



October 2006 Issue

A number of good reads in the this issue: The always enlightening Gal Borenstein reveals how Google “got in” with the feds; an informative Q&A on health care marketing with Cardinal Health’s Nam Vo; a probing look at the CPM market and its advertising by Lawson Abinati; and more. Enjoy.

Editor’s Cut

Election season also means Summit season at the CMO Council ...

MarketingSherpa’s Practical Stat of the Month

Could well-done TV creative broadcast at high-enough saturation move the needle? Is it possible to break Google’s stride toward desktop domination?

Fed Focus:

Google-Man Goes to Washington: Changing Paradigms in a Single Bound

Even the U.S. government could not stop Google-Man from landing right in the middle of government’s new IT infrastructure push.

Get to Know: Nam Vo, Vice President of Marketing, Cardinal Health

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Is There any Differentiation in the CPM Market? A Perceptual Map Gives You the Answer

Pretend, for a moment, that you’re a CFO looking for a new budgeting, planning and financial reporting system.

Driving Firm Performance with Market-Based Assets: A Tale of Cycle Time and Timing

Well-run firms tend to set their product lifecycles to the pulses and rhythms.

The Marketing Performance Dashboard - Is it Overstated?

When under the chairmanship of the late Lord Weinstock, GEC was generally considered one of the most efficient British companies.

Editor's Cut



Election season also means Summit season at the CMO Council, We began with our 5th Annual CMO Council Summit North America and continued in Tokyo at our first ever Asia Pacific gathering; we'll draw the season to a close in royal style on November 16 when we head across the pond to "merry olde England" for the CMO Council Summit Europe, at the newly-opened Tower Hilton, just across the way from the Tower of London.

If your plans allow, I strongly encourage you to join us in London on the 16th – we have assembled a stellar, diverse, dynamic group of marketers and experts for *Mixing, Merging and Multiplying: Managing Euro Marketing*

Dynamics – we'll take a marketer's inside look at the world's most dynamic market, encompassing 530 million people driving an economy that matches the purchasing power of the United States, at nearly €10 Trillion. Offering insight and perspective will be keynotes from: Lucas Covers, SVP and CMO, Philips Consumer Electronics, Simon Anholt, author, *Nation Brands Index*, and best-selling author (*The Naked Leader* series) and high profile global authority on leadership, David Taylor. Joining them will be senior marketers from Alcatel, Microsoft, Hitachi, AT&T, Factiva, Google, and many others. Register here: <http://www.cmosummit.org/register.asp>.

Our 2006 North American CMO Summit was a tremendous success, with top marketers from around the world coming together in San Francisco to share, debate and discuss the challenges and rewards of engaging with their customers. Dynamic sessions and presentations were delivered by marketing executives such as Karen Durkin, SVP of Communications & Brand Strategy, National Hockey League; Julie Robertson, SVP of Marketing for Feld Entertainment (including the Ringling Brothers and Disney on Ice franchises); Jeff Hazylett, CMO of Eastman Kodak; Chris Maloney, CMO of Scottrade; and many more. Lively discussion and dynamic presentations continued throughout the day and all of it was captured on video, which we have available for download at <http://www.cmosummit.org/2006/sf/wrapup.html>. Opening keynote Deepak Advani, Lenovo CMO, issued an invigorating and timely challenge for marketers at the Summit: Take big risks in going beyond the building of your brand; it's about reaching, engaging and retaining your customers in innovative ways that break old habits and patterns. Deepak's keynote will also be available for download and it's a must-see for marketers looking for inspiration, creativity and passion.

We journeyed to the Land of the Rising Sun on October 24 for the CMO Council *Virtual Tokyo Symposium*, which drew marketers from across Asian Pacific, including Tokyo, Taiwan, Shanghai, Hong Kong, Seoul, and Australia. The event, which was simulcast live over the Web, kicked off with an animated keynote from Asian brand strategist, Martin Roll, who has spent the last fifteen years closely analyzing the evolution of the marketing function in Asia and studying Asia brands and branding strategies and communicating the attendant opportunities and challenges to Western marketers. Among his key points: successful brands must be managed by the top level of management – which also needs to include a senior marketing executive and implemented by the entire organization through multiple actions, behaviors and customer touch points. This view was echoed by our expert panelists in sessions that included: "Pipeline to the Frontline: Integration and Alignment of Marketing & Sales" and "Market Entry and Growth Strategies for Asia," which offered a breadth and depth of knowledge and insight into the complexities of marketing across such a diverse range of cultures, economies, and business mindsets; attendees, representing a mix of local Japanese businesses, regional brands and multinationals, responded with engaging Q&A. The complete Virtual Tokyo Symposium Webcast will be available for download soon at <http://www.cmosummit.org/2006/tokyo/wrapup.html>. We launched CMO Council Asia Pacific earlier this year and now have over 100 members from every country in the region; we encourage you to nominate your Asia Pacific marketing colleagues for membership here: <http://www.cmocouncil.org/nominations.html> ...we've got many exciting and dynamic activities planned throughout Asia Pacific in the coming year.

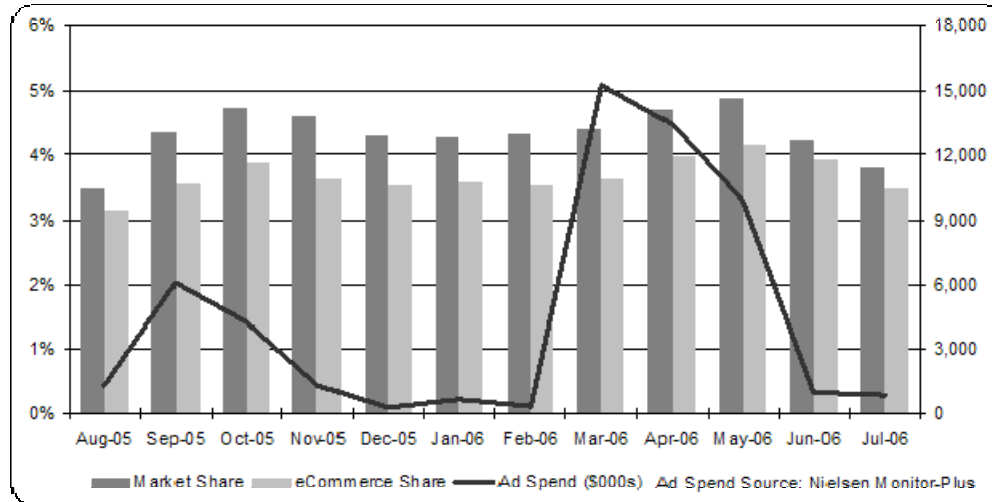
2006 is shaping up to be the Year of the Landmark Authority Leadership Initiative at the CMO Council. In early October we released the Final Report on *Secure the Trust of Your Brand: How Security and IT Integrity Influence Corporate Brands*, a reference guide for marketers and other executives offering real-world examples of companies' actions following major security breaches, together with strategies and best practices for prevention, containment and preservation of brand trust. Underwritten by CMO Council members Symantec and Factiva, this report continues The Council's ongoing mission to stake out aggressive advocacy positions on behalf of global marketers. Take a look at the [Executive Summary](#) or purchase the [complete report](#).

And, in association with our sister organization, the BPM Forum, we are taking a comprehensive look at corporate decision making: the dynamics and drivers behind good – and bad – decisions. *Business Traction from Better Decision Action*, which we will release in November, features in-depth interviews with senior executives at a broad cross section of organizations including The Walt Disney Company, GE, Mattel, Konica/Minolta, and Pitney Bowes, sharing their insight into decision-making within their own organizations, how they make decisions, and where they see opportunities to improve decision making in the enterprise. On November 8 the CMO Council and BPM Forum will host a special Webinar on corporate decision dynamics featuring a powerful line-up of business leaders: moderator Dave Laverty, SVP, CMO, Cognos will be joined by Glenn Thomas, CMO, GE Financial, Pat Donahoe, deputy postmaster general and COO, United States Postal Service, and Lee Stacey, SVP, The New York Jets Football Club for what we envision will be a spirited, thought-provoking and dynamic look at the forces and factors that shape decisions at the senior most levels. You can register to join this complementary Webinar [here](#).

Now, scare away all the marketing ghouls and goblins that haunt your dreams and settle in for the October issue of Marketing Magnified.

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MarketingSherpa's Practical Stat of the Month



Source: Compete Inc. for MarketingSherpa, August 2006 Methodology: Data is based on a 2M+ member panel that is representative of the overall U.S. online population. Copyright: MarketingSherpa 2006

Over the past year, Ask.com (formerly AskJeeves) has run two heavy TV campaigns. The first was September 2005 and the second March 2006 (and they're in the midst of another fall campaign now.)

Ask.com, which is the fourth most-used search engine in the US, was hoping to lure users from the big three: Google, Yahoo! and MSN Search.

Could well-done TV creative broadcast at high-enough saturation move the needle? Is it possible to break Google's stride toward desktop domination?

So, MarketingSherpa's research team partnered with Compete Inc. to find out. The thin line in the chart above shows Ask.com's ad spend. It's pretty dramatic; yet, at first glance, the results don't appear to be. After a fairly major media spend, Ask.com's online market share went from just over 3% to a bit over 4.5% and then subsided a bit.



The answer to the question then is, yes, you can grow online market share, but perhaps only a little if your competitors are heavily entrenched and you won't keep your peak forever.

However a look behind the numbers tells another story. From August 2005 to August 2006, Compete and MarketingSherpa research also discovered that Ask.com was the *only* major search engine to grow market share besides Google. Yahoo! and MSN Search both lost measured market share.

In that light, Ask.com's achievement is a major triumph.

-- This is excerpted from MarketingSherpa's Search Marketing Benchmark Guide, available for download at: <http://www.sherpastore.com/home.html?8895> Copyright MarketingSherpa 2006. All rights reserved.

Fed Focus

Google-Man Goes to Washington: Changing Paradigms in a Single Bound

By Gal S. Borenstein

"Faster than a speeding bullet. More powerful than a locomotive. Able to leap tall buildings in a single bound" --- 'Look, up in the sky,' 'It's a bird,' 'it's a plane'; 'It's Google-Man...".

Yes, I did say Google-Man. Despite the Pentagon's strategic aerial coverage, satellite surveillance, and robust encrypted intelligence, even the U.S. government could not stop Google-Man from landing right in the middle of government's new IT infrastructure push to change the way feds look up and manage their information.

In less than one year, Google, about as non-public-sector-marketer as one could get, has managed to create one of the most successful public sector marketing efforts, helping Uncle Sam and his team of legacy information systems (that do not talk or share information with each other) achieve what would have been a 5 to 10 year, multi-billion dollar, custom-designed systems integration project.

What makes Google so appealing to the federal government? It's simple: nothing is simple when it comes to solving a federal agency's information systems challenges. For example, the average federal agency program has disparate records management and content management systems that do not allow for information and business intelligence to be shared, sorted or identified with a single click of a button. And then comes Google and says: instead of spending millions of dollars on integration, you can just plug in the Google Search Appliance and voila': you can find anything, whether it is an old e-mail, an image or a PDF file. Moreover, citizens who are now forced to wait for a phone call to retrieve a form could retrieve anything they need in seconds.

Google has experienced success early on, not surprisingly, with the folks in Washington, DC that are engaged in the multi-year effort of the War on Terror. Google Earth enables law enforcement and the intelligence community to get the information they need (from satellite imagery to the address of a suspect in real-time) without engaging numerous personnel, and in a secure way.

Now civilian agencies are coming on board as well, as they gain appreciation for the "make it simple" attitude that connects and bridges old and new systems together, making "disparate" so 1980s. For example, the FDA is using Google to crawl through "one million documents across fda.gov" (Source: Google). Before deploying the Google Search Appliance, the National Parks Service (NPS) purportedly "used to get 30 to 40 complaints a day from users struggling to find information on the website. The quality of results improved so substantially with the Google Search Appliance that e-mail inquiries went from an average of 40 a day to 2".

So how does Google, a totally commercially minded enterprise, get in? Through strategic channel marketing. Google is partnering with best-in-class systems integrators who already have an established cache in the federal contracting space, and goes together into client-agencies with their innovative solutions. Recent partnerships included the establishment of sales channels with BearingPoint, GlobalNet Services, Inc. (GNSI), OMNITEC Solutions, and others, and the sky is the limit when it comes to this market. Everyone has a lost document somewhere...

It's just a matter of time before Google will become the standard search application in the same way that Microsoft is the browser standard.

About Author: Gal S. Borenstein is CEO and Chief Strategist of The Borenstein Group, (www.BorensteinGroup.com), a GlobalFluency agency member, that specializes in business-to-business and business-to-government branding, marketing communications, and public relations

support programs in the areas of Defense, Government, Information Technology & Telecommunications and Global Marketing. The Borenstein Group trusted client history features market leaders such as ADT, IBM, Marconi, Nextel, Airbus North America, Northrop Grumman Information Technology, Pragmatics, Serco, Booz Allen & Hamilton, CALIBRE Systems, and CR Software, as well as major government agencies such as U.S. Department of Defense, U.S. Army, U.S. Navy, U.S Air Force, U.S. Department of Commerce, and U.S. Department of State.

Get to Know: Nam Vo, Vice President of Marketing, Cardinal Health



As vice president of marketing, Health Systems at Cardinal Health, Nam Vo is responsible for strategic marketing initiatives and go-to-market strategies as they relate to Cardinal Health's supply chain services – pharmaceutical business targeting 350 major health care systems and more than 3,000 hospitals. In addition, Vo focuses on strategic solutions to deliver value with a true customer intimacy focus in support of Cardinal Health's mission of making healthcare safer and more productive.

MM: How is your marketing organization structured and what are your responsibilities?

NV: I'm part of marketing for supply chain services, focusing on the health systems market. Cardinal's supply chain services are about a \$71 billion business, out of \$82 billion total. The health systems market is responsible for about 20 percent of that. I'm responsible for strategic marketing, go-to-market strategies, marketing operations and solution innovation.

What do you look at in terms of strategic marketing?

My strategic role is to look at our business and our market in the long-term, anticipating where the puck goes, so to speak. We look at industry drivers and trends. What do we do from a tactical standpoint? Take customer demographics, for example. Half of our customers will be 50 years or older in the next 10 years. That drives a lot of changes within the healthcare system.

So while your true customers are hospitals and pharmacies, the patients are a prime driver of your marketing.

That's true. We have sessions where we look at the day in the life of a pill. How does a pill flow from the point of manufacturing, through our supply chain services, into the pharmacy and end up at the bedside of the patient. In my market, I look at pharmacy operations of every single hospital. Another division takes a look at pharmacies and how the medication is delivered safely to the patient.

What are your top priorities going forward?

Focusing on customer innovation, determining what's coming down the pike and then translating that into what is going on now. I also want to strengthen linkages with other parts of the business. We already have great integration, but because we are such a big organization there are still challenges.

You're a new member of the Council, and were a panelist at our U.S. Summit. What do you hope to get out of the CMO Council?

I'm looking for other best practices that I can learn from. I spent 10 years at IBM, having gone through the company's transformation, then spent couple years of building a market for them. So I carry with me a lot of best practices in terms of how to build a central marketing organization. But there's more I hope to learn from other CMO Council members.

Is There any Differentiation in the CPM Market? A Perceptual Map Gives You the Answer

By Lawson Abinanti

Pretend, for a moment, that you're a CFO looking for a new budgeting, planning and financial reporting system. You know next to nothing about the best solutions available to you, and decide to check out the September issue of *CFO* magazine.

Lucky you; four of the five top vendors in the enterprise CPM/BPM market have full page ads in the issue. There's one problem though. You can't tell them apart. They all seem to be occupying the same space.

CPM and BPM, by the way, mean corporate performance management and business performance management respectively, the industry buzzwords for software that automates budgeting, planning, financial reporting and other related application such as dashboards, balanced scorecards, key performance indicators (KPI's), etc.

The CPM market is a good example of a common problem in the enterprise B2B software and services market – lack of differentiation. In this column, I'll explain how I evaluated and determined the positioning strategy of top CPM vendors by evaluating ads for Business Objects, SAS, Outlooksoft and Cognos in a recent issue of *CFO*, plus one for a non-advertiser in the issue, Hyperion. Below you will find a perceptual map that tells you how these companies are positioning themselves in the CPM market.

First, what is positioning?

Positioning is the mental space in your target audiences' mind that you can "own" with an idea that has compelling meaning to your target buyer. In this mental space, your product's most important benefit and the customer's most important need meet, and find they are made for each other. An effective positioning strategy helps target buyers associate a benefit they need with your product or company. That makes them want to buy, and you've got to love that!

A positioning statement frequently appears in the first or last paragraph (or both) of an advertisement. Sometimes you'll find it in the headline or subheads. A good one should be a clear, concise benefit concept or idea underpinning the executional theme of the advertisement.

In the September issue of *CFO*, Business Objects, Cognos, Outlooksoft all claim they will help you improve performance – in one way or another. SAS makes the only unique claim – its software lets you make decisions with confidence, but like Cognos, SAS has a supporting claim – *our solution helps you avoid surprises that shake investor confidence.*

Differentiation is NOT describing what your product does – even if it's unique

Some marketers think they are differentiating by explaining what their product does in a clever or unique way. For example, Cognos and Outlooksoft claim to deliver predictable performance while Business Objects takes your performance to an "entirely new scale." Outlooksoft provides some help to the buyer CFO by equating predictability to competitive advantage.

So while there are slight differences in the claims made by the four companies in *CFO*, they are relatively minor. When you have a good understanding of what positioning is, how you do it, and how the message strategies of these major players have evolved, you can begin to parse out their intended positioning strategies.

The common claim: it's the "Where's Waldo" of marketing

When everybody is making pretty much the same claim, it's hard for the target audience to find what they need. Hyperion wasn't in the issue of *CFO* that I surveyed, but it's a major player with a big advertising budget, so you're bound to find one its ads – "Leaders Wanted/CIO Challenge

Series – in *BusinessWeek*, *Computerworld* and other major computer publications. In the first ad in the series, Hyperion doesn't differentiate its offering much, except that the message – improve business performance through innovation – is directed to the CIO or MIS director who most likely want to standardize on a CPM platform that also includes Business Intelligence (BI).

Standardization on your platform is the big play, today, in the CPM/BI market place. All of the four major players (Outlooksoft is relatively new and only offers CPM) want to own you as a customer, providing solutions from BI to general reporting, to OLAP, to financial reporting to budgeting to KPI's and much, much more.

No one is likely to dominate CPM unless...

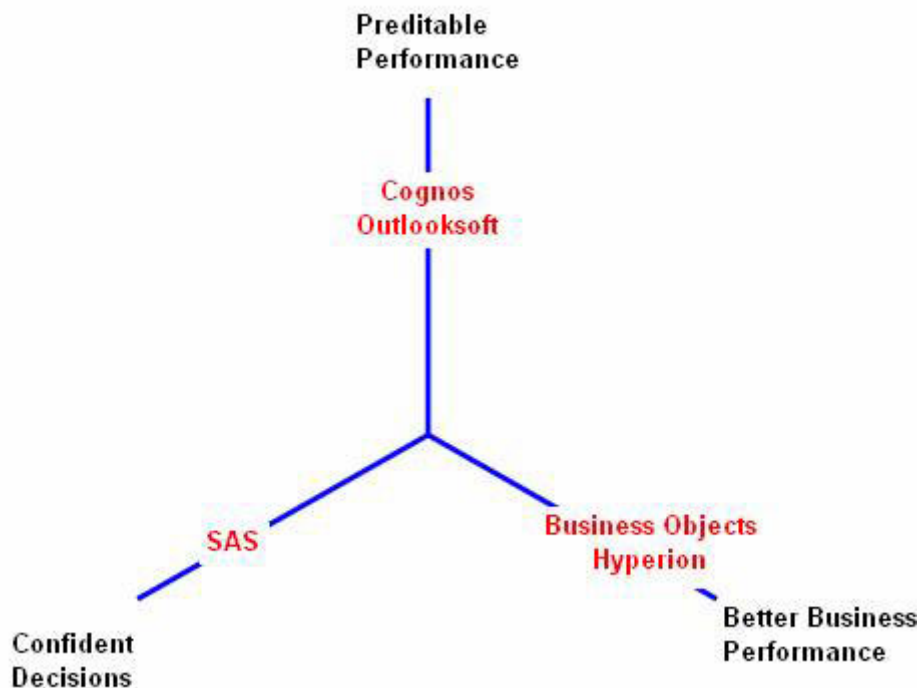
Who's going to win more customer loyalty and perhaps become the market BI/CPM gorilla? Cognos and Business Objects probably have more CPM/BI customers today. According to IDC, both have twice as much revenue as Hyperion, who is arguably the market leader in CPM only. SAS also has a very large, loyal customer base of large companies.

It looks to me that no one is likely to take a significant lead, unless one of these companies decides to take a chance, position itself uniquely, and in a way that clearly sets it apart from the competition.

The chances of this happening aren't high, given these companies' track records. For several years, the dominant positions have been "better (more confident) decisions," and "improved performance." Not much has changed except "predictability" is in vogue, and Cognos is moving away from its claim of helping users make better decisions.

See the "me too" marketing in the CPM market

At the end of this column, you'll find a brief analysis of each CPM vendor, the advertisement I evaluated and how its positioning was determined, including in some cases, the evolution of the company's marketing message. Here is a perceptual map that depicts how I believe each vendor is positioned.

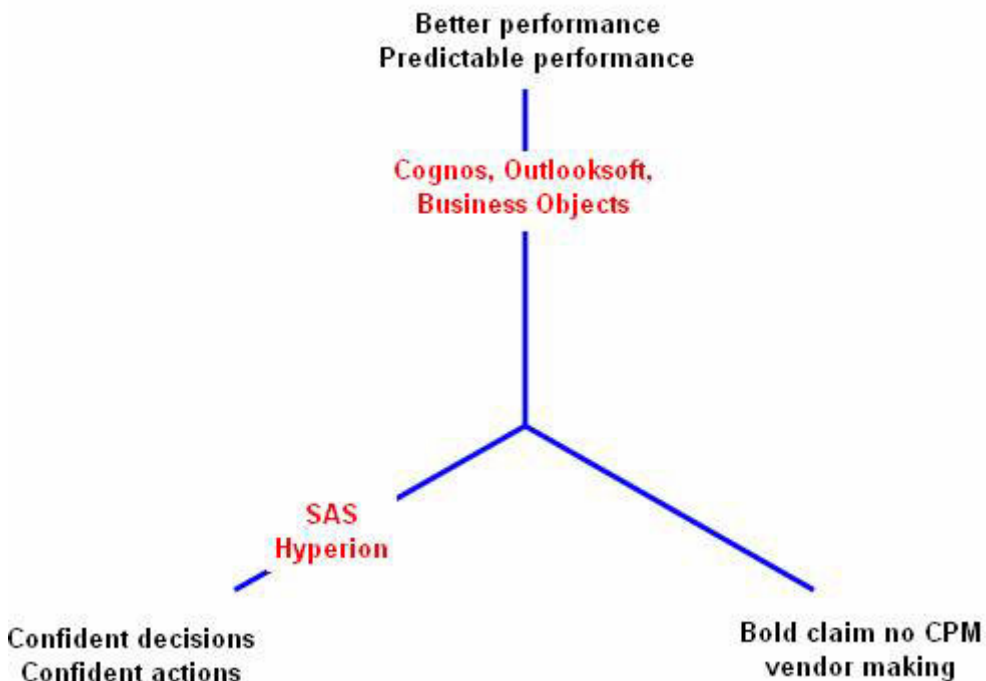


In summary, SAS gets the award for consistency

Note that there really isn't any difference between "predictable performance" and "better business performance." Both mean improved performance. The perceptual map demonstrates the importance of sticking with a positioning strategy for a long, long time. When I evaluated the CPM market a year ago, Hyperion, Cognos and SAS had similar positioning statements. They helped you make better decisions, or faster decisions or more confident decisions, all of which mean about the same. Now SAS is the only vendor in the CPM market making the claim, and who knows, it might tip the balance of power in SAS' favor.

But hold the presses. While writing this column, Hyperion released a new ad, "Challenge #2: Turn a thousand version of your numbers into one." This ad reflects Hyperion's previous position – faster decisions – with a creative twist: "Hyperion gives you accurate, insightful information you need to take confident action." Hyperion is now making a claim that's similar to SAS.

Here's how the perceptual map looks with Hyperion's new message execution.



Should SAS be worried or discouraged? I don't have a crystal ball, but my guess is that the next ad in the Hyperion series (Challenge #3?) will have a little different message, and once again SAS will be the only CPM vendor with a different claim for CPM buyers.

CPM vendor assessments

Business Objects

Business Objects finally joined the CPM war by acquiring SRC's spreadsheet-based budgeting and planning application. To its credit, the acquisition didn't change the long-term corporate position of *helping customers improve performance*. Almost all Business Objects' ads start with this sentence: "Business Performance on an entirely new scale." Any doubt about Business Objects' positioning for its CPM solution is eliminated with the headline in the CFO ad:

"Meet the CEO of planning nirvana. In his company, superior planning optimizes business performance." The ad concludes with a promise that you can act "smarter, faster."

Positioning statement: "Business Objects planning helps you act smarter to optimize business performance."

Shorter version: Business Objects gives you better business performance

Tagline: None

SAS

SAS is the quite giant in the CPM market, having evolved its product offering from statistical analysis only to business intelligence to include budgeting, planning and financial reporting. It has used a very strong tagline – "The power to know" – for many years.

The *CFO* ad for "SAS software for financial intelligence" has a bold, dominant headline "The power to know," with a smaller line continuing the sentence, "how to avoid surprises that shake investor confidence." The copy tells you a lot about what the solution does surrounding the most important piece of copy: Finance is becoming a trusted advisor in driving corporate goals and objectives. "SAS helps you meet the challenge confidently..."

Positioning statement: "SAS gives you the power to know so you can meet the challenges confidently."

Shorter version: "SAS helps you make confident decisions."

Tagline: "The Power to Know"

Outlooksoft

Outlooksoft is the newest player in the enterprise CPM market. The founders left Hyperion because they wanted to develop the next-generation CPM solution unencumbered by some of Hyperion's aging technology. Now Outlooksoft is trying to play catch up with Hyperion and others with an aggressive advertising campaign in *CFO*, *BusinessWeek* and other publications.

"Predictable Inc. would increase production if it were you," is the headline in *CFO*. The campaign features several different headlines including this one in *BusinessWeek*'s July 24, 2006 issue: "Predictable Inc. is cashing in on your utter lack of insight."

A short copy block in each ad is the same, "Outlooksoft.... can enable foresight, optimize efficiency, and give you a substantial edge over your competitors. It can make your Predictable Inc..."

Positioning statement: Outlooksoft makes you a predictable enterprise that gives you a competitive advantage.

Shorter version: Predictable performance/competitive advantage

Tagline: "Powering the Predictable Enterprise"

Cognos

The Cognos ad in *CFO* indicates a *possible* evolution of the company's positioning strategy from "better decisions" and "improved performance" to "predictable performance" (see perceptual map.) That's because of this sentence in the ad: "Now you can gain the visibility and control you need to eliminate financial and operational surprises."

However, this change appears to be only for one of Cognos' CPM ads. I've evaluated several Cognos BI and CPM ads in other publications, and they use some form of the following sentence: "Manpower is just one of the industry-leading companies that improves its performance with

Cognos.” In the *CFO* ad, the copy reads: “86 of the top 100 FORTUNE 500 companies rely on Cognos, because it’s the proven way to avert predictable surprises.” The *CFO* ad continues to use a tagline that’s been around for awhile, and which is a good one: “The next level of performance.”

Positioning statement: Cognos helps you improve performance by providing visibility and control you need to operate with greater predictability.

Shorter version: Predictable performance

Tagline: “The Next Level of Performance”

Hyperion

Gartner placed Hyperion in the leaders’ quadrant of its Magic Quadrant for CPM Suites, published in November 2005. This means, according to Gartner, Hyperion has a complete vision for CPM and an ability to execute its vision. To this end, Hyperion’s recent advertising campaign – “Leaders Wanted/CIO Challenge Series” – in *BusinessWeek*, *ComputerWorld* and other IT publications, takes a thought leadership approach in its copy and offers a free article from *Harvard Business Review* on how IT leaders drive innovation.

As mentioned above, Hyperion just started placing a new ad, “Challenge #2. The ad copy for both #1 and #2 includes this sentence: “Visionary CIO’s are leading the way with Hyperion performance management solutions.”

It’s interesting that Hyperion is talking to IT rather than accounting and finance. The reason appears to be two-fold: Hyperion is the leading CPM vendor in the Fortune 100. It already owns the FORTUNE 100 market. Its biggest potential for growth is to sell to IT; which as mentioned above, controls decisions about standardization on one BI/CPM platform.

Hyperion’s position in the Challenge # 1 ad is executed in the next to last sentence of the copy: “You give everyone the tools they need to continuously analyze and manage business performance – and invent new ways to improve it.”

Positioning statement for Challenge #1 ad: “Hyperion lets you invent new ways to improve performance through innovation”

Shorten version: improve business performance

Tagline: “The Future in sight”

The first two ads in this series are extremely well done except they change message. The first ad has a picture of an intelligent looking man with glasses and a collage of innovative doodling in the background. The second ad has an intelligence looking woman with glasses with a different collage in the background.

Positioning statement for Challenge #2 ad: Hyperion gives you accurate, insightful information you need to take confident action.

Shorten version: take confident action

Tagline: The Future in sight

Here’s how I determined the key concepts from the ad copy:

Accurate: The subhead is “Turn a thousand versions of your numbers into one.”

Insightful: The last line of the copy is “And insights that inspire action.” The tagline also connotes insight: “The future in sight.”

Confident action: The ad ends with: “So you can deliver numbers that inspire confidence. And insights that inspire action.” Also, this part of the copy connotes confident action: “It’s hard to see

the insight in the numbers when they come from a thousand different spreadsheets and dozens of BI tools. That's why the world's leading CIOs and CFOs turn to Hyperion."

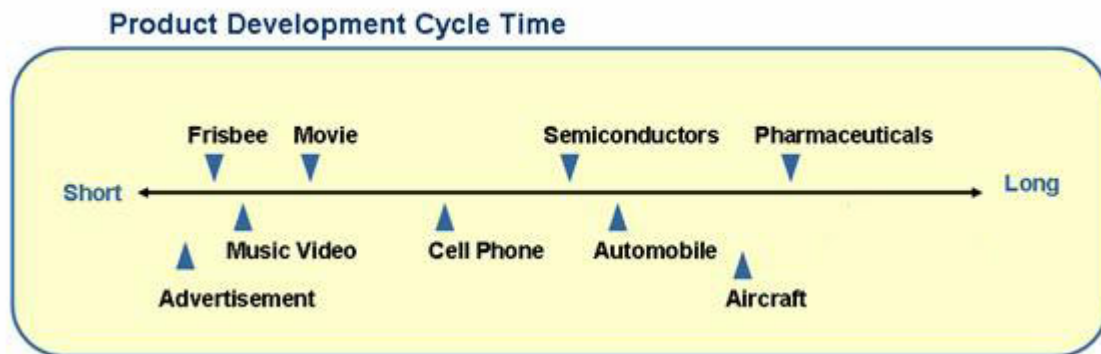
Lawson Abinanti is co-founder of Messages that Matter, a consulting firm that helps B2B software companies create compelling message strategies that build awareness and demand. Messages that Matter (www.messageshatmatter.com) gives clients the knowledge and tools to develop powerful message strategies that differentiate products and services from those of the competition.

Driving Firm Performance with Market-Based Assets: A Tale of Cycle Time and Timing

By Rajendra Srivastava and Greg M. Thomas

Well-run firms tend to set their product lifecycles to the pulses and rhythms of the market. For example, consumer electronics firms launch products in time for the Consumer Electronics Show. The end-of-the year holiday season is an important time for product launches for many consumer product markets. For the movie industry, market timing often means targeting the calendar during school breaks. For B2B products, the market rhythm cycle time might correlate with slightly leading the buyer's markets in the case of materials consumed in production, or be offset from the peak season. For example, a heavy machinery order often leads or lags the buyer's peak season to allow the installation and tuning of the equipment during off-peak times. In the case of strong market rhythms, the firms in these markets usually find time-to-market is of the essence.

Naturally, the product development cycle varies from sector to sector due to the complexity of the product. For some sectors, such as clothing, music video or most toys, the cycle is short. So what does it take to succeed in short-cycle environments? The ability to penetrate markets quickly is essential. Channel power is a must. And, getting customers to buy now, not later, is critical. Firms like Spain's Zara and Japan's World Co are experts at "fast fashion." They have mastered high levels of responsiveness to market information in a sector that already has high velocity development times. "Fast fashion" works to the advantage for Zara, as its customers know that when they see something they like on the rack, they had better buy it or they won't see it again due to product change-over. Additionally, by actively managing the duration of time particular designs are on the shelves, typically five to six weeks, and minimizing inventory within stores by virtue of short order-delivery cycles, Zara is able to minimize the percent revenue based on discounts, thereby enhancing its net margin.



For other sectors, the product development cycle is quite long in duration. This is typified in industries such as semiconductors, pharmaceuticals and aerospace. Here, the critical role played by brands is one of persistence and stability of market share that are needed to help fund product development.

Whether your firm is in a short cycle or long cycle the product development cycle time and the market rhythms need to be well synchronized. However, in reality, when developing complex products the synchronization is not always optimized, as contingencies can throw schedules off. There are some product development concepts that help reduce cycle time like parallel design, convergent design, overlapping product development cycles, design for manufacturability, supply chain optimization, in-house design, etc. However, sometimes these time compression tools are not enough to offset bumps in the product development process.

That is where the value of market-based assets provides a foundation to support firm performance. Market-based assets, such as *strong brands, a strong customer base, and strong partner networks*, support acceleration of revenues and reduce the vulnerability to cash flows.

When product development cycle bumps cause product launches to be stretched beyond launch targets, market-based assets help maintain consistent firm performance, as customers are more willing to absorb these inconvenient delays. Think of Harley-Davidson. If Harley-Davidson misses a new product introduction date by a few months, its customers are still unlikely to switch to competitors. However, if Honda slipped, their customers are more likely to seek out offers from Kawasaki or Suzuki. Harley-Davidson's strong brand and emotional attachment to customers provides a cushion for dampening the blow from product launch slips.

Market-based assets also help firms when launching new products. A new-to-the-world product launched by a strong brand has a much greater chance of success, as customers are more willing to try a new offer from a strong brand. And not only that, customers will often try the new offer of a strong brand sooner than that of a weak brand. In essence this is equivalent of a time-to-market-share premium. In essence iconic brands, such as Apple's iPod, that are able to get quick consumer acceptance enjoy a considerable advantage in today's dynamic tech sector. These translate into superior marketplace performance. The time-premium enhances firm performance by minimizing time-to-capacity utilization and a time-to-volume premium. The time-to-volume metric is closely related to the learning curve and economies of scale which are two contributors to competitive advantage.

Product cycle time and its duration indicates the place of emphasis on which types of marketing programs to execute. For products with a rapid development time, the balance of push-pull strategies favors an emphasis on pull, where advertising is launched at the brand or cross-brand category level. Rapid cycle time offers the choice of media for product-specific offers, and is often best focused on media where the cycle time matches the product cycle. For example, for fast cycle time products, the use of radio or flexible print media often is preferable over television, as television advertisement development and placement often requires longer lead times. For long cycle-development-time products, an emphasis is often best placed on relationship programs aimed at developing and maintaining loyalty. When conducted effectively these programs enable the firm to identify which customers are mostly likely to purchase when new offers are available, and to specifically target them with information promoting the offer.

Firms wanting the luxury of strong market-based assets need to change their managerial focus. Most companies are heavily focused on developing products and underemphasize the development of markets and brands. To enjoy the advantage of market-based assets, a firm first needs to realign its product development focus to that of a more holistic market, brand and partner development focus. Firms wanting to head in this direction need to develop competencies in these areas by hiring managers with a market-based asset orientation. Alternatively, firms can reach out to universities to develop a strong market-based asset orientation amongst its current managers.

In essence, to optimize firm performance, an organization needs to focus on synchronizing to market timings and compressing and controlling offer innovation processes. However, to maximize firm performance by enhancing revenues and reducing vulnerability to cash flows, leading firms need to develop competencies to build marketing based assets.

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Marketing Performance Dashboard - Is it Overstated?

Knowing what drives purchase, in what sequence to drive investment priorities for sales and marketing

By Nicholas Watkis

When under the chairmanship of the late Lord Weinstock, GEC was generally considered one of the most efficient British companies of the past 50 years. Before Lord Weinstock's retirement, GEC was known for its profits and cash mountain. This position of financial strength was credited to Lord Weinstock about whom, the story goes, that it was his daily habit of asking each of his main managers how much money they had made that day. The story may be apocryphal, but the principle is there that in having regular management reports of their business progress, the managers were reminded of their responsibility for making money for the company

Measuring marketing performance highlights the ability of the management to convert marketing investment into profitable revenue. Thus marketing measurement provides a quantitative indicator not only of the efficiency of the marketing function, but also of the effectiveness of those individuals responsible for marketing management and generating profitable revenue.

For effective marketing management, there is no substitute for the quantitative measurement of marketing performance. After all, it was Peter Drucker who said that "If you can't measure it, you can't manage it." The desire from the business world to find quantitative indicators of business performance, has led to increased interest in the "dashboard" approach, where particular business indicators are a guide to overall business performance. This dashboard approach is now being applied to the marketing function as well as other parts of a business, but while some may see it as the key to management success, it is not the Holy Grail of management solutions, as it only provides part of the picture.

The dashBoard approach takes its name from the idea that the performance of a business can be gauged from a small number of key indicators, rather like the pilot's blind flying panel in an aircraft. However, any pilot will tell you that the blind flying instruments indicate how the aircraft is moving; up, down, speed, height, and direction. But without a map and the ability to see outside, the aircraft can still fly into the mountain in front of it. So it is with business and marketing. Unless the management keep their "heads up" to see what the market is doing and the business conditions in which their business operates, the marketing effort and the business may still flounder despite the marketing performance indicators showing all is well. The question is how is the marketing manager to keep "heads up" and read the map while monitoring the dashboard?

Having a continuous flow of marketing performance metrics enables the marketing manager to understand the current performance, but there is an equal requirement for a continuous input of market, economic and business environment information, so that the progress of the business may be seen in the external business context. If for example the marketing performance indicators showed that revenue profits and customer growth were all growing at 6 percent that would show a positive management performance. If however, external information showed that the market was growing at 10 percent, then the relative performance of the marketing management would be considered unsatisfactory.

To understand a business's performance relative to its business and market environment requires the application of a Marketing Audit, not as a "one-off" procedure, but as a continually rolling program.

The Marketing Audit is a self administered method for identifying and realizing under-utilized marketing resources, comprising the analysis of the market, the business, the company's own organizational strengths and weaknesses, the economic environment, the marketing environment and the competition. Unlike marketing performance indicators, much of a Marketing Audit will

provide qualitative rather than quantitative information. The information collected should seek to identify and confirm what needs to be known, what should be known, what is known and what is not known. Generally held "assumptions" should be identified and examined for factual content. There is no "magic list" of questions, but they should cover as wide a field of enquiry as possible regarding the market and economic conditions in which a business works. The Marketing Audit will also cover internal procedures and knowledge, which cannot be reported on through marketing performance measures.

Typically a marketing audit can cover over 20 subjects, including strategy, planning, market environment, competition, law and many others, with at least as many questions for each subject. Always the question must be asked: Why are we collecting this information? What does it achieve? Will this information help directly indirectly in making decisions?

When measuring a business's marketing performance, the results must always be seen in relation to the economic, market and business conditions. The effective management of marketing performance must include a continual cycle of both marketing audit and marketing performance measurement. Internal marketing performance measurements alone without reference to the market and business environment can give false impressions, which could lead to disastrous consequences.

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