

# Going Digital

Marketing leadership in the B2B sector





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### FINDINGS AT A GLANCE

- 1** Digital technology is forcing B2B companies to rethink how they go to market and how they serve their customers. Traditional approaches to marketing are no longer up to the task.
- 2** The status and skills of marketing in many B2B companies are often well below what they need to be. As new channels to market open up, companies need new marketing skillsets to exploit them effectively.
- 3** B2B companies are seeking out transformational leaders who will be tasked with building marketing capability that can address the challenges posed by digital disruption.
- 4** The dynamic between companies and their customers is changing: customers demand more transparency around products and services, while companies have more data about their customers' behaviour and expectations.
- 5** Under the right leadership, marketing is well placed to lead innovation by harnessing data analytics and fostering a customer-centric culture.
- 6** Successful B2B marketers have strong influencing skills and the ability to collaborate effectively across R&D, sales, IT and finance functions in order to drive innovation.
- 7** While it is tempting to look for the next generation of marketing leaders in B2C businesses, B2B companies should proceed with care — it takes a fully rounded marketer with a broad mix of skills to succeed in the B2B environment.
- 8** B2B companies that choose to upgrade their marketing capabilities must have the will to see through the necessary cultural change and provide full support to their marketing leaders rather than simply paying lip service.

## OLD ATTITUDES

During our interviews we heard numerous examples of companies where the prevailing view among senior management was that marketing didn't add value, operated only at a tactical level, was subservient to sales, and made little impact on the business. One executive said that marketers were "seen as billboard makers"; another that the contribution of the marketing team was limited to "corporate vacations, trade shows, catalogues and manuals".

A clear tension exists between sales and marketing in many B2B companies. As one marketing director put it, "At management level, marketing is seen as shaping the strategy; however sales still controls behaviours and actions in the company. There really is a battle going on and we are going through a change process to position marketing in the company differently."

Some industries are slower than others to adapt to change, according to one senior executive. "The competition within [our] industry is not big enough to force rapid change. The barriers to entry are high and hence there are very few players. The executives don't see the change coming because they have not grown up in this new transparent world. They don't know their end consumers."

Lack of customer orientation is one of several challenges facing marketers seeking to bring about change. Others include limited competitive analysis and market perspective, poor differentiation, a fragmented digital strategy, lack of global cohesion and an unsophisticated understanding of the brand.

Traditional attitudes to marketing are clearly still holding back some businesses. In the words of Pietro Gorlier, chief operating officer components, Fiat Chrysler Automobiles Group and CEO, Magneti Marelli, "Transition is always a delicate time in an organisation because the challenge is to merge the fine traditional culture of the company with the creation of a new culture, more connected with the present times and challenges, but at the same time the evolution in customer behaviours means you can no longer postpone the change."

For more on the CMO as change agent, see page 8.

The role of marketing in the B2B sector is undergoing profound change. Once the poor relation to sales, and with little credibility in the eyes of management, marketing is shifting its focus from the tactical to the strategic and starting to add value in ways unimaginable even five years ago.

The principal impetus for this new era in B2B marketing is the advent of digital technology, which has the potential to transform everything from product development and sales to customer service and even the business model itself. B2B companies are starting to understand what B2C businesses have known for a while — that focusing on customer experience and brand engagement are critical, and that in the right hands big data management and analytics are powerful catalysts for commercial growth. What's more, as new channels open up, B2B companies recognise that transparency is essential and along with it the ability to fully differentiate products and services.

B2B companies are realising the importance of upgrading their marketing function in order to take advantage of its many potential benefits. However, for marketing to deliver significant value in a B2B business, the right leadership must be in place, alongside a commitment to creating a shift in the organisational culture. This often means bringing in a change agent to lead the function, someone with influencing skills who can think strategically, build a team with the right set of skills, deliver operational effectiveness, and demonstrate how marketing investment leads to commercial impact.

To understand how marketing is changing in the B2B sector we interviewed 17 CEOs, heads of HR and marketing leaders about the challenges they face. In this report we explore the skills and attributes necessary for effective B2B marketing leadership and advise companies on how best to upgrade their marketing function and to integrate talent from different sectors.

# Disruption is everywhere

The emergence of new digital tools is the principal catalyst for the B2B marketing revolution.

Digital technology is changing the nature of the relationship between businesses and their customers, who expect greater transparency on everything from product information to pricing. As companies improve their online presence and information becomes more readily available, customers are becoming more self-sufficient — less reliant on distributors and traditional sales relationships and better equipped to make decisions autonomously. This disintermediation creates both opportunity and complexity for B2B businesses. As end-users are demanding to know more about the products and services on offer, businesses are effectively becoming B2B2C which means adapting their marketing and communication strategies to this new reality.

Marketers are embracing the new discipline of product information management, ensuring that websites are continually improved and updated, and that accurate and consistent information is available across every platform.

“In the new digital world you cannot have misalignment and inconsistency anymore, as customers can see your approach across markets,” says Bruno Constans, formerly VP marketing & strategic programs of Ingersoll Rand and now group head of marketing at transport and logistics group GEFCO. “They can learn a lot about your products through the web, and often know even more than your distributors or installers. This has huge consequences for marketing, which becomes a real provider of data on the outside world and a key player in channel management.”

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“B2B doesn’t exist. Engage with people not businesses ... it’s people making a decision so it’s always B2C.”

JUUD TEMPELMAN, JLL

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To Karine Pruneau, deputy marketing director, Compagnie de Saint-Gobain, the most significant change brought about by digital is that businesses are not so much B2B as B2B2C. “What has emerged in the last few years is that we now have access to the end consumer right over the head of the distributors and tradesmen. But we also need to be able to communicate in different ways to each of these constituencies who remain critical in our value chain.”

These developments have forced marketers to develop a more sophisticated channel strategy. “It used to be that no one really cared how the product was distributed as long as it was a good product,” says Constans. “Marketing was purely focused on how to reach the market. Now it is even more focused on which market to reach.”

#### **The business partner**

As the distinction between marketing and commercial activity blurs, the CMO has to be results-oriented. The CMO must make a convincing business case for marketing investment and be capable of taking on the mantle of chief commercial officer.

#### **The strategic thinker**

Armed with information about the market environment, competitive forces, shifting patterns of customer behaviour, and opportunities arising from digital technology, the CMO has to bring strategic vision and strategic planning skills.

#### **The analyst**

A CMO must be intellectually curious, conceptual and pragmatic, with a facility with numbers and a strong grasp of how to harness data to drive insight and innovation.

#### **The change agent**

An evangelist and an influencer who can communicate the marketing vision effectively to different audiences, from the board and senior management to engineers, sales people and customers.

#### **The integrator**

A team player with the personality to build networks and bring together the knowledge and skills of different functions, motivating them to collaborate, often internationally and in complex matrix settings. Able to transform good ideas into results and convey a convincing message across the entire value chain.

#### **The customer's champion**

Ensuring that the customer's voice is heard in every decision and taking advantage of new tools that facilitate new, high-margin service offers that are key to any B2B business. Equally at ease communicating product and service benefits at both technical and emotional levels.

#### **The leader**

Setting a vision for the function. He or she will develop, acquire and orchestrate marketing talent and strike the right balance between a creative and analytical orientation.

## SEVEN KEY ATTRIBUTES OF A B2B MARKETING LEADER

# With data comes influence — AND INNOVATION

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“Companies have to be more transparent. Interactions are more free flowing and informal. There are so many touchpoints and so much information.”

JUUD TEMPELMAN, JLL

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Engineering and technology lie at the core of many B2B businesses. While marketers don't have to be engineers, if they are to be credible and effective they need intellectual curiosity and a strong affinity for the product. Massimo Bordi, CEO of Maschio Gaspardo, which manufactures agricultural machinery, emphasizes the point: “In our business, it is crucial that marketing has the technical and functional knowledge of the products and services we provide.”

In such a technical environment, it is therefore natural for marketing to take ownership of data analytics, using the flow of information to create leads, segment customers, and observe and learn from their behaviour. The new digital world makes it possible to measure almost everything. Decisions that were once intuitive are now far more fact-based. Hans Geesmann, a sales, marketing, communication and PR executive in the B2B industry, is clear about the primacy of data: “Take your experience of emotional marketing and add the power of argument and numbers to help your chief sales officer. Branding strategy comes later.”

For Dominique Manzoni, deputy marketing director B2B at Electricité de France (EDF), taking ownership of data analytics “gives marketing a natural role in an organisation that was traditionally technically focused. As competition increases, our key challenge is to use all this data and customer knowledge to increase innovation.”

The digital transformation has also boosted marketing's role in innovation. “We used to innovate from technical capabilities only, whereas now we have consumer insights and bring innovations that consumers want,” says Eddy van Blanken, group marketing director of Vandemoortele International N.V., a food ingredients manufacturer.

As marketing uses data to make a compelling case for greater customer orientation in the business, so it needs to build influence by collaborating effectively with other key functions, especially IT, R&D and sales. To some extent, these functions are converging. Uwe Holland,

vice president marketing F&B Europe (part of Ecolab Europe GmbH), an industrial cleaning, sanitation and plant hygiene services business, describes how marketing can be an enabler of innovation by leading cross-functional co-operation: “Change agents are the opinion leaders and in our company these are the sales and application guys. You need to get their buy-in, take them to a pilot client, explain new technologies, be with them when visiting clients. We had a new IT programme to measure hygiene data that failed because the client did not know how to use or benefit from it. We totally changed the approach and went to see the client with a mixed team of R&D, quality, marketing and sales. We explained it clearly and demonstrated the proper implementation to their production people. Now the client has re-implemented the solution and launched it successfully in other production facilities — sales are impressed.”

In addition to sales and R&D, the senior marketer must develop a strong relationship with the IT function in order to harness the power of digital tools and data analytics, exploit new channels and develop a more personalized customer experience. A more customer-focused, digitally sophisticated approach to marketing requires a change in the way IT interacts with an increasingly demanding marketing function. IT needs to develop a strong business orientation and an agile approach, learning new development platforms and design methodologies in order to build the right marketing tools and turn prototypes around quickly. It may be necessary to bring some IT expertise into the marketing team.

Similarly, it is important for the CMO to develop a good understanding with senior finance colleagues. Obtaining the resources necessary to drive change can be challenging, especially if finance is sceptical about the value that marketers can contribute. “The finance people sometimes thought that because it was digital it would actually cost less,” says Pruneau. “In fact, digital marketing is simply a more effective way to use the same marketing budget. And if you see digital marketing as a transformative tool you should actually be spending more money than before. We still send out hardcopy catalogues, so in fact our budget can increase because we still have the legacy costs.”

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“Technology is fundamentally changing B2B marketing. We are now using social media to promote aluminium.”

TOLGA EGRILMEZER, SAPA

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“Marketing is the holder of the brand proposition — the embodiment of the group purpose, experience, ethos and culture.”

MILES KING,  
FORMERLY ARUP GROUP

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## CMO as change agent

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“If marketing doesn’t hurt, you are not doing it well”

BERTRAND BAUCHARD,  
SDMO INDUSTRIES

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There was consensus among our interviewees that the marketing leader is an important agent of change in a B2B organisation. “Change management is absolutely key,” says Bertrand Bauchard, director, marketing at SDMO Industries, an electrical equipment manufacturer. “The CMO needs to know how to syndicate his ideas because it is a very transversal role. However, you do not gain traction by imposing your view — you have to bring people round to your way of thinking.”

One of the ways marketing leaders can establish their credibility and influence is by closely monitoring trends in the marketplace and actively supporting the business as it adapts to an evolving environment. Carlo Malacarne, CEO of Snam, an Italian integrated oil and gas business, recognises the critical role that marketing can play in his organisation. Snam is reshaping its role in the European energy system and shifting from a simple domestic view to an international approach. “We will need to be even more flexible and proactive in adapting our vision to a changing framework. This requires experience and deep awareness of the business we operate in, but also a specific ability to stay ahead of the curve.”

For many of the leaders we interviewed, their principal role as change agent is to be the voice of the customer inside the business. Developing a customer-centric culture can be difficult, however, especially in industries where the product itself is highly technical or customer solutions are built around complex engineering. “Given our long history and deep engineering culture, our natural bent tended to be focused on the technical solutions, sometimes at the expense of highlighting customer benefits sufficiently,” says Manzoni.

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“Marketing is a communication job ... be a constant, open-minded change agent”

UWE HOLLAND,  
ECOLAB EUROPE

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In such a fact-based culture, data analytics can come to the rescue, providing the hard evidence to challenge preconceptions and shake complacent views about customer behaviour and loyalty. “We need to understand where our customers are learning on their own prior to making a buying decision and establish whether we are present where their learning is taking place so that we can influence their decision,” says Guido Antoniazzi, managing director of heating element and system manufacturer Zoppas Industries S.p.A.

In some parts of the B2B sector, it is not enough to change your own organisation's view of the customer — change management has to involve the entire value chain. This is an even greater leadership challenge. Manfred Stanek, former chief commercial officer and corporate vice president of strategy at Novelis, an aluminium rolling and recycling business, cites an example of where success depended on transformation across the value chain. Today, the body panels of Ford's crown jewel, the F150 pick-up truck, are no longer made of steel but aluminium. This move was championed by Novelis and required strong vision from the then CEO of Ford, who had worked with the lighter metal when CEO of Boeing.

But ultimately the plan was about the customer, who was persuaded by lower running costs and a reduced environmental footprint. However, as Stanek points out, not every attempt to transform the value chain works as well as this. "The biggest challenge in B2B is value chain resistance to differentiation." The more elements in the chain, the more competing expectations, the harder it is to effect change, and so the pressure falls on marketing to show how each element of the value chain stands to benefit.

## Advice for B2B companies seeking to attract a CMO

**Where should we look?** It depends on what the business needs, for example when looking for someone with strong digital capability, a customer experience expert, a proven innovator, don't limit your search to the same industry or sector. However, do be especially vigilant about the cultural fit of candidates from a B2C background.

**Do we want evolution or revolution?** Be clear about what kind of person you are seeking. Much will depend on the elasticity of the business. If the CMO is brought in with a strong mandate and the clear backing of the CEO, then a revolutionary may be appropriate. In a different type of company, with multiple, established power bases, a more gradualist, consensus-building approach may be what is required.

**How do we attract the right person?** Be prepared to place the CMO on the executive committee. This will send out positive signals and demonstrate that the company fully embraces the value that marketing can bring. Avoid a situation where marketing reports into sales. This will make it very difficult to achieve cultural change.

**What is the right approach to compensation?** Many accomplished marketing executives are yet to be persuaded of the possibilities and career benefits of joining a B2B business, and in all likelihood you will have to be prepared to consider a pay differential to get them on board, particularly if you are seeking an experienced digital marketer.

**How do we make them successful when they arrive?** Put careful thought and plenty of resource into the onboarding process. Thereafter, ensure that the CEO and the rest of the senior executive team support the appointment and give overt, practical support to the CMO.

# Building the marketing team

No chief marketing officer can drive change singlehanded, so building a team with the right capabilities is critical. Many CMOs in B2B companies concentrate on upgrading the skills of their existing team, although bringing in outsiders is valuable both to plug missing expertise and to introduce a fresh outlook. According to Malacarne, outsiders bring a “view from the outside and a different way of thinking that encourage a natural renovation process, thus enriching our vision”.

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“Senior leadership commitment from the top is key.”

TOLGA EGRILMEZER, SAPA

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The skills that marketing leaders seek will vary depending on the nature of the business and the level at which marketing currently operates in the organisation. However, one of the top priorities is to build capability in data analytics and to develop digital marketing skills, such as the ability to exploit new digital channels, devise apps and create an effective social media presence. CMOs of B2B companies are also looking to hire digital project managers, as well as experts in customer experience and channel strategy. Brand development skills are also in great demand as companies focus more attention on brand management and reputation.

CMOs must think carefully about where to look for the skills that are lacking in their organization and how they assess candidates to ensure cultural fit. Poor cultural fit is the most common reason why newly hired executives fail in their first year and so it is vital to understand how a marketer coming from a different sector is likely to align with the existing culture. Applying insights about culture to critical leadership decisions is one of the most effective ways to reinforce the elements of culture that are working well and evolve those that are not. If aspects of the culture are preventing the organization from responding effectively to marketplace changes, it helps to determine whether a new senior hire will be able to play a role in shaping the desired culture.

When hiring from outside, CMOs must be alert to the danger of tissue rejection — especially common when the new arrival comes from a B2C role. For some B2C marketers, the transition to a B2B setting can be a bridge too far. “Hiring outsiders usually depends on the particular challenge and the timeframe for dealing with it,” says Gorlier. “In a situation requiring short-term measures, the solution is often internal because it eliminates the acculturation process. However, in the case of more strategic projects it is not only entirely valid to seek out new, unbiased players, but much needed to create discontinuity. Integration is not necessarily easy and it is very important to understand how adaptable the newcomers are. You may want them to be disruptive, but you mustn’t underestimate the difficulties of fitting into a consolidated culture.”

Fostering a training mindset among members of the team is particularly important because good teachers are needed to help spread the marketing message throughout an organisation. The most effective marketers are not just persuasive communicators, but are also able to break down walls between functions.

### 1. Be comfortable with your reporting lines

Reporting to anyone other than the CEO or COO will inhibit your strategic influence and your opportunity to create impact across the organisation.

### 2. Insist on a thorough, holistic onboarding process.

Participate in the design of your induction so that you get to know product specialists, R&D and key account managers, and involve yourself in multi-functional projects early on. Get on the road to understand the range of channels and customer needs. For more on this topic see the following Spencer Stuart publications: *Executive onboarding: Is there a right way?* and *Successful onboarding: Beyond a check-the-box approach*.

### 3. Keep an open mind and stay flexible.

Don’t imagine this will be less difficult than B2C marketing. There will be a lot to learn and you may find marketing sits on the fringes of the

business, rather than at the centre. Be willing to develop your skillset, especially around analytics, technical knowledge and change management. Drill deep into the business — put on safety shoes and a helmet. Remember that the customers are likely to be very different from those you are used to (anything from production sites to distributors to installers) and have a range of agendas, including maximising their own financial performance.

### 4. Focus on a few achievable goals.

There will be a multitude of requests and projects, so think carefully about your vision and concentrate on where you can really create value. This is easier if you are close to the business units rather than isolated in corporate HQ.

### 5. Understand all the stakeholders.

Depending on where your business lies in the value chain, there will be more stakeholders than you think, both internally and externally. You will need help navigating that minefield.

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“Nothing is sacred.  
Everything can be  
disintermediated.”

CHARLES DOYLE, JLL

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## ADVICE FOR ASPIRING B2B MARKETERS — FROM LEADERS WHO HAVE MADE THE TRANSITION

## Conclusion

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“I would like to see marketing focused more on technology opinion leaders and leading the future evolutions of products/solutions.”

ALBERTO GALANTINI,  
GE GRID SOLUTIONS

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Marketing has historically been a support function in B2B businesses, but with the advent of digital it has started to assume far greater importance. In many organisations it is already a sophisticated and commercially influential contributor to the business. We believe that marketing’s role will continue to grow, that the CMO is the right person to guide the organisation through its digital upheaval and that the leadership choices organisations make in this regard will be critical.

These decisions will be informed by three factors: business strategy, appetite for cultural change, and a clear understanding of what marketing skills the company needs in order to effect change and achieve strategic goals. More and more companies are seeking guidance to determine whether their business needs a specialist in digital, data analytics, customer experience or brand management — or all of the above. They are conscious that they need to act before losing key ground to competitors, many of which are moving through the digital revolution at a faster pace and creating genuine differentiation in the eyes of their customers.

There are many great marketers who can help transform B2B businesses, but identifying, hiring and retaining the person with the right mix of experience, skills, intellectual depth and temperament takes a sustained commitment from the business and its senior leadership.

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