

Hallmarks of an Effective CMO

BY SUZANNE LOWE

Are chief marketing officers tuned into what really makes them effective?

While analyzing the data from the recent study on marketing effectiveness that I conducted with Larry Bodine, I was struck by the way many professionals and marketers ranked the importance of their firms' strategic marketing goals. Many professional services firms (at least among our study's 377 respondents) have too limited a view of what their CMOs' goals could and should be. Professional services firms are still marketing in survival mode and have not prioritized their CMOs' goals toward astute growth.

Our research sought to help marketers learn about metrics to achieve greater effectiveness for their marketing strategies and tactics. To do so, we had to find how well-aligned marketers' initiatives are with their firms' strategic marketing goals. We suspected that a lot of marketers are wasting time and resources measuring the wrong things.

The study results revealed that many marketers are not focusing on the goals that would increase their individual effectiveness, and they are not helping their firms move ahead in the marketplace. Indeed, professional services firms should reconsider the traditional notion of their marketing function altogether, by focusing on five stepwise goals they should review annually. If growth is the ultimate goal, they should make it a priority.

Goal 1: Defining and identifying the most strategically important prospects/clients

Defining and identifying the most important *growth potential* clients should be the foundation goal for every CMO. Other strategic goals depend on this foundation and, in many cases, are simply useless until this one is met. Too many CMOs and their internal clients know only who the most strategic clients used to be, not who they should be now and in the future.

So what did our study reveal about the goal of growth potential? Only 19% of the respondents ranked it as most important over

the last three years. Perhaps these respondents think they already know who their most strategically important clients and prospects are. But, in reality, we suspect, most firms haven't truly assessed their most strategically appropriate clients and prospects. Admit it: Even your firm says "yes" to too many potential clients who won't be very profitable for the firm. Even your firm is vulnerable to serving shrinking segments of the marketplace and missing out on those that are expanding.

CMOs should ask themselves:

- Is it within my functional purview to analyze and report on the profitability of current clients?
- Should I be leading our firm's targeting and segmentation studies and other market research to help define and identify the most strategically optimal clients?
- If not, why not, and what will I do about it?

Goal 2: Acquiring the most strategically important prospects/clients

Study participants ranked this goal the second most important of five strategic marketing goals in the last three years. This goal has been the traditional purview of professional services marketers, and it encompasses numerous critically important initiatives: differentiation, positioning and branding, client value-added events, advertising, direct mail, publishing, speaking engagements, and numerous communication tactics.

This goal is also highly important for business developers: arranging business development appointments with prospects and clients, responding to RFPs, presenting proposals, and performing other acquisition activities.

Of course professional services firms need to acquire clients! But considering our respondents' high ranking of this goal, I wonder how many of them are stuck in continuous *acquisition mode*.

CMOs should ask themselves:

- Is it within my functional purview to evaluate the cost of emphasizing client acquisition as a goal over other critically important goals, including client retention and growing our revenue with those clients?

- Is our firm too often looking to replace revenues from clients who've departed because their projects have ended or because their loyalty has switched to competitors?
- If a more strategic focus on this goal is not within my purview, why not, and what will I do about it?

Goal 3: Retaining the most strategically important prospects/clients

Respondents deemed this their most important goal. Given the economic environment in the United States in the last three years (following a difficult recessionary period), it's no surprise that professional services firms would focus heavily in this area. Professional services firms should be applauded for recognizing that retaining profitable relationships is one of the most critical springboards to real growth.

(For an in-depth discussion and new research about the path to true growth, take a look at Fred Reichheld's *The Ultimate Question*.)

CMOs have excelled at the tactical marketing aspects of helping their firms retain clients. Using CRM applications and internal communication networks, they have done much to strengthen their firms' infrastructure to manage client relationships. But much of the marketers' work toward this goal has been based on their historically strong focus on communications. As their role becomes more strategic, marketers will have to work hand in hand with business developers and practice leaders to manage key client accounts.

CMOs should ask themselves:

- Is it within my functional purview to lead my firm to develop strategic account management plans and to structure a greater alignment with our rainmakers and/or business development professionals?
- Should I guide my firm to become better about retaining clients?
- If this goal is not within my purview, why not, and what will I do about it?

Goal 4: Increasing the firm's revenues from its most strategically important current clients

Astonishingly, respondents ranked this goal the least important of the five strategic marketing goals. Is retention enough?

This finding strongly implies that CMOs and senior marketers are not leading their colleagues to embrace one of the basic rules of marketplace leadership: Grow your revenues with the best clients, and your competitors won't. It involves a keen

focus on deepening ties with loyal clients. The olden days' marketer would simply communicate more to the current stable of clients. Now, CMOs can lead the charge by guiding their firms to develop innovative solutions that meet their clients' emerging needs.

CMOs should ask themselves:

- Is it within my functional purview to develop our firm's strategies to more broadly and deeply serve our most strategically prioritized clients?
- Even if it's never been done before, should I be working with practice leaders to stimulate the development of new services?
- If not, why not, and what will I do about it?

Goal 5: Increasing the perceived value of the firm to all audiences (including suppliers and employees)

If you want to see evidence of the evolution of professional services marketing, take a look at the findings on this goal, which encompasses most firms' public and media relations activities, as well as internal marketing tactics.

Some 40% of respondents ranked this goal as their last among the five, yet more than 22% ranked it as first among the five. None of the other four strategic marketing goals featured this amount of disagreement.

This finding reveals a distinct subset of professional services firms whose main marketing goal is still communication or image and whose marketing orientation has not yet matured to more tangible, client-focused, and measurable priorities.

If a firm has not yet identified its most strategic clients (and worked to acquire, retain, and grow business with them), any efforts to increase its image may be directed at the wrong audience!

CMOs should ask themselves:

- Is it within my functional purview to help my firm's senior managers understand the importance of prioritizing marketing goals that are more meaningful, non-ignorable, and client-focused?
- If not, why not, and what will I do about it?


Getting realigned

As senior marketers shift their goals to be more strategic, they may find they need to educate non-marketing professionals about what it really takes to grow a professional services firm

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During the crisis, your spokesperson should respond to reporters as quickly as possible. If they believe your firm is trying to avoid them, they may contact such dangerous sources as competitors or former employees to get information. Clearly, then, it's in your firm's best interest to take all media calls.

When the crisis is over, don't be tempted to close the book on the experience. Meet with the crisis team and analyze what you did right, what you can improve, and how you can better cope with the next crisis. It might also be useful to develop hypothetical crises—and then resolve them.

In conclusion, you may not be able to prevent crises from occurring, but by taking the basic steps described above, you can ensure a quicker and more effective response to a business S.O.S. and help to save your firm from sinking. 

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in today's competitive environment. Especially in firms where the marketing function has focused mainly on communications, there may be some resistance. In most cases, resistance is more passive than overt, and responds to *internal marketing*.

What the future holds

The role of the Chief Marketing Officer, a title almost unheard of 10 years ago, will continue to expand in the next 10 years. Marketing is evolving from an art into a science—and for professional services firms, it's about time.

The sooner professional services marketers can lay claim to *owning* and leading the stepwise goals outlined here, the sooner they can begin to increase their own effectiveness and that of their firms.

The study "Increasing Marketing Effectiveness in Professional Service Firms" was conducted in conjunction with Larry Bodine Marketing. For more information, you may download a subset at www.marketplace-masters.com/downloads/2006_study_results_benchmarking.pdf. To purchase a copy of the study and accompanying case studies, go to www.expertisemarketing.com/marketing_study_results.html. 



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