

## THE RISE OF THE CHIEF

**Is the new rung in the corporate ladder merely fancy new nomenclature or does it reflect an increasingly strategic business role for marketing?**

By Lesley Young  
Marketing Magazine  
June 18, 2001

Something mysterious is going on in the Canadian marketing profession. Now it's not exactly shrouded in secrecy. Anyone who has been paying attention will have noticed a new rung added to the corporate ladder—the Chief Marketing Officer or CMO. Just what the new moniker means, however, has yet to be fully revealed.

"For some organizations, (the CMO) is a reflection of the importance of marketing's role in the organization. Marketing and the brand have a much higher priority" Alan Kay – Principal, The Glasgow Group, Toronto

These new CMOs aren't deposing marketing directors and vice-presidents, necessarily. In some cases, the title is nothing more than a fancy pseudonym. And a few CMOs are terribly anxious to underplay its significance, denying being the "king of the marketing castle." But a closer look suggests the designation is more than simply a seal of recognition or appreciation for marketing's place in the corporate structure.

Being a CMO, in most cases, results in new responsibilities and a heavy-duty reliance on basic business skills. For better or worse, CMOs accept that their title means they are now under the corporate spotlight and glaringly accountable. VPs and directors continue to manage day-to-day marketing matters, but they report to these new CMOs who co-ordinate the marketing departments, the overall brand and the big bucks, as well as answering directly to the CEO. It means a seat at the executive table and, some suggest, it's a strategic stepping stone to CEO.

The popularity of the CMO title seems to vary with sector. Packaged-goods marketers contend this development is nothing more than a new—and unnecessary—tag for the strategic business role they've long enjoyed in companies. The financial and telecommunication sectors, and several other service areas, seem to have adopted the title as a way of highlighting the role of marketing in the corporate structure. In the past year or so the following marketers, among others, have stepped into newly created CMO roles: Chris Armstrong, TD Canada Trust Bank Financial Group; Roy Osing, Telus; Patrick Gibbons, Burger King Restaurants of Canada; Nanci Caldwell (global CMO), PeopleSoft; and Karen Sheriff, Bell Canada.

According to the Association of Canadian Advertisers (ACA) in Toronto, the "CMO" title will eventually be mainstream. "It's not a fad. It's very real," says Susan Charles, VP member services. "It's really recognition of what they (marketers) have been doing for a while." But the position is as much about appreciation as accountability, she adds, pointing out the parallel push for marketer and agency to adopt the payment-by-results method.

"In B2B, a CMO handles the big picture of 'who is looking at how to go to business partners and the market with the tactical message or brand of the company' " Nanci Caldwell – Global CMO, PeopleSoft, Pleasanton, Calif.

**Stefan Danis**, president of recruitment firm **Mandrake Management Consultants** in Toronto, recently helped in the hiring of Jamie McClelland for the newly created position of CMO at Toronto online trading company E\*Trade Canada. President Colleen Moorehead says she hired a CMO because she wanted a top marketer to play a deeper role in the business, to get closer to customers. But as a trader in talent, **Danis** is a bit skeptical about what the title CMO involves. Titles are like candy, he says, "they cost nothing to dish out."

Gibbons, recently appointed CMO at Burger King Restaurants in Toronto, says, "I wouldn't say this position is any (different) than that of the VP of marketing at McDonald's. (The title) is irrelevant to me." But Gibbons does believe his position, never mind the title, encompasses a large role in sales and the development of the business, beyond tactical ad communications.

Armstrong, executive VP of marketing at TD Bank Financial Group in Toronto, recently had CMO added to his calling card. He says the new title is official recognition of his role overseeing the brand of the two merged banks, Toronto Dominion and Canada Trust. His responsibilities haven't changed, but then he was already in charge of marketers across the bank's business units, reporting to the CEO and accountable for results.

Alan Middleton, professor of marketing at York University in Toronto, says, "In some cases it (the CMO title) is BS." But he adds, "In other cases, it's a real attempt to send a signal, a very serious way to show that marketing is central to what (the company) does." Middleton suggests that the CFO (chief financial officer), once considered a CEO's right arm, has given way to a team of corporate officers at companies, which includes the CMO.

But **Danis** points out that there's a strong coincidence between the arrival of the high-tech sector's CTO (chief technology officer) and that of the CMO. "If you have a CFO, a CIO (chief information officer) and a CTO, why not have a CMO? They all report to the same person."

However, a CMO anointment is not caprice, or simply about kudos. For starters, marketing doesn't suffer from the perpetual talent shortages that strike the high-tech sector, which has led to innovative recruitment tactics. And executive officers will not likely someday include, say, housekeeping. Roy Osing, executive VP, enterprise marketing and CMO at Burnaby, B.C.-based Telus, for instance, has marketing benchmarks incorporated into his annual performance review. His bonus is based on marketing meeting certain financial indicators. He says, "To me, it (the CMO position) is an indication of the fact that we understand what is needed to execute strategy. Clearly we are important to the enterprise." And, finally, most VPs and directors of marketing in the packaged-goods sector have always reported to the CEO.

"You also need to have a hold over others and be able to persuade others that your vision is the right vision"  
Karen Sheriff – CMO, Bell Canada, Toronto

So what is going on? John Bradley, VP, marketing at Cadbury Trebor Allan in Toronto, says, "My perception is that in the last 10 or 15 years, a lot of service industries finally got into brand marketing." Marketing's role had never been clear to the business, he says, and now these service marketers are being called to task to account for every dollar spent over the course of their branding grab bag.

"They (businesses) are still not getting it," adds Bradley. "This 'CMO' is about vanity. I never worry too much about titles, just what I am getting paid."

Philip Donne, president of the Toronto office of Cossette Communication-Marketing and former president of Kellogg Canada—a position he landed when he was VP of marketing—says that at Kellogg, like most other packaged-goods companies, marketing was accountable to the top and for the bottom line, and expected to contribute to decisions about distribution channels, sales, human resources and organizational design. "In a sense, giving (service marketers) the name CMO is nice recognition, or underlines that there is a higher expectation. Honestly, though, I don't know that if I were at the previous role whether I would have seen a need to change the (title) VP of marketing to CMO."

He further questions what becomes of the sales department head when the marketer lands an "officer" title. But indications are that in many cases sales falls under the CMO mandate where one exists; indeed, the position's presence exists to prevent conflict among departments. Also, unlike many packaged-goods companies where individual VPs of marketing are in charge of many individual brands, the expanding structures and competing business units in the service sector need to be synchronized under one brand, says Alan Kay, principal at Toronto's management consultancy The Glasgow Group.

Two surges are behind the creation of the CMO position, says Kay: increasing pressure on CEOs to grow the business and cut costs in a time where it seems most sectors have hit growth ceilings; and increasing recognition of the importance of the brand. The CEO wants and needs to be in control of the brand. And thus, one person shall be accountable directly to the CEO for this "newly proclaimed" core corporate asset.

"For some organizations, (the CMO) is a reflection of the importance of marketing's role in the organization. Marketing and the brand have a much higher priority," says Kay. He adds that CMOs are more prevalent in the U.S. "In Canada, I think we are behind in the concept." The role, as it is shaping up in Canada, involves co-ordination, managerial and leadership skills at a senior level, says Kay.

Nanci Caldwell, former VP, marketing at Hewlett-Packard in Canada, recently landed the global CMO position at PeopleSoft in Pleasanton, Calif. She suggests the CMO role isn't always a "centralizing" function. In fact, in B2B, a CMO handles the big picture of "who is looking at how to go to business partners and the market with the tactical message or brand of the company."

As it stands, the CMO is either simply in charge of the overarching strategy across multiple communication channels, or is also responsible for co-ordinating brand strategies and marketing financial performance between competitive business units.

Karen Sheriff, CMO at Bell Canada in Toronto, is responsible for about 700 employees across various marketing business segments and reports directly to Michael Sabia, president of BCE and vice-chair of Bell Canada. She perceives her role as the cohesive centre of the marketing function. And the title and the position reflect recognition of the importance of marketing at the company in addition to representing hands-on responsibility for the brand.

"I am the leadership glue that makes sure each marketing team collectively moves corporate strategy" Roy Osing – Executive VP, enterprise marketing and CMO, Telus, Burnaby, B.C.

Again, Osing at Telus says he is responsible for leading and driving an enterprise-wide strategy. Telus's corporate restructuring around customer segments last year included the creation of a marketing executive team. All the VPs of marketing units meet under the CMO to discuss strategy. "They look at the market requirements for their business units. I am the leadership glue that makes sure each marketing team collectively moves corporate strategy."

He adds, "On the most rudimentary level, a CMO is responsible for the corporate brand." On a higher level, the CMO is accountable for the strategic role of marketing to the bottom line, says Osing.

Unfortunately, a combination of those two skills is not common among marketers, says Middleton. He adds, "Most vice-presidents of marketing are no more than glorified brand managers." Sheriff at Bell says, "It helps that my (educational) background is in mathematics and psychology. You need to have a lot of analytical and financial skills." But she adds that leadership skills are just as instrumental. "You also need to have a hold over others and be able to persuade others that your vision is the right vision."

Marketers who do find themselves in the CMO chair could be a nudge away from the CEO position, if packaged goods is any example. Marketers such as brothers Jeffrey and Daniel O'Neill, CEOs of Pepsi-Cola Canada and Molson Breweries, respectively, and former CEOs Peter Elwood at Unilever Canada and Donne at Kellogg have all landed in the top spot. Donne says, "If you look at some people holding those positions (CMOs) in large companies, they could be CEOs in stand-alone organizations. They have the experience and breadth of exposure."

While CMOs seem to represent a more important strategic business presence for marketing, the outstanding question is corporate motive. The ACA's Charles contends the title may represent a change in corporate culture, regardless of whether there's a change in responsibilities.

"It's an evolution in organizations as they centralize themselves to meet the needs of the marketplace." Meaning, customer service, relationship management and marketing in general are being considered core assets, and placed front and centre. However, it could just as easily be growing dependence on marketing to improve the bottom line.

CMOs are "on their way to the CEO slot," says Middleton. One might add, "however unwitting." But how they take advantage of the position and opportunity will make all the difference for the profession in the long run.