

**BENCHMARKING STUDY**

# Journey to Marketing Operations Maturity

*Best Practices in Marketing Operations Series*

*Executive Summary*



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# I. Executive Summary

Just what is the discipline of Marketing Operations (MO) and how well is it currently deployed in companies?

To answer these questions, Marketing Operations Partners, a thought leader and subject matter expert in MO, conducted a benchmark study, primarily among technology companies, to identify the following:

- Key drivers in the journey from MO inception to maturity in best practices.
- Relationship of formal MO Reviews to success of the MO function.
- Scope of MO practices across company characteristics, Marketing function characteristics, and MO function characteristics.
- Success factors and obstacles to progress for the MO function.

This report is intended to provide Marketing executives with new insights, a means for comparison with similar companies, and a valuable tool for improving the effectiveness and efficiency of the MO function and, in turn, the overall Marketing organization.

A description of the study process, and definitions of MO and MO Reviews follow at the end of this Executive Summary.

## Study Findings

This is a qualitative study with directional indicators of what technology companies are experiencing and addressing in their MO. The major findings are as follows:

- The MO function continues to evolve, with wide variance in both definition and scope.
- The study's hypothesis, that **effective MO reviews lead to more effective MO, which in turn improves Marketing**, was confirmed by respondents. Formal reviews are instrumental to achieving MO maturity, and, in particular, for the proliferation of lessons learned, management between reviews, and balance between strategy and tactics.

Nine key MO organizational challenges were ranked by respondents. From high to low priority, the top three areas of focus are:

- o Measurement of marketing ROI and demonstration of Marketing value.
- o Balance between Marketing strategy & tactics.
- o Tying marketing success to the goals of other groups.
- On the path to improvement and maturity of the MO function, the key area of focus is increased **accountability**.
- The study results show that success in MO is closely tied to **clarity, executive support, and effective process development and execution**.
- Obstacles to MO success are often the inverse of MO success factors and include **unsupportive culture, lack of follow-through, environment that penalizes risk-taking, and infrequent delegation**.
- The companies identified as **Marketing Operations Best Practice Firms** have a formal MO function with a broad scope and strategic emphasis. Some characteristics they share are shown below:

### **Organizational Profile:**

- o Large, mature companies with medium-to-high financial performance and CMO tenure longer than the 26.8 month average.
- o Marketing organization on par with or supervising the Sales organization, using direct and/or channel sales models.

### **Marketing Operations Focus:**

- o Cited as critical MO components by each Best Practice Firm are measurement, planning, process improvements, Marketing IT, budget/financial management, marketing intelligence, Sales and other stakeholder alignment, socialization, and communications.
- o Other focus areas common among Best Practice Firms include dashboards and scorecards, change management, lead management, campaign management, staff development, best practices and knowledge management, and Marketing governance.

### **Marketing Operations Reviews Characteristics:**

- o MO reviews typically are conducted onsite, with one-half day to three day duration, are conducted by the VP or CMO, and are attended by Director, Manager, and Analyst levels.
- o Marketing and Sales are the primary contributors or presenters at operations reviews, with occasional presentations by Finance, Service, HR, and GMs.
- o Facilitators, dashboards, financials, and competitor data are leveraged as resources.

Figures 1 through 3 list this study's key findings.



**Figure 1:** Key findings regarding the Marketing Operations Journey from the 2007 Marketing Operations Partners Benchmarking Study

## Key Benchmarking Study Findings – Differentiations and Commonalities

### Impact of Key Company Characteristics on MO Effectiveness

12. Large companies build Marketing Operations sophistication through process, automation, measurement, and change management.
13. Midsize companies build Marketing Operations sophistication through resource optimization and processes that address lead generation or compliance challenges.
14. Financial performance enables more sophisticated Marketing Operations and expanded Marketing Operations scope.
15. The phase of a company's maturity may not determine its Marketing Operations effectiveness.

### Impact of Marketing Stature and Charter on MO Effectiveness

16. Relative stature of Marketing & Sales organizations relates to marketing's ability to operate strategically, share knowledge, and leverage processes.
17. The balance between strategy and tactics relies on stakeholder alignment, knowledge management, and accountability.
18. Length of CMO tenure relates to ability to move forward with key Marketing Operations initiatives.
19. Selling model breadth provides opportunities for Marketing Operations added value.

### Impact of Structure and Scope on MO Effectiveness

20. Formality of Marketing Operations function plays a role in marketing's effectiveness and overall contribution to enterprise success.
21. Centralization of Marketing Operations function relates to the degree of balance between corporate control and local authority.
22. The scope of Marketing Operations function relates to marketing's self-reliance.
23. Marketing Operations maturity stages evolve to embrace more strategic mechanisms.

Figure 2: Key findings regarding Key Differentiators and Commonalities from the 2007 Marketing Operations Partners Benchmarking Study

## Key Benchmarking Study Insights

1. The Best Practice Framework from Marketing Operations Partners provides a greater vision for Marketing Operations value.
2. Marketing Operations Partners' Best Practice Framework is validated by survey results.
3. Few companies have reached the "Sophisticated" level of Marketing Operations Partners' Best Practice Framework in current practice.
4. The future impact of Marketing Operations depends on its ability to drive strategy, change, shared vision & enabling processes, measurement, accountability and results.

Figure 3: Key Insights from the 2007 Marketing Operations Partners Benchmarking Study

## Conclusions

Marketing Operations Partners believes that MO is generally defined too narrowly and that a too-limited scope inhibits both the power and productivity that a company could otherwise realize. When too narrowly defined, the overall Marketing function is short-changed relative to the potential value-add of its MO practices.

Marketing Operations Partners sees a fully mature MO function much more broadly defined, as shown in the Marketing Operations Partners' Best Practice Framework (Figure 4). Within this framework, organizations move from the "Fundamental" level of MO functionality, through an "Expanded" level, and finally to a "Sophisticated" level of MO maturity. The process by which an organization reaches this sophisticated level is referred to as the "Journey to MO Maturity."

## Next Steps

When defined broadly, MO encompasses bodies of knowledge from a wide variety of fields both inside and outside of traditional Marketing. Examples of holistic marketing include change management, quality, manufacturing, organizational re-engineering, IT, statistical analysis, customer experience management, enterprise resource management, knowledge management, and sales pipeline management.

Few companies possess the dedicated resources, subject matter expertise, and objectivity to address the full realm of MO completely on their own. Yet clearly, as evidenced from this study (and other

studies from leading research firms such as International Data Corporation), companies need to evolve into new areas consistent with the Sophisticated MO scope.

These areas address the entire discipline of MO including:

- Strategy (fact-based decision making).
- Guidance (competency development, marketing governance).
- Process (LEAN Enterprise, Six Sigma, supply chain).
- Metrics (customer profitability, predictive analytics, enterprise metrics alignment).
- Technology (enterprise marketing management, portfolio management).

They also address the key drivers (change management, shared vision) that enable a Marketing Organization's successful collaboration and alignment with the key stakeholders that comprise its enterprise Ecosystem.

It is important to emphasize that none of these strategies or focus areas should be implemented in isolation, positioned as "magic bullets" or "quick fixes" or be viewed from a "one-size-fits-all" perspective. Before applying insight from this and future MO studies, Marketing Operations Partners strongly advocates that the reader consider:

- The objectives of the enterprise.

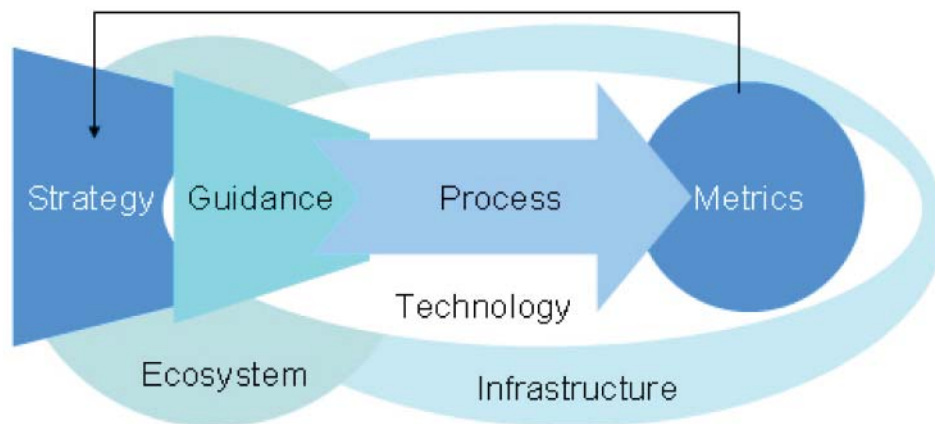


Figure 4 Marketing Operations Partners' "Best Practice Framework"

- The role Marketing will need to play to accomplish those objectives.
- The organization's culture, including its readiness for and tolerance of change.
- The optimal leverage points (hottest or most visible issues, greatest pain).
- The availability of people and budget resources to tackle the problem.
- C-level support for the initiatives that MO will undertake

### Study Process

The findings in this study are based on an analysis of data from 81 companies. Of them, 38 are large or mid-size high-tech companies.

Marketing Operations Partners analyzed 26 companies that provided the most complete data in order to identify differences and commonalities in their Marketing Operations practices. A number of characteristics were reviewed, including the size of the company, level of company maturity, breadth and maturity of the Marketing Operations function, financial performance, industry focus (hardware, software or other), and type of sales model typically used.

Marketing-oriented factors were also assessed, such as the tenure of the current Chief Marketing Officer, the company's focus on strategic versus tactical marketing, and the organization's balance of focus on Marketing relative to Sales. Finally, the self-reported structure of the Marketing Operations function within the organization (formal or informal, centralized or decentralized) was also analyzed.

### Definitions

**Marketing Operations (MO)** is a term used differently across organizations. Marketing Operations Partners defines Marketing Operations as a thorough, end-to-end operational discipline that leverages processes, technology, guidance, and metrics to run the Marketing function as a profit center and fully accountable business. To drive achievement of enterprise objectives, Marketing Operations should:

- Reinforce marketing strategy and tactics with a scalable and sustainable enabling infrastructure .
- Nurture a healthy, collaborative ecosystem both within and outside the marketing department.

For purposes of this study, a **Marketing Operations review** is a focused process consisting of regularly scheduled meetings that are conducted by the Marketing function and aimed at aligning Marketing strategy with tactics, and ensuring execution of Marketing strategy. These reviews are typically conducted on a quarterly or annual basis and often roll up to C-level review processes.

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Key Finding #1:

As Marketing Operations evolves, its definition expands.

Key Finding #2:

Best Practice Firms focus on the more sophisticated elements of Marketing Operations.

Key Finding #3:

The scope of Marketing Operations progresses over time towards increasing sophistication, where added value is greatest.

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Key Finding #4:

Marketing Operations moves through stages of maturity to reach sophistication.

Key Finding #5:

Marketing Operations scope differs by company maturity.

Key Finding #6:

High priority Marketing Operations challenges emphasize metrics, strategy & cross-functional goals.

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Key Finding #7:

Clarity & consistency, executive support, process management & performance measurement are keys to Marketing Operations success.

Key Finding #8:

Unsupportive culture, lack of follow-through, risk-taking penalties & infrequent delegation are obstacles to Marketing Operations success.

Key Finding #9:

Accountability plays a key role in the journey to Marketing Operations maturity.

Key Finding #10:

Marketing Operations maturity journey is driven by clear goals, formal reviews & cross-functional interaction.

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Large companies build Marketing Operations sophistication through process, automation, measurement & change management.

Key Finding #13:

Midsized companies build Marketing Operations sophistication through resource optimization and processes addressing lead generation or compliance challenges.

Key Finding #14:

Financial performance enables more sophisticated Marketing Operations scope.

Key Finding #15:

Company maturity phase may not determine Marketing Operations effectiveness.

### B. Impact of Marketing Stature and Charter on MO Effectiveness ..... 38

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Relative stature of Marketing & Sales organizations relates to Marketing's ability to operate strategically, share knowledge, & leverage processes.

Key Finding #17:

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Key Finding #18:

Length of CMO tenure relates to ability to move forward with key Marketing Operations initiatives.

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Key Finding #22:

The scope of Marketing Operations function relates to Marketing's self-reliance.

Key Finding #23:

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## About Marketing Operations Partners

Marketing Operations Partners is an organization that works with CMOs and their teams to change the MO of marketing by leveraging process, technology, guidance, and metrics to run marketing as a profit center and fully accountable business. Think of us as a COO and change management team dedicated to enabling CMOs to operate like CEOs.

We help our clients:

- Accelerate the sales process
- Build a scalable Marketing infrastructure
- Maximize customer profitability
- Cultivate an ecosystem of stakeholder support for strategic and change initiatives, and
- Demonstrate measurable return on marketing.

Marketing Operations Partners provides a ready-to-go, seasoned team of subject-matter experts and thought leaders in all areas of marketing operations to help solve complex marketing organization challenges and optimize the use of corporate resources. Our integrated team approach is ideal for complex marketing organizations that are navigating turbulent change while challenged with conflicting demands from a variety of stakeholders, both inside and outside of marketing.

To learn more about Marketing Operations Partners, call 408-243-7881 or visit [www.mopartners.com](http://www.mopartners.com).

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