Whitepaper

The expanding role (and budget) of today's CMO and 5 critical success factors

Today's CEOs are giving Chief Marketing Officers more corporate budget, and along with it, the responsibility to take their organization to new heights. Read about the critical success factors and some tips for CMOs to maximize impact in this whitepaper.

Consumers are driving the change for businesses to increase technology spending. Customers don't need to talk to sales people in brick and mortar stores anymore to learn about and purchase products. They now have the option to get information from a wide variety of resources on the internet from third party sources like Google reviews, blogs, YouTube channels, and social media posts. Consumer touch points are increasing, and this is drastically changing customer journeys across all industries. If your organization isn't finely in tune with these changing customer habits, you're going to lose business to your competitors who understand this better. With more of these touchpoints occurring online though, comes the opportunity to track customer activity like never before, and with the right tools, gain valuable analytics on their buying behavior.

Marketing technology now accounts for 22 percent of marketing budgets, and marketing analytics are the number one area of spending for marketers in 2017-18 according to Gartner's recent CMO spending survey. [1]

[1] https://www.gartner.com/smarterwithgartner/2017-2018-cmo-spend-survey-highlights-demand-for-results/

Despite the boost in marketing technology available, many CMOs are still exporting reports to spreadsheets and scrambling to deliver accurate data to CEOs and boards of directors. The access to data has outpaced our ability to know what to do with it. But, if you aren't using customer data to inform your marketing decisions, you're going to be woefully behind the curve soon (if you aren't already now) and waste precious dollars in your marketing budget.
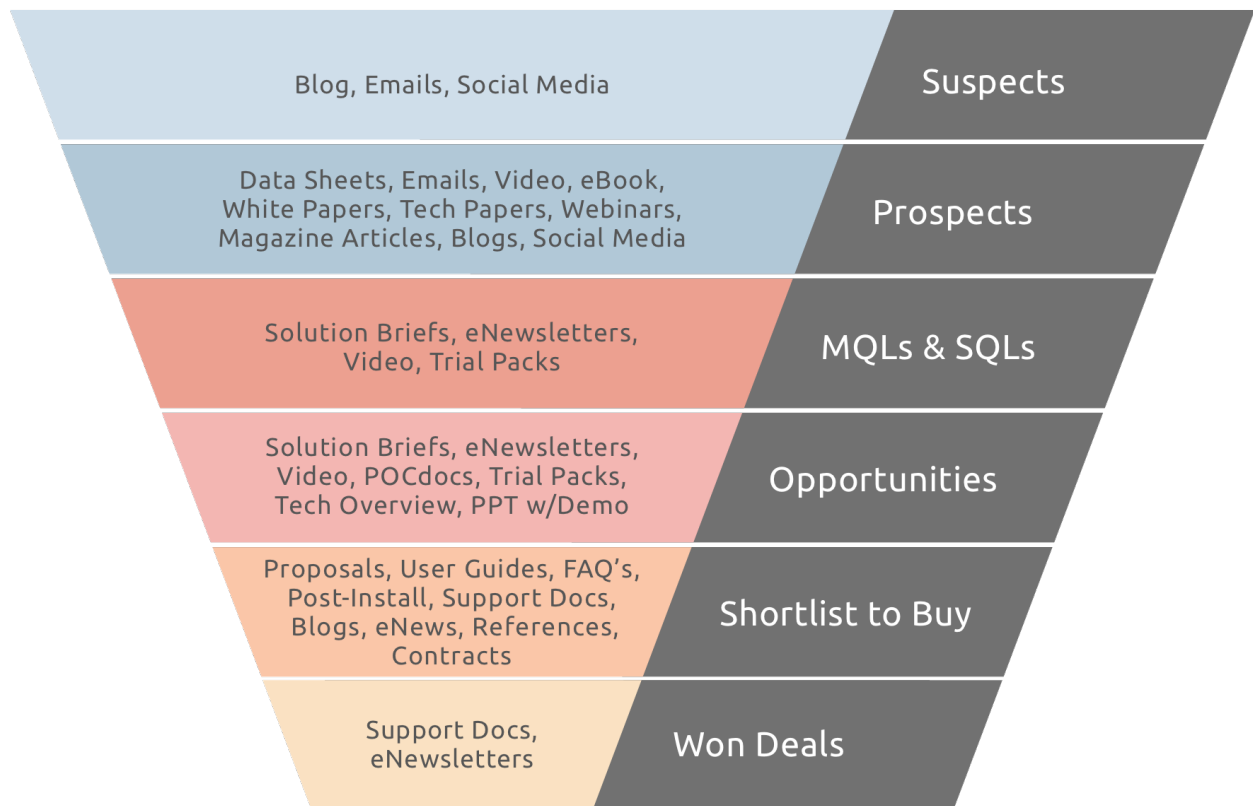
The Importance of Lead Scoring

CMOs' responsibilities are expanding. They're now invading the territory of CIOs to accelerate the pipeline and perfect marketing processes,

doing what they can to justify their increased marketing spending and its accompanying jump in responsibility. CEOs expect CMOs to report on standard metrics that include the percentage of revenue that marketing contributes to sales as well as conversion performance metrics for suspect to prospect ratios, ratios of prospects to marketing qualified leads (MQL), and MQLs to sales qualified leads (SQL). There's now almost too much data from pipeline conversion, and amongst all this analytics noise, the CMO will need to focus on the data point that's most important – the SQL to win conversion rate.

Somewhere buried underneath all your stores of data is, hopefully, a scoring mechanism that tells

Mapping Content to Sales Funnel

Content	Stage
Blog, Emails, Social Media	Suspects
Data Sheets, Emails, Video, eBook, White Papers, Tech Papers, Webinars, Magazine Articles, Blogs, Social Media	Prospects
Solution Briefs, eNewsletters, Video, Trial Packs	MQLs & SQLs
Solution Briefs, eNewsletters, Video, POCdocs, Trial Packs, Tech Overview, PPT w/Demo	Opportunities
Proposals, User Guides, FAQ's, Post-Install, Support Docs, Blogs, eNews, References, Contracts	Shortlist to Buy
Support Docs, eNewsletters	Won Deals

you which contacts need to be validated for SQLs and which need to be reinserted in your systems for further inbound nurturing. Marketing technology spending is a large portion of marketing budgets now, but the science to understand what is really going on in the funnel has not yet been perfected to deliver SQLs as fast –nor as abundantly—as sales managers have hoped.

Only 12 percent of B2B marketers agree that they have high-performance marketing engines targeting the right audiences with the right content. Marketing technology holds an abundance of analytics but validating sales qualified leads (SQLs) requires more than an onslaught of data; a well-defined scoring mechanism must be in place to delineate what the

sales team has time to pursue for the best chance of success. Without this insight, companies risk developing an alienated marketing team, never quite able to live up to the expectations of their sales counterparts. Sales and marketing processes become further siloed and the organization is unable to validate the numbers in CRM. In turn, the organization loses its ability to accurately forecast.

CMOs Hard-Pressed to Move Out of Their Sales and Marketing Silos

Nearly half of American sales and marketing teams cite "lack of communication" as the biggest challenge to interdepartmental alignment. It's no surprise, then, that 1 in 2 sales and marketing teams cannot make a joint effort to nurture and pursue prospects

Email Campaign Norms by Industry as Reported by MailChimp

https://mailchimp.com/resources/research/email-marketing-benchmarks

Industry	Open	Click	Soft Bounce	Hard Bounce	Abuse	Unsub
Agriculture and Food Services	24.71%	2.98%	0.58%	0.43%	0.02%	0.29%
Business and Finance	20.97%	2.73%	0.66%	0.55%	0.02%	0.23%
Computers and Electronics	20.87%	2.16%	1.02%	0.70%	0.02%	0.31%
Consulting	19.54%	2.26%	0.92%	0.71%	0.02%	0.29%
Creative Services/Agency	22.41%	2.61%	1.09%	0.89%	0.02%	0.38%
Education and Training	22.00%	2.63%	0.55%	0.46%	0.02%	0.20%
Entertainment and Events	21.21%	2.33%	0.49%	0.41%	0.02%	0.28%
Health and Fitness	21.93%	2.57%	0.43%	0.44%	0.03%	0.39%
Insurance	21.56%	2.11%	0.76%	0.82%	0.03%	0.26%
Marketing and Advertising	17.81%	1.92%	0.77%	0.61%	0.02%	0.28%
Media and Publishing	22.14%	4.70%	0.28%	0.18%	0.01%	0.12%
Medical, Dental, and Healthcare	22.43%	2.42%	0.72%	0.72%	0.03%	0.30%
Pharmaceuticals	20.02%	2.51%	0.79%	0.74%	0.02%	0.22%
Professional Services	20.89%	2.47%	0.92%	0.72%	0.02%	0.31%
Public Relations	20.12%	1.64%	0.80%	0.60%	0.01%	0.21%
Software and Web App	20.95%	2.29%	1.06%	0.85%	0.02%	0.39%
Telecommunications	21.57%	2.43%	1.13%	0.92%	0.02%	0.27%

through the funnel—they have no agreed-upon definition of a "lead".

Within their silos, sales and marketing lose necessary insights to meet the growing consumer demand for immediate responsiveness and personalization on both mobile and digital platforms.

The shift to online consumer markets means that marketers have less time to boost prospect engagement within the sales cycle. As digital experiences rapidly connect consumers to brands, marketers must track and deliver data to sales on who prospects are, what they need and how they expect to buy it. Sales and marketing teams with formal lead definitions and a process to quickly gather and report prospect data will close more often, and with predictable funnel results.

And, in order for sales to reach out to qualified leads during this tight timeframe, marketing must collect data on hot prospects before they're ready to speak to sales. Unless marketing is equipped with the right metrics to report prospect data, they will be unable to produce and track personalized interactions relevant to prospects in the buyer's journey. Marketing must tag MQLs with targeted attributes that allow sales to enter the buying process at the right time.

CMOs can either provide sales meaningful data or feel the pressure to explain their massive budgets and meager MQLs. CMOs must do this to validate their increased marketing budgets.

Wrong Data, Bigger Silos

On average, marketing delivers 61 percent of its leads directly to sales, but only 27 percent of those leads become SQLs, according to MarketingSherpa. com. Marketing habitually labels its suspects as

"leads" in an effort to drive more leads to sales (i.e. validate their corporate contribution), who are eager to see the pipeline filled with nurtured marketing leads. Ultimately, marketing's mislabeled "leads" exhaust sales teams who would rather find their own qualified leads. As a result, sales representatives often spend half their time on unproductive leads and cannot accurately identify when hot prospects are most likely to engage in the sales process. Combine sales teams' time crunch with a rise in the number of touches to convert suspects to prospects, and marketing's "qualified leads" further exacerbate sales' frustrations.

Marketers who solely measure soft metrics, including brand awareness, SEO rankings and impressions, favor campaign activity over actionable reporting for sales.

Consequently, they fail to provide sales straightforward data to pursue prospects. Smarter data-driven reporting, however, can deliver time-saving information that salvages sales' efforts spent per qualified lead.

CSO Insights reports that the top sales objective of 2016 was to capture new accounts, while the third-highest sales objective was to optimize lead generation. Sales organizations, however, also cited that their biggest challenge of 2016 was to generate enough qualified leads to meet their sales quotas. Tasked with managing upsells, increasing win rates of forecast deals, deepening customer loyalty and reducing the sales cycle time, sales leaders struggle to consistently research, identify and contact qualified leads. Worse, they have surmised that they cannot depend solely on marketing to reach their numbers.

Sales representatives generate 47.8% of the leads they pursue, but nearly 10% more companies

described lead generation as a problem in 2016 compared to 2015. Despite identifying their own leads, sales loses 88% of potential opportunities because they do not have the internal resources to address prospects' pain points. In other words, the chasm between sales and marketing is costly: sales representatives who aren't equipped with the right tools to properly engage with prospects and customers cannot consistently close deals.

How to Adapt

In the 2014 Harvard Business Review article "The Rebirth of the CMO," Peter Dahlstrom, Chris Davis, Fabian Hieronimus, and Marc Singer write, "Deep insights into customer behaviors and market trends mean that the CMO needs to identify what changes are necessary. More importantly, the CMO then needs to motivate and help drive the required changes through the organization."[2] If you're a CMO (or aspiring one), the onus is on you and your department to incite the change your company needs to make to adapt to the needs of the 21st century consumer. At Perri Marketing Inc., we understand this changing role and we've developed a list of 5 things you can do to address the new responsibilities you may be taking on in the digital age.

[2] https://hbr.org/2014/08/the-rebirth-of-the-cmo

1. Determine just 1 or 2 clearly defined and concise goals with your CEO or board.

This one may seem obvious, but more often than not, sales and marketing teams' goals can be boiled down to "do better," "sell more," or "make more money for the company." The CMO should work closely with the CEO and board of directors, and be an active participant in goal setting. And, the goals should be measurable – i.e. "increase MQLs by 30 percent," or "increase pipeline opportunities by 25 percent."
These goals should be achievable. If you know it's going to cost $5000 per opportunity, and your CEO demands 100 new opportunities next year (you'll need $500k to do this) but your budget is $250k, you'll be chasing the unachievable.

Also, trying to achieve too many goals is as bad as not having goals in the first place. The list should be concise and attainable enough that you can come up with a comprehensive roadmap to reach them all. Your best practice is to understand what your organization wants to achieve in the coming years, gauge if it's achievable, then come up with strategies for your team to narrow your focus on, which will in turn increase your chances of success. Click here to read about S.M.A.R.T. goals.

2. It's not enough to just have a marketing automation system, you must organize and optimize.

Every marketing team I've ever worked in was spread very thin. We were always staffed enough to do a little bit of everything, but not staffed enough to do much of anything thoroughly nor adequately enough to maximize our budget's ROI.
Marketing automation systems can help increase your sales and marketing team's productivity when deployed and used properly. They also help you with customer retention by allowing you to send specific automated messages based on content customers look at on your website. And, in terms of tracking and analyzing campaigns, marketing automation gives unprecedented visibility to the marketing campaigns that are working the best and why. In the end, you'll get your message to the right prospects at the optimal cadence.

Your content however must complement this approach. You can't go into marketing automation without a good plan of human resource allocation, and content that supports your sales process. In a small organization you'll need at least one-half an FTE allocated to marketing automation, and at least one whitepaper about your technology per quarter. You'll also need use cases, technology papers, blogs, videos and short-form social content. Marketing automation works best (eliminating need for human interaction at the top of your sales funnel) with people and content dedicated to it.

3. Have a plan for achieving goals – not just marketing-activity boxes to tick – that spans the next six months to a year.

Like I mentioned above, you cannot feasibly achieve have a laundry list of goals. Don't be a marketer who is going through the marketing motions, checking of campaign after campaign just because it is what marketing teams have always done. You must come up with a comprehensive, long-term plan that supports your overarching company goals. Then you have to align your sales cycle to marketing goals that achieve your company goals.
Plans should be simple and specific: increase web traffic by 50 percent over the next 9 months, or increase the number of opportunities in the funnel by 15 percent in the next year. Once you have a

plan in place, you can't stray from the plan in six months if your sales cycle is 9 months. All too often I see organizations change direction midstream in the middle of a health sales cycle because the CEO/board didn't think the campaigns were successful. If your sales cycle is 9 months, you'll need a marketing campaign ramp-up time of 2 months, then at least 10 months of marketing program execution time. It takes a year to determine the true success or failure of a sales and marketing campaign if you have a nine-month sales cycle, so you need to be very careful in your planning stage with historicals that support what you want to put forth over the next year.

4. Content is king & it has to be actionable, searchable, and complimentary to the stages in your pipeline.

If you have a long sales cycle, the key to closing deals is making it to the next stage in negotiations with potential clients. One piece of content won't close a deal any more than one meeting will in a long sale cycle. Your approach to content should be what do we need to move this prospect down to the next stage in the *funnel*? Or, what content will keep us from another opportunity stalling at Stage 4 in the *funnel*?

It sounds elementary, but your content also needs to be synchronized with your sales team's message. If your content says one thing at the top of the funnel and a sales rep says something else at the SQL stage, you'll have prospects wondering what you really do, and if you can really solve their problems. Having content mapped to your pipeline reinforces your brand and message and shows that you are constantly reinvesting in your company.

5. Measure and understand your norms when it comes to analytics.

What do your average click rates and open rates on emails look like? These will vary for your product type and the industry you operate in. MailChimp has a chart that lists norms by product and by industry here. I find these metrics to be a little high or maybe my campaigns aren't as successful as they should be. The point is not necessarily the metric, but that you track the metric. If you get a 12 percent open rate on your first 2 emails, use this as a baseline to determine if email 3 is within the norm or if it's below the 12 percent Mendoza line. Marketing automation systems will provide all the reporting metrics and allow you to do A/B testing. The key is to understand where your content/message scores when you do a campaign and continue to do the things that are working and stop doing the things that aren't working.

Consequently, you need to know what your opportunity to win deal ratio is? This requires having sales and marketing resources working from and keying in data into the same Customer Relationship Management or CRM system. Knowing these numbers is crucial to measure against the efforts your are undertaking, and to know what – and who – is helping or hurting you. This is what you get from metrics and you won't be able to get them without good CRM and marketing automation systems.

Tony Perri is chief marketing officer for Perri Marketing, Inc., a Chattanooga, Tennessee-based technology marketing and PR firm. He has been writing about Information Technology for more than 20 years. For more information on Perri Marketing, please visit https://perrimarketing.com

perrimarketing
www.perrimarketing.com • Chattanooga, Tennessee • (423)-212-3127