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The CMO Imperative: Revenue Marketing Transformation

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Let's play a word association game. What comes to mind when I say "revenue?"

As the head of marketing in a B2B enterprise, you may have one of two responses. If your response is "not my job," stop reading now, this paper is *not* for you. However, if your initial response when you hear the word "revenue" is a clenching in your gut, a grinding of your teeth, and a sudden spike in blood pressure, read on. This white paper may help you ensure success in 2012-2013.

Most of today's B2B marketing executives are responsible for directly connecting marketing to revenue and are now measured by metrics such as percentage contribution to pipeline or overall revenue contribution. In 2009, The Pedowitz Group (TPG) labeled this phenomenon "Revenue Marketing," a term that clearly and simply represents this new accountability for marketing.

To further define Revenue Marketing, we presented the *Revenue Marketing Journey* as a model comparing, contrasting and defining the four distinct stages of traditional, lead generation, demand generation, and finally revenue marketing. This model proved to be an effective and practical paradigm as we tested it with more than 1,600 marketers during a live event series in 2011.

Providing a name and context for this new B2B marketing accountability was helpful. At the same time, as we worked with each TPG client on *their* journey, it became clear that we also needed to define *how* to take this journey. As we reviewed the detail, our experience demonstrated that this is a journey of transformation that encompasses much more than just the singular element of technology; it also requires the elements of strategy, people, process, content and results. Further, our experience shows that each marketer's journey is *unique*.

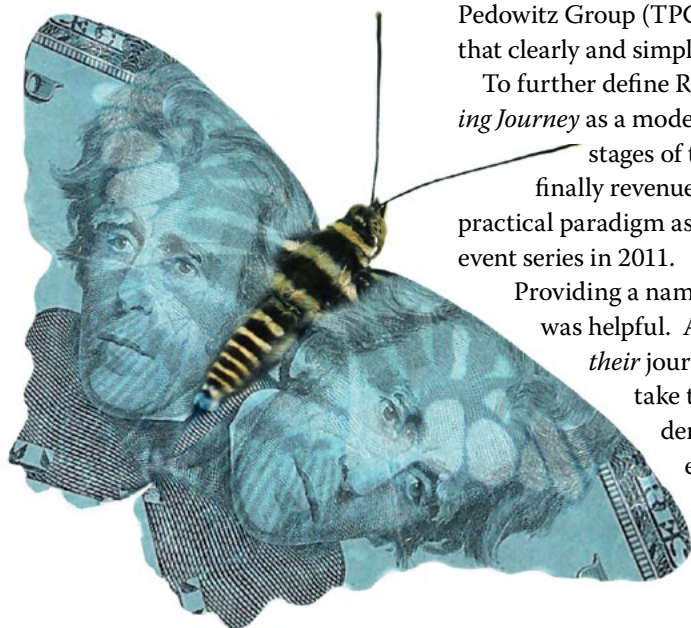
This paper describes *how* to take this journey by introducing TPG's proprietary methodology, Revenue Marketing Transformation, which is a multi-dimensional construct for transforming marketing from a cost center to a revenue center.

This methodology was developed based on our experience working with over 800 companies, each taking their unique journey to Revenue Marketing Transformation.

Defining Revenue Marketing Transformation

Transforming your marketing organization from a cost center to a revenue-producing arm of your business requires varying degrees of transformation and dedication based on your starting point. Wherever you begin, don't be fooled: there is no easy, one trick fix.

As we guided our clients through different stages of their transformational



journeys, we learned that this is not an overnight change, especially for the enterprise organization. It's a multi-stage, multi-dimensional and multi-year process requiring discipline and bottom-line motivation.

This discipline leverages the key building blocks of Revenue Marketing Transformation: Strategy, People, Process, Technology, Content, and Results. Do not read these six elements and think generically. Each has a special definition as it relates to Revenue Marketing. Taken together, we call these six building blocks the RM6 and use them as the set of controls (The How) to determine and adjust the path, sequence and pace for your unique journey.

Step One: Admit you have a problem and define that problem.

Revenue Marketing Transformation requires adjustments in multiple areas of your business. In order to be successful, this type of change must be business initiative-driven.

As we worked across a large number of clients, in different verticals and of varying sizes, we identified several business initiatives that are typical indications of the need to begin this journey. The most frequent initiative we see is the strategic imperative to connect marketing activities more directly to revenue and to run marketing more like a business with strong ROI measures.

We also see, especially at the enterprise level, business initiatives such as system consolidation and optimization, cost cutting and efficiency improvements along the marketing and sales continuum, a need for better and faster ways to grow revenue and overall process optimization.

In almost every case, marketing executives operating under this new revenue obligation are expected to show hard financial evidence that their efforts are providing value to the business.

For many, this is unfamiliar territory.

Step Two: Get familiar with the new territory.

In a [recent study from IBM](#) based on interviews with over 1,700 CMOs from 64 countries, ROI was reported as the number one required metric for gauging marketing success. But nearly *half* of all CMOs reported that they feel insufficiently prepared to provide hard numbers.

- ◆ Some 63% of CMOs polled believe ROI on marketing spend will be the most important measure of their success by 2015, but only 44% said they felt fully prepared to be held accountable for marketing ROI.
- ◆ Some 79% interviewed said they expect a “high” to “very high” level of complexity in managing marketing and 31% said they do not feel prepared to handle this level of complexity.

Given the importance of the ROI metric to the future of the B2B marketing executive, let's establish a common, market-accepted definition for this paper.

According to Lenskold Group, marketing ROI is defined as the financial return on investment generated by the marketing initiative(s) specified. Marketing incurs a specific expense (i.e., the “investment”) that will lead to profits from incremental sales generated. The return is the incremental profits minus

the marketing investment, which is positive when marketing generates more profits than the expense. ROI is the return divided by the investment.

This is a straightforward calculation on paper, but is often quite difficult for marketing to produce.

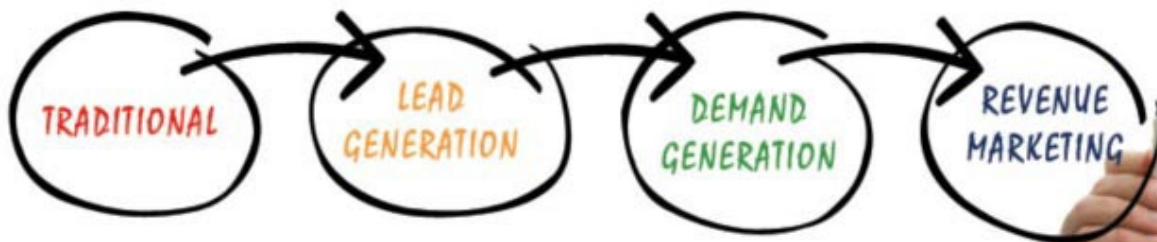
A [recent study conducted by Lenskold Group](#) found that 87% of marketers report at least one marketing performance metric to senior management, but only 65% report a *financial metric* related to marketing's overall contribution.

Evidence is substantial for marketing's changing accountability to directly connect to revenue. But once you have defined your problem, what do you do next?

Step Three: Define where you are and where you need to be.

So, as a CMO in this sea of change, how do you manage this transformation process without it managing you?

Let's begin by identifying where you are today and where you'd like to be at a macro level – all in the context of revenue marketing. We call this quick assessment *The Revenue Marketing Journey* and it is comprised of four stages:



The Revenue Marketing Journey

Stage 1: Traditional

Traditional marketing organizations focus on activities like advertising, PR and tradeshows, with an emphasis on producing brochures and sales collateral. They are measured in terms of activity, constantly analyze “spend,” and are viewed as a cost center as a result. In other words, they are often a prime target for budget cuts.

Stage 2: Lead Generation

Organizations in the Lead Generation stage discover and create names to hand over to sales using e-mail systems. These “leads” often contain minimal information but fulfill measurements of how many clicks, opens, web page visits and so on. Though these activities are a bit more measurable, they often focus on spend-phrasing such as “cost per lead” and do not change the perception of marketing as a cost center.

Stage 3: Demand Generation

Those in the Demand Generation stage are more strategically and technologically advanced. They are usually aligned with the sales team's goals and have deployed a Marketing Automation platform integrated with CRM. They have visibility into the pipeline, monitor conversion metrics, and can attribute revenue to marketing. These teams have moved away from being a cost center and can prove "attribution," the primary ingredient to being a revenue contributor.

Stage 4: Revenue Marketing

The ultimate stage, Revenue Marketing, is similar to that of Demand Generation from a technology standpoint, but these teams have implemented strategies, processes and best practices so that their measurements and contributions are *repeatable, predictable, and scalable*. Similar to sales forecasting, Revenue Marketers are able to forecast marketing's contribution to pipeline and revenue.

Take a moment to assess where you are today and at what stage you would like to be in the next 12 months. What will it take for you to achieve this goal? What are your biggest barriers and how will you overcome them?

We'll use this macro-assessment to help you determine your unique journey using the RM6.

Step Four: Determine your unique journey (Your How) using RM6.

The Revenue Marketing Journey provides you with a macro-snapshot of where you are and also allows you to begin to visualize where you need to be. The RM6 provides a more micro-snapshot of where you are and a tested methodology for leveraging the six controls of Strategy, People, Process, Technology, Content and Results to determine your unique path, sequence and pace to achieve Revenue Marketing Transformation.

In order to learn how to use the RM6 to control your journey, here is a detailed look at each control element. Baseline definitions follow the graphic.

Strategy is built using all of the Journey Controls and all elements within each control. Strategy also includes growth plans and a strong communication and change management plan.

People includes key stakeholder alignment with executives and sales and defining the roles, skills and competencies required for a successful Revenue Marketing Practice. This includes providing training and development, defining a potentially new organizational structure, and empowering sales with new tools and processes.

Process involves defining the "as-is" and "to-be" states and developing tactics for achieving the "to-be" state. Key processes include the entire prospect/customer lifecycle, nurturing, lead and funnel management, contact and data management, testing, QA and measurement.

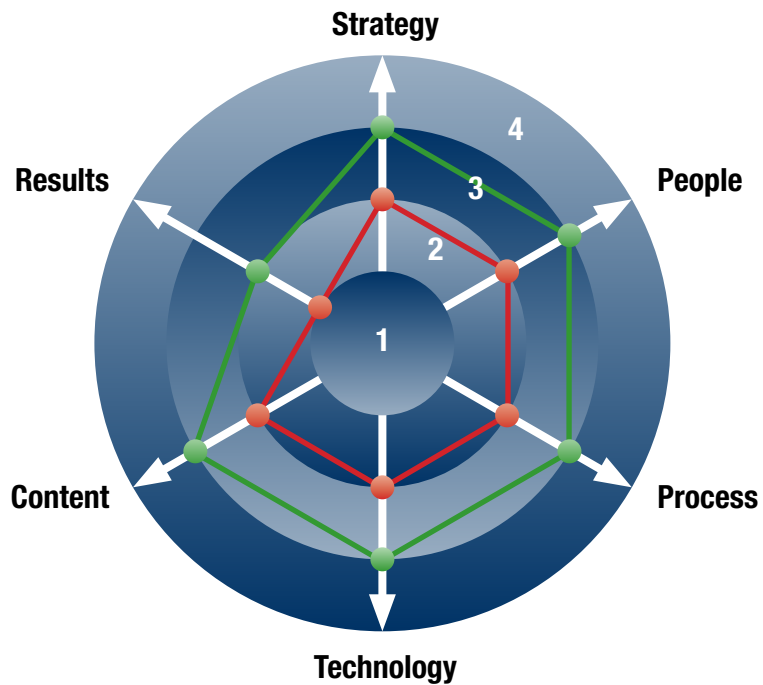
Technology is a comprehensive term to describe the entire marketing operations stack that supports and drives revenue marketing transformation.

Content is the fuel for the revenue marketing journey. Creating a content blueprint aligned with the client's buy cycle and digital personas is required. Creating specific messaging for all programs, identifying the content operations structure, and measuring content results are all elements of creating your unique journey.

Results is the final control and also represents the outcome of the holistic strategy. Ultimately, it is attribution to revenue, delivery of ROI and the ability to drive revenue in a repeatable, predictable and scalable manner that defines a successful Revenue Marketing Transformation.

Example of a Live RM6 Assessment:

How does the RM6 look in live action? The following is an example of a recent TPG client assessment using the RM6. The example also includes high level plans for addressing the gaps.



The RM6 are defined exclusively in the context of revenue marketing and not traditional or general marketing.

Using a scale of 1-4 in which 1 is at the beginning of the journey (Traditional) and 4 is full Revenue Marketing status, the client assessed their “as is” and identified their “to be” state for the next 12-month period. Key action items are captured below. A detailed plan for addressing gaps was also provided to this client.

	As Is State	To Be State	Key Action Items
Strategy	2	3	<ol style="list-style-type: none"> 1. Clearly define the role of both sales and marketing in the aggressive growth plan for 2012. 2. Execute the internal validation for digital personas, buy cycle, channels and key pain points. 3. Based on the new Revenue Marketing strategy with large revenue growth goals, create an accelerated tactical plan.
People	2	3	<ol style="list-style-type: none"> 1. Accelerate the marketing automation training plan. 2. Align with sales for improved MQL production and identifying new opportunities.
Process	2	3	<ol style="list-style-type: none"> 1. Map the life of a lead, lead hand-off and lead disposition process in the new, accelerated revenue model. 2. Design and execute new campaign strategy based on the content blueprint.
Technology	2	3	<ol style="list-style-type: none"> 1. Optimize the current marketing automation and CRM integration. 2. Investigate Brainshark as a content automation tool.
Content	3	4	<ol style="list-style-type: none"> 1. Execute a customer validation project on the buy cycle, content types and personas to accelerate improved targeting and segmentation.
Results	1	2	<ol style="list-style-type: none"> 1. Establish top five metrics for revenue result. 2. Build dashboards.

Interested in understanding where you are using the RM6 and receiving recommendations on what to do next? Click on this link to conduct your own assessment.

Get Started.

Step Five: Accept the challenge.

Are you ready for a Revenue Marketing Transformation? As more is expected of B2B marketing organizations, marketers will need to rise to the challenge and play a larger, more active role in revenue contribution, not just attribution. This paper demonstrates that implementing new technology alone cannot fulfill this new accountability. It requires a multi-dimensional approach to be successful.

With greater accountability and responsibility also comes greater opportunity for recognition and remuneration. B2B marketers with Revenue Marketing experience are highly sought after and well paid as they are seen as revenue contributors to the company. There has never been a better time for marketers to shine. Today's marketers have the tools necessary to transform themselves and their organizations and finally earn a seat at the revenue table.

A Word from the Author

As a seasoned sales and marketing professional, I have seen plenty of marketing trends come and go. This one, Revenue Marketing, is here to stay. It is a time of change and great opportunity for marketers to prove that they can have a real impact on revenue and that they play a critical part in a business' overall success.

I began my revenue transformation journey in 2003 when I implemented my first marketing automation system. Instantly, I realized this technology would have a huge impact on marketing. Over time and through working with many clients, I have come to understand that while the technology is great, the real business impact happens when the full RM6 is effectively implemented.

Throughout my career, I have worked with hundreds of marketing organizations at all stages of the journey. Transformation doesn't happen overnight, but most marketers who are willing to commit to changing the way their organizations are viewed in the business also end-up changing the way they look at themselves in the process.

Debbie Qaqish is the chief revenue marketing officer and principal partner at [The Pedowitz Group](#), the world's largest and most experienced revenue marketing agency. Debbie is a recognized thought leader in the demand generation space, coined the term "Revenue Marketing," and is a nationally sought after public speaker regarding demand generation and revenue marketing topics.