

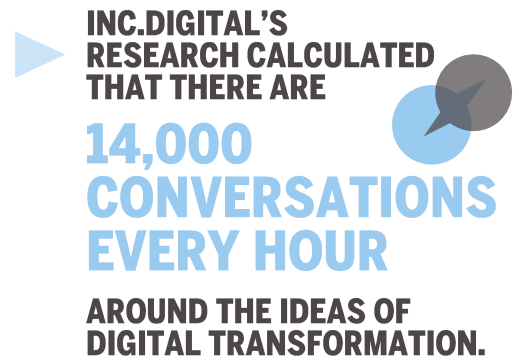


WHY CMOs NEED TO LEAD THE DIGITAL TRANSFORMATION REVOLUTION

The best route for CMOs to become CEOs.

THE CMO HAS BEEN ON THE BLEEDING EDGE SINCE THE ADVENT OF DIGITAL

The CMO and marketing function have led the charge into digital from the moment customers went online. Now it's even more true as AI and machine learning handle the vast amounts of data and insights in Web 4.0. Yet again, marketing is needed at the forefront to navigate organizations through a constantly digitally transforming world. In fact, Inc.Digital's research calculated that there are 14,000 conversations every hour around the ideas of digital transformation. With customers and prospects discussing this topic so frequently, it's no wonder that it's the number one executive leadership imperative according to IDC, with over \$2 trillion being invested globally. But with all the time and resources being spent on digital transformation, as few as 18% of organizations are seeing real returns on their investments. If one role is set up to shift this failure rate, it is the CMO.



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THE WORLD IS EVOLVING, SO ADAPTATION IS VITAL

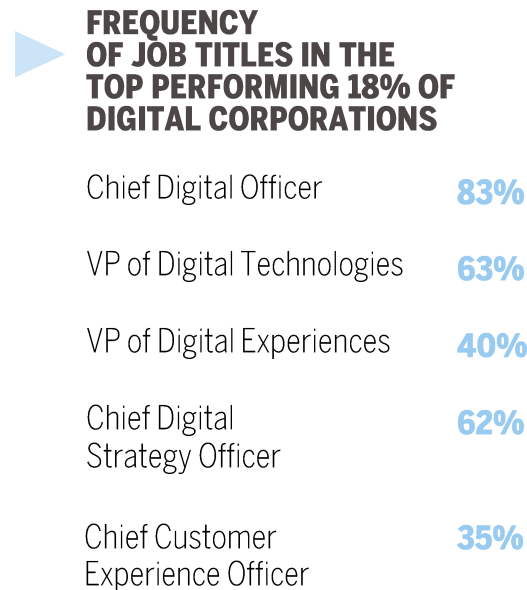
Forbes Insights and the authors of [“The Digital Helix,”](#) 2017's best-selling book on digital transformation, looked inside global 2000 corporations going through digital transformations. This research decoded the DNA of what drives digital transformation success across 26 metrics and eight major corporate functional areas, including: operations, service and support, marketing, sales, finance, product development, IT and HR. This white paper uses data from that research to plot how and why the CMO is the best-suited executive to spark the wider digital revolution across the organization. To become the company's true digital keystone, CMOs need to lean in and lead from the front. It is their understanding of customers, technology and the processes that give them not only the advantage, but the mindset needed to handle the task. Also, everything is hyper-connected in a digital organization. If the CMO doesn't help the organization become more digitally cognizant, then he/she risks choking off assets, opportunities and ultimately, the market share that they are responsible for capturing.

TWO CHALLENGES EXIST FOR THE CMO IN ORDER TO BE THE ORGANIZATION'S DIGITAL LEADER

1. New job titles show a changing ecosystem for digital transformation success.

Relationships matter and a vast array of new digital job titles are popping up everywhere. Yes, some may vanish over time, like chief web officer did many years back. But many will stay and become power centers for further investment in digital transformation. But all of these new digital titles illustrate intent and show how organizations are moving to get authority to a place that drives transformation.

However, simply adding titles alone is not a path to success. When we modeled the correlation between key digital job titles and economic, brand, culture and growth success, one key fact stands out within the top 18% of performers: Organizations that have added a range, not one, but many of these digital titles are thriving. As you can see on the following page, there is a high incidence of these job titles in digitally transforming corporations and these people and roles are increasingly seen as the fabric around which successful digital transformations occur. CMOs need to be able to work with and connect these people together more than ever before to succeed and chart their own path.

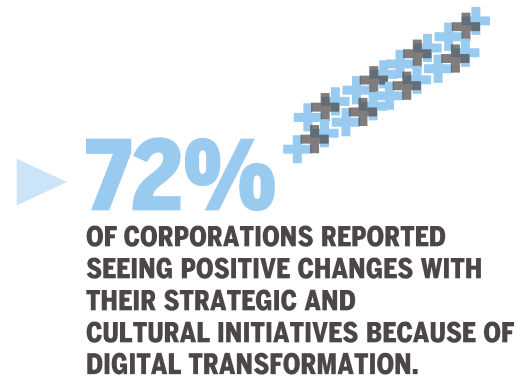


FREQUENCY OF JOB TITLES IN THE TOP PERFORMING 18% OF DIGITAL CORPORATIONS

Chief Digital Officer	83%
VP of Digital Technologies	63%
VP of Digital Experiences	40%
Chief Digital Strategy Officer	62%
Chief Customer Experience Officer	35%

2. The CMO gets it, but that doesn't mean everybody else does.

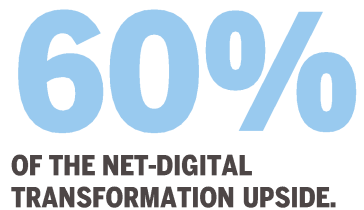
72% of corporations reported seeing positive changes with their strategic and cultural initiatives because of digital transformation. Our research showed that the most significant areas ran across their entire organization, and the CMO tended to be at the center of these initiatives. However, the research also showed that fewer than 25% of positive digital transformations in strategy and culture connect to other areas, such as economics, processes and creating a growth engine for the organization. This shows how tough it is to cross-pollinate digital success. In fact, the research shows only 10% of CMOs believed they were seeing digital transformation success across the company as a whole. But, when cross pollination does occur, it leads to extraordinary net gains. The 18% of organizations that are succeeding digitally get 60% of the net-digital transformation upside that's available across 26 metrics. If these 18% keep getting this large slice of ROI year after year, they will likely be extraordinary at improving margin, SGA, cost of acquisition, cost of retention and brand value. This will make it increasingly difficult for CMOs in the 72% of low-thriving organization to get their marketing to work. This is why now is the time for the CMOs to step up and spread digital success. Time is running out for siloed companies. A key part of this requires the CMO to accumulate new skills and frameworks.



“I think the biggest challenge is, in the past as a CMO, you could do one of the three well and get by. Whereas, I believe in 10 years as a CMO, you need to be able to do all three: understand technology, leverage intelligence and data, and leverage creativity and beautiful storytelling. You need to be able to do all three well in order to succeed.”

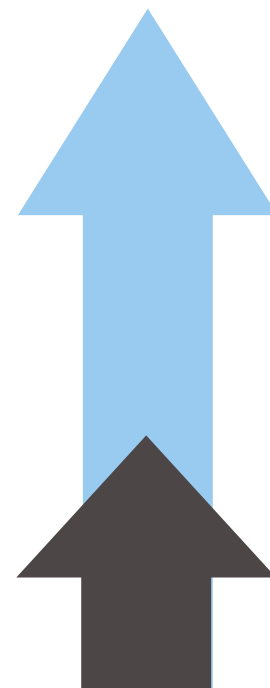
Andrew Swinand, CEO Leo Burnett, USA on the Forbes Insights Tomorrow's World Podcast

Change is occurring and the CMO needs to evolve to elevate their role. To do this, CMOs should rely on the four facts that show how they are the right person to drive better collaboration and a wider range of influence.



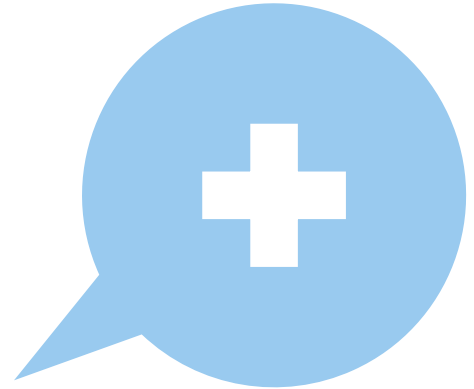
FACT ONE: CUSTOMERS ARE AT THE CORE OF DIGITAL AND MARKETING IS THE BRIDGE

Today, customers expect to get whatever they want, when they want it. Zara, Domino's Pizza and others have capitalized on this shift and are thriving because of it. While almost every marketing department is aware of this fact, many are not leveraging it the way they should. Having the customer in the digital center of everything you do creates new information, insights and thinking that needs to be shared with every other part of the organization. Tapping into this rich stream of inputs and reinforcers shows how and where your organization needs to go to succeed. This shift in thinking and actions is critical for success in every industry, including ones you might not think of as being customer centric, like health care.



“In health care, we need to remember that we are not competing just with the hospital system across town. We’re competing with the experiences that our patients have with Amazon and Google, with how easy it is to find something, order it, and have it delivered with just a click or two. And now, it’s not just Amazon who delivers that experience. All kinds of businesses are moving fast to change their customer experience. Customers now expect every industry to keep up with that level of experience. It is our job to identify and meet the experiences customers want now and anticipate the experiences they will want in the future.”

Kelly Faley, vice president, Digital Marketing, Sharp HealthCare



FACT TWO: EMBRACING AND HARNESSING HYPER-CONNECTIVITY IS VITAL

Part of the science behind the book [“The Digital Helix”](#) shows the need for hyper-connectivity with successful digital transformations. How organizations handle challenges, react to the evolving digital world and organize digitally is a huge part of the secret for the 18% that are succeeding. CMOs have always had to be hyper-connected to respond in real time to shifting demographics, differing consumption patterns and changes in consumer behavior. Also, CMOs need to handle cross-functional challenges with IT and others to get new digital infrastructures in place to handle business model shifts, such as subscription-based offerings. Marketing has always had to work closely with the CFO, legal, operations, sales, service, support and product development to get their job done. With all of this, most CMOs see adaptability as one of their core assets and now, it needs to be evangelized and migrated as a collaborative skill to other functions.

FACT THREE: BIG DATA, AI AND MACHINE LEARNING ALL INCUBATE IN MARKETING

Only 6% of major corporations told us that they are working to have AI and automation become the center of their business, and only 28% of CMOs recognize how important they are going forward. The rise of these new digital technologies will change business and marketing, but there is barrier to wider acceptance. As some organizations embrace these powerful tools, they will become key differentiators for a select few in every industry. The CMO gets the applications for these tools and should lead by example to showcase their use and power for the good of the business.

FACT FOUR: OPTIMISM DRIVES FUTURE RESULTS

There is an implicit multiplier effect when optimism abounds inside an organization. This is why thriving organizations feel 225% more optimistic about their future than others. An optimistic CMO who helps others work through digital transformation may well be one of the key determinants for breaking the digital transformation deadlock outside marketing. Organizations need to find this optimism to have a chance of success. We can think of no better leader than the CMO to drive this sense of vision for the future. To succeed, CMOs must provide the insights needed to build, develop and sustain high performance mindsets and cultures required to transform and thrive in the Digital Age. To help, here is a chapter from [“The Digital Helix”](#) on mindsets and building a performance culture.

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OF MAJOR CORPORATIONS TOLD US THAT THEY ARE WORKING TO HAVE AI AND AUTOMATION BECOME THE CENTER OF THEIR BUSINESS AND ONLY

28%

OF CMOs RECOGNIZE HOW IMPORTANT THEY ARE GOING FORWARD.

THREE WAYS FOR THE CMO TO LEAD AND SUCCEED, STARTING TOMORROW MORNING

If marketing is to be the differentiated asset for the corporation going forward, it needs to move past just being the faster or better function. Marketing and the CMO need to transform into the digital hub of the corporation that is centered around the customer. Here are three simple and connected steps for the CMO to show the way forward:

ONE: DIGITAL IS ABOUT WINS AND LESSONS, NOT WINS AND LOSSES

CMOs need to show how marketing has failed by design and learn from it, not just show successes. Digitally thriving corporations are 64% more comfortable experimenting and adjusting. This shows the power of experimentation and learning. The CMO needs to push everyone in the organization to focus on wins or learning lessons, not failures. To do this, CMOs can use simple tactics like case studies with lessons learned, spearhead companywide experimentation awards, bring in insights on experimentation across the market and industries and always celebrate the learning more than the results. Another great tactic is setting up monthly calls with customers or partners to discuss how they are seeing the world. This helps groups across the company identify new things to try. We call these “customer-first meetings” and they should be used as a simple base for identifying and building experiments. Overall, CMOs should remind everyone that digital is about co-creating and showing how experimentation is easy, rewarding and contributes to a thriving digital organization.

▶ **DIGITALLY THRIVING CORPORATIONS ARE**
64%

MORE COMFORTABLE EXPERIMENTING AND ADJUSTING. THIS SHOWS THE POWER OF EXPERIMENTATION AND LEARNING.

TWO: BUILD, CELEBRATE AND SHARE COLLABORATIVE MOMENTS

From evolving customer needs, to new products and services, to the changing economics of the business, everything inside an organization can benefit from better and deeper digital connections. But there needs to be a collaborative mentality across functions to truly deliver real results. This is where the CMO should be creating as many common moments as possible. Highly collaborative cultures that see experimentation as an asset are 85% more likely to be digital leaders in their industry. Using simple tactics that share reporting on key initiatives or looking for shared metrics across functions can have huge impacts and help foster a digital mindset. Facilitating these kind of moments puts the CMO at the epicenter of enabling the organization to learn how to thrive digitally together.

▶ **HIGHLY COLLABORATIVE CULTURES THAT SEE EXPERIMENTATION AS AN ASSET ARE**
85%

MORE LIKELY TO BE DIGITAL LEADERS IN THEIR INDUSTRY.

THREE: BECOME A CENTER OF INSIGHT AND ENABLEMENT AND NOT JUST ACTION

Our research shows how difficult the transformation process is as 72% of organizations are struggling. One idea from leading CMOs is to build a specific function inside marketing that focuses on sharing the insights that are generated every week. The idea is not to discuss marketing results, but talk about what’s been learned and the new ideas generated. This is also a great venue to bring up what actions should be changed, stopped or newly developed. Having cross-functional teams interact across this framework brings the best thinking together, as well as pushes wider organizational recommendations.

This is a great way for the CMO to be hyper-relevant and show their leadership in a fundamentally different way. Here are three simple initiatives to start with your team this week:

1. Deliver insights at the start of every meeting and ask each presenter to do the same before focusing on an element of a presentation.
2. Share ten things your team learned about customers and/or partners in a weekly infographic for the entire corporation.
3. [See how peers across industries are designing for digital transformation success and compare your organization to others in 11 industries using our digital assessment tool.](#)

No CMO will last if they are focused exclusively on their group's success while the organization struggles. So, why not use the tools and tactics that helped make you a success and teach others to thrive digitally like you are? It can only benefit you in the long run and it could make you the next CEO. Either way, there's nothing to lose.

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