

Rise of The Strategic Marketing Operations Function

By Debbie Qaqish

If you haven't been paying close attention, it may feel like the rise of the marketing operations function occurred over night. One day we woke up to find over 7,000 marketing technologies available to marketing and a handful of pioneering companies with dedicated, mature, and results-driven MO functions. We found conferences such as MarTech that are dedicated to developing MO as a capability, publishers such as MarTech Today, MarTech Advisor, and MarTech Series dedicated to writing about MO, and over 2,000 open job reqs for marketing + technology on LinkedIn. In 2018, MO is here to stay and now it's up to marketing leadership to figure out how to develop and optimize MO as a strategic and game changing capability.

Additional pressures to change the fabric of marketing have derived from new market challenges. Driven by the requirement to demonstrate financial results, the need for company-wide digital transformation, and the pressure to pivot to customer intimacy as a strategy, marketing is under unprecedented pressure to deliver like never before. In this environment, the CMO will need to apply left-brained thinking to solve these left-brained problems. A strategic MO function is crucial to success.

Given the rapidly evolving market conditions and pressures, marketing operations as a capability is morphing in front of our very eyes. This white paper characterizes some of the major changes happening. By reading this white paper, you will learn:

1. The five stages of an MO practice, where you are, and where you need to go
2. How a strategic MO capability differs from a regular MO capability
3. How to define your MO charter
4. The three key business drivers for establishing a strategic MO function
5. How to define an MO org structure with roles and responsibilities

The Marketing Operations Maturity Model

One way to view the current MO landscape, and to help you understand where you are and where you need to go, is to look at a simple MO maturity model. Although a handful of innovative marketing leaders have a well-developed and mature MO function, the large majority of B2B marketing organizations are at an earlier stage. In my work with MO teams, I see five distinct levels of maturity:

- Unaware
- Efficient
- Effective
- Customer-Centric
- Next Generation

In addition, as the MO function matures into the Customer Centric and Next Generation stages, adoption of strategic MO elements occurs. Let's review the model and the attributes of a strategic MO function. Below we provide a general description, team configuration, core strategy, general Martech stack/data environment, and key metrics for each stage.



Figure 1 – Marketing Operations Maturity Model

1

Stage 1: The “OMG, Marketing Technology, Really?” or The Unaware MO Stage

Stage One is the first step in a marketing operations capability, and I call it the OMG Stage. At this point of maturity, marketing ops is an ad-hoc response to the tsunami of technology and change. Disparate groups are performing uncoordinated MO tasks with no central vision or leadership. It is a reactive effort to show the results of marketing campaigns, investment in core technology, and revenue results. This stage typically begins with the use of a marketing automation platform and the addition of a team member dedicating a few hours a week to be the technology specialist. Other MO skills may be borrowed from other parts of the company and may include data, technology, and integration of knowledge, analytics, and reporting. No plan or roadmap for the MarTech stack and data exists. There is a general lack of awareness that MO can and should be a dedicated capability or even a strategic capability.

In this stage of growth, the company go-to-market strategy is focused on product (not customer), and tasks are performed in silos (think marketing vs sales vs IT) with big walls in-between. The most basic MarTech stack is in place, and while marketing is now gathering really interesting data, little is done with it. Finally, key MO metrics in this stage are non-existent.

2

Stage 2: The “Let’s Do Things Well” or The Efficient MO Stage

At this stage, there is acknowledgment of the need to develop an MO function, but there is not full commitment or much budget. This stage typically begins with a lower level team member dedicating most of his or her time working to optimize various marketing technology investments and to become more efficient in how technology is used in marketing. This individual or small team acts like a strike person/team and no one really knows what they do. Some best practices emerge, and foundational reporting is created. From a MarTech perspective, there is a basic practice around selection, implementation, and integration of systems. Data projects include data hygiene and basic analytics and reporting that help improve marketing efficiency.

In this stage of MO maturity, the company and marketing strategy is still product focused and MO is becoming a dedicated role. The perceived value of this person/group is in helping to automate previously manual processes with technology and clean data and in providing some rudimentary marketing metrics.

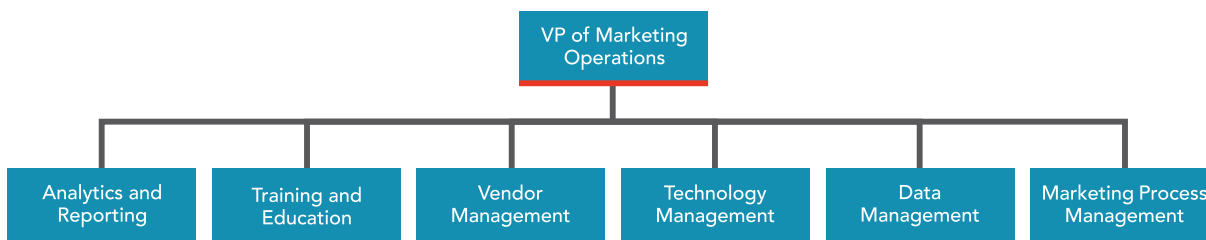


Figure 2 – MO Org chart – Efficient to Effective

3

Stage 3: The “Let’s Do the Right Things” or The Effective MO Stage

In Stage 3, acknowledgement for the need for an MO capability has now morphed into an operational imperative to help drive marketing as an economic engine that is both efficient and effective. There is now commitment to a budget and a formal, dedicated function. The MO group leader is more strategic, and performance is tied to financial outcomes of marketing. Broader responsibilities include campaign optimization, data analysis and insights, and working more broadly across key stakeholder groups such as product marketing, finance, and sales. Efficiency and effectiveness in driving revenue is the mantra. At this stage, MO has developed a sophisticated and forward-looking MarTech plan, and key activities include integration and optimization. Sophisticated insights from data and reporting is widely available and is consumed primarily by marketing and sales. Decisions are made weekly and monthly based on the MO reports and data so that marketing can fine tune its performance.

With this MarTech strategy in play, the shift away from product focus to customer focus is in full swing, but marketing ops is still in a functional silo, focused primarily on marketing’s needs. This continues to create problems.

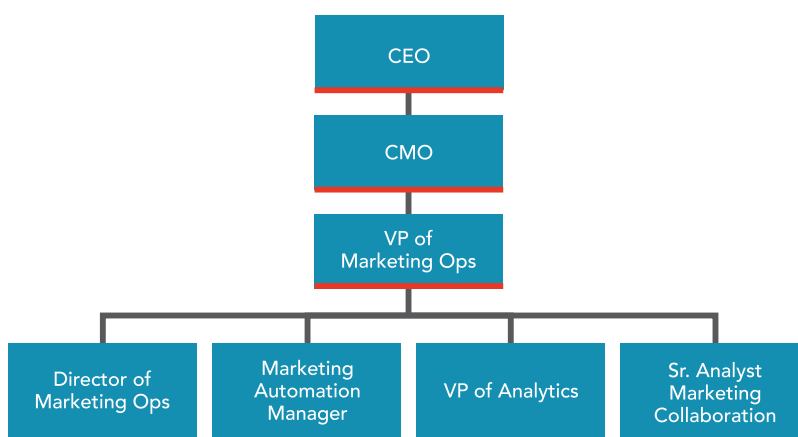


Figure 3 – MO Org chart – Effective to Customer Centric

4

Stage 4: “We Know the Customer” or The Customer Centric MO Stage

At this stage, the MO function/capability is instrumental in operationalizing marketing accountability, digital transformation, and customer centricity – the big three. This now strategic MO function is a source of data and insights that help marketing forecast its impact on revenue, not just report what happened last quarter. The strategic MO function is a vital team member in the wider digital transformation of the company. Finally, the strategic MO function is central to the pivot to customer focus. The strategic MO group provides customer data and insights for key leaders to make business decisions. The voice of the customer through data lives here, and the process of gathering and sharing prospect and customer insights is credible and key to decision making at all levels of the organization. This MO group focuses on using best practices and key processes to improve the effectiveness of marketing operations. This type of MOG is also focused on data, metrics, and reporting. At this stage of maturity, the MO optimizes all key processes.

Stage 4: “We Know the Customer” or The Customer Centric MO Stage (*continued*)

At this stage, the MarTech stack is fully integrated and optimized around the customer – as much as it can be with the existing functional silos still in place. Business insights from data are available 24 by 7 but still may suffer from lack of functional integration.

Key metrics are customer based and growth related and may include metrics such as growth in average deal size and growth in customer life-time value.

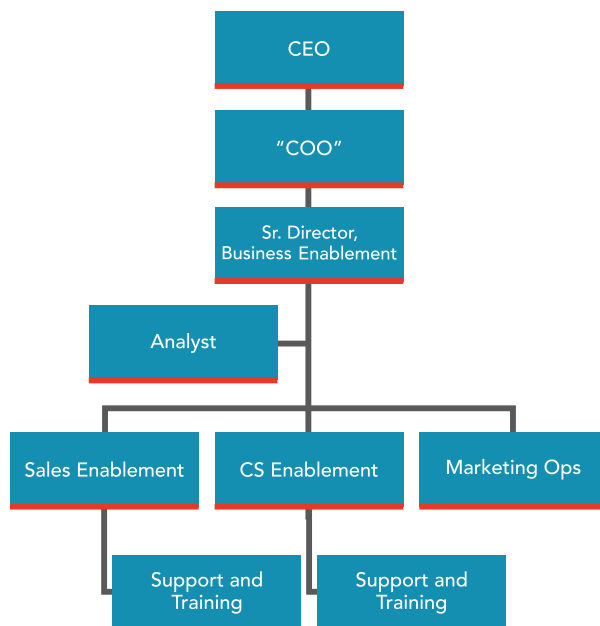


Figure 4 – MO Org chart – Customer Centric to Next Generation

5

Stage 5: “One Customer Line of Sight” or The Next Generation MO Stage

The key characteristic of Stage 5 is a reorganization. In the Next Gen MO stage, marketing ops and customer ops have combined and may report to marketing, to sales, or to operations. Because of this horizontal structure based on the holistic customer life cycle, for the first time, many firms finally have a holistic view of the customer. With a single view across data and systems and the ability to respond to customer changes in almost real-time, the ability to optimize revenue and growth through both customer acquisition and expansion can be optimized. This represents radical change in org structure, so we have largely seen this only in smaller companies. What these small companies are doing is absolutely riveting.

Key metrics are similar to Stage 4 metrics and are customer-based and revenue/growth oriented. The difference is they are often more obtainable due to the new structure. In addition, with this new org structure, we often see a hockey stick growth trajectory.

Strategic Marketing Operations Capability and Charter

Now that we have a baseline of MO maturity, let's discuss what makes an MO function a strategic capability by defining a capability, a charter, and the key business drivers.

MO as a Strategic Capability

To get to the definition of MO as a strategic capability, let me pull out some general terms from business school. The definition of a capability is a specific combination of people, process, and technology that drives a business result. The definition of a strategic capability includes creation of a long-term competitive advantage for an organization as a result of that capability. In our digitally-charged world, having a strategic MO capability creates a long-term competitive advantage in that it enables true marketing ROI, digital transformation, and customer-centered engagement. Without this capability, your company will not be able to keep up with the competition.

Reviewing the MO Charter

As I have worked with MO leaders over the past few years, one of my favorite questions to ask is "What is the charter of your MO group?" I define a charter as the set of guiding principles, actions, or outcomes a group is responsible in delivering. The answer to the question often gives me a pretty good understanding of their level of maturity. The charter for a regular (non-strategic) marketing operations group might read:

"To improve the efficiency and effectiveness of marketing in terms of people, process, technology and data in order to achieve stated goals."

Clearly this MO group is Stage 3 – Effective. They have moved past the Unaware stage, know how to do this well (Efficient) and are now focused on doing the right things (Effective). This type of MO function is typically more reactive in terms of strategy but serves a core function in bringing an operational discipline to marketing.

In contrast, the strategic MO function is characterized by a higher level of leadership, vision, cross-functional value-creation, and transformation through operations. The strategic MO charter might read:

"To enable business accountability, digital transformation, and customer centricity by employing marketing operations as a strategic capability and discipline comprised of people, process, and technology both within marketing and in collaboration with all customer facing functions of the organization."

The strategic MO brings more than an operational discipline that allows the CMO to run marketing like a business. Much more than button-pushers and techies, a strategic MO function is instrumental in transforming marketing into the change agent that is required to enable key business initiatives such as growth, digital transformation, and customer intimacy.

Strategic Marketing Operations Drivers

When one considers the market and what is driving the emergence of MO as a strategic marketing capability, there are three new and game-changing marketing obligations just to top the list:

1. Adopting and proving business-oriented accountability
2. Defining and executing the vision for a digital transformation as part of a larger organization-wide team
3. Leading and implementing the pivot to customer-centric engagement



The Role of MO in Marketing Accountability

The overwhelming majority of CMOs feel increased pressure to produce financial results, yet, according to the 2017 CMO Survey, only about a third report financial metrics. This statistic is especially true for B2B CMOs. I'm sure you have frequent conversations with your board and senior executive team on this very topic. In some cases, you are now accountable – you have a quota. In other cases, you may not yet have direct accountability, but you know it's coming. In both cases, the pressure is enormous. If, as a CMO, you believe neither of these scenarios apply to you, pull your head out of the sand.

Seasoned CMOs can see the vision for marketing becoming the economic and growth engine for the company and use the strategic MO capability to drive this vision. This dedicated structure ensures that technology and data play a key role in marketing and that marketing plays a key role in the business. With a marketing operations function in place, the CMO's ability to drive credible revenue results and business transformation is enabled and amplified.

The Role of MO in Supporting the Digital Transformation for the Company

When the MO function moves from enabling digital marketing to helping to enable digital transformation across the company, it requires running marketing more like a business. Marketing is often a key element in a company's plan for a digital transformation as marketing has been involved in all things digital for quite some time.

B2B customers now require a B2C experience. As consumers, we have incredible control over how, when, and from whom we buy. Amazon has spoiled us all with their fanatical customer focus expressed in a ground-breaking business model. We all use Amazon because it makes our lives easy. Order groceries, household products, gifts, clothes, etc., it's on your door step the next day. The selection is huge, prices are great, comparison shopping is easy, and I can do it all while watching TV.



Our B2C experiences shape our expectations for all of our digital interactions, and this includes how we transact business and build relationships in the B2B world. This tsunami of expectations has moved “digital transformation” from being a marketing initiative to now being a company initiative. This distinction is important. Think back to the early days of marketing automation. Marketing began to use technology to provide better qualified leads to sales. This involved understanding the buyer journey and “conversing” or “engaging” with the customer with the right message as they progressed on this journey. This was very much a marketing focused initiative.

Fast forward to 2018, and the term digital transformation is now a company-wide initiative. Every firm with an ounce of sense and instinct for survival is reviewing how digital transformation can affect their business. CEOs view technology as a key element in their company toolkit to help engage, woo, win, and keep customers and in that process, drive growth and margins. The MO group is the nexus of knowledge, experience, capabilities, and relationships when it comes to implementing a digital transformation in customer

interactions. A strong MO group is not only fundamental to the transformation, they are best positioned to provide this value across the organization, not just to marketing. This broader business-based perspective enabled by MO, and their knowledge power, gives the CMO the much sought after “seat and voice at the table.”

The Role of MO in Customer Intimacy with Digitally Empowered Customers

In 2017, I observed an important shift in go-to-market strategies for quite a number of companies. They began to pivot from a product focus to a customer focus, especially in B2B organizations. This evolution has been fascinating to watch for two reasons – the pivot is being forced on companies, and marketing has a power play in this change.

The Forced Pivot

Let's address the elephant in the board room. The B2B world seems to be doggedly focused on product centric strategies to the detriment of customer focused strategies. I've worked with many marketing departments who had to message based on product because that is what the company expected and mandated. However, as the customer continues to assume greater command of the vendor/client relationship in the digital age, companies are now being forced to pay attention. The first 60% to 70% of the buying journey is now spent with marketing, not with sales, and yet customers expect that same customer centric behavior they get when they engage with sales. The four Ps brand of marketing is no longer appropriate when prospects can research and rate all of their options online. As a consequence, it is more difficult for firms to differentiate solely on the basis of the product or service. They must compete on the entire customer experience in their interactions with the firm, and marketing operations has accumulated the most experience in making that happen.

The first 60% to 70% of the buying journey is now spent with marketing, not with sales

Customers and prospects want you to understand them and their specific business pains. If you don't, they are one click away from your competition. With the customer increasingly in the driver's seat, companies are being forced to pivot away from product only strategies to now embrace customer engagement strategies.

The Marketing Power Play

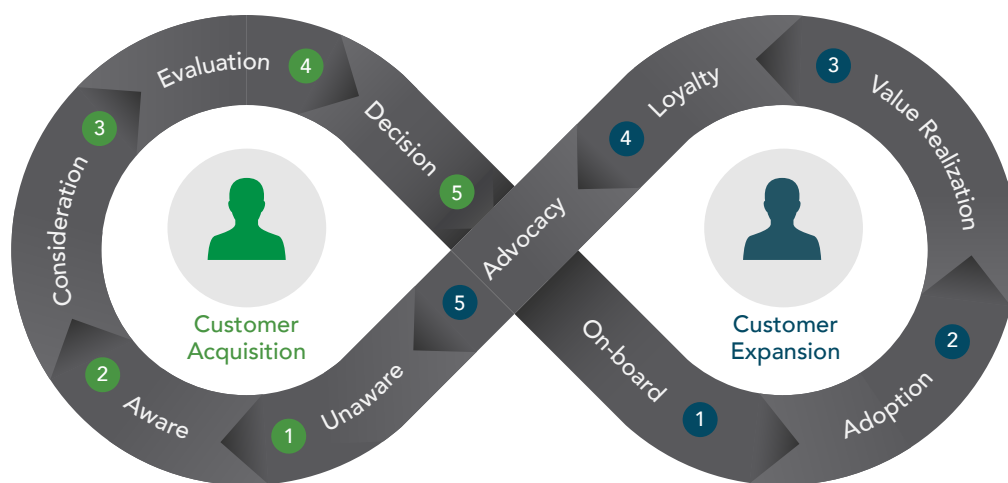
Who is in the best position to engage and interact with prospects and customers as they navigate their buyer journey? Nope...it's not sales. It's marketing, specifically marketing operations. Few parts of the organization own as much data about prospects and customers as marketing. Yet, this data often sits unused and forgotten. Marketing is literally sitting on a goldmine of customer information that, if properly mined and analyzed, can help a company make better decisions in just about every part of the business. Marketing is in a power position to be the ultimate internal advocate and voice of the customer.

One View of the Customer

While all three market changes are powerful, the pivot to customer focus is the most recent and more urgent as more and more CEOs get on board with the idea that the customer is in control. To further empower the MO team in leading this pivot, we have defined an easy-to-use model called TPG ONE. You can use this model as the basis for all conversations within marketing and with all customer-facing employees in your company to help define that single view of the customer.

The criteria for the TPG ONE model follows:

- It must drive the firm to be customer-centric, not product-centric
- It must enable all functions that interact with the customer to leverage the same model – marketing, sales, and support
- It must support metrics and analytics on performance of all supported functions and enable accountability of their leaders
- It needs to capture where the buyers are in their journey so that organizations can adapt and coordinate their behavior towards the buyer based on their buying journey stage and thereby offer better customer experiences
- The model should enable assessment of investments in technologies, processes, data, people, and content at each stage of the customer journey. In this way, marketing, sales, and support can all coordinate and balance their respective investments in the context of acquiring new customers and expanding existing relationships



TPG ONE - Customer Journey Map™

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As you review this simplistic model, what strikes you? How about the whole new world on the right side of the model that represents customer expansion? This side depicts how marketing to current customers yields additional expansion opportunities. How much time do you spend on the right side of the model? If not much, you might be missing huge revenue impact opportunities.

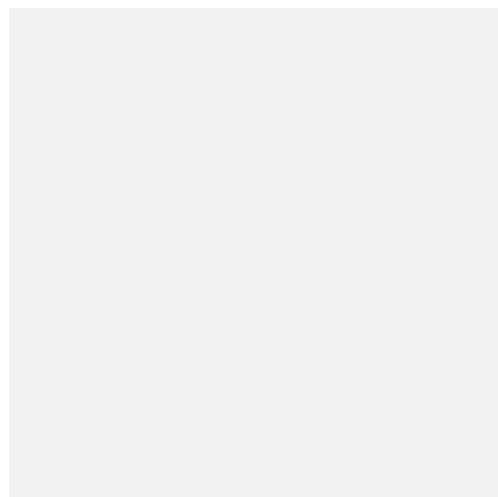
Strategic marketing operations helps marketing look at the entire customer life cycle as a set of opportunity choices driven by business goals, not actions of the past. If revenue is your number one priority, you may have a bigger impact in customer expansion. If customer engagement is a larger priority, you may need to help create engagement across the entire customer life cycle. If customer engagement for net new customers is the primary goal, focus on customer acquisition is key. The key take-away is your goals drive where and what you do in this model.

Marketing Operations Roles and Structure - Classic

The strategic MO function is characterized by leadership, vision, cross-functional value-creation, and transformation through operations. Much more than button-pushers and techies, a strategic MO function becomes a strategic function. As the MO capability matures, the MO leader must modify the organizational structure to operationalize current and future marketing strategies and goals. Nothing says commitment like an organizational chart, and we all know how challenging it has been to develop a dedicated MO function. It is no longer good enough to have someone semi-dedicated to MO, not to have a charter, or not to have a plan. Our experience shows that when companies have a dedicated, fully developed MO structure, marketing makes that full transition from being a cost center to a revenue generator, drives growth, enables company-wide digital transformation, and leads the pivot to customer intimacy. As we look into 2019, we will see managers spending a lot of time designing the MO function so that they can achieve their goals. What does the organizational chart for the basic and for the strategic MO department look like?

The Basics

The charter of any basic MO group is to drive efficiency and effectiveness through technology and process optimization that results in marketing attaining specific revenue goals. The basic functions include management of marketing technology and data as well analytics and reporting. The organizational structure includes a Director of MO who reports to a VP of marketing or operations. Direct reports include a marketing automation admin, an analytics and reporting person, and a data czar. This organizational structure represents the early days when technology and its effect on marketing was just emerging. The five basic capabilities include a technology capability, a data management capability, measurement/analytics/reporting capability, process capability, and execution capability.



Basic capabilities and functions in this MO group include:

Technology Capability and Functions

- Use the platforms
- Integrate systems
- Recommend improvements
- Optimize systems
- Educate users
- Partner with Sales Ops

Data Management Capability and Functions

- Maintain data
- Analyze systems
- Optimize information

Measurement, Analytics and Reporting Capabilities

- Develop metrics
- Analyze data
- Basic budgets
- Report routinely
- Deliver key insights

Process Capability and Functions

- Segment data
- Campaign efficiency
- Manage leads
- Best practices

Execution Capability and Functions

- Technical QA of Campaigns
- Manage projects

Marketing Operations Roles and Structure - Strategic

Beyond the basic MO functions, a more sophisticated and strategic set of functions are emerging in the MO group. They include roles related to:

- Market drivers of accountability, digital transformation, and customer intimacy as well as roles in the areas of:
 - Process re-engineering
 - Demand generation
 - Running marketing like a business

Roles from Market Drivers

Accountability does not necessarily imply a new position on the org chart, but it does imply new skills. The MO leader is now charged with acting, walking, and talking like a VP of sales. It's now about achieving the number, and the MO leader must push this accountability down to every level of her organization. In addition, new roles include project management (for projects in and out of marketing), annual planning and budgeting (establishing and managing), and pipeline management.

New roles for the MO team in digital transformation center around data insights and cross-functional collaboration. As marketing ops is now working with other company groups tasked with overall company digital transformation, working with data across the customer life cycle is critical. More data scientists are required.

In terms of customer-focused responsibilities in MO, there must be someone tasked with the obsessive collection, analysis, and sharing of key prospect/customer insights. This role will also be responsible for gathering other sources of prospect/customer data to include in the analysis. Collaboration and knowledge management will be essential skills.

Key Process Roles

If the charter for an MO group includes efficiency and effectiveness, it must be achieved not only through technology optimization, but process optimization as well. Seeing the MO group begin to re-engineer key marketing processes such as lead and campaign management with a customer-focused strategy has been an awe-inspiring event. I spoke with a VP of Marketing Ops about why he thought the MO group was so much better at process work, especially the oft-debated lead management process with sales. His response was, "We don't have a negative lead history with sales, and we have data to back up what we say and do." When the MO groups lead the charge on recrafting the lead management process, it also results in an improved campaign process. Now that the lead process is bought into by all stakeholders and the technology is in place to ensure compliance and results, understanding when, where, and how campaigns can be optimized becomes a piece of cake. Plus, what marketing department doesn't want an MO group that is constantly advising on how to improve performance?

Adding processes to the mix for the MO group is best organizationally represented by a dedicated process role (think lean manufacturing). So many processes in marketing and between sales and marketing are broken, and thus sub-optimized, that this role makes sense. In addition, calling out the importance of process re-engineering through a dedicated role demonstrates the importance of process optimization.

Yes, I said demand generation. In about half the MO groups I work with, the demand gen function is held in the MO group. This seems to be mostly related to a lack of talent on the demand gen side of the house. Having demand gen in the MO group has pros and cons. The pros include a seamless process and the cons include lack of more general marketing and creative skills. This is a huge hot button in organizations.

Run Marketing Like a Business Roles

Roles to add to the org chart in this scenario include an Office of Project Management, a Vendor Manager, and a Budget Manager (usually the head of the MO group).



Marketing Operations Structure and Roles - The Next Generation

All of the already mentioned roles reside on an MO team that operates separately from the sales operation team. One of the most fascinating changes I saw beginning in late 2016 was the combining of the marketing and operations functions into one organization. This new structure has lots of different names - SMO, Smarketing Ops, or SMOPS – and, in my opinion, represents the next evolution in Revenue Marketing that is customer focused. Not only does SMOPS substantially improve revenue growth, it also creates a clear line of sight to the entire customer life cycle thereby facilitating real customer focus and customer engagement across the organization. This line of sight also enables a flawless experience for your customer across every part of your organization.

With all the goodness brought about by a SMOPS organization, what are the various roles and responsibilities? Where does SMOPS come from and how does it differ from having separate sales and marketing operations organizations?

A Unique Marketing Operations Structure - SMOPs

The key responsibility of a SMOPS organization is the optimization of technology, process, and data to drive more revenue. Sounds like something any singular ops group might do. I've seen this as the charter for many marketing ops groups and certainly many sales ops groups. The twist is that SMOPS takes a holistic perspective to optimize technology, process, and data across the entire customer life cycle. This responsibility and approach is a game changer for any organization.

In addition to the broader approach, how SMOPS executes on technology, process, and data is also unique. The number of technologies used by marketing has grown exponentially over the last few years. It's now common for a small marketing department to be using 15-30 different pieces of technology. Given this new tech reality, selecting, implementing, integrating, and optimizing the tech stack is a critical role of the SMOPS team. The same might be said for the separate sales and marketing operations groups. The twist is that now one team is looking at the tech stack for both marketing and sales and for any part of the organization that touches the customer. This tech stack is integrated and operationalized around a single and complete view of the customer life cycle. This is the tech stack on steroids.

With one consolidated tech stack now in play, the SMOPS team becomes a master of process. The massive inefficiencies brought about by trying to work across functions run by different leaders with different agendas and different goals disappear, or are at least greatly minimized, in a SMOPS organization. Instead, a single function works under one charter to make quick and decisive changes that result in vast improvements in efficiency and effectiveness. Rather than having bickering and infighting over who owns what and when and how changes can be made, the SMOPS team serves as the neutral party using data to make better process decisions.

A Unique Marketing Operations Structure - SMOPs (continued)

The third responsibility of a SMOPS team is all things related to good data and clear insights. Given the line of sight to the entire customer life cycle, the SMOPS team has access to data that creates a holistic picture of client behaviors, wants, and needs. This type of insight, when provided in almost real-time, helps the entire organization adopt a true customer focus and make better decisions.

There are reams of studies in both the professional and academic world that demonstrate how a customer focus helps a company gain competitive advantage, especially in highly competitive markets. Yet, it is amazing to me how many companies I see who “talk” about customer focus yet fail to operationalize the strategy. This is what is so exciting about the SMOPS organization – it is the way to operationalize a customer focus strategy. Now, that’s a twist.

SMOPS Derivatives

In conversations with SMOPS leaders, there seems to be two main types of SMOPS derivatives – either marketing ops takes over sales ops or sales ops takes over marketing ops. For marketing, it begins with a need to get their hands on the administration of the CRM system in order to do more effective reporting and to make changes more quickly in response to the business. For sales, it begins with the need to apply a revenue lens to the entire customer life cycle. One other derivative I’ve seen is having the SMOPS group report to the COO. Regardless of where the function resides – reporting to sales, marketing, both, or the office of the COO, the benefits of the combined function is stronger than maintaining siloed functions.

How SMOPS Differs from Siloed Organizations

In many ways, companies today have digital strategies based on revenue and customer engagement but have yet to fully operationalize these strategies with the right structure. Current siloed structures represent legacy thinking that will not work in our “always on” world. As long as these siloes continue to exist, teams will struggle with responsiveness, change, data, insights, politics, and power – all at the expense of the customer and gaining competitive advantage for the firm. Combining key operational elements of sales and marketing to create one, complete line of sight to the customer is a game changer. These customer life cycle operations groups might be extended to customer support, engineering, etc. The breadth and depth of analysis and response in an almost real-time context differentiates the SMOPS team from siloed organizations. As far as revenue achievement, SMOPS leaders are all about the numbers and see their organization as the best way to make it happen.

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