

HEIDRICK & STRUGGLES

The tech-savvy CMO meets the customer-driven CIO

Marketing Officers Practice

Information and Technology Officers Practice



The tech-savvy CMO meets the customer-driven CIO

Yesterday, CMOs and CIOs had little in common except places at the executive leadership table. Today, they are being driven together by the proliferation of technology platforms, the torrent of Big Data, and the almost limitless choices and power customers now enjoy. Tomorrow, the two roles could converge in a single position. Until that day arrives, they are collaborating as never before – transforming organizations and creating new talent challenges for all concerned.

At a recent event our firm hosted in Chicago to bring CMOs and CIOs together for a discussion of their roles in today's enterprise, a striking phenomenon occurred. When the participants spoke it was difficult to tell which speaker represented which role. The CIOs sounded like CMOs – talking about the customer experience, revenue growth, and the next big markets. The CMOs sounded like CIOs – talking about data, analytics, and technology platforms. As they demonstrated, the convergence of the two roles that has been tentatively predicted over the past two years is already well under way – if not in a single title, at least in the flesh of technology-savvy CMOs and customer-driven CIOs.

We increasingly see signs of this convergence in our executive search work as well. The global CIO of a major pharmaceutical manufacturer, seeking to appoint a divisional CIO, describes the kind of candidates he is seeking this way: "I am not looking for a traditional CIO steeped only in technology. I want people who will push my comfort zone, who know what it's like to partner with Marketing & Sales, who know how to help create a great customer experience. Certainly, they should have mastered the engineering and science of IT, but they need to use it to deliver something strategic. I'm willing to risk their having less orientation to IT's back-office role as long as they can deliver on the customer side."

Similarly, one of the most successful full-service restaurant companies in North America is looking for a top technology officer to "work closely with key business executives to envision, build and leverage brand / business capabilities that drive value creation." Further, the company expects candidates to have a minimum of five years experience in a company with multiple brands and a customer-centric, innovative, marketing-driven, and service-oriented model.

On the marketing side we see a mirror image: companies are seeking CMOs who can work with CIOs and IT developers to fully leverage the potential of digital technology, mobile platforms, and social media. CMOs themselves see the writing on the wall. In a survey of CMOs across the globe conducted by Heidrick & Struggles and Forrester Research, chief marketers ranked technology as the number one area in which they see opportunity for improvement.¹ And they are taking action by increasingly hiring IT people directly into the marketing function. This convergence of marketing and technology has broad implications for the evolution of both roles, for companies that successfully harness it, for talent management, and for the careers of executives in IT and Marketing.

¹ *The Evolved CMO*, Forrester Research and Heidrick & Struggles, 2012

The CIO and CMO

A tale of two roles

The origins of the CIO role lie in the 1980s, when IT began to be a major capital asset. Through the 1990s, the role of CIO fully emerged as the function began to deliver greater operating efficiencies, to knit together rapidly globalizing organizations, and to help create more nimble supply chains. Massive enterprise resource planning systems brought more capital investment – and more responsibility for CIOs. By the first years of this century, the competitive advantages and cost savings that IT had generated, coupled with the new imperatives of ecommerce, had created even higher expectations: the CIO might become a critical strategic partner to the CEO.

In 2008 this steady progress was interrupted by worldwide financial meltdown. During the recession that followed, Finance took center stage and the CFO, always a critical figure in any large enterprise, became more prominent than ever. During the same period, the rise of cloud computing and software as a service (SaaS) enabled companies to outsource numerous services formerly provided by IT – at a predictable cost, with far less capital investment.

By contrast, the role of the top marketer remained relatively static until the past decade. Marketing had long been part art: branding, advertising, and image building. And it had long been part science: market testing, segmentation, and a range of quantitative disciplines and analytics. But when the internet dramatically amplified the voice of the customer the top marketing job began migrating to the C-suite. In subsequent years, as mobile platforms distributed the voice of the customer everywhere and gave it vast collective power through social media, companies turned to the CMO for guidance: How do you engage customers who have nearly limitless choices in a world of proliferating media and channels? How do you commercialize market and customer insights? How do you translate the voice of the customer into highly targeted, customized, and differentiated experiences?

The advent of “Big Data” promised at least a partial answer, with its mountains of structured and unstructured information, advanced analytics, and the “science” to balance and validate marketing intuition. Fulfilling that promise, however, remains challenging in a world where the data multiplies exponentially, the analytic possibilities are endless, and few people possess both the requisite technical ability and marketing insight.

For both the CIO and the CMO, these developments have created new expectations and new opportunities. IT is expected not only to reduce costs, but help generate revenue. Marketing is expected not only to deepen the customer experience and grow market share, but to show return on investment. As digitization, Big Data, and the ubiquity of mobile and social media continue to drive CMOs and CIOs together, those who seize their new hybrid roles will have an unprecedented opportunity to transform and grow their companies.

“I am not looking for a traditional CIO steeped only in technology. I want people who will push my comfort zone...”

Creating systems of customer engagement

The watchword for this transformation is engagement. Geoffrey Moore, the author of *Crossing the Chasm*, the pioneering book about tech marketing first published at the beginning of the internet explosion, recently made a highly useful distinction between “systems of record” and “systems of engagement.”² A system of record is centralized, it passively provides information to users, and it is largely transactional. A system of engagement is decentralized, encourages interaction – often through enabling technologies and multiple platforms – and is largely collaborative.

Although Moore is referring to IT systems alone, his distinction easily applies to how companies approach customers – traditional ‘push’ marketing and sales, emanating from a central source and focused on transactions versus the company’s full immersion in today’s digitized, social and mobile world in order to create deep engagement with customers. “Systems of engagement,” he says, “need to operate on top of and in touch with our systems of record.” Creating systems of customer engagement requires integration of systems of record with systems of engagement both in Marketing as well as in IT – convergence, not divergence.

² *Systems of Engagement and the Future of Enterprise IT: A Sea Change in Enterprise IT*, Geoffrey Moore, 2011

Few companies have been more successful at creating systems of customer engagement than Burberry, turning the 150-year-old company into a leading luxury brand. Its strategy of “digital synchronization” is designed to create consistent brand projection across all customer touchpoints and to enable its website to support retail sales as a global inventory pool. Through innovative marriages of technology and marketing they have created platforms for powerful customer experiences. For example, what they call “Retail Theater” technology enables the company to broadcast content to stores all over the world, including exclusive in-store trunk shows. Specially invited customers view the premiere of the company’s fashion line for the season in real time and then browse the collection and order from it on iPads provided by the store.

The runway show experience has been extended on Burberry World, the company’s website powered by salesforce.com technology. Live Twitter and Instagram social feeds connect the brand’s virtual communities. Motion-reactive 360-degree technology enhances customers’ ability to explore the collection. Meanwhile Tweetwalk, launched in partnership with Twitter, enables followers to see the merchandise before it goes down the runway. The company has also streamed live brand events like its 2012 womenswear show to iconic outdoor sites like London’s Liverpool station and Heathrow Terminal 5.

“To move our organization ahead we need a different type of talent – in the next six months”

What convergence means for talent

Saying that it recognizes “the increasingly important role technology plays in marketing,” the British label is the largest luxury apparel and accessories company by market cap in the UK. It is the leading luxury brand on Facebook (with 15 million fans) and Twitter (with over 2 million followers across 10 regional accounts in 10 languages), capturing the attention of aspirational customers, many of whom will turn into actual customers. Meanwhile, revenues have nearly tripled.

Systems of customer engagement are no futurist fantasy. Leading companies are building such systems now and to keep pace with their competitors they will need equally tech-savvy marketers and customer-focused technologists. “To move our organization ahead,” said one of the participants in our CIO/CMO event in Chicago, “we need a different type of talent – in the next six months.”

How well do CMOs and CIOs collaborate?

44%

CIOs in companies
(less than 1000 employees)

28%

CIOs in enterprises
(1000+ employees)

percentage of CIOs who described their relationships with the CMO as “excellent”

source: *CIO/CMO Partnership Survey*, CIO Research, March 2013

Where will the talent be found? Some of it may come from consumer companies, many of which have long been leaders in analytics, customer insight, and innovative marketing enabled by technology. For example, we have seen major banks recruit talent from e-tailing companies to lead digital transformations. On the other hand, we have seen major consumer companies, where loyalty is a critical differentiator, promote marketers for the role of Chief Technology Officer (CTO), and we’ve seen CMOs become leaders of a combined marketing and IT function.

Small, disruptive companies offer another potential pool of talent. In many of these companies staffing is lean, lines are blurred among functions, and leaders must be well versed in multiple channels and disciplines. There is also evidence to suggest that CIOs and CMOs in such companies are more likely to engage in the kind of collaboration that the convergence of IT and Marketing requires. In 2013, CIO.com’s sister organization CIO Research surveyed 237 top IT executives and 140 top marketing executives. Some 44% of CIOs in companies with fewer than 1,000 employees described their relationships with the CMO as excellent compared to only 28% in enterprises with more than 1,000 employees.³

The demand for tech-savvy CMOs and customer-focused CIOs with the ability to closely collaborate and make a measurable difference to business performance far exceeds supply. As more companies rush to fill these needs, the competition for this talent will grow more intense. CIOs and CMOs and those in line to succeed them can take their companies out of the competition for external talent by taking steps to deepen and broaden their skills in unfamiliar disciplines. They can begin by seeking subject matter experts to coach them on the challenges, issues, and opportunities of those disciplines. They can lead enterprise-wide initiatives that encompass technology and marketing. And, perhaps

³ *CIO/CMO Partnership Survey*, CIO Research, March 2013

most importantly, they can design convergence into the organization. For example, members of the technology team can routinely participate in relevant marketing meetings, and top marketing team members can do the same with IT. Instead of constantly arguing for the relevance of the IT function or the Marketing function, leaders can structure an integrated organization that is relevant.

Meanwhile, companies will need to alter their talent management practices to accommodate the reality of convergence. Traditionally, as part of their development, marketers have often taken a rotation in Sales. In the future, experience in IT could be an integral part of the development of high potential marketers. Conversely, IT professionals may take a turn in Marketing to grasp the broad marketing picture and to get hands-on experience with customer insights and customer engagement.

Retaining high potentials in both Marketing and IT and recruiting their counterparts externally will require companies to demonstrate their full commitment to building state-of-the-art systems of customer engagement. Those people who fully understand and embrace the future in which IT and Marketing converge in those systems will be intensely recruited. They will welcome the opportunity to make a real difference – either where they are or, if necessary, somewhere else.

No one can foresee where the convergence of market-driven IT and technology-enabled marketing will take us – we have only scratched the surface of Big Data, for example. One thing, however, is certain: three years from now, neither the CIO nor the CMO role will look the way it does today. It's possible that they will merge in one role, perhaps that of Chief Data Officer or Chief Customer Officer. Or the roles may remain separate but deeply intertwined. The CIO would retain responsibility for enterprise technology infrastructure. The CMO would continue to oversee the traditional aspects of marketing that endure. But they would meet on broadening the middle ground, as they are beginning to do today, where together they can create powerful systems of customer engagement that deliver a real competitive advantage in the marketplace. On that common ground, "CIO/CMO" may be a distinction without a difference. ■

"One thing, however, is certain: three years from now, neither the CIO nor the CMO role will look the way it does today."

Information and Technology Officers Practice

Heidrick & Struggles' Information and Technology Officers Practice is the leading human capital solutions provider for Chief Information & Technology Officers to companies and organizations in a broad range of industries, including: Healthcare, Financial Services, Industrial, Consumer, Technology, Education and Not-for-Profit. The Practice combines the strengths and resources of our industry and functional experts with our Technology Diagnostic Tool and Leadership Competency Model to assess and attract world-class technology talent. Our global team of Information and Technology Officer search consultants have partnered with the world's best known, most admired companies and have successfully recruited 1,000 Information and Technology Officers.

Marketing Officers Practice

By focusing on the intersection of marketing and growth, Heidrick & Struggles' Global Marketing Officers Practice helps build world-class leadership teams for organizations of all sizes across numerous industries. With a dedicated team of over 50 professionals, the practice has conducted more than 1,500 searches for marketing officers across all four continents over the past three years. Moreover, most of Heidrick & Struggles' Marketing Officers Practice members possess deep functional marketing expertise that extends into unique specialty areas such as data analytics, digital marketing, branding, and corporate communications.



60 YEARS IN
LEADERSHIP

HEIDRICK & STRUGGLES

Heidrick & Struggles is the premier provider of senior-level Executive Search, Culture Shaping and Leadership Consulting services. For 60 years, we have focused on quality service and built strong leadership teams through our relationships with clients and individuals worldwide.

www.heidrick.com

Carlos Cata

Managing Partner North America

CMO Practice

ccata@heidrick.com

Katherine "Katie" Graham Shannon

Global Managing Partner

Information and Technology Officers Practice

kgraham@heidrick.com

Copyright ©2013 Heidrick & Struggles International, Inc. All rights reserved.
Reproduction without permission is prohibited. Trademarks and logos are
copyrights of their respective owners.

201301JNTSRG88