

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!