Your Business provides answers about 'How to get it done' using process, creativity, metrics and collaboration, and changing the Company culture to one that believes Marketing is no longer a function, but is a core competence for success."

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"To have a seat at the table, marketing must be armed with facts, backed by a highly productive and effective set of business processes and systems. This book goes well beyond marketing science as a boutique capability—it's a recipe for companies to integrate demand generation and business system alignment for reliable corporate growth."

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"In a great service to our industry, Hunter Hastings shows how some of the leading global marketers are thriving as digital delivery of information and the individual addressability of consumers invalidate conventional approaches to marketing. The interviews and case studies should be required reading for all marketing professionals."

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"Leveraging innovative enabling technologies to harness the immense power of shopper and retailer information in driving smarter, faster decisions is what will separate the leaders from the followers. Improve Your Marketing to Grow Your Business finally brings the science of marketing to the fore. Combining sound business theory with "how to" examples, Hunter Hastings has provided a must read bible for today's marketing change agents."

Andrew Salzman, Chief Marketing Officer, Information Resources, Inc.



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For Julie

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Hunter Hastings

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Jeff Saperstein

About the Author

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Jeff Saperstein is the author of *Creating Regional Wealth in the Innovation Economy*. He is an instructor at San Francisco State University College of Business and a consultant on innovation in marketing and technology. His Web site is www.creatingregionalwealth.com.

Foreword

Organic growth is management's most critical job. For those running well-established businesses and brands, you should look first and foremost to the businesses that you are already in and the brands you already own to get as much growth from those as you can. This organic growth is the highest return on investment available to any company.

Most of us have already cost-cut to maximize the bottom line. There is no way to achieve growth breakthroughs by squeezing out more efficiency. The effort to grow through acquisition has proven to be too difficult, expensive, and risky for most people. Acquisitions require you to manage the unfamiliar, whether it's the change management involved with integration or mastering new categories and businesses. Bigger is not better; better is better!

So the prudent alternative is to do more to mine the growth of the businesses you currently manage. It is possible to defy the perceived boundaries and limitations of your current businesses and break through to new levels of growth.

The way ahead is through new insights into the needs of consumers and channel customers, which in turn lead to innovations. If you enhance benefits rather than merely improving products, your brands and solutions become more significant in the lives of consumers and in the business plans of your customers and partners. Achieving these breakthroughs requires new ways of working and leveraging your knowledge, relationships, and people assets. Today, the successful business leader must make these breakthroughs possible through purposeful changes in the organizational culture.

This level of change includes a radical transformation of what is known as “marketing.” Marketing must move to a holistic, system-wide approach that begins with insights and that drives rapidly and relentlessly to the delivery of a better experience to consumers and channel customers in the marketplace. This is a marketing discipline built on process, creativity, measurement, and collaboration.

The principles and practices espoused in this book will help you create the right mind-set for change. All of us need to rethink how we deliver value to our shareholders, customer channels, and consumers while transforming our organizations to be attractive to the best talent, both within and with outside partners. This book will help you steer your organization through an ever more challenging business environment—to thrive, not just survive.

Tom Falk

CEO, Kimberly-Clark Corporation

Preface

Most business executives work for enterprises that are characterized by continuous rather than disruptive business models and practices. Their challenge is not to invent the next Google or eBay, but to meet Wall Street expectations for sustained high levels of top-line revenue growth that generate consistent increases in profitability. Their businesses may have been around for more than 100 years, like Procter & Gamble (P&G), and they seek to emulate that company's performance in coaxing new growth out of old brands. Or it may be a newer business that has started to hit a flatter part of the growth curve, like Microsoft, and is looking to find the next accelerator.

Marketing is the capability that can provide these executives with the engine for growth. We use the word "capability" deliberately to represent a new way of thinking about marketing, much different from how conventional marketing is conceived and practiced. To succeed, management (not just marketing professionals) must adopt a new mind-set for change. This new way of thinking includes the following:

- Reengineering marketing via process, technology, metrics, and new organization forms
- Embedding marketing processes to ensure that business plans reflect vital consumer and customer insights
- Employing marketing technology to unleash creativity, innovation, and growth
- Applying iron discipline to the metrics of the marketing demand creation process

Marketing is no longer a function, but a core competence in growing and sustaining businesses. Major global corporations such as P&G, Wachovia Bank, Hyatt Corporation, Brown-Forman, and Kimberly-Clark have begun to reengineer their concept and practice of marketing to get more growth from every dollar of marketing investment.

EMM Group is prominent among the practitioners who work with these leading companies to successfully implement these new marketing concepts and practices. We provide the case histories of companies in major industries and views of some of the most successful business professionals as they testify to the transformation of their business through the application of marketing processes and the use of the new marketing technology.

This book is about how to engineer marketing—from concept to practical application—to profitably increase growth for existing businesses that need to be ignited for sustained return on investment. We show you what you need to know and how to get it done.

Hunter Hastings

Introduction

A supply-side productivity revolution has transformed business over the past thirty years. Global companies have integrated manufacturing, logistics, finance, and other components into unified global supply chains. By applying process engineering and quantitative process improvement techniques such as lean manufacturing and Six Sigma, companies such as Wal-Mart, Dell, and Toyota have achieved continuous improvement in the operating efficiency of the supply chain. By codifying the processes in software, they have made them available to operators across the globe, who can collaborate via the desktop/laptop/handheld device and the Internet to further reduce cycle times, cut costs, and increase accuracy.

The next revolution in company productivity is coming on the demand side. Demand generation processes can and must be engineered into systems that can be utilized by every company employee. Activities that, in the past, might have been deemed to be beyond such systematic approaches can be the areas of corporate spending that benefit most—including innovation, communications, and demand planning. Supply-side disciplines such as Six Sigma, designed to increase the efficiency of processes after they have been engineered, can be applied on the demand side to seemingly unlikely activities such as generating insights and creating advertising. Every step in every process must be scrutinized by metrics, with the ultimate focus resting on the creation of outputs. In the case of the demand side of the corporation, the outputs are revenue growth, the development of intangible assets, and shareholder value. With the right metrics in place, software and networked technologies drive the productivity of the demand side of the corporation as

they have on the supply side, and provide monitoring and measurement to eliminate unpredictable outcomes.

Table I.1 compares the supply-side and demand-side dynamics.

Table I.1 Supply-Side and Demand-Side Dynamics

Supply Side	Demand Side	Comments
Objective: efficiency	Objective: growth	The focus on the demand side is exclusively on driving revenue and profit growth.
Integrated operations management	Knowledge management	Operations management is transactional, aimed at driving speed and efficiency. Knowledge management is collaborative sharing, aimed at leveraging enterprise knowledge to create new value.
Customer-centric operations	Customer insights	A customer orientation is important on the supply side, but customer insights are the critical new ingredient in the process of driving growth.
Multisourcing	Open innovation	Supply chains run most efficiently when the value chain is balanced between what the company does well and what outsourcers do well. Innovation produces more value at a fast speed when it's open, and new ideas and capabilities can come from both inside and outside the company.
Global operations management	Global brand management	Global supply chains have been optimized for global sourcing and logistics. Global brand management must be optimized for the global application of insights.
Technical expertise to manage process	Organization and culture change to manage process	Supply-chain operations solved the organizational barriers to integrated process years ago. Marketing organizations still operate in silos and demonstrate a process that's resistant to culture, and they must overcome this barrier.
Enterprise Resource Planning (ERP) software	Enterprise marketing management software	Software is the answer to pulling together all the integration of operations. On the demand side, enterprise marketing management software links knowledge to insight creation to innovation to marketing and sales programs.

We believe the key to creating growth is to focus the organization on insights into the customer and then guide people and systems in both generating these insights and capitalizing on the best of them. This is done through fast-to-market innovations in products, services, and delivery. At the core, the job of marketing is to build brand equity through these insight-driven innovations. Inherent in this transformation is the new understanding of knowledge management. The marketing function as well as the whole organization must change to harness the power of knowledge to drive growth.

Information Technology Will Reinvent the Marketing Function

Marketing is on the cusp of a radical transformation as information technology (IT) changes the industry. This requires a co-evolution between the new capabilities that technology provides and the mind-set and processes required by the marketing function. Achieving top-line revenue growth and sustaining profitable businesses will depend on the corporate embrace of the reengineering of marketing through new processes to unleash the power that technology affords.

Even five years ago you could not hope to capture, let alone use in a timely manner, consumer attitude and behavior patterns that could provide the kind of sustainable, profitable growth now within grasp. It was just too expensive and even counterintuitive to even attempt to attain.

The Internet and computers now provide both volume—the sheer mass of data you can look at—and the speed to use it. So the technology vector is transforming the ability both to increase understanding from this mass of data and to process and communicate it quickly to everyone in a global enterprise.

This is important because speed of learning is the only truly sustainable advantage.

We have arrived at a tipping point. The existence of all this data, plus the capabilities from a software and hardware perspective to capture, create, understand, analyze, and then communicate it internally and externally, combine to provide a new marketing mission to increase return on investment (ROI). The big news in this book comes from this convergence of new data, new ways to analyze it, new processing power,

and organizations instituting the processes to link everything. The business process we propose is the link between the mass of data and the technology that provides the speed to use it.

If you are not interconnecting the collection, analysis, processing, and speedy information transmission for product development, market penetration, communications, and building brand equity, you will lose. This new capability facilitates rapid growth and has become a competitive necessity. The companies we profile in this book—Kimberly-Clark, Wachovia Bank, Microsoft, Brown-Forman, Hyatt, Gillette, and Procter & Gamble—all utilize these practices. For each company, we profile different applications of systems we recommend and include extended interviews with some of the leading industry practitioners so that you can learn from their experiences.

The problem is that not many organizations use best practices to effectively integrate their IT and marketing functions. Imagine the dialogue about this issue as companies wrestle with how to implement this change:

Management:

“We can do all this ourselves. Nothing in the technology is mysterious, nor is there anything mysterious in the organization or the process. We are a big company. We can do all this.”

IT and marketing staff:

“Well, maybe. But there are external resources who know what they’re doing and who have developed their systems in a much more realistic way that is much more complete than anything we have. We can probably do this, but we don’t have the people, the resources, the time, etc.”

So what happens? In many cases the initiative does not get done, or it is attempted in a half-baked manner and then abandoned or sidelined.

Most CEOs do not understand what they need to do. They do not commit the necessary resources, or they may see it as either a marketing project or an IT project, so it doesn’t come together as a whole enterprise initiative. For example, some companies may develop a voice of the consumer website for consumer feedback, and it becomes the company “garbage can.” No part of the organization owns it, it is not used properly, people have not been trained to use it, it is not interconnected, and the information thrown in is useless.

Neither marketing nor technology alone can provide this capability. We propose a companywide system with business process and technology integrated into multifunctions, with appropriate metrics, so that brands can be reignited for growth. Marketing and IT must now merge to reinvent the marketing function. This book shows you the new conceptual framework for marketing, examples of leading companies that have adopted these practices, and guidance on how to get it done.

Accordingly, we have organized this book into three parts.

Part I: “Foundation Principles and Building Blocks of the New Marketing Capability”

Chapter 1, “Open Your Mind to the New Marketing,” explains how companies can increase their top-line growth.

Chapter 2, “Four Principles Supporting the New Marketing Capability,” focuses on becoming customer-centric, reengineering the marketing function, rethinking the marketing organization, and redesigning technology systems.

Chapter 3, “Building Blocks of the New Marketing Capability,” explores how insights and knowledge management can be utilized for innovation and product development.

Chapter 4, “Translating Insights into Innovation for Brand Financial Growth,” shows how insights can be built in to the corporate culture to build customer loyalty.

Chapter 5, “Measuring Consumer Engagement,” provides a new way to think about building a customer-centric process and the metrics to measure effectiveness.

Part II: “Dispatches from the Leading Edge of the New Marketing”

This part provides intimate “insider” interviews with leading marketers of major brands in major industries and companies to illustrate application and practice. The interviews and perspectives of leading executives provide real-world examples and stories of what went right and wrong in the transition to a new way to put marketing to work.

Chapter 6, “Integration of Technology and Marketing,” discusses Wachovia Bank.

Chapter 7, “Open Innovation and New Product Development Through Communities of Practice,” discusses Procter & Gamble’s Connect and Develop strategy.

Chapter 8, “Brand Building Through Global Brand Growth,” discusses Jack Daniel’s®.

Chapter 9, “Growth Through Brand Portfolio and Risk Management,” discusses Brown-Forman.

Chapter 10, “Insights-Led Brand Building in Technology,” discusses Windows Live.

Chapter 11, “Marketing Knowledge Centers,” discusses Gillette.

Chapter 12, “The New CMO,” discusses Hyatt Corporation.

Part III: “How to Get It Done”

Chapter 13, “Managing Information,” describes how the marketing organization can use information to become agile in applying information to real-time decision-making.

Chapter 14, “Metrics and Building the Culture of Accountability,” discusses changing the corporate culture so that accountability can take hold and metrics can drive the process.

Chapter 15, “Communities of Practice for Consumer Connection and Open Innovation,” describes how to partner with your consumers for continuous innovation.

Chapter 16, “Empowering Change from the Top Down,” covers why the CEO must own this process and how generative, not mechanistic, change is necessary for the system to take hold and thrive.

This book is intended to help any organization harness the power of the Internet and innovative technologies. Using process and metrics to engineer the marketing function, organizations can succeed in doing the most important job to increase top-line growth—building brand equity. This is the future—and it works!

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