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A Plan for Spanning Silos

No Need to Blow Them Up, but CMOs Must Foster Communication and Cooperation

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Autonomous silos defined by products, countries or functions, often operating in isolation if not in competition with each other, are no longer a viable option. They can be monumentally inefficient, limit the creation of silo-spanning offerings, lead to wasteful and non-optimal resource allocation, be barriers to marketing that has scale, and create brands that are inconsistent and confused both internally and externally. In tough economic times, such inefficiencies and barriers can mean the difference between business success and disappointing marketing performance, or even failure.

However, that does not mean the answer is to blow them up, or even that the goal of the organization should be to centralize or standardize. Rather, silo-driven problems should be addressed using a variety of approaches, each geared to the context at hand.

To determine how to create strong brands and exceptional marketing in a silo world, I interviewed executives from more than 40 companies, most of whom were in CMO or comparable positions; the rest had visibility into the CMO role. They were asked to identify silo-driven problems and what had been done to successfully deal with those problems. The common theme should be to foster a culture of communication and cooperation rather than isolation and competition.

TAKE ON A NONTHREATENING ROLE TO GAIN INFLUENCE

In order to deal with silo-driven problems, companies throughout the world are creating, expanding or energizing the CMO position and the supporting central marketing group. Gaining credibility, traction and influence is a formidable task in the face of silo indifference or, more likely, resistance.

The temptation for a new or revitalized CMO is to move quickly to change the culture and programs. There are times in which an ambitious CMO role is called for to overcome silo power, as it was at McDonald's in 2002 and Sony more recently. However, there is also a risk that an aggressive CMO role can lead to excessive organizational stress or even flameout, especially when CEO commitment,

marketing talent or a sense of crisis is missing. A study by Spencer Stuart found that the tenure of CMOs averaged 23 months, not even half that of CEOs, in large part because of unrealized expectations generated by overly ambitious CMO programs and role selection.

Less-threatening roles with reduced risk of failure can still have significant influence. In a facilitator role, the CMO team would establish a common planning framework, foster communication, encourage and enable cooperation, create data and knowledge banks, and upgrade the level of marketing talent. In the consultant role, the CMO would become an invited participant in the silo strategy-development process. In the role of service provider, the CMO and his or her team would be "hired" by the silo business units to provide services such as marketing research, segmentation studies, training, or marketing activities such as sponsorships and promotions.

It is not necessary to be in control of budgets and programs in order to effect change and affect results. Further, pursuing these roles can build the credibility and relationships that will help establish more-influential roles.

GET CEO/ORGANIZATIONAL SUPPORT

To make progress, the CMO team needs credibility and buy-in. A key is to obtain visible CEO support, which will provide authority and resources. One route to getting the CEO onboard is to align the role of marketing with that of the CEO's priority agenda. Focus on growth objectives instead of brand extensions, efficiency and cost objectives instead of marketing synergy or scale, and building assets to support strategic initiatives instead of brand-image campaigns. The objective is to reframe marketing as strategic -- a driver of the business strategy instead of a tactical management function. The goal is to avoid having the CMO be positioned as another functional area advocate (every slot needs more resources).

Another route is to use hard numbers to show the relationship between marketing and financial performance. When the CMO team can demonstrate ROI or its absence, its stature will be enhanced and its image of being soft and unanalytical will at least be reduced. In this era of financial accountability, the C-suite team is often uncomfortable when performance is not measured.

Credibility also comes from customer knowledge; in fact, it is the ultimate source of influence. "The customer is telling us that ..." is a powerful and hard-to-refute argument. When the CMO team has at least the same grasp of the customer as the silos do, discussions can proceed without the "You don't understand this market" overlay. Having firsthand knowledge of a segmentation study, ethnographic research, satisfaction research or tracking data will create credibility. If CMO input is based on the emergence of a new segment, a new application, a systematic dissatisfaction with the product or a declining brand, it will be hard to ignore.

ABOUT THE AUTHOR

David Aaker is vice chairman of Prophet, a global consultancy that helps management more effectively use branding, marketing and innovation to drive profitable growth. He is the author of more than 14 books, including "Spanning Silos: The New CMO Imperative."

USE CROSS-SILO ORGANIZATIONAL DEVICES SUCH AS TEAMS AND NETWORKS

The CMO should employ organizational devices that will advance silo communication and cooperation. Teams such as Hewlett-Packard's Customer Experience Council and Procter & Gamble's Global Marketing Officer's leadership team are powerful vehicles for creating consistency and/or synergy.

Perhaps more important, teams provide vehicles for cross-silo communication and relationships to develop.

Formal and informal networks, another key organizational tool, can be based on topics such as customer groups, market trends, customer-experience contexts, geographies or functional areas such as sponsorship or digital marketing. Nestlé, for example, has developed information networks around global customers such as Tesco and Wal-Mart and silo-spanning interest areas such as the Hispanic market, moms and kids.

MAKE SILOS ASSETS RATHER THAN BARRIERS

Silos can and should be vehicles to enhance rather than detract from the ability of the organization to develop strong brands and marketing programs. They provide a readymade laboratory for testing and refining ideas as part of a systematic test-and-learn program. And silos can be sources of ideas for breakthrough products or marketing campaigns that can be rolled out across the organization. McDonald's "I'm lovin' it" came from Germany; Pantene's "Hair so healthy it shines" came from Taiwan; and Levi's Dockers came from South America. The key is to provide the freedom that will empower the silos to hit home runs and give the organization communication and sensing power to identify great marketing when it does occur; and the process power to test the ideas and roll them out.

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