

THE HUB

THINKING MARKETING FOR BUSINESS VISIONARIES™ | May/June 2005

THOUGHT LEADERS

In the CMO Suite

A roundtable discussion of chief marketing officers, featuring
Cathy Bessant
of Bank of America,
Dave Burwick
of Pepsi,
John Costello
of The Home Depot
and Russ Klein
of Burger King.

What does the CMO title mean at your company?

Cathy Bessant: It means I do a lot of work! (*laughs*). Actually it means three or four things. First, and foremost, it means demand generation across all of Bank of America's businesses, and the company as a whole. It's not just demand on the part of our customers, but also demand generation across investors, and across our own associates. It's about really driving demand and appetite for the company.

It's also about architecting the voice of the enterprise, across the company and across all of our constituencies. It really is about finding both the distinct and intersecting elements of messaging and voice, and then architecting what makes sense and what is the very best of what a company voice and brand—in the "little b" sense—can be across an organization.

Dave Burwick: It means you're in charge of creating demand for Pepsi's brands. Basically, we own the brand strategies and all the executional tactics that come from those strategies. Our constituents include our consumer, but they also include our bottling and sales organizations.

So, we have multiple constituents that are pretty powerful, particularly the bottlers. We're marketing not just to consumers but also to the guys who drive our trucks and service a million stores every day.



Bessant

John Costello: The most important thing I do is work with the various functions of The Home Depot to create a shopping experience that differentiates The Home Depot brand. That's critical because everything that touches the customer defines our brand. As a result, we implement a 360-degree integrated marketing plan.

That requires the CMO to be both analytical and creative, but also to forge close partnerships with other constituencies like store operations, finance, merchandising, and so forth.

Russ Klein: At Burger King there's a recognition among all the stakeholders—whether they be a franchisee, customers or the ownership at the Board level—that this is very much a marketing-dependent brand and business model. So, the CMO at Burger King is very much a broad-gauge business post that has a very wide span of control.

The CMO role involves all of product development, go-to-market activities—in terms of advertising, merchandising, and promotion—but also all of our performance analysis, pricing analysis and the supply chain. I sit on the board of directors of our supply chain. It's a fairly large wingspan.

What is the critical skill-set of today's CMO?

Bessant: The most important thing a CMO has to have is business →



Burwick



Klein



Costello

About the CMOs

Russ Klein, as president of **Burger King Brands** and executive vice president, chief global marketing officer of Burger King Corporation, oversees consumer insight and strategic branding; product research and development; product and field marketing; and all advertising and media responsibilities. Prior to joining Burger King, Russ served as chief marketing officer of 7-Eleven, Inc., headed a small Chicago-based private equity investment group, and was evp, Foote Cone & Belding Advertising, Inc.

Dave Burwick oversees brand marketing, innovation, consumer promotions, sports marketing and consumer insights as senior vice president and chief marketing officer for **Pepsi-Cola** North America, the \$4 billion refreshment beverage unit of PepsiCo, Inc. in the United States and Canada. Previously, Dave was senior vice president, marketing-carbonated soft drinks, leading marketing activities and advertising, including all line extensions.

Cathy Bessant is chief marketing officer for **Bank of America**, including responsibilities for brand, internal and external communications, customer analytics and research, electronic marketing, public policy, media relations and the Bank of America Foundation. Cathy joined the company in 1982 as a corporate banking officer in the National Division. She was most recently president of Bank of America Florida and national small business segment executive.

John Costello is executive vice president of merchandising and marketing of **The Home Depot**, and is responsible for the company's merchandising, marketing, branding, advertising, visual merchandising, public affairs, e-Business and global sourcing, including purchasing and the Company's China sourcing offices. John also works with the senior leadership team on long-term growth strategies.

← acumen. The CMO has to be rooted in business, business thinking and business decision-making. And then, a CMO must have the capability to both exercise good judgment, as well as hold people accountable for exercising good judgment.

Having really world-class integration and influencing skills is also very important. I do think the element of being decisive—which is a skill—is critical. There's a real skill in the CMO space around knowing the right balance of delegation. That's a tough one, but one that you have to have.

Burwick: I'd say three things. The first is really being strategic and visionary. Number two: strong creative sensibilities. And the third is a willingness to take risks and do things differently. CMOs are not necessarily expected to come up with the ideas to drive the business, but they're going to be the ones to champion, fund and to resource—and to encourage and empower people to come up with those ideas.

Costello: Today's CMO needs to make sure he or she is doing everything possible to create a unique point of difference for their brand. CMOs need to listen and learn first, then act. It requires a combination of analytical and creative ability while factoring in strong leadership, communication strengths and team-building skills.

Klein: Versatility, by far, is the single-most important skill. That's because of all the reasons that I just cited in terms of the CMO's wingspan, but also because the fluency of a CMO in areas like return-on-investment, in terms of making fact-based business cases for why we do what we do, as well as where sources of growth are for the future. So, it requires a versatility that goes far beyond the old school, classically trained marketing executive.

How are you using technology to support the marketing process?

Bessant: We are using technology in a couple of different ways; both are very simple. We use it to track our programs and we use it to move creative work

through the system. I wouldn't say that we would be on the cutting-edge of the use of technology. But we use it increasingly as a tool for moving work.

We have tracking methodologies and use technology to create a process for logging programs, work and initiatives, logging the desired outcomes, and then measuring outcome against intended outcome. It's a place where we really deploy Six Sigma in the marketing space to actually create an understanding of how often we achieve the desired result.

Burwick: Any kind of consumer learning that we get is really enabled by technology. That could mean doing online testing around product concepts and ideas. Three years ago, if we wanted to test new product ideas, we would go to consumers directly, in focus groups and other one-on-ones. Now we can reach scores of people online, instantly.

We also use technology for sophisticated marketing-mix analysis, where we run models using consumption data to understand which levers seem to have the most impact on our business. That could be trade promotion versus television advertising versus out-of-home advertising versus consumer promotion.

Costello: Technology and research play an important part in marketing. At the beginning, they help us understand our customer's unmet needs and how we can do the best job of meeting those needs. We use analytics and technology throughout the process on everything from helping to assort new stores to measuring our marketing ROI. While technology has advanced quite a bit in recent years, there's still a need to develop even better tools to measure the effectiveness of the newly emerging marketing trends.

Klein: We engage our customer in many different ways through the internet—nutritional information, as well as some of the more proactive microsites that we use behind marketing campaigns.

We use the intranet heavily in terms of it being a resource for our stakeholders both in marketing and in operations. Technology enables collaboration and

communication more readily. We certainly use technology for modeling the marketplace in terms of new products, and just overall forecasting for the brand and understanding sensitivities around pricing.

What is your vision of the future of marketing within your organization?

Bessant: More than anything, my vision for marketing is that marketing be accountable for, and recognized for, accelerating the slope of growth of the revenue and earnings curve of the company. So, the role of marketing is both in support of, and driving the businesses, to take what otherwise would be a business-as-usual growth capability and accelerating it.

Burwick: My vision involves using a far more complex set of tools. That means, not just your traditional marketing activities like TV advertising, but looking at reaching consumers in many different ways—from online to print to grassroots marketing, customer, in-store marketing, and so forth. Secondly, the pace of innovation will continue to accelerate. That means packaging innovation, as well as new-product innovation, will continue to accelerate.

Costello: My vision is for marketing to partner very closely with all of the other functional areas at The Home Depot (e.g., merchandising, store operations, HR, finance, etc.) to create the very best customer experience possible. This will differentiate The Home Depot brand, strengthen our relationship with customers and provide a return for our shareholders.

Klein: We're trying to breed an organization that has a nimble culture, a speed-to-market oriented culture, and a risk-taking culture. We think that those are components that will continue to put us in a position to be successful, competing against the likes of McDonald's, Wendy's, and all the other guys out there.

Does the CMO enjoy the same stature as the other titles in the CXO suite?

Bessant: When I first came into this role one of the things that really surprised me was the "complex" that existed among marketing professionals—the notion that

somehow their status was secondary. That issue has always perplexed me. In my opinion, and in my observation, it's more a perception of marketing people than it is a reality within their organizations. It becomes, in some ways, a self-fulfilling prophecy.

At Bank of America, all of the roles in the company that report to Ken Lewis, the CEO, including the CMO, operate the C-level suite as an interdependent team. So, there are times when I play a support role. There are times when I play a role as driver. So, a CMO has to have the capability to play a number of different roles and to be able to flex in the deployment of their function.

Burwick: Without question, it is a very elevated role, in stature, within Pepsi. If you go back through the history of the company, you had Gary Rodkin, who was a marketer, who was CEO of Tropicana. Phil Marineau was a marketer. Roger Enrico was a marketer. Dawn Hudson. Brenda Barnes. Craig Weatherup was a marketer. You look at the suite of presidents of Pepsi-Cola North America—they've all been marketers. It's for a reason. It seems to work!

Costello: Our CEO, Bob Nardelli, has created a team environment where all of the functional areas (e.g. marketing, merchandising, finance, HR, etc.) work together to create the best customer experience and provide return for our shareholders. We equally share responsibilities to drive the business.

For example, Bob and his senior team meet for lunch every Monday where we review the past week and discuss what we need to keep driving the business forward in the future.

Klein: It's always been a highly esteemed post at Burger King. Of course, the individuals who occupy it have some movement either up or down in that bandwidth. It has absolutely a highly valued post within the company. It's certainly on a short list on both the praise and the criticism when things are going on inside the business. ■

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