

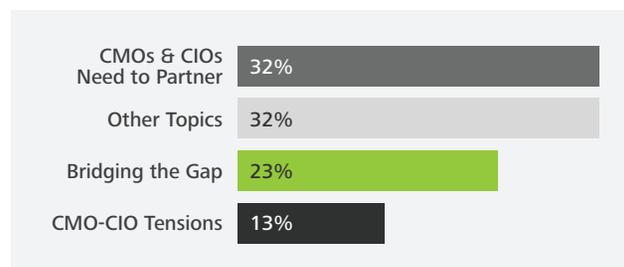
HOW TO BUILD A STRONGER RELATIONSHIP WITH YOUR CIO

The CMO-CIO partnership is the most important C-suite relationship for digital transformation

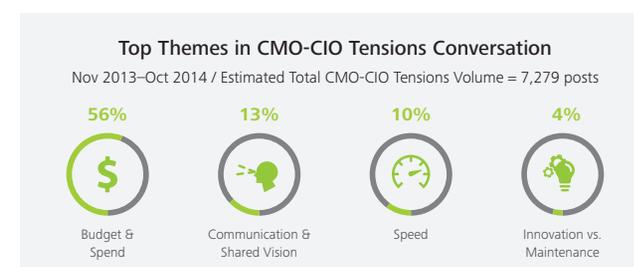
We all know it: The roles of the CMO and CIO are converging. The traditional model of CMO as a Mad Men-style creative and CIO as the back-end infrastructure and operations leader won't succeed in our customer-powered, digital environment. Exponentially increasing data along with customer demands for consistency and personalization are pressuring business leaders to blur the lines of these traditionally distinct teams.

"You have to have a pretty good understanding of the technology behind the scenes. Marketing is not the arts thing that it was 15 years ago. It is much more of a science than anyone would have you believe."¹

Emerging amid this sea change is a new crop of CMOs and CIOs with nontraditional backgrounds. Incumbents with more traditional backgrounds are beginning to feel a need to cross-train in order to increase their value to the organization. For CMOs, this often means developing deeper technology expertise in order to gain a richer understanding of how big data and analytics can inform smarter marketing decisions. For CIOs, this evolution



means understanding and accepting their role as a digital leader—a role that extends beyond the traditional focus on internal operations and infrastructure and into drawing clear connections to strategic business growth. The media is picking up on this shift, frequently writing about tensions and the “war” between these executives. But as people who fill these roles know, that’s not the whole story. Certainly, very real tension often exists, but the focus on conflict seems to overshadow a more constructive conversation taking place. In fact, Deloitte Consulting LLP analyzed 54,552 pieces of social media and news content mentioning CIOs and CMOs, posted from Nov. 1, 2013 to Oct. 31, 2014. In this study 32% of posts focused on convincing readers of the partnership’s value, and 23% focused on solutions to bridge the gap in practice. While overall social media conversation frequently discussed earlier stages of the pathway such as focusing on the customer and evolving roles, C-suite



executives more frequently discussed best practices for strengthening the CMO-CIO partnership and building collaborative teams that were further along in the marketing-IT collaboration evolution than the media reflected.

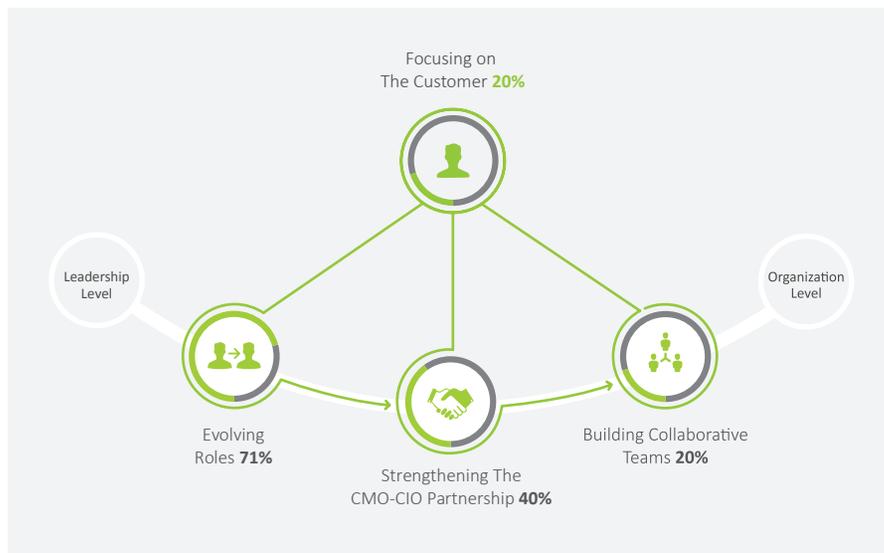
In fact, tensions were cited in only 13% of posts.

"Technology is now the interface of marketing. I couldn't agree more that more than the budgetary or the organizational challenge, it is a capability and a skill gap that exists."²

So, how do successful CMOs get beyond this tension and create a successful relationship with their CIO and team? The answer begins with establishing a strong understanding of each role—including the growing overlap—as well as what unique value each side brings to

¹Jeremy Burton, President, Products and Marketing (former CMO), EMC (“EMC President: 7 Digital Marketing Success Factors,” Huffington Post)

²Mayur Gupta, CMO, Kimberly-Clark (“The new collaborators: Managing digital in the C-suite,” WithTheEconomist, YouTube)



the table. And it works best when they both rally around a singular goal: The customer.

Where to start: Focus on building a customer-centric business

The customer has long lived at the center of marketing activity, but—perhaps ironically—it’s taken digital technology to push that to new levels of importance for the rest of the business. Currently, 89% of companies plan to compete primarily on the basis of the customer experience by 2016. That requires a shift in the entire company toward a more integrated approach—a shift that has fallen most heavily on CMOs and CIOs.

And this commitment to the customer experience is where long-term collaborative planning should begin. Using this focus helps ground the necessary evolution of their own roles and skill sets toward a strengthened CMO-CIO partnership. When done well, this collaborative

approach can infuse itself throughout the organization.

Defining the CMO and CIO roles—and capitalizing on the overlap

CMOs and CIOs can achieve a powerful partnership that ultimately permeates their respective organizations. They do this most easily by infusing marketing and technology strategies with a customer focus. In Deloitte Consulting LLP’s social media study, budget allocation was the

most commonly discussed hurdle in discussion in 56% of tension-related posts. Other common challenges included a communication gap, the varying pace of marketing and IT activities, and the friction between marketing technology innovation and the maintenance of legacy IT systems.

Clearly, without a mutual understanding of the evolving roles and a shared sense of urgency for addressing their added responsibilities, CIO-CMO collaborations are bound to fail. As these roles change, the CMO should remain as the chief champion for the customer, translating their

“Most CMOs have woken up to the fact that technology is fundamentally changing what marketers do and we can’t treat IT like a back-office function. The CIO is becoming a strategic partner that is crucial to developing and executing marketing strategy.”³

deep customer knowledge into an overarching vision for the company. The business needs their “outside-in” view and knowledge of the customer to catalyze the spread of insights across the organization and drive the focus on customer experience. CIOs must understand that if they want to drive top-line growth and innovation, they, too, have to concentrate on the customer. The CIO brings an inside-out perspective and can serve as the “hubs of communication” inside their organizations, helping to spread the customer-centric vision of the CMO. This will be a shift for many CIOs who have traditionally performed a back-end operations function, owning the data and

“At JPMorgan Chase, I helped launch a digital center of excellence to infuse that digital DNA into the business. I used analytics across the company, using digital to drive collaboration, using digital to engage our customers in a much more thoughtful way. As someone who’s responsible for the brand end-to-end, I act as that change agent in the company.”⁴

platforms rather than providing insight to show their value. And CMOs must learn how to communicate the vision as well as technology project requirements and use cases to the CIO so that they can work together effectively on a strategic roadmap for building a 360-degree view of the customer.

Through this approach, both executives mutually share the keys to data-driven customer insights where organizational transformation should begin. There’s a lot that goes into these shifts, and our research has highlighted a few good places to start.

³Jonathan Becher, CMO, SAP (“CMOs and CIOs Need to Get Along to Make Big Data Work,” Harvard Business Review)

⁴Robert Tas, CMO of Pegasystems and former CMO of JPMorgan Chase (YouTube)

Best practices for a successful collaboration

Once you and the CIO have agreed on the need to align your activities behind your customers, there's still a lot that goes into successful collaboration. Here are five areas to focus on that will set up a customer-centered working relationship for success.

1. Drive CEO Support. Senior leadership support of the CMO-CIO partnership is crucial for long-term success. If your CEO is not yet promoting this collaboration, CMOs and CIOs can take initiative by choosing initial projects that will allow for quick wins with a large impact on strategic goals. Focusing initially on small data analytics and personalization pilot projects will allow for quick problem solving, agile development, and innovation in an environment that encourages risk-taking and a fail fast, learn fast mindset. Starting small also helps the CMOs and CIOs solidify best practices for collaborating within their companies, provide a proof of concept to enhance their credibility with senior leadership. CMOs and CIOs who are leading organizational transformations across all sectors have an opportunity to fill this gap in thought leadership by sharing their stories and building industry leadership and eminence for their organization. Focusing on issues that are top of mind for executives enables them to push for innovation across the broader digital marketing practice.



2. Close the communication gap. Beyond the CMO and CIO making an effort to tailor communications to each other's needs and developing a shared vocabulary, it is important for effective communication to occur between marketing and IT at all levels of the organization. Failing to extend this communication will hinder the alignment of marketing and IT and the successful implementation of collaborative projects. To facilitate broader collaboration,

*"[The IBM Design Lab] functions as an incubator for internal startups (scrum teams) working on a variety of digital projects. They are given almost total autonomy to spot new trends, adjust to changes and try new ideas, while focusing on designing experiences that enhance the customers' interaction with IBM and ultimately form a scalable system of engagement."*⁵

CMOs and CIOs are standing up autonomous cross-functional teams as "innovation labs" or "centers of excellence." Companies including IBM, JP Morgan Chase, EMC, Nationwide Insurance, Motorola, Starbucks, and Sephora have set up centers of excellence to bring together skill sets in content strategy, data science and analysis, CRM, search, information architecture, design, and development in an agile group or "internal digital agency" that has autonomy to test and optimize customer experiences and platforms. These teams employ Agile methodology to quickly test and optimize innovative solutions – such as robust CRM solutions that aggregate customer data from a variety of sources, or integrated customer service systems – proving business value before scaling across the organization. Closing the communication gap requires hiring and training staff

with overlapping skill sets (e.g., tech-savvy marketers or strategic technologists) who share a vocabulary. However, CIOs and CMOs cited the talent gap and recruiting challenges as barriers to broader team collaboration. To overcome those obstacles, some have taken to training existing employees in both departments in new skill sets, with the goal of improving their understanding of each other's projects, processes, culture, and communication styles. And given the convergence of marketing and technology skill sets, other CIOs and CMOs collaborate on interviewing and hiring, especially when trying to fill the emerging role of chief marketing technologist, a position some organizations are putting in place to connect the two functions and build hybrid teams.

*"[At Kimberly-Clark] we have created a hybrid model where half of the circle is marketing technologists coming from the marketing organization and then there are a similar set of technologists who are understanding marketing coming from the IT organization."*⁶

3. Establish new data and technology governance practices. CIOs and CMOs who work together effectively have established data and technology governance practices separate from traditional IT governance processes. They set up these governance models to marry marketing's need for speed with IT's compliance, security, privacy, and integration requirements. For example, Nationwide Insurance has created a Business Transformation Council to handle issues related to governance. Jointly architected and agreed-upon governance policies can significantly ease each executive's jitters about data access and technology ownership, while helping to advance the enterprise's strategic marketing and business goals.

⁵Kasper Risbjerg, Social Business Manager at IBM ("Working at the world's biggest startup," Medium.com)

⁶Mayur Gupta, Head of Global Marketing Technology, Kimberly-Clark (YouTube)

4. Collaborate on technology selection and ownership. Give up the idea of data ownership. The CIO needs to serve the role of trusted consultant to the CMO for marketing technology decisions. Even if the CIO does not ultimately make the final decision about cloud-based SaaS tools, they have valuable insights to help ensure that the technology integrates and scales appropriately. With the advent of cloud computing and SaaS licensing

“In many cases IT should no longer be building the entire solution, but rather creating platforms that the CMO can build upon.”⁷

models, successful CIOs will increasingly need to become brokers of these platforms rather than builders. CMOs and CIOs speaking on social media often mentioned giving up the notion of “ownership” of customer data and technology in order to become customer centric. Marketing automation and self-service platforms allow

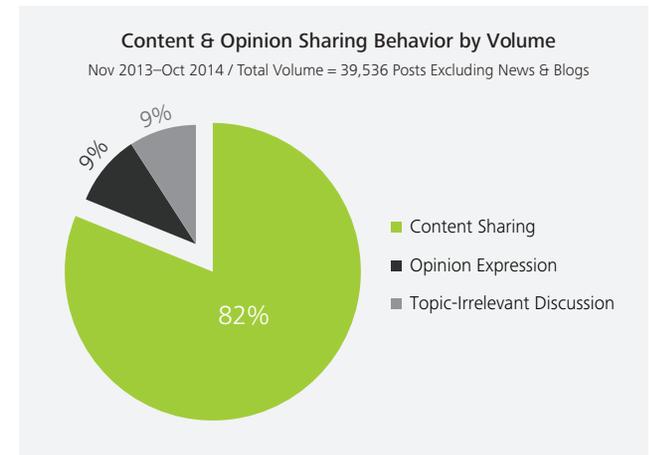
“[Many of] the data assets that drive our business ... are managed outside of marketing and I have no issue with that because we’ve got the right subject matter experts and the right interaction model.”⁸

CIOs to facilitate and advise on the flow of customer data across the organization while allowing the marketing team control over the front end of the system. This fluid approach to ownership enables the CMO to ensure they have the tools they need to effectively and efficiently build the right customer experience. Given access to the right data and technology, together they can surface business intelligence out of marketing data that can benefit the entire organization.

“We developed a big data plan that enables customer data flow across the business and is a self-service model. This allows our marketing team to access the data and technology tools they need quickly and efficiently. So the data doesn’t ‘belong’ to IT.”⁹

5. Shared accountability, performance incentives and KPIs. CMOs and CIOs should share performance incentives and KPIs that intertwine their success, spur collaboration rather than competition, map to the marketing-IT roadmap, and drive long-term business growth and improvement of customer experiences. Meeting regularly to discuss progress on these KPIs and review a shared scorecard will provide both the CMO and CIO with transparency throughout each project. For example, the CMO and CIO of Regal Entertainment collaborated on a project to improve loyalty program technical infrastructure and tracked increases in membership, engagement, digital traffic, and mobile commerce.

“Initial results [for Regal Entertainment] are compelling with record-level membership, increasing +18.3% versus the prior year, and engagement at all-time highs. Digital traffic is up +41% since launching the new site and mobile commerce is up +261% year-to-date. The IT infrastructure enabled marketing to more effectively and efficiently engage customers and the [CMO and CIO] jointly are having an impact on the overall business.”¹⁰



Methodology

Social media conversation research can be described as an anthropologic approach to analyzing large, unstructured datasets of organic social media posts. Though social media research can lead to customer insights, similar to traditional marketing surveys or focus groups, it differs in that the analyst does not direct the conversation to obtain results.



Deloitte Consulting LLP studied 54,552 pieces of social media and news content mentioning CIOs and CMOs, posted from Nov. 1, 2013 to Oct. 31, 2014. However, stories of successful collaborations were only a small

⁷Michael Golz, CIO of SAP (“How to ensure the CIO-CMO relationship keeps blossoming,” CIOBlog.ey.com)
⁸Liza Landsman, CMO at E*trade (“The new collaborators: Managing digital in the C-suite,” YouTube)
⁹ Karen Quintos, CMO, Dell (“Why The Most Important C-Suite Relationship For Marketers Is Still The Trickiest,” Forbes)
¹⁰ (“A CEO’s Dream Team (CMO And CIO): The Regal Entertainment Group Story,” Forbes)

Content & Opinion Sharing Behavior by Volume

Nov 2013–Oct 2014 / Total Volume = 39,536 Posts Excluding News & Blogs



Technology, Media, and Telecommunications

59%



Consumer & Industrial Products

18%



Financial Services

12%



Education

4%



Life Sciences & Health Care

4%



Other

2%

percentage of the current conversation online; 82% of social media conversation about the CMO-CIO relationship consisted of people sharing news articles or blog posts without adding opinions or personal experiences.

Analysts focused on the 23% of content that specifically addressed how to bridge the marketing-IT gap and drive a customer-centric organization, and the key milestones of this collaboration pathway. The majority of authors

discussing this topic were marketing professionals, business analysts and consultants, agencies, think tanks, research firms, journalists, and news outlets. A smaller percentage of posts contained direct quotes from C-suite executives, in news articles, blog and forum posts, YouTube videos, and tweets. Out of C-suite executives participating in this discussion, there was unequal representation across industries with 59% of quotes originating from technology, media, and telecommunications executives.

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