



Creative Differences

Sue Bushell 11 October, 2005 13:08:14

Just because marketing departments and IS departments traditionally behave like oil and water doesn't mean that the two functions can't coexist . . . in a perfect world.

Way back in the mists of time, The IT shop discovered the Internet and, realizing developing Web sites took next-to-no effort, began doing so with gusto. All was rosy until, some time down the track, the marketing people caught on to what IT was up to. Horrified to learn the IT folk had been representing the company to the world, marketing then seized control of the Web site and - brooking no argument - began issuing memos and directives insistently asserting ownership.

An uneasy peace reigned until the marketing folk began to realize savvy Internet users would not stand for Web pages that merely mirrored printed brochures. Forced to accept they could not turn the Web into an interactive medium on their lonesome, marketing turned to IT for help.

Thus the Internet forced a meeting of the minds between two arms of the organization whose paths previously had rarely crossed. The CIO, who back then most often reported up the chain through operations or finance, and the marketing director, who typically reported to the president or CEO, suddenly found reasons to work together.

They have been uneasily and sporadically trying to walk in each other's shoes ever since.

Marketing and IS have not always seen eye to eye. In many companies they still face each other across a considerable divide forged by mutual misunderstanding, ignorance of each other's goals and mind-sets, and the fact that IT and its priorities remain a mystery to many in the marketing discipline. Marketers tend to see the IT department as obstructive, inflexible and clueless about customers, while technologists claim marketing folk do a lousy job of expressing their needs.

But in this modern world, the two groups need to bridge that chasm and work together. Mark Crowe, CEO at Australian Marketing Institute, is one who believes there is a great need for the marketing and IT departments to work together.

"We've seen very much in the last few years that marketing tactics or strategies are based on technical platforms, whether it be Web sites or use of databases and CRM," Crowe says. "What that has highlighted is that there is always a need that the technical applications - in regard to CRM or Web sites - be understood within the context of what marketers need from that technology, and how those technical applications can be used in terms of understanding and servicing the customer better."

The trouble is, in all too many organizations, IT and marketing still have a dysfunctional relationship. A study conducted by Aelera Corporation last year found that only 61 percent of marketing projects succeed. It's a record that the IT services

firm says could be improved by an average of 15 percent through a better relationship between marketing and IT.

Forrester Research's Elana Anderson points out that technology has never been more critical to marketers as they labour to integrate vast sources of data, present targeted messages to customers, and increase the measurability of marketing. Companies with the most productive marketing-IT partnerships tend to be those where the two directors have an executive-level business relationship, where there is dedicated IT support, and where they share decision making and accountability.

Yet more than half of marketers see IT as having little understanding of how technology can support their efforts. Forrester says marketing executives do not believe IT treats marketing as mission-critical. Only 30 percent of marketers report that their relationship with IT is based on strong processes with ongoing communication and coordination.

"Marketing is sitting at a crossroads. It is a critical external interface with customers and prospects, but it is struggling to change in today's environment as the effectiveness of traditional tactics decline. IT, as well as executive management, must understand the urgency and seek to exploit ways in which technology can enable that change," Anderson says.

The problems are compounded by the fact that marketing and IT focus on different financial goals. Most companies see IT is a cost centre where technology business cases often drive towards cost reduction, while marketing technology initiatives frequently focus on revenue generation. The result: a mismatch between the two groups.

To make matters worse, while 74 percent of respondents in the Aelera survey claim to have a generally healthy relationship between the marketing and IT groups, more than half say IT has little understanding of how technology can support marketing and less than half in consumer-rich sectors, such as retail and utilities, think IT has the end customer in mind.

"As technology becomes more and more central to the operation of many companies, it is increasingly imperative that IT and marketing heal this longstanding rift. And don't expect the other party to do all the work. Understanding what makes your marketing colleagues tick is essential for any CIO," Anderson says.

No Meeting of the Minds

One cause of the chasm between IT and marketing derives from the fact that the IT and marketing departments have great difficulty understanding each other - a lack of comprehension compounded by a level of IT-illiteracy among many marketing heads.

"From a personal point of view I am a bit of a Neanderthal when it comes to IT," says Duncan Ross, director of marketing, O'Brien Glass Industries. "I did grow up in the IT area so I guess I understand a bit, and the longer I carry on the more understanding I have of what you can achieve. Increasingly, my belief is that there are no limits to what you can get."

"I think you would find a lot of marketing directors are not as IT proficient as maybe they ought to be," says Dr Mark Brown, a lecturer in the School of Business at the University of Queensland. "I teach a course in electronic marketing, so I kind of have an interest in that crossover anyway, but most of the people that I know at this university and others are not all that switched on in that area. There is a lot going on and a lot to keep up with," he says.

The next generation of marketing people should be much more switched on, Brown believes. But attitudes are also changing among the current generation of marketers. He says that some senior marketers, acutely aware of their lack of IT literacy, are going back to university or doing graduate studies to improve their IT skills and knowledge. Brown's suggestion to these students is that they should take as much responsibility for that information management themselves as they can, and that they ideally should set up intelligence systems that keep them in the loop about new technology development. "Then the person will be a fairly well-informed marketing manager and probably more likely to have a better finger on the pulse of what's going on in the marketplace than somebody who doesn't do that," Brown says.

Crowe agrees that many marketing folk are uncomfortable with technology, saying despite the huge advances in technology over the past few years in all professions, marketers have generally found it extremely hard to get up to speed. The exception is in emerging markets, where marketing professionals tend to be extremely savvy about technology and ways of providing innovative solutions, and are generally very open to new concepts and inclined to embrace new technology.

"So in some respects marketers are happy to embrace [technology], but it's important to distinguish between the technology that is easily adaptable to your own current workplace and the technology that is a bit more challenging and does require special expertise," Crowe says. "What that does highlight is the need for a communication structure internally to ensure that the technology area is communicating with those who will be interacting with it, be it the recipients or the users of that new technology."

To compensate, Brown says the CIO should bear in mind that from the marketer's perspective, the real interest lies in what consumers are doing and what they want from the organization and from the marketplace in general.

"Really for most [marketing] managers I know, [CIOs] need to keep it pretty low-tech," Brown says. "Marketing managers tend to like lots of nice, pretty, colourful stuff, and to interpret it and make decisions on whether it is accurate or not. Certainly they are keen on the whole idea of that 360-degree view of the consumer and there is a lot of stuff that is collected that doesn't even make it into the marketers' hands in a lot of companies. There is a lot of good information already in the company about the customer base that doesn't even get to those people that should be using that to make decisions. I know that's a big issue for many, although it varies obviously from company to company."

The gap has typically been further compounded by the vastly different backgrounds of the two types of leaders, and their strikingly different job mandates and personalities.

Marketers think about opportunities: raking in revenue with new accounts, promising new and more exciting services, dreaming up bold new images for the company. CIOs, by contrast, constantly deal with limitations: a nagging lack of IT resources, financial barriers to implementation of new systems, the frequent need to sacrifice exciting new projects in order to keep legacy systems up and running.

Marketing's charter is to go find new channels for sales. Marketers go to the customer and ask what they want, forgetting to ask the CIO what the IT department is capable of doing.

And CIOs, by necessity, are the first to ask: "What do you really need?" CIOs worry about whether a particular job can be accomplished, given the limitations of staffing and technology. Finding good IT professionals is still difficult, and software implementations are almost always expensive and time-consuming. Plus, any new technology project a CIO undertakes has to be integrated into a company's current technology infrastructure - never an easy task. Where marketers see opportunity, CIOs see constraint."

Stuart Ayling, director of sales and marketing consultancy Marketing Nous, says another part of the difference derives from the fact that marketing by its nature is often focused on what goes on outside the business, whereas IT is often very internally driven.

"In a way, IT is looking at the internal processes and at managing information, whereas often marketing is about looking for new information," Ayling says. "That is where I see the issue of responsiveness coming in because often IT departments need to be responsive to these new changes. It can be difficult for the CIO, because you have procedures in place that are there for reasons . . . but from a marketing perspective when you're looking at doing something new or looking to monitor something that can be a moving target, often you need flexibility to do things differently."

Ayling cites the example of a business hosting a commercial activity like a product launch or a regular promotional activity that runs for a week. If the normal reporting format within that business is to report every month, there will be a mismatch between those reporting procedures and marketing's needs. Indeed from a marketing perspective, information that comes at the end of the month may be next to useless when it comes to assessing the impact various marketing tactics had on the promotional period of a week. Yet Ayling says it is very common for IT to have no structures in place to monitor what marketing requires to be monitored. Remedying this situation can make a huge difference to a sometimes fraught relationship, he says.

Cut Through the Hype

CRM is also often high on marketers' "To Do" lists, but getting CRM right is not always easy. Analysts differ over the success rate of CRM projects. The IBM Business Consulting Services 2004 Global CRM Study suggested 85 percent of companies in America, Europe and Asia - large and small, across every industry - are not feeling fully successful with CRM, while research firm Gartner last year claimed during 2006 more than 50 percent of all CRM implementations will be viewed as failures from a customer's point of view, with the customers being the companies that are receiving the benefits of these processes. Scott Nelson, a vice-president and research director at Gartner, says the common misconception that 80 percent of all CRM implementations fail is wrong, with that failure rate applying only to sales automation implementations.

"It depends on what subset of CRM you are implementing. E-mail response management systems tend not to have that kind of failure rate. The 50 percent failure rate was across the spectrum," Nelson says.

Nevertheless, while some of the disparity in failure rates is likely to be down to the difficulties researchers have in measuring CRM success or failure, Brown says for marketers, the real problem often proves to be just how badly CRM has been over-hyped.

"CRM implementations are very costly and so that makes them difficult because it costs money," Brown says. "And I think in the customer relationship management area people have talked about these overall integrated programs that capture data from lots of different places and make it available to everybody giving them a 360-degree view of the consumer as they say. I think a lot of people have cottoned on to the idea that that doesn't always work so well, and a lot of people are trying to disaggregate these products now and I think can see them as separate issues rather than one big broad umbrella of CRM."

Information Is Key

The other big issue for marketing is just getting as close to real-time information as possible, O'Brien Glass's Ross says. "When you have timely information that can improve profitability or grow sales or have an impact on the business in terms of results, that is the key thing and that is always the priority," he says. "So if we are doing pricing work, for example, we need to build a business case for it that enables us to sell it and say this is going to add this much to the bottom line, or improve our profitability or whatever the case may be."

Ross says CIOs can improve their relationship with marketing by clearly communicating their priorities and letting the marketing department see where their needs fit into that framework.

"One of the things that we do that we found worthwhile is that IT has a list of priorities and everyone is aware of it. For example, at our monthly meeting one of the things we always review is the IT priorities so everyone has an opportunity to understand what IT is doing and what they've accomplished. And that also gives you an opportunity to put forward your case for why the project that you want done should be escalated on the IT priority list. It's really just a question of communication, understanding and making sure that your needs are realistic in the scheme of things."

Marketing Nours's Ayling says ideally both parties will do just that and make determined efforts to understand what is happening on the other side of the fence, and the objectives of the other party.

"Marketing is charged with doing a lot of new things. In most cases marketing is looking at doing something different from the way it's been done in the past. And that's largely because it [marketing] needs to grow the business in one way or another, whereas IT is normally focused on how to make the systems more reliable, how to best manage the information which is in the system. And sometimes those are very conflicting objectives.

"Both sides need to understand how those other parts of the business operate, because without that you are in constant conflict and organizations are complex enough these days without actually knowing what goes on," Ayling says.

That kind of meeting of the minds can only help. Moreover, it's an instance where an ounce of understanding might be worth pounds of profits to an organization.

SIDEBAR: High Five

Ways companies can improve their marketing-IT relationships

- Move some IT staffers into the marketing group for dedicated IT support.
- Create a marketing services team that fulfills ad hoc requests for data and custom reports.
- Make technology decisions through a cross-functional committee.
- Have a chief marketing officer who sits at the executive table with the CIO.
- Develop a strategic technology road map for marketing.

SIDEBAR: What CMOs Need to Know about IT by Rob O'Regan

The senior vice president of strategy and systems for Global Hyatt Corporation helps marketing execs stay connected

One innovative way to eliminate the historic disconnect between marketing and IT: manage both. That's the role held by Tom O'Toole, senior vice president of strategy and systems for Global Hyatt Corporation. In O'Toole's title, "strategy" means "CMO" and "systems" means "CIO".

Although O'Toole acknowledged that his role is atypical, he believes it may prove to be prototypical of the evolving relationship between the two groups. At minimum, CMOs need to be conversant in basic IT concepts - and they need to develop an integrated relationship with IT - in order to effectively manage all of the marketing functions that technology touches. Those functions include the corporate Web site, CRM, business intelligence and the customer data warehouse.

O'Toole challenged the audience of senior marketing executives to develop an understanding of a laundry list of technologies: relational databases, XML, application service providers (ASPs), hosting, middleware, Web services and Internet Protocol.

"This is the vernacular that any conversation with IT will take place in," he said. "One need not be a chief technology officer - being conversant is enough."

O'Toole warned that CMOs who do not attain this basic level of understanding risk losing control of the buying decisions around marketing technology. "The marketing function does not have any inherent right to control" those decisions, said O'Toole. "If they don't have the credibility to stay in the game, that control is ceded to other functions, particularly IT."

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<http://www.cio.com.au/index.php/id;1178194907;pp;1;fp;4;fpid;14>