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The C-level disruptive growth opportunity

chief marketing officers: what your ceo might not be telling you

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CEOs historically bring high expectations of their team, but a significant new one is rearing its head in conversations with enterprise heads. This particular expectation is of interest to Chief Marketing Officers (CMOs).

With the S&P 500 CAGR at an anemic 1.72 percent for the past three years, CEOs are on the hot seat to show shareholders new sources of revenue. And as traditional sources of revenue become ever more elusive, CEOs are increasingly seeking disruptive growth. In fact, 44 percent of CEOs surveyed feel that disruptive growth is very important to the overall growth agenda.[1] And yet, accountability within the C-suite for disruptive growth is fragmented.

As front-office functions continue to converge and more C-suite titles enter the melee—from Chief Digital Officer to Chief Experience and Strategy Officers—CEOs have given the entire C-suite some level of responsibility for disruptive growth, yet no one is accountable. It is diluted and fractioned accountability at best. Ninety percent of companies have three or more C-suite leaders accountable for disruptive growth currently.

Yet, although it may not be explicitly said in everyday interactions, more than a third of CEOs Accenture surveyed say the CMO is the first to go should growth targets not be met. Despite diluted accountability throughout the C-suite, it seems CMOs are on the hot seat.

Given that CMOs fill a key role in the end-to-end customer experience and typically have control of many of the digital levers that drive disruptive growth, CMOs acting as Chief Growth Officers (CGO) only makes sense. The fact that CEOs hold a CMO's feet closest to the fire if growth targets are not met only further supports this assertion.

In spite of this fact, only 37 percent of CMOs view disruptive growth as very important, versus 44 percent of CEOs, showing a lack of alignment on this issue. Imagine the potential results if that alignment occurred.

Finding the most effective, innovative and efficient route to disruptive growth appears to be the key to that CGO corner office—and to moving ahead of industry competitors.

Defining disruptive growth

Disruptive growth can mean many things to many people. In this context, it means driving the disruptive growth agenda and generating new value for the business. Examples within the realm of the CMO include:

- developing ecosystems with non-traditional players
- launching platforms that elevate current products into expanded service models for customers
- increasing revenue through next-gen

Only about **four out of 10** CMOs view disruptive growth as important

The disconnect: Growth by committee

Despite more than a third of CEOs placing the CMO in disruptive growth target crosshairs, many new roles could be held equally as responsible, such as: Chief Data Officer, Chief Experience Officer, Chief Digital Officer—all are newer roles that impinge on a CMO's turf, which seems to be rapidly and increasingly divvied up. Taking action is imperative because any one of these peers could take charge of the growth agenda.

Savvy CMOs are making the most of all digital levers at their disposal to move their companies in new directions most in accordance with customer and consumer demands. Three in four CMOs say they have either "total" or a "great deal of control" of their firm's digital levers, which are the critical enablers for disruptive growth. Disruptive growth requires far more than digital capabilities, however. It requires new value propositions and partnerships as part of an expansive business platform. Control of digital levers will be essential to earning the Chief Growth Officer role—but of course the title only comes with the results created using those levers. Creating new platforms for growth will be key to realizing those results.

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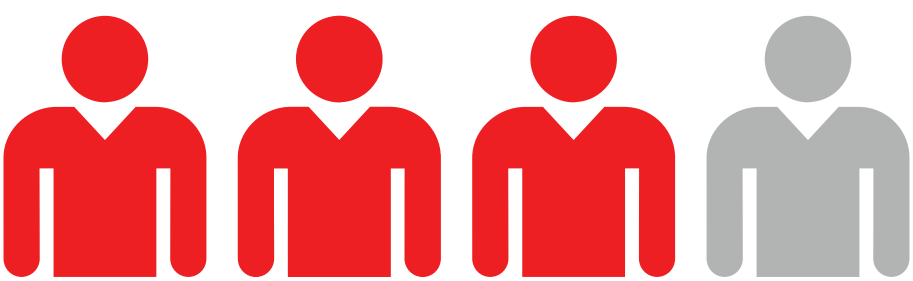

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Telltale signs for CMOs on the path to CGO

They:

- [ ] Are in total control of disruptive growth levers
- [ ] Spend at least equal time or more on disruptive initiatives, compared to traditional growth agenda
- [ ] Understand customers' objectives for their products and services
- [ ] Are embedded into the C-suite and move at pace (or ahead) of CEOs with respect to disruptive growth
- [ ] Have a clear customer strategy established, reaching across digital and physical
- [ ] Are digitally experienced, thus understand how new technologies impact existing technologies (e.g., familiar with design thinking, working knowledge of blockchain, etc.)
- [ ] Are able to monetize experience beyond the "cool" factor, reverse-engineering for value
- [ ] Have dedicated marketing capital investment budget for infrastructure and application investments
- [ ] Have P&L responsibility over disruptive initiatives (e.g., revenue from new ventures)
- [ ] Have at least two initiatives ongoing with non-traditional partners to seek new revenue sources
- [ ] Work with agencies/ partners that can talk both "technology" and "creative"
- [ ] Are able to point to the five customer priorities so they can surgically target the experiences that really matter
- [ ] Put a premium on acquiring and maintaining Digital Trust
- [ ] Constantly shift gears: Owning digital is key to growth now, but other levers will crop up in the future. A chief growth officer anticipates them and acts early.

Disruptive growth and digital are inextricably tied

Disruptive growth has nothing to do with entering yet another traditional sales agreement in a traditional outlet that has historically seen good sales figures. Instead, think Microsoft trying to morph Outlook from a simple e-mail product into a platform that connects users to third-party services such as Uber, Yelp and Evernote. Or, consider Lego turning entry-level robotics toy Mindstorms into a software platform. Now, Mindstorms can be used as an education tool, not just a toy, and the company brings more users into its ecosystem.[2] In each case, these companies leveraged a business model they already had to create a completely new business model with far more profit potential.

Given these examples, why do only 36 percent of CMOs rank launching new business models or value chains as an extremely important priority? And just 34 percent cite establishing new partnerships with untraditional players as the same.

Too many CMOs are not taking the initiative to lead disruptive growth, as they instead tend to traditional growth. This decision, even if by default, puts them in a precarious position if overall numbers fall. And fall they will, in any company that is not looking at disruptive growth opportunities stemming from digital platforms.

Thirty-three percent of CEOs say Marketing will sit under Digital within the next five years. CMOs need to steer the digital ship not only for their own career advancement, but to avoid losing control of a key area of the organization.

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Opportunity knocks

CMOs are now at an inflection point. They have the clear opportunity to step up to the role of Chief Growth Officer (CGO). So far, most have missed the opportunity, resulting in others being front of line for the role.

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In 2009, 62 percent of CMOs said Marketing would fundamentally change. Flash forward to 2016, in which 91 percent of CMOs are saying Marketing will fundamentally change. But, at the same time, only 25 percent of CMOs are confident as to how to delight their customers. And only 25 percent of marketing organizations have outcome-driven objectives. In the space of seven years, the majority of CMOs seem no closer to harnessing the changes necessary to move forward with the type of growth their CEOs are demanding.

Those who get it right stand out. Naysayers will claim marketing skills do not translate well to growth but we see real-world examples of CMOs who take charge of the change agenda, harness disruptive growth and make their mark. The current chief growth officer at Kellogg's used to be chief marketing officer at Kimberly-Clark. The chief growth officer at ConAgra used to be the chief marketing and commercial officer for the America's at Campbell Soup. The chief growth officer at Aramark was head of marketing and sales at Aramark Health.[3]

As these individuals show, CMOs are actually well positioned to become Chief Growth Officers. Currently, the position is ripe for the taking, but opportunities such as this one have a shelf life. With swift, sure action, CMOs can capitalize on their window of opportunity.

Looking at platform opportunities for growth is a necessary first step. The trend is for those most in touch with customer desires and demands to harness that knowledge to drive new ways of satisfying them. Most likely, this will be in conjunction with new, perhaps untraditional, business partners who band with your firm to create a platform catering to consumers or customers in an entirely new way. Already, in the Pharma/Biotech industry, 48 percent of all revenue comes from the disruptive sector, according to our C-suite responders. Even in industries as traditionally staid as Life Insurance and Utilities, 45 percent of revenue stems from disruptive elements.

Open the door

The executive that can best articulate a disruptive growth strategy will be the de facto Chief Growth Officer. As many companies look to create this position, CMOs should be the ones to step forward to create the platforms that will catapult their companies forward to new business opportunities.

Make priorities disruptive. Formulate your disruptive growth strategy around these objectives:

- Pivoting to an outcome orientation as opposed to a product or service orientation
- Focusing on customers' unmet needs or creating new needs
- Removing the friction from the customer experience

Centering on these objectives will lead to disruptive growth strategies that may include:

- Launching new business models or value chains
- Convergence of products/services into new areas, beyond traditional scope
- Development of new partnerships with non-traditional players (e.g., start-ups)
- Development of indirect channel partnerships
- Development and launch of new innovations that deliver new benefits to customers
- Increased revenues from data monetization
- Leveraging the potential of the Internet of Things to create more value

Accept clear responsibility for disruptive growth by establishing the Office of Disruptive Growth. When Nike furthered its business opportunities by placing a chip in a shoe to feed data about training to a consumer's mobile device, many moving parts had to be coordinated. It was not just about marketing a new shoe—it was about hooking customers into a platform (the program had 18 million users in 2013[4]). Now, the Nike+ platform features everything from personalized coaching to social elements for friendly competition with other users, who connect via their own third-party devices (cell phone, wristband, etc.). The Office of Disruptive Growth will need to monitor the execution of the strategy and the value realization. It should have a multidisciplinary composition from the key functions of the organization. Establish Marketing as the epicenter of disruptive growth that moves your company to own greater share of each customer, as well as fostering new customers. It is all about the network effects, which require many partners—internal and external—to coordinate.

As the troops assemble, do not forget to clearly align the responsibilities of the Chief Marketing Officer, Chief Sales Officer, Chief Customer Officer and the head of digital business around traditional and disruptive growth. Defining and executing a disruptive growth strategy will require a matrixed relationship within the C-suite. While traditional reporting lines may not change, each C-suite role must be clearly accounted for in the execution of the strategy. Sales may be developing non-traditional distribution channels. Supply chain may be sourcing new product components. IT may be operating a new technology platform and finance may be tracking new revenue recognition models. It is imperative that every function understand their explicit role in the disruptive growth strategy and have named resources assigned. It is also imperative that while these functions report to the CEO, a first-among-equals role below the CEO needs to be assigned.

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CEO expectations have always been high but it appears that when it comes to the importance of and accountability for disruptive growth, they are higher than the expectations of the rest of the C-suite. And, it appears that CEOs have the highest expectations of the CMO for this ever more critical agenda. Change in the CMO role is coming whether incumbents meet it with open arms or not. We see the role evolving to focus on disruptive growth via digital platform businesses. Moving proactively to meet this change and help shape it will bode well not just at quarter's end but career-wise.

CEO expectations aside, this is an opportunity no ambitious executive wants to miss.

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Notes

[1] All statistics cited are from CMO Insights 2016

[2] https://hbr.org/2016/04/products-to-platforms-making-the-leap

[3] LinkedIn profile information, 8-15-16

[4] https://www.fastcompany.com/3016141/fast-feed/18-million-people-are-using-nike-to-track-their-fitness

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