



Is Marketing Operations Mainly About Efficiency or Effectiveness?

By Gary M. Katz

Great discussion on the Marketing Operations Future Forum LinkedIn Group on about whether emphasis in Marketing Operations ought to be on efficiency or effectiveness (or both). The original question was posed by Michael Kelly, and so far we've seen a dozen insightful responses. Some of my favorite comments:

Mark Mankin – “MO is mainly about effectiveness – Marketing Operations should be the catalyst to bring an organization’s entire suite of marketing activities into a single cohesive process.”

Isaac Wyatt – “Effectiveness is the goal. Efficiency by itself isn’t the goal, and in fact, many Marketing Operations groups focus on being efficient, and they are, but at the wrong things. By lacking systemic ways to measure “Effectiveness,” Efficiency is used as a proxy indicator.”

Simon Gade Hjorth – “...it’s all about having the right mix. Obviously it’s key to have the strategy in place and KPIs defined before you start.”

Simon Johnstone – “Fast forward to 2015. .. A company’s ability to predict, cater and position itself to the true needs of the customer is the true differentiator and indicator of top line success. Bottom line...success...in...sales and marketing largely...should be driven by how we can be more effective and how we do these things in a more productive manner.”

Arturo F Munoz – Marketing operations strategy...considers effectiveness as the crucial objective, having taken efficiency as a given... The purpose of strategy is to plan to do the right thing right.”

My two cents:

My experience is if one views Marketing Operations holistically in the context of an overall strategy, efficiency should be a byproduct of effectiveness. In fact, we’ve found that traditionally Marketing Operations has focused on the fundamentals of operational efficiency and accountability across the marketing function; we refer to this as MO 1.0. Companies that have shifted emphasis to holistic insight and practices to align and integrate Marketing Operations with the overall corporation for strategic impact have moved up the ladder of maturity to what we call MO 2.0.

I highly recommend the book *Marketing Resource Management: The noble art of getting things done in marketing. Efficiently* by Romek Jansen and Frans Riemersma. It does a succinct but thorough job differentiating marketing efficiency and marketing effectiveness in the context of a strategic view on operations.



First, common definitions are helpful:

- Marketing is effective when it delivers results as intended
- Marketing is efficient when it achieves tasks successfully against the lowest possible usage of resources

Some other key nuggets from the book:

- Marketing efficiency is doing things right; marketing effectiveness is doing the right things (Drucker)
- Efficiency sans effectiveness could lead to sub-optimization: improvement in an isolated part of the company without knowing the – positive or negative – impact on other business units or the corporate strategy
- Effectiveness sans efficiency could lead to achievement of goals but at a very high price
- Cost-efficiency and cost-cutting are easily confused
- Cost-efficiency aims to achieve a similar or even better output with a smaller financial investment
- Cost-cutting aims to lower costs, but not necessarily with awareness of the negative consequences on the effectiveness of marketing performance
- A lack of transparency and control (inability to identify proven waste) is characteristic of companies stuck in cost-cutting mentality
- A Marketing Return on Investment model needs to be viewed differently than a Financial ROI model
- Financial ROI assumes uniformity that can be measured in dollars in both the Return and Investment components of ROI
- Various qualitative factors (e.g. awareness, brand equity, relationship quality) must be considered in calculating Marketing ROI with effectiveness directly impacting the Return component of the model and efficiency impacting the Investment component of the model
- Note the author's decision (as indicated by the title) to link Marketing Resource Management to efficiency, but not effectiveness
- Jansen and Riemersma also do a good job characterizing the potential directions of marketing efficiency:
 - Cheaper: Reduce costs (e.g., increase purchasing power, reallocate operational costs). Efficiency direction relates to costs.
 - Faster: Shorten turn around times (e.g., shorter time to market). Efficiency direction relates to time-to-market.
 - Better: Improve quality (e.g., decreasing error margins, improving legal compliance, relevancy, consistency, etc.). Efficiency direction relates to quality.
 - More: Increase exposure (e.g., amount of collateral, campaigns, number of campaigns, etc.). Efficiency direction relates to quantity.



Note that none of these (in isolation) empower achievement of enterprise growth objectives, just the optimization of the process to hopefully achieve them.

You might view MO 2.0 as transcending a survival mode mentality, where MO is trying to play catch-up to get the Marketing house in order (efficiency, accountability), to a more holistic and integrated approach, where Marketing is focused on increasing agility, capacity, scalability, alignment, integration and mobilization around enterprise strategy (effectiveness).

With that type of strategic focus, MO will enable Marketing to make better informed and more transparent decisions; become an invaluable partner to the C-suite on enterprise growth and opportunity initiatives; catalyze organizational learning and positive change; bridge competency gaps between current and desired future state; and guide the enterprise in truly living the brand.

Call to Action

If your company is facing challenges in any of the areas discussed in this article, or if you are thinking about creating a marketing operations function or increasing the effectiveness of the one you already have, you should start with a "current state assessment" that will help you evaluate the overall health of your marketing and/or Marketing Operations today. Doing so will help you zero in on those areas that represent your most difficult challenges as well as your greatest opportunities for bringing the significant benefits of MO best practices to your organization.

About the Author:



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