Building marketing's impact in the boardroom

The fact that marketing punches below its weight in the boardroom is well known. **Ruth Saunders** takes a hard look at the story the statistics tell about this unhappy state of affairs and provides some valuable and practical advice about how to win hearts and minds in the boardroom

IT'S TOUGHER than ever for companies to grow and survive. Of the 22 UK companies that performed most strongly each year between 1980 and 2001, only five still exist profitably today[1]. Similarly, the average lifespan of a company in the S&P 500 has dropped from 65 years in the 1920s to 15 years today, showing how quickly established companies can underperform – so much so that it's estimated that by 2030, more than 75% of the companies in the S&P 500 will be ones we don't know today[2].

To grow and survive, companies will need to be increasingly innovative while simultaneously protecting their core business. Marketing is pivotal to delivering this, but there is an inherent problem in the way CEOs and other board members perceive marketing.

To be impactful in the boardroom, 93% of senior managers in Galleon Blue's 2011 survey said it was very important for marketers to be commercially aware. Yet only 78% of senior marketing managers, 49% of middle managers and 18% of junior managers are perceived to be. This lack of commercial awareness has, in part, contributed to CMOs having the lowest tenure of any board member (48 months compared with CEOs at 80 months, CFOs at 71 months and CIOs at 64 months) with such a high turnaround that 50% of all executive searches are commissioned to replace CMOs[3].

Given this, it's not surprising that only 30% of marketers aspire to the CMO role, with the other 70% aspiring to general management; yet only 34% of CEOs claim to have any marketing in their background[4].

Even more concerningly, a 2012 study by the Fournaise Marketing Group found that while 90% of CEOs trust their CFOs and CIOs, 80% are not impressed with, and do not trust, the work done by marketers, primarily because marketing seems disconnected from the financial side of the business.

The Marketing Society's *Manifesto for Marketing* states that: "Many chief executives believe that their marketers are not stepping up to the challenge as they lack the discipline and capabilities to drive profitable growth."

And as David Packard (co-founder of Hewlett Packard) summed up: "Marketing is too important to be left to marketing people."

DEATH IN THE BOARDROOM

Consequently, an unfortunate but familiar scenario frequently plays out in the boardroom. A marketing team comes up with a breakthrough idea that could not only drive short-term growth but also ensure long-term financial stability for the future. But

once in the boardroom, it all falls apart, with members exposing cracks in the investment strategy where outcomes have not been clearly outlined or supported with adequate financial projections or relevant data. Defeat hangs heavy in the room, offset with blank stares and the demand to rewrite plans again.

It's obvious when you think about it. The board is charged with the responsibility to protect and manage the company successfully. So they tend to be analytical – they are focusing on shareholder value. Optimising the NPV of new initiatives, while minimising risk of projects failing, leads to them being averse to risk. Pressure to grow the business here and now, as well as over time, means a short-to-medium-term mindset.

Marketers often enter into the boardroom with a naïve appreciation of this mindset, presenting and behaving in ways that reflect their own way of thinking. They believe a more creative approach is needed to build strong brands, drive through successful innovation and create effective marketing campaigns. Risk-taking is important to them – in fiercely competitive markets they believe that risks have to be taken to reap rewards. And brands need time to deliver breakthrough innovation and step-change growth. In the boardroom this attitude can cost them dearly.

Who's right and who's wrong? No one is either right or wrong. But the marketer must recognise that the boardroom is not their territory. So within the boardroom you need to think like the board in order to convince the board.

BEING 'ON POINT'

The board members of any company are invariably time starved. So to be commercially credible in the boardroom, marketers need to show succinctly how their marketing strategies will build shareholder value by creating clear, compelling business cases that the board can buy into. These need to be:

- **Commercial** in how their recommendations will drive business growth.
- **Credible** in how their financials will deliver a strong, sustainable return.
- **Concise** in their presentation writing and delivery.
- **Clear-cut** in their proposed requests and next steps.

To achieve this, marketers should:

- Develop a one-page storyline early on that succinctly outlines the business opportunity, why this is important and what they want agreement to.
- Build a bespoke presentation deck that is compelling, fact based and supports the business case.
- Take the time to involve senior management in the problem-solving from day one, using the storyline and presentation deck to engage them.

BUILDING BOARD BUY-IN STARTS WITH A SUCCINCT STORYLINE

At the beginning of the project, marketers should take the time to draft a storyline hypothesis, enabling them to:

- Quickly pinpoint what they want agreement to and why, and thus what the presentation needs to include.
- Engage senior management and cross-functional teams at an early stage to get their thoughts and input, and thus increase the likelihood of the recommendations being approved.

The storyline hypothesis is typically a one-page summary outlining:

- The opportunity and why this is important to the business.
- The proposed strategies to achieve this and why these are right, including the facts that prove the case.
- The agreements that the team want approved and proposed next steps.

It is typically written in a top-down way so that senior people can quickly grasp what is being recommended and why, using a small number of headlines outlining the key messages, each supported by a small number of bullet points that contain the facts that prove the case. It should set out clearly what the team wants agreement to and what this means for the business.

Once they have this storyline, the team can use it to engage senior management and cross-functional stakeholders in an early stage 'listening and problem solving', ▶

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rather than 'selling' meeting, to get their input on what the right answer is, identify any concerns or 'show stoppers' and access any support data that will help make the case. Sharing the one-page storyline hypothesis is an ideal way to do this as it's succinct, enabling time-starved senior managers to engage and input efficiently, and can be easily adapted as new information and challenges come to light.

DEVELOPING A COMPELLING PRESENTATION DECK

Once the first draft storyline is written, the team should turn it into a succinct, robust draft presentation deck, with pages written to support each of the key storyline points.

Ideally the presentation deck should be tight (typically 10-20 pages) focusing on the key issues, with any relevant backup in the appendix. It should mirror the storyline, with each bullet point being the headline of at least one chart and each page containing the facts and data that 'prove' the headline. It should be in the same logical order as the storyline so that senior managers can easily reference a specific section for more detail. It should address any senior management issues head-on, either by overtly stating their issues and proactively resolving them in the deck, or covertly addressing their issues in the deck using their language. And it should contain one or two pages at the end that summarise 'what we want your agreement to today' and 'next steps'.

By doing this, the team can check early on whether the storyline is working – by assessing whether the presentation deck is selling the story clearly and can be supported by facts. If not, then the sequence and substance of the storyline should be iterated until it does. This enables the team to work more efficiently by focusing on what it needs to prove and the data it needs to collect to support each point.

HANDLING CHALLENGING CONVERSATIONS

Ideally, the team should get senior level agreement to the recommendations prior to the board meeting – and if not, take the time to talk with dissenters and rectify any issues beforehand.

Many business decisions are made rationally – needing a logical, compelling recommendation supported by a robust business case to be attractive. In this situation, one meeting reviewing a succinctly written and compelling storyline and presentation deck is often enough to get feedback and buy-in.

But sometimes business decisions can be more emotional, often when they involve personal risk, such as:

- 'It might negatively impact my team's sales or profit performance.'
- 'It may result in me losing some of my power base.'
- 'It might force me to do something that my peers or boss would disapprove of.'

If there is any sign of emotional resistance, conduct a fact-finding meeting with the person early on to assess whether there are any major roadblocks, identify the likely causes and determine how best to handle them. When meeting with them, don't sell, but instead take the time to fully understand their point of view, identify what the real underlying blockages are and negotiate a mutually acceptable solution. For example:

- Work through which pieces they agree on and which they don't, with the aim of finding common ground, and identifying where the real sticking points are.
- Identify the facts, data or evidence that they would need to see, or conditions that would need to change, for them to be convinced.
- Let them have time to review the plan and talk with others in the business, and follow up with a second meeting once you've both had time to think it through further.

If in the fact-finding meeting you hit a stalemate due to conflicting objectives or insurmountable concerns with no room for negotiation, give the person time to talk peer-to-peer with people at their own level. If that doesn't work, escalate up the line for your and their bosses to debate it out. If a senior person doesn't want to play ball, it is the business's responsibility to resolve it, not yours.

If your bosses can't resolve the issue, senior management may not be aligned on the best way forward, or may want to proceed but not right now. In that situation, recognise that the current timing isn't right and retreat. Sometimes the team should assess what needs to change for the timing to be right and continue to collect the facts and data needed to build the case. Sometimes senior management will only make the leap when there is a trigger that encourages them to do so, such as:

- New proof that demonstrates how compelling the case is.
- An external change, such as a significant drop in sales or profit, or a consumer backlash.
- An internal change, such as a new CEO who is keen to champion the cause.

On the presentation day, focus on what you want your audience to agree to and what you can say to convince them by putting yourself in their shoes. Be clear about why you're there and what you want them to agree to. Speak in their language and ensure that the 'asks' are tangible. Pause to ensure that you have their agreement and then clarify what you will do over the coming weeks and what they will see next to keep everyone on-board.

IN CONCLUSION…

It's tougher than ever for companies to grow and marketing is increasingly important in achieving this. Yet, marketing teams often struggle to have the commercial impact they need in the boardroom to be successful.

To be commercially credible, marketers need to show succinctly how their marketing strategies will build shareholder value by creating clear, compelling business cases that the board can buy into. These must be: commercial in how their recommendations will drive business growth; credible in how their financials will deliver a strong, sustainable return; concise in their presentation writing and delivery; and clear-cut in their proposed requests and next steps.

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Footnotes

1. *Leveraging Warwick University's analysis of Britain's top performing companies*
2. *'Creative Destruction' by Richard Foster*
3. *Spencer Stuart Survey, 2015*
4. *CMO Council, 2012*