

Changing Places

THE CHALLENGES AND BENEFITS FOR
CMOS OF MAKING A SECTOR TRANSITION

SpencerStuart

CHANGING PLACES: THE CHALLENGES AND BENEFITS OF MAKING A SECTOR TRANSITION FOR CHIEF MARKETING OFFICERS

EXECUTIVE SUMMARY

WHAT BUSINESSES ARE LOOKING FOR

Businesses of all types are increasingly open to looking outside their own industries for the best marketing talent. They do this for a variety of reasons, for example to force a step change in the marketing function, to bring a more disciplined, analytical focus on the consumer, to develop the brand, or to disrupt entrenched thinking and broaden the marketing vision.

WHY CMOs MOVE SECTOR

This trend presents resourceful and talented senior marketers with an excellent opportunity to create an impact and accumulate experiences that will further broaden their careers. We interviewed 39 CMOs and a few senior hiring managers to hear their first-hand experience of making the transition. We found that CMOs have multiple reasons for changing sector, including the desire for personal development, the opportunity to take up a new challenge, and the drive to make a difference. CMOs who have been through the experience report that their understanding of the marketing function and what it is capable of has been amplified by working in a new sector.

THE EXPERIENCES THEY NEED

Marketers best equipped and qualified to cross into a new industry are those who make a deliberate effort to move out of their comfort zone, stretch themselves and take the occasional risk, perhaps through an international assignment, participating in M&A activity, or working on a cross-functional team. Such activities teach an individual how to learn, adapt and influence in different environments — key determinants of success for any transitioning marketer.

CAREFUL PREPARATION IS ESSENTIAL

There are, however, plenty of risks associated with changing sector. In order to maximize the chances of success, a range of personal, cultural and commercial obstacles need to be navigated. This requires careful preparation and adopting the right attitude, especially in the early stages of the new role. Few CMOs ask all the right questions or fully grasp the implications of a transition.

ADOPTING THE RIGHT MENTAL ATTITUDE

CMOs changing sector encounter obstacles which are usually linked to relationships (winning over doubters and securing organizational alignment) or industry knowledge (adjusting to new business models and an alien culture). These obstacles can best be overcome by adopting an attitude of humility, respectful listening and careful observation, combined with a thorough onboarding process.

ONBOARDING FOR CMOs IS NOT GOOD ENOUGH

Unfortunately, the value of induction is often overlooked; too many CMOs have to fend for themselves in the early stages of a new role. If we have one message to leave with CMOs and their employers, it is that serious effort should be channelled into a carefully devised onboarding programme that provides the newcomer with the broadest exposure to the business and sets him or her up for success.

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INTRODUCTION

While most marketers spend the majority of their careers within the same industry, opportunities exist for the talented and ambitious to apply their skills and experience in sectors they have not worked in before.

Spencer Stuart's global Marketing Officer Practice has been placing CMOs into new sectors for many years for clients on every continent. In 2010 alone, 30 per cent of our placements involved a cross-industry move, over twice the global average for CMO transitions. We believe that industry transitions among top marketing executives are likely to become more common in the future as businesses cast their nets wider in search of marketing talent that can bring in fresh thinking and innovative practices.

In our experience, tenure among CMOs who change sector can be quite short. The cost of failure is high — for both CMO and employer — and can be avoided in most cases with the right combination of forethought, preparedness and a clear understanding of the challenges involved.

Building on our experience of placing CMOs into new industries and advising them during their first 100 days, we decided to interview CMOs from around the world to understand more about what motivated them and the companies that hired them. We spoke to 39 CMOs who between them have made well over 50 cross-sector moves during their careers. We were curious to hear of their experiences, both good and bad, and to identify the traps that CMOs and employers can fall into. We also wanted to establish the skills and traits, both personal and professional, that CMOs need to possess when moving from one industry to another.

CMOs who have transitioned successfully into a new sector have found the experience both daunting and exciting; they say that their lives and careers have been enriched as a result. Those who struggled were either faced with situations they had not bargained for, were not properly prepared, or had been recruited by companies that were not fully committed to the transformation or failed to back their new hires.

Talented marketers relish new challenges, but when they take the risk of leaving the industry where they have built their careers and moving out of their comfort zone they need to understand how to maximize their chances of success. There are plenty of personal, cultural and commercial obstacles to overcome. Most of these have to be navigated on the job, but their negative impact can be reduced by careful preparation. However, as they reflect on their transitions, few CMOs believe that they had asked all the right questions or fully grasped the implications of the transition before taking the plunge.

Arriving as an industry newcomer, nothing is quite as it seems from the outside. The purpose of this study is two-fold: first, to help senior marketers think through the implications of moving sector and to help them and other senior managers prepare for the change; second, to encourage employers to ask themselves and CMO candidates the right questions, and to do everything in their power to help the people they hire succeed.

We are grateful to the many CMOs and senior management executives from North America, Europe and Asia Pacific who shared their experiences with us so that marketers of the future can equip themselves to make bold career moves with confidence.

WHY COMPANIES LOOK OUTSIDE THEIR SECTOR FOR MARKETING TALENT

Recruiting an outsider into a key marketing role can be precisely the catalyst a business needs to reinvigorate itself or change the focus of its marketing effort.

Businesses have many different reasons for broadening their pool of marketing talent. They may be stagnating, losing market share, changing strategic direction, or moving into new markets. They may have identified a specific skills deficit, for example in brand management or social media expertise, that could not be solved by recruiting from within the industry. Or they may want to accelerate growth and drive a step change in performance but do not have the right transformational leaders inside the organization.

“At some point, most organizations benefit from the cross-fertilization of knowledge and experience. Bringing in new thinking can be refreshing and create breakthroughs”

The four most common reasons companies look outside their sector for marketing talent are: first, to create a more commercial, strategically focused marketing function; second, to bring a more disciplined, analytical focus on the consumer/customer; third, to build the brand; and fourth, to disrupt entrenched thinking and broaden the marketing vision — in short, to be a change agent.

Nearly half of the transitions in our study involved a move from fast moving consumer goods (FMCG), with companies seeking, in the words of one CMO, “someone from hard-core marketing”.

Sandeep Kataria, who left Unilever in the UK to become CMO of Yum! Restaurants International based in India, says that his employer was looking for a marketer “who knew how to build and nurture brands; they believed they could teach me their business.”

Charlotte Johs, vice president marketing EMEA at Logitech International, brought critical expertise from the consumer goods sector at a time when technology was becoming increasingly accessible to greater numbers of people. “Logitech wanted a new approach to customers, to gain knowledge and insight into consumer behaviour.”

Jeroen Pietryga, now director of marketing at Dutch retailer Albert Heijn, was hired from P&G to “oversee a quality drive that could only come from a renewed customer focus; marketers happen to know best how to handle that.”

“Sometimes it makes sense to favour global experience over industry knowledge”

Companies are not always clear about what they are trying to achieve by looking for talent outside their sector. A senior marketing executive who joined the healthcare sector observed that the company “didn’t know what needed to be done but they knew whatever was being done wasn’t enough. The organization hadn’t really thought through why they were looking for this transition. It was a question of the candidate defining the role rather than the role defining the candidate.”

By contrast, DineEquity, the corporate parent and franchisor of the Applebee and IHOP restaurant brands, took a highly structured approach to boosting its marketing capability. A formal, talent management process implemented over a three-year period identified the key marketing/brand building competencies required to differentiate the two brands within the crowded restaurant space. Once identified, leadership examined whether these critical skills could only be found within the restaurant industry or if the needs could be more effectively addressed by looking to the non-restaurant marketplace. One example was in the area of social media. “We discussed what the relevant characteristics of a non-restaurant company would look like and who might have skills we want, “ says John Jakubek, DineEquity’s SVP, Human Resources.

“We identified where people are playing in similar environments, even though they may not have had restaurant industry experience, and thought carefully about the leadership competencies required to be successful here. We were careful not to define the position profile using restaurant terminology.” On the brand management side, DineEquity concluded that since consumer packaged goods develop great “classic marketers”, they needed target potential candidates with CPG training. In addition, they actively searched for marketers with relevant experience in the hospitality, gaming, hotels and cruise line industries.

Our experience of placing CMOs into new industries has taught us that the companies that hire them have one thing in common: they seek new external perspectives, new ways of thinking and new marketing disciplines that will deliver competitive advantage to their businesses.



WHY CMOs MAKE THE TRANSITION

CMOs decide to change sector for a variety of reasons. These include the need for personal and professional development, the urge to do something new and challenging, the lure of an irresistible commercial opportunity, the promise of intellectual stimulation, or the desire to go somewhere where they can make a greater impact.

Riccardo Casalino left P&G to become senior marketing director of eBay International after some careful and systematic planning. “I considered what I enjoyed doing the most, what my skills were, and how could I play to my strengths. I also researched extensively into other companies, via my network and mentors. Eventually, I had a fairly good idea of the kind of job and organization I wanted to be part of.”

Jody Bilney has made at least three significant cross-industry shifts in her career. She worked in telecoms, financial services and software before taking up the position of chief brand office at OSI Restaurant Partners. Each move broadened her outlook, but each had an element of risk attached. “I wanted to accumulate a set of experiences. The best CMOs have led, grown and managed businesses through various stages of lifecycles. Each move requires a certain ‘leap of faith’.”

“When you move out of FMCG a lot of constraints fall away and you discover who you really are”

Leslie Dance, Eastman Kodak’s director of worldwide brand marketing and communications, previously worked at Motorola and then Burberry having made it an early priority to broaden her experience. “I went from PR into public affairs and issues management in order to build my capabilities and expertise in many areas. I didn’t want to be pigeonholed early in my career.”

CMOs with a pioneering spirit are driven by a quest for adventure. Amanda Mackenzie, CMO of Aviva, the world's sixth largest insurance group, joined the company from British Gas because she saw "a chance to change a global brand name, to set up a global function and be the first woman on the executive team."

Many CMOs changing sector are seeking to free themselves from a predictable, narrowly defined career path — "the need of renewal, of starting something from scratch, finding a new impetus and interest in my job." Sholto Douglas-Home, group marketing director of Hays, previously worked in telecoms, non-profit and media businesses. His rationale was that "if you stick to a single sector there's a danger that you're not challenging yourself or you're perpetuating the same ideas and processes."

Ian Mackay moved from Coca Cola to Tabcorp Holdings in Australia, a diversified entertainment group, having reached a point "where I wanted to pursue something that I had a unique passion for and could excel in. My training in a big multinational corporation had given me a terrific grounding."

Many of the CMOs we spoke to had spent their formative years with one or other of the multinational FMCG companies, acknowledged by employers around the world as "training grounds for great marketers". Nevertheless, some of these CMOs had felt they were in danger of becoming "professionally obsolete" and were keen to move into a different environment. Frank Hohmann moved from Wrigley to become director, marketing and strategic development at Goodyear Dunlop Tyres in Germany. "The relative importance of the marketing function in blue-chip companies (including FMCGs) has evolved over the years — many believed it has declined," he says. "I have a passion for cars and this move gave me the chance to broaden my profile and do something that complemented my previous experience. I guess this additional experience will increase my longer-term career options."

Other CMOs we interviewed were tired of operating within rigid, bureaucratic structures which left little room for entrepreneurship. Geoff Cottrill relished the freedom he found as CMO of Converse after a career in the FMCG sector where "it's impossible to get anyone to say 'yes', and it's even more impossible to get anyone to say 'no'."

Cottrill was not alone in opting for a less structured environment. He and many others were drawn to nascent or dynamic growth industries, where they would have greater room for manoeuvre and an opportunity to create a vision, build a team, put new capabilities in place and make an impact. Alain Riveline, who moved from P&G to Paris-based vision care business Essilor International, wanted to find a project where he could bring value and use what he had learned in a new context. “I remember I had just read John Sculley’s book *Odyssey: Pepsi to Apple* and was inspired by this example of turning a technical device into a consumer friendly innovation. I found the structured P&G approach was useful in a new environment — it helped me to articulate the thinking and set priorities.

“Learning a new industry is definitely hard work at the beginning, but it can also be extremely rewarding and is not as difficult as people think. The principles that you apply are basically the same regardless of industry”

Crossing into a new sector is not a prerequisite for a successful career in marketing, but CMOs who have done so testify that exposure to different industries has helped them understand marketing in a broader context, magnifying their understanding of what marketing is capable of. As one CMO put it, “the best marketers are general business people.” The more points of reference CMOs have, the more effective they will be in the businesses they serve.

There is a further clear benefit of moving sector. With each successful transition marketers increase the number of potential roles that they might be considered for in the future. Marketers with cross-sector experience are in limited supply and the demand for their talent increases accordingly. As they distinguish their career profiles from most of their peers, they are likely to benefit from increased levels of compensation and greater career flexibility.

What CMOs say

ABOUT SOME OF THE BIGGER CAREER LEAPS

“Moving from packaged goods into a services business such as retail banking is a huge change. Banking is operationally complex, reliant on thousands of customer service people in bank branches to deliver the brand. This is completely foreign to the CPG specialist.”

MANISHA GUPTA, AXIS BANK, INDIA

“Moving into the IT industry brings a CMO into potential conflict with R&D over budgets. IT companies are not used to investing in the consumer experience. In an innovation-driven business, the three months to launch a new product is short notice to make a marketing campaign and gain immediate first benefits from consumers.”

CHARLOTTE JOHS, LOGITECH INTERNATIONAL, SWITZERLAND

“I think it’s always going to be easier if you can stay within a sector! However, I’ve always felt that the most difficult transition would be moving from the advertising agency to client-side. I have only ever seen people struggle with that initially, and for that matter the other way. It’s a high fence to jump.”

IAN MACKAY, TABCORP HOLDINGS, AUSTRALIA

“If you go from FMCG to another sector, you must realize that the world does not revolve around marketing. The greater the difference in the level of development of marketing in a company, the greater the switch. You really need to want to shape that change.”

JEROEN PIETRYGA, ALBERT HEIJN, NETHERLANDS

“Moving from FMCG into telecoms gave me a chance to experience double-digit growth rates. Moving out of such a structured set-up has broadened my horizons. I like the flexibility that is required in the telecom industry due to the short product cycles, which means that you can only plan ahead a maximum of 12–18 months. Consumer goods companies tend to think in terms of a three-year cycle.”

ROBERT STYPPA, SONY ERICSSON, GERMANY

“Transitions most likely to succeed are those where the cultural differences are manageable — for example, I’d be more culturally stretched in a family-run national business, as opposed to a US multinational corporation.”

RICCARDO CASALINO, EBAY INTERNATIONAL, SWITZERLAND

“For good marketers no transition is too great. The principles of marketing are universal.”

ROSANNA IACONO-GAGLIARDI, JURLIQUE INTERNATIONAL, AUSTRALIA

QUALITIES NEEDED FOR A SUCCESSFUL TRANSITION

Having assessed thousands of senior marketers and observed their progress over many years, we have analyzed the traits they need to possess in order to be successful crossing industries. These can be categorized under four headings: experience, attitude, functional excellence, and leadership.

EXPERIENCE

CMOs who started their careers in advertising or consultancy find themselves at an advantage when moving industry at a later stage in their careers. They will have gained valuable experience analyzing different industries, understanding their dynamics, and offering objective advice to clients.

International experience also has its merits, exposing individuals to a range of unfamiliar cultural experiences and forcing them to adapt to different ways of thinking. Phil Chapman, who moved from T-Mobile to become group marketing director of Kerry Group, believes the empathy and cultural flexibility he developed over 20 years inside Unilever prepared him well for two industry moves later in life. “I was always willing to move within the company during a period when different business units and geographies had their own personalities. This took me from the UK to Dubai, Singapore, Egypt and Eastern Europe. Adjusting to new environments became second nature.”

“After FMCG you have to be much more resourceful and imaginative”

Other experiences that prepare CMOs for transitional moves include an active involvement in joint ventures and acquisitions, and establishing a track record of working in different functions or leading cross-functional teams. The further you go in a single industry, the harder it can be to make a transition. However, it is quite possible for marketers to benefit from a variety of experiences in one industry, or even in a single

company, providing they make a deliberate effort to move out of their comfort zone, stretch themselves and take the odd risk.

ATTITUDE

Approaching a transition with the correct mindset is critical. The types of experiences outlined above help marketers broaden their points of reference, encouraging them to become more resourceful and open to different points of view. However, there are many other qualities that marketers need to possess if they are going to achieve an effective career transition.

Fiona McAnena, who moved from Pepsi to health insurer Bupa as global brand director describes the most important attribute as “confidence coupled with humility”. You cannot rely on your own knowledge; whatever experience you bring to the post must be calibrated with a thorough understanding of the new environment. There is a great deal to learn in a new company, let alone a new industry, and the ability to listen, absorb and learn from others will yield infinitely better results than going in with a pre-set plan. “The new CMO will feel exposed at times; you may not have a sponsor and so you have to be comfortable

LEARN, ADAPT AND INFLUENCE — THE TRANSITIONING MARKETER’S MOTTO



From our experience recruiting top-notch marketing executives, we have witnessed first-hand what it takes to not only hire, but also to retain, a “best athlete” marketer — someone who possesses not only a strong skill-set, but also the ability to learn, adapt and influence in new settings — regardless of industry experience.

Examples of prior “learn, adapt and influence” experiences include the following:

- > International assignments; the ability to adapt to a new culture, do business in new ways and forge relationships
- > A series of rapid promotions/projects, showing that the executive can adapt quickly and learn new business scenarios
- > History of successfully moving from one company, one product or one industry to another
- > Cross-functional training assignments
- > Combination of sales and marketing assignments
- > Crisis management experience
- > Prior general management consulting experience on a range of client projects requiring rapid action and close collaboration with senior executives

occasionally saying stupid things and making a few mistakes. What matters is that you are hungry to learn,” says McAnena.

“It would be very interesting to see the correlation between transition success and ego levels”

Dermot Boden has made three substantial transitions in his career, most recently becoming chief brand officer at Citigroup. His early career was spent in the pharmaceutical industry, from where he moved to LG electronics as CMO, becoming the first foreign C-level executive in Korea. Aside from cultural curiosity, he identified three attributes that have served him well: “Since you cannot move into a new industry and start making dramatic changes you need patience; because you need to demonstrate where you can make a difference you need confidence; and in order to understand what people are really telling you, you need to be willing to offer your early thoughts (with humility), allow and encourage debate, and have the ability to listen.”

Intellectual curiosity and learning agility help accelerate the process of familiarization, but these need to be coupled with an ability to adapt skills and style to the culture of the company. Self-awareness and flexibility are vital in order to be able to make adjustments and compromises in a new setting; so is the ability to get across your point of view as you start to assert yourself in the role. The respect you will have gained by listening before taking action will serve you well.

FUNCTIONAL EXCELLENCE

CMOs need to bring a range of marketing skills to their new roles and be able to demonstrate a high level of technical ability. “You need a deep toolkit that spans advertising, promotions, PR, digital, a knowledge of how to acquire customer understanding and the ability to build a brand framework,” says Mary Miller, who moved from Pillsbury to Best Buy before becoming CMO of PetSmart.

However, CMOs need to be sensitive about how they apply their technical know-how in a new business setting. Aidan Lisser, who moved into the financial services sector from a career in Unilever, observed that that “too much analysis and structured thinking can be a negative within a

less marketing-immersed culture,” which is not to say that these skills are not still useful if adapted with care.

CMOs are often hired for particular competencies that are in short supply in the industry, but they may need to strengthen their teams in other areas as well. Several CMOs referred to the growing importance of digital and social media and the difficulties in addressing this rapidly evolving arena: “Everyone is searching around trying to pretend they understand and have an answer. Some of us CMOs of a certain generation will pretend we’ve got our fingers on the button, but I don’t think anybody has. Clearly, having some technical ability and experience in this area combined with other sound marketing skills will set you up brilliantly for a transition,” says Lisser, CMO of Investec Wealth & Investment Ltd.

“The EQ factor is critical if you want to survive in a new culture”

LEADERSHIP

In a new environment that can sometimes turn hostile, CMOs need to be able to demonstrate strong leadership qualities, for example the ability to evangelize and communicate to very different audiences and the vision to identify business needs and mobilise people to solve them.

Building a strong team is seen as a crucial element of building credibility and a sign of good leadership. “You are only one person,” says Roger Adams, who moved from General Motors to Home Depot before becoming CMO of United Services Automobile Association (USAA). “Being able to assess, develop and recruit talent, change the approach to hiring if necessary, and build a team that can execute the vision is one of the most important legacies you can leave the company.”

Interpersonal skills — especially the ability to build excellent relationships and influence others through clear and concise communication — are essential for any CMO with the courage to move into a completely new sector. Peter Haug, who moved from T-Mobile to become marketing director of BMW Netherlands, ranks the art of persuasion as a critical leadership skill for a transitioning CMO. “You need to question the status quo, but then be able to explain quickly why things need to change, and why this will be better in the short term.”

EVALUATING THE OPPORTUNITY

The importance of due diligence cannot be over-emphasized. We make a point of advising senior marketers that while it may not be possible to turn over every stone, thorough research pays dividends. Apart from talking to as many people inside the company as possible, much can be learned from reading what industry observers and analysts have to say, both about the company and its place within the broader industry.

Before arriving at eBay, Riccardo Casalino undertook “extensive research on the company, its history, challenges, strategies, leaders, and much more. This helped immensely.”

Nina Bibby worked in FMCG and the hotel industry before joining Barclaycard as global CMO. She thought carefully about how the industry was changing and whether that change would be interesting. “I was fascinated by the impact technology was having on the sector and how consumers were interacting with these changes.”

“Make an honest assessment of your strengths and weaknesses, know what you are up against, and be clear in your mind that you are ready for the challenge”

During the interview process it is worth trying to establish what the ramifications of appointing an industry outsider will be internally and how ready the organization is to transform itself. Understanding the CEO’s vision and whether there is alignment around it really matters. The CMO’s chances of success will be significantly reduced if he or she is being asked to lead significant change in the company’s marketing operations without the existence of some kind of cross-functional change programme.

Cultural fit is particularly important. An FMCG expert may be uncomfortable joining a business that does not revolve around marketing, just as the instinctual marketer may find a highly regulated or data-driven environment too great an adjustment. On a more personal level, Leslie

Dance of Eastman Kodak finds it essential to understand women's place inside an organization, "especially when the C-suite is all men who have been in place for many years. You've got to get a sense of whether the culture fits with who you are and whether you can operate within it."

Geoff Cottrill, CMO of Converse, sees the interview process as key to evaluating whether an opportunity is suitable and worth pursuing. "The candidate is interviewing the company every bit as much as the company is interviewing the candidate. It's amazing what you can learn about a company by asking the same question of 10 different people."

SOME QUESTIONS TO ASK WHEN CONSIDERING A TRANSITION

1. Does the company have a clear strategy that I can help support, reform and deliver?
2. Is the culture compatible with my values and principles?
3. What are the common threads between my current sector and the new one?
4. Do I believe that the brand can evolve and become significant?
5. Am I comfortable with how big a stretch it will be to work with this brand?
6. What authority will I have over budgets and talent acquisition?
7. Is there broad alignment about the role of marketing?
8. Who are my champions beyond the person who is hiring me?
9. Do I know who supports this external appointment, who is against it and why?
10. Exactly what are the expectations of me? Is there a realistic timeline?
11. Am I completely clear about my goals? How will my success be measured?
12. Will the experience contribute positively to my career progression and value in the market place?
13. Is this a one-way ticket? How easy will it be to return to the industry I know if this move does not work out?

OVERCOMING THE OBSTACLES

The difficulties faced by CMOs who transition across sectors fall into two main categories: relationships (winning over doubting colleagues and securing the alignment of the organization) and industry knowledge (understanding the nature of the industry, business models and culture).

Most of the obstacles CMOs encounter are internal. CMOs are often surprised to discover a radically different perception of marketing from what they are used to. Establishing credibility and building influence are important in any new job, but CMOs moving to a new sector are more likely to be faced with prejudice and skepticism. The fact that they have been recruited from outside the industry sends a signal to those inside the organization that change is afoot, so some degree of defensiveness is to be expected.

“The biggest obstacle is your peers within the new business accepting you and the knowledge that you bring,” said one CMO after entering an sector that rarely hires from outside. “People in this industry think marketing is just getting your coloured pencils out — it takes time to convince them that it is a real discipline rather than just a hobby.”

Another CMO had to work hard to convince the engineers in her company that marketing was a serious function — a real business driver — and that it deserved to have a seat at the table. Previously it had been no more than a support function.

“The biggest obstacle is your peers within the new business ...”

Gaining the trust of peers early on is clearly vital. In companies that don't place a high value on marketing, it can be rather an abstract term. The only answer is to deliver results and show colleagues that they have a partner who can be relied upon. “‘Trust me’ did not work. ‘Prove it’ worked,” says Mary Miller, CMO of PetSmart.

Thomas Lukowsky, director, market management at Allianz Deutschland, moved into the insurance business having worked in a number of different sectors with P&G, McKinsey, Vodafone and Telefónica. “The internet access, digital platforms and insurance businesses all dealt in abstract products. These involve long-term, contractually based customer relationships, something that people who come from FMCG often have difficulty mastering. At McKinsey I had learned to understand new business models which proved invaluable.”

“If you just shut up and listen you will get on more quickly”

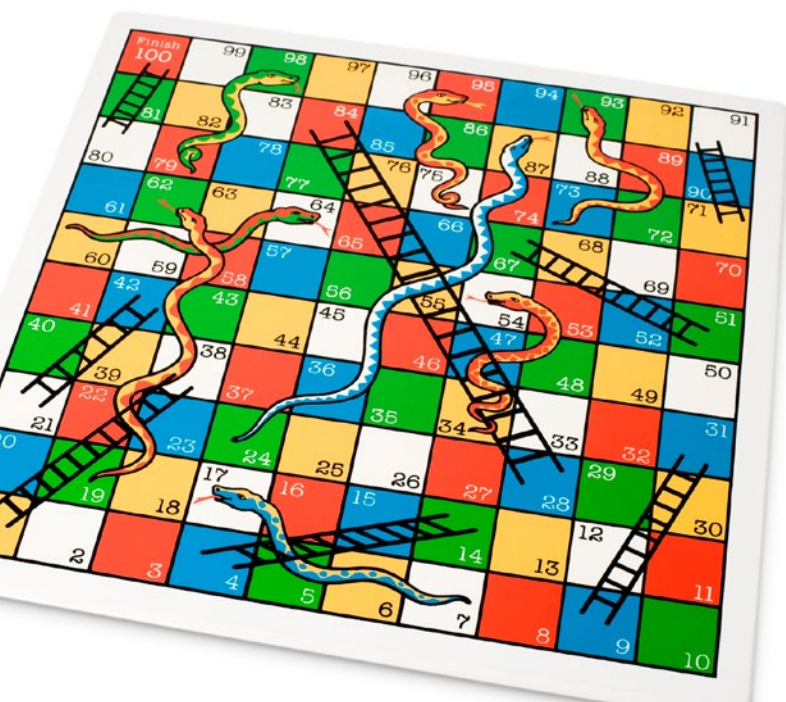
Monika Schulze left her brand development role at Unilever to become CMO of Zurich Gruppe Deutschland, part of Zurich Financial Services Group. The challenge she got from the CEO (also her mentor) was to develop a customer-centric angle to the business, while building credibility and learning the business. Thorough analysis of the market, market research and identifying customer insights were the tools on which she based her success. “In this industry it is important to acknowledge that the end customer and our agents and brokers all play an important role. Having a thorough understanding of the needs of our sales people helped me to build a network quickly and be accepted by the business.”

While it is essential for a new CMO to have the unambiguous support of the CEO, this alone will not suffice. The CMO needs to be as collaborative as possible and establish early on whether there is widespread internal enthusiasm for any change the CEO is seeking. If not, the CMO must avoid getting isolated, but instead be able to rely on the CEO to align expectations among senior colleagues, define what success should look like, and be clear about where marketing is going to add value.

The early stages of a transition can be tense. One CMO who moved from FMCG into the telecoms sector described the first few months as follows: “You are the alien; you have got everybody looking at you. They don’t know what branding is, they don’t know what you are talking about a lot of the time. It’s even harder if you are walking around with handcuffs because you don’t have right team around you.”

In addition to building relationships with peers and assembling the right team, CMOs must be smart about accumulating industry knowledge. The terminology is often baffling and the business model foreign. John Batistich moved from Wrigley to Westfield Group, an international property group based in Australia: “I had to be very cautious. All I did for four weeks was have meetings with as many people as I could muster and ask them four simple questions: What’s working? What’s not working yet? What’s missing? What’s possible? I recorded everything because I knew my insights were going to be most accurate early on.”

Very few obstacles are insurmountable, however. CMOs who approach the task thoughtfully and with respect for those around them will enjoy getting up to speed and gaining credibility in a completely new environment even faster. “Changing industries is not for the faint of heart,” says Jody Bilney of OSI Restaurant Partners. “The language is different, the centre of gravity is different, but you come in with a transferable base of skills. You have to be OK with being dumb again. It is always exciting.”



ONBOARDING — A WAKE-UP CALL

As part of our ongoing support for the CMOs we place into new roles, we emphasize the importance of a thorough and tailored onboarding process. However, it is generally our experience that the induction of CMOs who transition into a new industry is at best inadequate, at worst non-existent. With a few honourable exceptions, companies seem to give far too little thought to onboarding senior-level marketing recruits, and few if any special arrangements are made for those coming in from outside the sector.

“I was like a lost puppy. I had to figure things out and find my own way”

The situation is baffling. As one CMO remarked, “no businesses hires for failure or the status quo.” So why would a company that goes to the trouble of searching far and wide to find the right CMO who can bring fresh energy and vision to its marketing function not put every effort into providing a thorough and detailed induction? The only plausible explanation, apart from simple neglect, is that companies either genuinely do not know what to do with the outsider, or they take the view that new hires at the C-suite level should be left to sink or swim. The latter is particularly dangerous and counter-productive.

“Inductions have always been extremely disappointing experiences,” said one CMO. “My view of the best induction is ‘let them drown’. No company I’ve ever worked at has truly got the induction process right.”



We heard a number of horror stories of CMOs being made to feel unwelcome, not being introduced at meetings, or being asked to make decisions without any briefing or context. “I just had to work it out for myself,” said one. “There was no programme as such, just the CEO’s personal patronage.” Another told us that “in retrospect, I would have been successful quicker had I structured my own onboarding.” Yet another is convinced that his employer saw the lack of an induction programme as some kind of test: “They only wanted people who were

highly adaptive and able to float around within the company’s culture, so they absolutely would not help me prove I was that person.”

Fiona McAnena, global brand director of Bupa, believes that individuals need to take responsibility for their inductions. “People inside any organization can be myopic; they don’t know what’s business-specific to them, they don’t know what’s category- or industry-specific. As a result, it’s genuinely difficult for them to give you the sort of induction you need. So it’s up to you to have the confidence to say, ‘I need a really thorough briefing in the basics, for example how do we make money in this business?’”

“When you come into a new company you spend time listening. But to be told to keep your mouth shut for six months was difficult to do — in retrospect I should have ignored that advice”

Sholto Douglas-Home, group marketing director of Hays, believes that CMOs need to use their ingenuity and be proactive about making the induction process work for them. “I’m sure some companies do it really well, but I don’t think anyone lays it on a plate for you —ultimately, you’ve got to learn the business yourself; you’ve got to put yourself around.”

THREE EXAMPLES OF EFFECTIVE ONBOARDING

NIKE

“When I was there, Nike had something called apparel school or footwear school, depending on which part of the business you go into. For 10 full days you follow an SKU from inception through to sale. You get a thorough understanding of the complete supply chain including every stage of product creation. It is particularly targeted at people who have come from other industries.”

ROSANNA IACONO-GAGLIARDI, CHIEF BRAND OFFICER,
JURLIQUE INTERNATIONAL PTY LTD

LOGITECH

“The key success factor was allowing me time to understand the product, industry and organization. They gave me time to integrate, understand and form my opinion before expecting me to make recommendations

and start taking action. I was able to meet colleagues in Europe and get easy access to anyone I asked for.”

CHARLOTTE JOHS, VICE PRESIDENT MARKETING EMEA
LOGITECH INTERNATIONAL S.A.

YUM RESTAURANTS INTERNATIONAL

“Yum has a very strong and structured induction programme that helped me make a seamless transition. They did two things very well: First, to help me understand the business they took me back to basics, made me work in a restaurant for several weeks, including as a shift supervisor and restaurant manager. Second, a lot of time with several senior leaders at the HQ in US and in India was built into the first 90 days orientation plan. This really helped build connections and gain “know-how”. Our global CEO took out several hours to talk me through the unique company culture and the India opportunity. The India MD went out of his way to help me integrate personally into the Yum family — we probably spent as much time on the personal front as on the professional in the first few months.”

SANDEEP KATARIA, CHIEF MARKETING OFFICER
YUM! RESTAURANTS INTERNATIONAL (INDIA)

SECRETS FOR A SUCCESSFUL INDUCTION

1. Work closely with HR to develop a structured induction programme tailored to your background and experience.
2. Start by gaining a deep understanding of how the financials work, where the levers are, how the company makes money. Make that your “true north”.
3. Spend time on the frontline, for example as a retail associate or listening to customer service calls.
4. Spend as much time getting to know team members to discover their aspirations and frustrations, and to test out their capabilities.
5. Spend time with peers from every key function in the business to understand how marketing can relate to them most effectively. Be an ally to them.
6. Avoid talking about your previous organization, but talk instead about your past experiences.
7. Talk to customers and partners of the business.
8. Make a conscious effort to learn the language of the business; being able to use the right terminology and understand conversational nuances is crucial.
9. Equip the CEO, CFO and CFO to tell the marketing story and reinforce the message with staff at every opportunity.
10. Focus on understanding the brand DNA.
11. Find a mentor, ideally a senior peer who is not the CEO, someone trustworthy who supports the change and has been around for a while.

SUGGESTIONS FOR COMPANIES HIRING OUTSIDE THE INDUSTRY

Before looking outside their industry for senior marketing talent, companies need to have a definite sense of what they want to achieve. Surprisingly, this is often not the case. In order to attract the best CMO candidates, they must be able to articulate their vision and state clearly why they are looking for a new perspective. The reason behind the decision to look externally may go deeper than any one individual can solve, as Phil Chapman, group marketing director of Kerry Group, points out: “If a radical overhaul in marketing is needed, I would be surprised if a series of other actions weren’t needed to make the change work. For example, what are the likely changes that might be needed in other functions to make it work? If these things aren’t thought through, you are lowering the chance for success.”

When presented with candidates, companies need to fully understand what motivates the marketer. It is easy to assume that a CMO willing to transition into a new industry is confident and self-propelling, courageously determined to take up a challenge, develop themselves and follow a passion. Just occasionally the marketer will be running away from something and it is important to find out if this is the case.

“Companies need to understand that marketing is part art and part science, and ask themselves whether they are willing to live with the ambiguous aspects of it”

Moving into a new sector requires a range of qualities described earlier in this report (see Qualities needed for a successful transition). Companies should give careful thought to which of these qualities the candidate possesses, whether he or she has the strength of character to pull off such a move, and how they will cope with any obstacles. Companies can do a great deal to soften the landing by communicating its reasons for making the hire internally, creating alignment among the leadership team, providing a thorough and tailored onboarding programme, and generally setting the CMO up to succeed.

QUESTIONS COMPANIES SHOULD BE ASKING WHEN RECRUITING FROM OUTSIDE THE INDUSTRY.

1. Is the organization ready for change?
2. Are we willing to support the marketing function with resources and the time of senior executives?
3. What will the reporting and organization structure be?
4. What is the compelling reason for hiring from outside the sector? What are the pitfalls?
5. What are we going to need to do as an organization beyond simply hiring a new CMO?
6. What role does marketing play in our business strategies and our operating model? What role do we want it to play?
7. Are we clear about the skills sets and competencies we need? (i.e. core skills, interpersonal influence, broad functional leadership ability.)
8. Which sectors other than our own should we target?
9. How are we going to judge the track record and potential of a candidate from another industry?
10. What is motivating this person to leave the world they know for our industry?
11. What does this person know about us and how different we are?
12. Do they have the agility and personality to build, align and motivate a team and then work with them to succeed?
13. Are they collaborative? Will they listen? Will they be able to secure the backing of their peers?
14. Is there anything about this candidate that may annoy people or get in the way of what they are being brought in to do?
15. How do we integrate this person into our culture quickly? What is the best possible induction programme we can prepare?

IN THEIR OWN WORDS

WHAT CMOS HAVE LEARNED FROM MOVING ACROSS SECTORS

“I get the best out of myself when taken outside of my comfort zone.”

“Marketers today should be more experimental with their careers: how many people these days spend 20+ years in one place?”

“Even with alignment, unexpected management changes can occur, in which case you have to be prepared to start evangelizing all over again.”

“Learned that need to quickly assess and build the right marketing talent at the top and middle management levels.”

“My transition confirmed my fundamental belief that marketing skills are easily transferable from one sector to another. The real difficulty lies in cultural differences and preferred managerial styles, not in applying what I had learned in FMCG.”

“You need to earn peoples’ trust and respect for your professional kind of qualities rather than impose yourself and your ideas on others.”

“Marketing works best in partnership with other key stakeholders rather than an isolated unit that comes out with its magic potion. You have earn the respect of the various functional heads and prove that you understand what they’re about.”

“When you focus on the consumer, egos fade away. It’s no longer about your point of view or my point of view; it all comes down to what the consumer thinks and that’s the great shift for some businesses.”

“When I was building up my team I took a lot of people from other parts of the bank. I have hardly recruited externally at all. So nobody can say that marketing does not know how things work because I have people who have come from the field.”

“Moving to a company in transition I am not the only one doing different things. People are open to change because they see change happening everywhere, and this helps them to accept new teams, new ways of working.”

“I learned to talk to the CEO and the finance community in their terms, using their terminology — that was very important. You need to know who everybody is and what their goals are and then talk to them in their language.”

“This switch has taught me that I am able to do things that are not dependent on a place or a person. It has also taught me that there are many ways for companies to be successful.”

“People who have grown up in the sector don’t necessarily have a conceptual framework for thinking about it. A good CMO is going to help people look afresh at what they are doing and different ways of solving problems.”

WHAT CMOS WOULD DO DIFFERENTLY

- > Conduct more due diligence on my new company and future colleagues.
- > Talk extensively to a board member for a different source of information.
- > Find out what was in the CEO’s mind. I didn’t ask enough questions about why they wanted to hire me.
- > Involve my staff more in establishing the marketing culture and vision; to achieve your goals you always have to work through others.
- > Put more emphasis on the human factor, and reach out to the top 100 people
- > Be quicker at assessing marketing talent at every level.
- > Build relationships outside my business unit.
- > Use at least 20 per cent of my energy formally onboarding myself .
- > Be more relaxed and adjust expectations. I wanted to do things too quickly initially.
- > Work hard at keeping up contacts with former colleagues I had been close to. I probably jettisoned those people too quickly.
- > Broaden my contacts throughout my career and gain a better understanding of sales.

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