THE 10 BIGGEST MISTAKES MARKETERS MAKE

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EXECUTIVE SUMMARY

Does marketing lack influence and stature in your organization? Is marketing misunderstood and underappreciated? Do members of your company's executive team—along with your peers throughout the organization—fail to see the connection between marketing and the cash flowing into your company's coffers? If you are like most marketers we talk to, key players in your organization view marketing as merely a tactical communications tool to build awareness and consideration for the company's products and services. They don't view you as a true strategic partner. Result? They underutilize you, preventing you from delivering maximum value for your firm. Stop whining. You can turn this situation around by correcting misperceptions of marketing's role in generating cash. How? For starters, understand and avoid the 10 biggest mistakes marketers make:

1. Handing off leads to sales—and then forgetting about them. Too many marketers think their job is done when they deliver a stack of leads to the sales group. But unless you agree on what constitutes a qualified lead and help sales manage the lead pipeline (including moving potential customers toward done deals), you can't turn hot prospects into cold, hard cash.

2. Failing to speak the language of business. It's great that you've strengthened brand awareness or increased click-through on your Web-site banner ads. But unless you translate those achievements into business language used and valued by top management, executives throughout your firm won't make the mental connection between your marketing efforts and cash flowing into the company. For example, when talking with your CFO, don't say "We've increased click-through in our online advertising campaigns." Say, "We've used click-through to accelerate inventory turnover rate and enhance return on your company's assets"—two achievements that spell C-A-S-H and financial results to any executive.

3. Using metrics that don't matter to top management. Your mastery of business language isn't complete until you define and track performance metrics that matter to your executive team. That means identifying your firm's cash sources (such as new customers and share of wallet within categories) and dominant business model (for example, margin, velocity, or leverage). And it means demonstrating how each of your marketing activities ultimately affects these cash-flow drivers. To do so, don't be shy about making assumptions, as all business functions do. But be clear when you are making assumptions, and attach a financial value for the risk you incur.

4. Living in the marketing silo. When managers from different functions don't communicate about their most pressing challenges and important initiatives, they start working at cross-purposes—and treating customers inconsistently. Result? Frustrated customers defect to rival companies that give them a seamless experience. To retain customers—and turn their loyalty into profits—you need to replace silos with bridges of collaboration spanning your company's functions. The best way to become a silo spanner? Bring an understanding of your customers inside the company.

5. Using ad-hoc marketing processes. There are many ways to carry out marketing processes, such as building brands and segmenting markets. But if you don't select a consistent and transparent approach for each process—and communicate that approach to peers throughout your organization—you'll never be recognized as reliable and professional, like finance and operations, and you'll spawn profit-sapping confusion. For example, how can your firm develop and launch new products that score a hit with customers if you segment markets based on the benefits customers are seeking—but R&D segments based on product features? It's not important that you select any specific method, as what works in marketing for one company may

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6. Letting R&D shoulder all the risk. Developing new products is risky business: Companies invest hugely in R&D—yet a disturbing number of new offerings fail. Boost your company's chances of launching money-making hits by helping to reduce the R&D team's risk, for both breakthrough innovation and more marginal product line extensions. Secrets include assisting R&D in targeting the most promising markets and identifying products that offer unique value—and desired benefits—to consumers.

7. Ignoring your company's business model. Companies use different business models—ways of bringing in cash. By identifying the business model your firm uses, you can more easily develop marketing strategies that support the model. For example, if the dominant model used in your organization is velocity—rapid turnover of inventory—then your marketing strategies will probably include low pricing and aggressive promotions.

8. Swallowing fads without gauging their cash-flow potential. New opportunities—in the form of innovative technologies, vendor services, and corporate best practices—may look enticing. But if they don't help you generate more cash for your company, you may end up wasting a lot of money by investing in them. Solution? Evaluate each opportunity through a cash-flow lens; for example, asking, "How will this new software help us increase our cash flow or more accurately determine marketing's impact on cash?"

9. Failing to market marketing inside your organization. As a marketer, you regularly cultivate your company's brand so customers know what the firm and its products stand for. You can (and must) draw on these same skills (including persuasive communication and smart decision-making) to build a brand for marketing inside your organization.

Identify and promote what makes marketing unlike any other function, what makes marketing relevant to the mission of the organization, and what makes marketing's value sustainable. Throughout your campaign, consistently reinforce your brand's message: "In this company, marketing stands for cash in our coffers."

10. Failing to be a cash-flow leader. True cash-flow leaders do more than just enhance the cash streaming into their company and helping others throughout their organization see the connection between marketing and cash. They influence other parts of the organization to think in terms of cash flow and to generate dollars to achieve the firm's financial mission. In the short term, they have responsibility not only for revenue goals but also cost targets—thus they're accountable for profitability. In the long term, they use their understanding of the big picture in which their firm operates and their identification of the most promising customer segments to set a strategic direction for growth that the rest of their firm follows.

NUMBER 1

MERELY HANDING OFF LEADS TO SALES

PROMISING PROSPECT—OR DEAD END? HOW DO YOU DEFINE „LEAD“?

To do their job, salespeople need leads, or prospects, who are ready to buy. As a marketer, you probably supply sales with leads. But what is a lead, exactly?

If you merely dump prospects on sales without first agreeing on the meaning of „lead“ and then qualifying each prospect based on your definition, you and sales may end up at loggerheads when supposed leads don‘t become actual customers. At the very least, you‘ll confirm any assumptions on salespeople‘s part that you can‘t help them turn leads into cash.

Definitions of „qualified lead“ vary across organizations. For example, in one firm, a lead may be nothing more than a prospect who demonstrates the characteristics of your company‘s target market. In another organization, it may be someone who has already put the firm on a short list for a lucrative deal. To clarify your company‘s definition of lead, ask yourself and your sales partners the following questions:

> How did the prospect learn about our offerings?
> Is the prospect a decision maker? A user? A check writer?
> Where is the prospect in the decision-making process? For example, are they aware of a problem? Have they compared our products to competitors‘ offerings?
> Is the prospect new to the product category we‘re selling?
> Is the prospect aware of our brand?
> What is the probability of closing the sale?

NUMBER 1

MERELY HANDING OFF LEADS TO SALES

Even though you want to maximize the number of leads you pass on to sales, remember that salespeople don‘t want to devote resources to prospects with a low closing probability. Together with the sales manager, establish a goal for the number and share of actual, eventual customers who come from marketing‘s leads.

MANAGE THE LEAD PIPELINE

Don‘t assume that your work is done the minute you give a lead‘s contact information to sales. Stay involved with sales during the rest of the process—from the salesperson‘s first contacts with the lead to the prospective buyer‘s evaluation of the proposed deal and final decision. For example, throughout the sales cycle, provide valuable advice that helps sweeten the salesperson‘s odds of closing a sale, determining that a lead isn‘t going to buy, or winning back prospects who are waffling. In other words, manage the lead pipeline.

To manage the lead pipeline with sales, remind yourself of the buyer‘s journey*: the steps a potential customer goes through before deciding to purchase—including becoming aware of discomfort caused by a problem and considering purchasing a product or service that will address the problem. The steps in the buyer‘s journey unfold in a specific sequence, with the total time ranging from an hour or less to as long as several years, depending on such variables as product complexity and cost.

Of course, you and sales want to reduce leakage, or prospects lost from the lead pipeline at various points during the buyer‘s journey. When prospects leak—that is, they cut off the conversation or fail to respond to prompts—help sales discern the reasons for the leakage so you can discourage loss of other prospects.

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But at the same time, accelerate inevitable leakage. Why? For salespeople, the only thing worse than losing a potential customer is knowing that they‘ve invested extensive time and resources to woo someone who was never going to buy anyway. If a prospective customer is likely to leak, salespeople want that leakage to occur as soon as possible. Based on your understanding of marketplace patterns, help them identify likely leakers so they can invest their time and energy in more promising prospects.

To further demonstrate your connection to the cash flowing into your company (as well as help salespeople calculate their potential income), increase sales‘ likelihood of closing deals. How? Four ways:

1. Design marketing communications for each phase of the sales cycle, from awareness through consideration to purchase.
2. Focus your marketing efforts on points in the buying process where high-potential prospects are leaving.
3. Increase the time face time sales reps have with customers.
4. Track marketing leads that close.

When you give qualified, promising leads to salespeople and support them through each step in the buying process, you build a reputation as a strategic partner and a cash-flow leader. Your reward? Greater credibility and influence throughout your organization—essential ingredients for gaining the support you need to execute important marketing initiatives.

NUMBER 2

USING METRICS THAT DON'T MATTER TO TOP MANAGEMENT

In the 1970s, the Polish government set out to make its furniture industry more competitive in the global economy. To that end, the government rewarded furniture factories based on the total weight of their products manufactured. As a result, the citizens of Poland now have the world's heaviest furniture, according to a March 4, 1999 article in the New York Times.

Of course, Polish officials didn't intend to produce heavy pieces of furniture; they wanted to increase production. Yet, as this example reveals, performance metrics can't produce their intended outcomes if they don't measure what really matters to the business.

As a marketer, you have no shortage of metrics at your disposal—including brand awareness, customer satisfaction, and ad readership, to name just a few. However, your CEO and CFO, as well as your firm's shareholders, care less about these metrics than they do about others—particularly cash flow—and though these metrics are generally not part of the marketing vocabulary, they should be. They enable you to tell the story of how marketing contributes to your firm's performance. Use the wrong metrics to communicate marketing's value, and you risk producing a lot of heavy furniture.

How to select the right metrics? Master the *marketing metrics audit process*—or Marketing MAP—by applying these seven steps:

STEP 1: IDENTIFY YOUR FIRM'S CASH-FLOW DRIVERS

Your firm's cash-flow drivers stem from the company's business model, which may be based primarily on high profit margins, rapid turnover of inventory, or leverage.

Cash-flow drivers also derive from sources of cash—such as customer acquisition and retention, share of wallet within product category, and share of wallet across categories.
Each company‘s set of cash-flow drivers is unique. What are your firm‘s drivers?

STEP 2: IDENTIFY MARKETING ACTIVITIES THAT ULTIMATELY AFFECT YOUR COMPANY‘S CASH-FLOW DRIVERS

Your marketing department engages in a wide range of activities. But probably only some of these activities ultimately affect your company‘s cash-flow drivers. List those activities that most influence your company‘s cash-flow drivers. Your list will be unique to your department but may include activities such as executing TV ads, designing consumer promotions, creating product Web sites, and participating in trade shows.

STEP 3: DEFINE AN OUTCOME METRIC FOR EACH MARKETING ACTIVITY

For each marketing activity you‘ve listed, define an outcome metric—a measure enabling you to evaluate how well the activity generated the intended results. To illustrate, for executing a specific television commercial, you could define the outcome metric „brand preference.“ For designing a consumer promotion, the metric might be „coupon redemption.“

Note that your outcome metrics represent intermediate results of particular marketing activities. That is, they don‘t necessarily represent cash flow. For instance, for the activity „participating in trade shows,“ suppose you defined the outcome metric „number of sales leads.“ Number of leads is only an intermediate result, because leads don‘t necessarily turn into sales—or cash flow.

NUMBER 2

USING METRICS THAT DON‘T MATTER TO TOP MANAGEMENT

STEP 4: SHOW HOW YOUR OUTCOME METRICS AFFECT CASH-FLOW DRIVERS

For each intermediate outcome metric you‘ve defined, articulate your theory of how successful performance on that metric will affect one or more of your company‘s cash-flow drivers. For example, consider the three sources of cash. How might high performance on the metric „number of sales leads“ influence customer acquisition and retention? Share of wallet within and across categories?

Also ask yourself how each intermediate outcome metric influences your company‘s dominant business model. For example, suppose your firm‘s business model is based on profit margin. By excelling at your intermediate outcome „service quality,“ could you persuade customers to pay a premium for your product or service—and thus increase margin? Could you further improve margin by building brand preference through loyalty programs—and therefore willingness to pay a premium?

STEP 5: TEST THE ASSUMPTIONS BEHIND YOUR CAUSE-AND-EFFECT LINKS

Closely examine the accuracy of your assumptions about how each intermediate outcome ultimately will affect cash flow. For example, suppose one of your intermediate outcome metrics is „customer satisfaction.“ Examine your assumptions: Do you presume that more satisfied customers buy your more expensive products and thereby increase margin? That they buy more frequently from your company than from competitors and thus beef up share of wallet within category? That they buy more of the products offered by your firm and so improve share of wallet across categories? Do you believe that satisfied customers tend to be loyal?

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If you were to dig deeply into purchasing data, would the data confirm the accuracy of these assumptions? Or would you discover, for example, that satisfied customers don't, in fact, buy more frequently from your company than from rival firms and have no greater probability of remaining customers than dissatisfied customers?

The more you can articulate your causal assumptions and gather data to confirm or disconfirm them, the more you can make a credible business case for which marketing activities will affect which cash-flow drivers—and how.

STEP 6: QUANTIFY ANTICIPATED CASH FLOW OVER TIME

Now estimate your marketing activities' impact on cash flow over time. For example, the brand you create today has the potential to generate a premium price and cash flow many years down the road. Identify this long-term cash flow and quantify it in a defensible manner for your executive team—even as you recognize the underlying assumptions and uncertainties in your forecasts.

STEP 7: IDENTIFY FUTURE OPPORTUNITIES FOR YOUR FIRM

Developing new products is risky business: Companies invest hugely in R&D—yet a disturbing number of new offerings fail. Boost your company's chances of launching money-making hits by helping to reduce the R&D team's risk, for both breakthrough innovation and more marginal product line extensions.

As you identify promising opportunities, put a dollar value on each. That may be hard to calculate, but finance people do it all the time—by putting a dollar figure on an option, including all assumptions and risks.

NUMBER 3

FAILING TO SPEAK THE LANGUAGE OF BUSINESS

LET'S TALK BUSINESS

How can you master the language of business?

> **Shift focus from marketing activities to business results.** In talking about your projects with non-marketing executives, don't just rave about webinars, brochures, and trade shows. Take things one step further by explaining the business results that each activity will generate. For example, explain that a new brochure and webinar will generate leads. Leads will point the way to new sales. And sales will generate cash flow—which will help the CEO fulfill his promise to shareholders to grow the company 10 percent in the coming fiscal year.

> **Prioritize your marketing activities.** Identify marketing activities that have the most potential to stimulate the growth your company is after and to generate the best returns on its investments. You've got only so much budget, energy, and time—so invest those limited resources in the activities that will give your company the biggest bang for its marketing buck.

Those activities may include developing new products or services, using a different distribution channel, and participating in more tradeshows. Each marketing department's situation is unique, but the goals remain the same: Improve your firm's cash flow, generate fatter profit margins, increase returns on assets, turn over inventory faster. Which of your, marketing activities will generate the business results most important to your organization?

> **Demonstrate your business acumen.** Even if you're not accountable for sales results, demonstrate your awareness that what you do affects those results. Equally important, use business language to express your desired accomplishments. For instance, you don't want to „spend two million dollars on newspaper inserts"; you want to „invest two million dollars on inserts that are projected to offer a ten percent return."

NUMBER 3

FAILING TO SPEAK THE LANGUAGE OF BUSINESS

> **Learn how Wall Street talks business.** Regularly review stock analysts' reports—you'll learn a lot about how Wall Street translates marketing-related activities into financial language.

Consider the following excerpt from one such Wall Street report, written by Tom D'Amore for the November 11, 2005 edition of Morningstar.com:

We think Johnson & Johnson is an exemplary wide-moat company. It boasts trusted brand-name products, world-class R&D and marketing capabilities, and global scale and reach. We would eagerly buy the shares at a slight discount to our fair value estimate....

J&J is a model of consistency and stability. The firm has delivered 19 consecutive years of double-digit earnings increases and 42 consecutive years of dividend increases. Cash flow from operations covers the dividend...nearly 3 times. J&J has an excellent record of capital allocation and generation. Returns on invested capital averaged 22% during the past five years.

A key reason for J&J's success is its decentralized management structure. The company encourages entrepreneurship among local managers to stimulate creative new product development.... Sales and marketing expertise and quality manufacturing skills are [also] important distinguishing core competencies.

Notice this analyst's attention to J&J's brand power, marketing prowess, and cash flow. Such reports speak volumes about how Wall Street weighs these factors to put a financial value on companies. By understanding how Wall Street „talks business," you see more clearly how the investment community perceives marketing and other activities in your company and industry.

Learning to speak the language of business takes practice. Start by trying your hand at the above suggestions. The results you'll get—including winning funding for important marketing efforts—will be well worth the effort.

NUMBER 4

FAILURE TO DREAM WITH THE R&D TEAM

R&D	MARKETING
Tech-centric	Big picture
Complex solutions	Go to market fast
Scientist	Artisan
Detail-oriented	Detail-ignorant
Features focus	Benefits focus
Problem-oriented	Scattered
Inventions without a market	Opinions without justification
No concern for price, costs, or profit	Concerned only about sales volume and market share
Customer? What‘s that?	Scientific rigor? What‘s that?
Poor communicators	Expensive advertisers
Ivory-tower dwellers	Does a job that anyone can do

1. IDENTIFY PRODUCTS THAT OFFER UNIQUE VALUE TO CONSUMERS

Consumers perceive new offerings as valuable when those products or services have unique features, meet consumers‘ needs better than alternative offerings do, demonstrate good quality, reduce consumers‘ costs, and seem novel.

Help R&D select projects for development that meet such criteria by providing comparative analyses of competing products and sharing your knowledge of consumers‘ needs and costs. Teach your colleagues from R&D about the market power of needs-based segmentation: the idea that customers should be segmented on the basis of their needs.

Simply put, customers in different benefit segments have different needs.

NUMBER 4

FAILURE TO DREAM WITH THE R&D TEAM

2. LEAD A CUSTOMER-FOCUSED DEVELOPMENT PROCESS

Sharing your understanding of consumers' needs and preferences with your colleagues in R&D can encourage them to keep customers in mind while developing new products and services. Ongoing customer contact through market research is the crucial means by which you generate valuable knowledge of the product and services.

But to gather and present market-research data that will be meaningful and useful to R&D, you must demonstrate the scientific rigor and familiarity with the language of research that R&D experts appreciate. For example, establish a sound statistical foundation for your research, gathering input on methodology if necessary from technical staff on topics such as statistical significance and research design. Pay close attention to your sampling: Do respondents to a survey represent an adequate cross-section of the consumer population you're interested in? Should you augment surveys with focus groups or one-on-one interviews? Could interviews with existing customers shed additional light on potential new customers' needs and interests?

Consider conducting field research—observing consumers as they shop for and use products in your target market. And don't forget to gather input from expert consumers in the product category at hand—chefs, for example, if your company is developing cookware, or physicians if you're working on a new medical device. Insights from these experts can spark additional ideas for new products and services. Talking with staff members from other units in your company—sales, customer service, operations, and so forth—and consulting with trade-show participants can yield further valuable information about consumers' needs.

3. HELP R&D TO FOCUS ON CONSUMER BENEFITS, NOT PRODUCT FEATURES

With any new product or service under consideration, R&D has extensive homework to do first. Help your R&D colleagues complete that homework by conducting market research to identify

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FAILURE TO DREAM WITH THE R&D TEAM

who the target customer is, how the product should be positioned, what consumers would be willing to pay for the new offering, and what product features would deliver the benefits that consumers want.

4. ENSURE A WELL-EXECUTED LAUNCH

Of course, all the market research in the world won‘t help a new product or service succeed if the offering isn‘t launched properly. The heart of a well-executed launch? A solid marketing plan—one you start building early in the development process.

The best marketing plans outline effective go-to-market strategies and communication programs. They take into account consumers‘ emotional attachment to products and reflect deep understanding of how much people are willing to pay for specific benefits provided by an offering. Advertisements about a new product or service „lead with the need“: They acknowledge the need that consumers want the product or service to fill, and they explain how the offering fills that need better than alternative offerings do.

5. LEVERAGE YOUR FIRM‘S CORE COMPETENCIES

Point out ways to develop offerings that take advantage of what your company does best already. As some experts maintain, step-out projects—those that require entirely new competencies—tend to fail. By leveraging your firm‘s established talents, you and the R&D team go into the competitive arena powerfully equipped to trounce rivals.

How to identify the core competencies that best lend themselves to breakthrough products and services? In all too many companies, executives overemphasize technology-related strengths—such as engineering, manufacturing, and operations. Sure, these strengths are important.

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FAILURE TO DREAM WITH THE R&D TEAM

But organizations that focus solely on such abilities overlook important marketing-related competencies, such as a company's existing customer base, sales force, and distribution channels. Additional valuable marketing competencies include customer service resources, advertising and promotion talent, and market intelligence.

6. TARGET PROMISING MARKETS

Help R&D develop products targeted at more attractive markets—those that are large and getting large, and in which customers have a strong need for products. This is precisely what the marketing team at innovation leader 3M did, according to an article in the November 2005 issue of Business 2.0.

At 3M, scientists were reassigned to work in major business units, where marketing teams could help them find a market for a product in development and thus increase the chances that new offerings would ultimately prove commercially viable. Marketers encouraged scientists to think futuristically about products and to mingle with potential customers early in the development process.

Such changes yielded impressive results. To illustrate, under the new regime, one chemist who had tinkered for years with nanotechnology-based materials developed a film of reflective material that boosted brightness and clarity in liquid crystal display (LCD) screens used in cell phones, laptop computers, and televisions—a highly marketable offering.

As Bill Schultz, a top scientist with 3M since 1968, explains, „Finding a business unit that knows it market makes us more confident. Nothing is more frustrating than doing good tech development and not having your product commercialized."

Look to dream with the R&D team if you want marketing to be valued as a leader of future cash flow.

NUMBER 5

USING AD-HOC MARKETING PROCESSES

THE PROBLEM WITH AD HOC

Marketing entails a world of processes—including segmenting markets, creating advertising campaigns, conducting customer research, and designing Web sites. And experts in the field can debate endlessly about how best to carry out these processes. For example, you could consult numerous books and other resources on how to segment markets, and you‘d find a wealth of different (and often conflicting) suggestions.

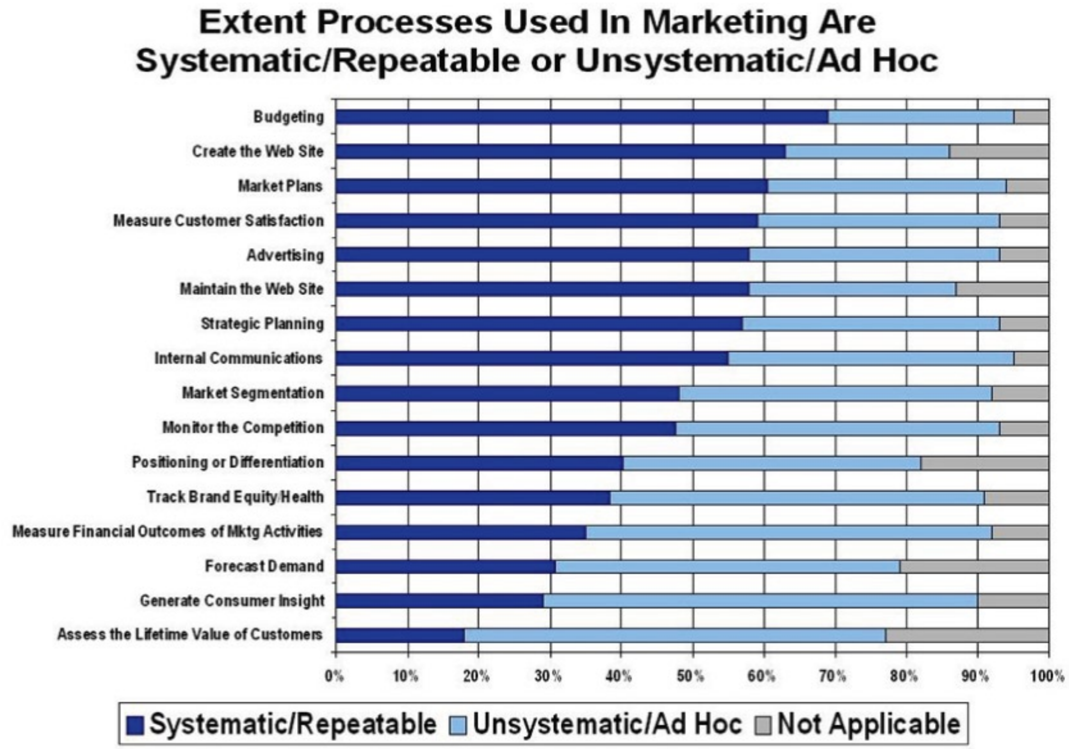
The fact is, there‘s no one „right“ way to segment markets. Different companies handle this process in different ways. Different professionals within a company may advocate very different approaches to it.

If you and your marketing team use an ad hoc approach to processes, you‘ve got serious problems. For one thing, this tack deprives you of the credibility you need to earn your superiors‘ and peers‘ support for your ideas. When non-marketing executives sense that the marketing group is using ad hoc processes, they question those processes‘ reliability—as well as your team‘s professionalism. Non-standardized processes also waste time and money as people duplicate one another‘s efforts or work at cross-purposes.

In a recent survey of marketing practice, we at MarketingProfs asked marketers about whether they employ systematic and repeatable processes or unsystematic and ad hoc processes for specific functions, and the picture is not pretty. For common marketing processes, most marketers report the approach they use is unsystematic and ad-hoc. See the chart below. This, I believe, has serious consequences.

NUMBER 5

USING AD-HOC MARKETING PROCESSES



Source: Survey of MarketingProfs readers in organizations with 1,000 or more employees, 2005; Question reads: "For each of the areas listed below that your department handles, would you characterize the process you use as 'highly systematic and repeatable' or 'unsystematic and ad hoc? (Select one choice for each area.)"

Think about it: Other managers in your organization establish transparent, repeatable processes—and thereby gain the stature and credibility they need to carry out their work. For instance, your company's finance professionals use a standardized series of steps to interpret numbers and report corporate performance. You must do the same with the processes unique to your field.

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USING AD-HOC MARKETING PROCESSES

Perhaps you‘re chafing at the notion of standardization because you believe it reduces creativity. If so, keep in mind that process standards can actually enhance creativity. A mystery writer, for example, creates much more appealing cliffhangers when she employs the established style and tried-and-true formulas that define the genre.

STANDARDIZING YOUR PROCESSES

In setting out to standardize your marketing processes, remember that the point is not to select the one „right“ process for each activity. Instead, settle on a process, communicate it clearly to others in your firm, and use it consistently.

Take market segmentation. At your company, you may group consumers into categories based primarily on demographics, behavior, personality characteristics or lifestyle; the benefits that an offering provides—or a combination of some or all of these characteristics.

Whether your company sells to consumers or other businesses—and whether market segmentation occurs during product design, product launch, or product lifecycle transitions—you need to develop a consistent, defensible method for dividing your market into distinct groups of buyers, or segments.

Next, you point out to your colleagues that „segmenting by benefit sought enables us to craft clear messages to the market about the value that our products provide.“ Moreover, „it helps us determine whether we‘re delivering what the customer wants.“

In addition to outlining these advantages of segmenting markets by benefits sought, you demonstrate the importance of testing your assumptions about these segments.

NUMBER 5

USING AD-HOC MARKETING PROCESSES

For example, you conduct market research to determine whether the different segments you identified in fact prefer the benefits you‘ve theorized.

If you find that they don‘t, you reconfigure the segments and repeat the research process. How do you know when you‘ve got it right? When you see that the segments you‘ve defined are measurable—you can identify the segment‘s size—and when they‘re reachable through specific media.

Intrigued by your presentation, your listeners give you the go ahead to segment the market by benefits sought for the new toothpaste your group is developing. And when the product is finally launched, it scores a smashing success in the marketplace.

As this scenario shows, standardizing marketing processes and communicating them to key stakeholders in your firm saves your company from the wasting of time and resources that happens when people work at cross-purposes because processes are unclear. Equally important, it helps you build credibility—a key achievement for marketing champions.

NUMBER 6

IGNORING YOUR COMPANY‘S BUSINESS MODEL

NAME THAT BUSINESS MODEL

The phrase „business model“ crops up frequently in organizations everywhere—but what exactly does it mean?

A business model defines who a company‘s customers are and how it plans to generate cash by providing them with value. In broad categories, there are three types of business models:

> **Margin**—generating high profits on sales. For example, IBM sells complex, expensive business solutions comprising products and services—and customized to individual customers.

> **Velocity**—selling products or services rapidly.

> **Leverage**—extracting money from assets that other organizations own.

Companies can use all three of these models—though in any particular firm, one of the three will likely dominate. By supporting your company‘s business model through your marketing strategies, you demonstrate marketing‘s strong links to cash flow. Let‘s take a closer look at how you might support each of the three business models.

MARGIN: FAT PROFITS, HIGH-TOUCH SERVICE

Suppose your firm relies primarily on the margin business model. If so, focus on helping your company to develop innovative products, tailored to customers‘ individual needs, and delivered through high-touch service. Your goal? To persuade customers to pay a premium price for what they perceive as high-value offerings—a price that significantly exceeds the costs of providing the product or service.

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IGNORING YOUR COMPANY'S BUSINESS MODEL

To accomplish this goal, develop a deep understanding of individual customer's unique needs and requirements—uncovered through innovative market research tactics. And gauge potential customers' perceptions of different price points. For example, at what price might customers stop feeling they're paying for extra quality and decide they're overpaying for your offerings?

Also consider how often customers would be comfortable hearing from your company and what types of contact they prefer—such as phone calls, on-site visits, emails, special Web offers, and so forth. Further influence margin by improving service quality to the extent that customers will pay a premium for your offering.

Building brand preference (and therefore willingness to pay a premium) through advertising or loyalty programs is another margin-related marketing strategy. Brand preference might also make your brand less vulnerable to competitors' actions, such as price discounting.

VELOCITY: GETTING THOSE PRODUCTS OUT THE DOOR

If your company primarily uses the velocity business model, support that model by formulating strategies for accelerating turnover of your company's inventory—its products or services. Such strategies might include affordable pricing, basic product design, and accessible purchasing processes, such as an easy-to-use shopping cart on your company's Web site. The common theme underlying all your marketing strategies? Efficiency.

Consider Dell Computer Corporation: This company assembles products to customer specifications in less than a week—a remarkable velocity. As a result, it generates cash quickly and keeps costs low, both of which translate into higher profits.

You can also increase velocity by encouraging your company to establish an extensive distribution network so that it can sell its offerings wherever consumers want or need them.

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IGNORING YOUR COMPANY'S BUSINESS MODEL

You can further improve your company's velocity by initiating well-thought-out promotions and price reductions, as well as by helping your sales team close more sales.

LEVERAGE: MAKING MONEY—WITHOUT PAYING FOR ASSETS

If your company employs a leverage business model, it uses other organizations' assets to produce cash for itself. In your organization, the intangible assets you create—brand equity, customer equity, workforce knowledge and productivity—can all provide leverage by enabling the company to control assets it doesn't have to own.

Regardless of the business model that predominates in your company, you can help your superiors and colleagues see your connection to cash flow by actively supporting that model through your marketing strategies.

NUMBER 7

LIVING IN THE MARKETING SILO

STUCK IN THE SILO

Silos may take the form of unwillingness to communicate, to share information, and to collaborate as well as a tendency to compete over resources. Though silos can hamper a company's operations, they arise for understandable reasons. Business functions—marketing, sales, finance, operations, R&D, human resources—each have distinct objectives. And these different goals can lead to an us-versus-them mind-set among managers.

Result? Conflicts that become visible to customers and that sour their perceptions of the firm—leading them to defect in favor of rivals. Silos become particularly rigid when employees in different functions are unwittingly working at cross-purposes owing to opposing goals or compensation systems.

Customers want a seamless experience with your company—something that's difficult to deliver if you and your colleagues in other functions are separated by silos. To give customers what they want—and bring in the cash your firm needs to stay healthy—managers must break down those silos and replace them cross-functional collaboration. This work requires strengthening your silo-spanning skills or populating your marketing department with people who possess those skills.

BUSTING SILOS

Any manager can take the initiative in busting his or her company's silos. So why don't you start the wrecking ball swinging? You'll win a company-wide reputation as a cash-flow leader—and exert greater clout throughout your firm. Consider these silo-busting tactics:

NUMBER 7

LIVING IN THE MARKETING SILO

> **Focus your colleagues' attention on the customer.** For example, remind them that "customers want us to fill their orders quickly and accurately. They don't want to wait endlessly for their order because, in order to control costs, we've committed to long production runs." Then point out how silos are draining cash from your company.

> **Encourage information sharing.** When managers from different functions routinely share information, they learn more about one another's goals and views of the customer. To encourage information sharing, model the behavior yourself. As often as you can, have lunch or meet informally with your counterparts in R&D, sales, IT, manufacturing, and other functions. Find out what these colleagues' most pressing challenges are. Share similar information with them.

> **Gather colleagues' opinions.** Ask for their opinions whenever you have an idea for an important new marketing initiative or program. Explain your idea to them, and get their thoughts about how the project might affect them and what cross-functional implementation challenges the initiative might raise. By inviting peers' input early on, you boost your chances of winning their support for your idea. And you learn more about marketing efforts' unintended repercussions for other parts of the company—and ways to mitigate those repercussions.

> **Seek out cross-functional teams.** Because a cross-functional team's work requires input from several functions, collaboration is essential. Led properly, cross-functional teams enable a company to accomplish important objectives with flexibility and speed, informed by multidisciplinary knowledge. And in the most effective cross-functional teams, the group goal overrides the parochial goals of any one member's department.

These are just a few of the many potent tactics you and your team can use to bust silos in your organization. Start applying them, and you may well find yourself thinking of additional ideas that would work particularly well in your company.

NUMBER 8

SWALLOWING FADS UNTHINKINGLY

To reinforce marketing's role in generating cash flow, you need to separate fads from the real thing—and identify the opportunities that will best serve your firm. How? Consider these guidelines:

RESIST INNOVATION FOR INNOVATION'S SAKE

All too many businesspeople—lured by the flash and dazzle of a new technology or by glowing case studies of how a new practice has revolutionized companies everywhere—jump on the innovation bandwagon. Beguiled by new possibilities, they neglect to carefully assess the novel opportunity's promise—or gauge its risks. Many fall victim to the trap of innovating for innovation's sake: They conclude that, to remain competitive, they must use the same tools or practices that everyone else is using. And they don't consider how well an innovation addresses real and important changes—such as shifts in consumer needs or changes in competitive strategies—unfolding in the business arena.

To avoid this peril, ask yourself what's happening in the larger world around you whenever you find yourself intrigued by a new opportunity. Which of these changes will a particular innovation help you manage better—thereby generating greater cash flow for your firm? For example:

> How might a new **advertising practice** enable your firm to profit from the fragmentation of media you see happening around you?

> How will a new **process** help the company avoid the price wars that have erupted as consumers have gained increasing access to comparative information about product pricing and quality through the Internet?

> How might a novel **technology** offered by a vendor empower your organization to distinguish important patterns in customer buying behaviors across different regions in which your firm operates?

NUMBER 8

SWALLOWING FADS UNTHINKINGLY

CHANGE YOUR CONVERSATION WITH VENDORS

Oftentimes, opportunity comes knocking in the form of agencies, suppliers, consultancies, and vendors seeking to dazzle you with their innovative products and services. How to avoid getting hooked by offerings that have little relevance to your ability to generate cash flow? Change the way you converse with these purveyors.

For example, develop a healthy skepticism for the best-practice case studies and "here's how our customer benefited" vignettes that many vendors insist on presenting while hawking their wares. Too many executives swallow case studies whole without considering how well they represent their own company's situation.

Instead of analyzing case studies, ask vendors to demonstrate how their product or service generated measurable value for a client facing challenges similar to your firm's and operating under similar assumptions. Demand quantifiable evidence of gains the client achieved. Relentlessly link the discussion to cash, by asking questions such as:

> "How will your product help me identify new, future sources of cash flow for my firm?"

> "How will your service enable me to harvest more cash?"

> "In what ways will your offering let me measure my department's impact on cash more accurately?"

If you get an evasive or confused response, move on.

NUMBER 8

SWALLOWING FADS UNTHINKINGLY

ASSESS THE RISKS

In evaluating any opportunity, it's just as vital to assess the risks as it is to admire the potential rewards. But assessing risk takes mental discipline. The following tips can help:

> Whenever you collect an anecdote suggesting the benefits of a new tool or resource, actively search for another example indicating the opportunity's dangers.

> While evaluating a potential new technology, practice, or idea, ask, "If my company adopts this, what's the worst that could happen? And could we deal effectively with that outcome?"

> Discuss new opportunities with colleagues and acquaintances inside and outside your company. Have them play devil's advocate by arguing against adoption of a new idea or practice. Compare their arguments to your own business case for seizing the new opportunity. Which is stronger?

> If you know of a company that has adopted a new marketing tool or service, meet with your counterpart there to get his or her insights into the opportunity's risks. Ask, "What hidden costs did you discover in the process of using this tool?" "What went wrong during the implementation, and how did you deal with each problem?" "In what ways did this new opportunity fail to meet your expectations or serve your needs?"

By applying these and other guidelines, you reduce the chances of missing a potentially costly risk presented by an otherwise attractive opportunity.

NUMBER 8

SWALLOWING FADS UNTHINKINGLY

CONSIDER OPPORTUNITIES' IMPACT ON OTHERS

Think about how adoption of a novel idea or tool would affect other departments in your company. For instance, a new software application designed to make marketing processes more efficient may require managers in sales, IT, and other units to alter the way they operate. An application you're advocating may even conflict with legacy systems or security protocols.

Think through how a new opportunity will affect your peers. For example, suppose you believe your company could bolster cash flow by overhauling how it gathers and analyzes customer data. Before presenting your idea to your peers in IT, familiarize yourself with the lingo and inner workings of IT. Acquire a basic understanding of how your firm's customer databases operate and what their limitations are. By "talking the talk," you'll enhance your credibility when advocating your idea to the IT staff.

NUMBER 9

FAILING TO MARKET MARKETING INSIDE YOUR ORGANIZATION

You can help others in your organization see the link between marketing and cash through several means. But persuasive communication and smart decisions are two particularly potent tools.

LEVERAGE THE POWER OF PERSUASION

As a seasoned marketing professional, you're a persuasive communicator. You know how to deliver messages that speak to consumers' most pressing needs, enabling them to perceive the unique value provided by your company's offerings. To win support for the marketing initiatives you know will generate cash for your company, your communications within your organization must meet the same standards of effectiveness. That is, you must make a convincing case to executives and colleagues for why they should "buy" your ideas. Only then will you receive the funding and assistance you'll need to put your ideas into action.

To make your internal communications about marketing persuasive, argument factual information with emotional appeal.

> **Communicating your own passion**

> **Inspiring your audience with victory stories**

> **Build suspense**

NUMBER 9

FAILING TO MARKET MARKETING INSIDE YOUR ORGANIZATION

MAKE SMART MARKETING DECISIONS

Of course, all the persuasive prowess in the world won't help you unless the decisions you're advocating are smart ones. Savvy decisions produce the cash flow that matters to your firm—thus they're essential to market marketing inside your organization. Consider this helpful decision-making strategy:

1. **Frame the decision.** Ask a question that guides your decision process. Note, however, that your question can set you on a productive path—or a destructive one.

2. **Gather intelligence.** Once you've framed your decision properly, the question you posed will help you gather the right information to further inform your decision,

3. **Reach relevant conclusions.** Objectively evaluate all the information you've gathered—resisting the tendency to consider only data that confirms your theory. Practice principles of good research. For instance, ensure you've obtained a sufficiently large sample of data. And check your interpretations of the data with others to see if they have additional valuable viewpoints on what the information is telling you.

4. **Take appropriate action.** Based on your conclusions, take action.

5. **Learn from experience.** Evaluate your decision's outcome. If it isn't what you wanted, learn from the experience. Track your decisions over time to see where your decision-making weaknesses lie. For example, do you often fail to gather information that disconfirms your assumptions? Adjust your decision-making process to strengthen any weak areas.

NUMBER 9

FAILING TO MARKET MARKETING INSIDE YOUR ORGANIZATION

By honing your powers of persuasion, you boost your chances of gaining the resources you need to get your good ideas off the ground and soaring. And with a rock-solid approach to decision-making, you make smarter, more profitable choices for your firm. Both tools enable you to “market marketing” inside your organization—ensuring that everyone around associates your role with hard, cold cash.

NUMBER 10

FAILING TO BE A CASH-FLOW LEADER

How to become a cash-flow leader? The following guidelines can help.

1. MARKET YOURSELF

Use your marketing skills to convince others that you offer unique value that your company can't get from anyone else. Segment your internal customers, just as you do your external customers. Ask yourself:

> "Who among my internal constituencies am I most likely to form a productive partnership with?"

> "Whom do I need to partner with in order to maximize cash flow?"

> "Which of these individuals do I stand little or no chance of partnering with—given my company's culture and structure?"

> "Which of these powerful people need or like me?"

Don't try to market yourself to everyone in your firm. Concentrate on those individuals who are most likely to value what you bring to the table and who can shape others' perceptions of your leadership abilities.

2. GET A REPUTATION

You're more likely to take on a cash-flow leadership role when you gain a reputation for having strong people skills. After all, who can resist working with and supporting someone who gets along well with others? People skills abound, but the basics include the following:

> Inviting others' opinions and ideas
> Respecting and valuing differences in opinion, work styles, and priorities
> Showing interest in others' lives
> Understanding and speaking others' professional language
> Appreciating the unique challenges each of your colleagues faces in his or her role
> Resolving differences productively rather than letting them sour professional relationships

In addition to demonstrating strong people skills, unleash your curiosity. Take an interest in all manner of things—how people make purchasing decisions, why consumers' preferences change, why one product is so much more successful than another, what competing companies are doing to capture more market share. Learn about aspects of life outside of marketing, too—other industries, professions, and skill sets. People with a broad range of knowledge are often viewed as particularly capable and experienced.

Finally, develop a reputation for taking initiative—for getting things done and making tough decisions. For many people, these qualities spell leadership.

NUMBER 10

FAILING TO BE A CASH-FLOW LEADER

3. SET PRIORITIES

If you're like most marketers, you're under increasing pressure to shoulder more responsibilities with fewer resources. Under such pressure, you can easily lose sight of what's really important in your job: generating cash for your firm. And when you lose sight of cash, you lose your opportunity to become a cash-flow leader.

To avoid this scenario, set priorities: Define the few key goals that, if achieved, will enable you to harvest cash or plant the seeds for future cash for your firm. Your list will differ depending on your organization's strategy and business model. For instance, if your company wants to expand market share through offering low-priced, mass-market consumer products, your goals will differ from objectives you would set if your firm sought to develop one-of-a-kind, expensive, and complex solutions for big businesses.

Use your list to allocate your time and energy. If someone suggests that you take on a project that doesn't relate to any of your goals, say no. With projects you say yes to, manage them wisely. Project-management software can help you maintain order, keep participants updated on initiatives' status, and document who's responsible for doing what and when. Workshops and books on the subject can also be useful.

4. FIND A MENTOR

Further strengthen your reputation as a cash-flow leader by forging a relationship with a mentor who can help you build up your leadership muscles. Find someone who works in another part of the company, outside of marketing, and who enjoys the respect and admiration of numerous people in the organization. He or she can give you a valuable perspective on how that other function operates, what its challenges and capabilities are, and what language its practitioners speak.

NUMBER 10

FAILING TO BE A CASH-FLOW LEADER

Your view of the organization will broaden. And you'll be better able to link marketing activities to cross-functional strategic goals—thereby producing valuable and visible results for the company.

In establishing a mentoring relationship, you don't necessarily need to approach the process in a formal way. Depending on the person you're considering, the process could be as simple as regularly inviting the individual to grab some lunch and getting his or her thoughts on marketing initiatives you're considering.

You can also use your mentoring relationship to clarify your career path. For instance, your mentor may have valuable insights into what direction the company may be heading in terms of its competitive strategy and what opportunities a change in direction may present for you.

Also ensure that your encounters with your mentor are a two-way street: Be willing to share information you have that may be of interest to your mentor as well as asking questions to draw on your mentor's expertise.

Becoming a cash-flow leader isn't easy. But the payoff is well worth it: You establish a virtuous cycle in which you gain others' appreciation and therefore win their support for your good ideas. And your good ideas in turn generate valuable cash for your company—further enhancing your reputation and garnering you even more collaboration from others. Everyone wins.

The 10 mistakes described above are all too common in the marketing profession—and lead to disastrous results. Avoiding them requires discipline and focus, but the rewards are huge.

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Founded in 1999, Eloqua provides the leading integrated demand generation platform for executing, automating and measuring highly effective B2B marketing programs. Unlike stand-alone email products, Eloqua's Conversion Suite combines email, direct mail, chat, and website analytics to drive the entire marketing process from contact to close, while making prospect interest and intent visible at every step. With market-leading technology backed by expert professional services, Eloqua automates best practices in demand generation for B2B marketers who need to produce a continuous flow of qualified leads for their sales force.

Eloqua's customers include Sybase, Seagate, Nokia, JBoss, Administaff, Nuance and many other leading B2B marketers. Eloqua Corporation is headquartered in Toronto with offices in London and throughout the United States.

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Founded in 2003, iCentera has modeled the icSuite product line after the business processes and real case scenarios of marketing, sales, and service organizations. Over the past 15 years the concepts behind the icSuite have evolved based on field input from sales, marketing, and service professionals.

This experience led the founders of iCentera to conclude that today companies have reached a new era in marketing, selling, and client support. The internet plays a key role in business to business communication. Fewer resources, information overload, and constantly evolving products and markets have made it necessary for entire organizations to leverage the internet to communicate more effectively both externally and internally. To drive communication 24/7, businesses need to effectively communicate with any audience, anytime, anywhere.
To drive effective communication in today's fast moving business environment, on-demand solutions have become a necessity as companies can no longer wait months or years to provide the required infrastructure to enable marketing, sales and support. Because iCentera is a hosted Software as a Service (SaaS), our customers have immediate access to the icSuite with value provided to their business in the first week of operation.

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