Aditya Joshi is a partner at Bain & Company, a leader in the Customer Strategy and Marketing practice, and the head of the firm's Marketing Excellence area.

Eduardo Giménez is a partner at Bain and a member of the firm's Consumer Goods practice in Europe, with a focus on marketing organizations.

Decision-Driven Marketing

Good decision processes break down silos and improve performance. *by Aditya Joshi and Eduardo Giménez*

Marketers have always had to build brands, create demand, promote sales, and help their companies earn customers' loyalty. But today's turbulent environment means they must play critical new roles: They must be strategists, allocating scarce resources to support company priorities and increasing return on investment. They must be technologists, tracking and capitalizing on the most useful of the sophisticated technologies that are flooding their field. And they must be scientists, because the future of their business may not look much like the past: Experiments that were once sideshows to preplanned campaigns are increasingly central to a marketer's job.

Over the years we've seen many individual marketers try valiantly to take on these challenges. But most of them are stymied by structural constraints and capability limitations. Strategic priorities somehow fail to cross organizational boundaries, to the point where sales and marketing may find themselves at odds. The skills that marketers need often reside elsewhere, such as in IT or central analytics groups.

The gap between marketers' aspirations and what their organizations can accomplish creates intense pressure to reshape how marketing is done. So where to begin? In recent years some leading companies have developed an innovative approach that focuses on the seams between marketing and the other functions it interacts with—the C-suite, IT, sales, finance, and so on. It is at these seams that communication most often breaks down and processes stall. To complicate matters, the boundaries themselves are blurring, and some tasks are moving from one function to another. The cutting-edge companies create a different kind of marketing organization—one that is less siloed, more interactive, and more collaborative, and that increases marketing's value and effectiveness.

The Decision Perspective

Leadership teams confronting organizational barriers often try to redraw the boxes and lines of their org charts. But that leads to incomplete solutions at best, because it risks simply creating new silos. As the marketing pioneers have discovered, a more fruitful approach is to identify the critical decisions involved in successfully marketing a company's products or services and focus on improving the effectiveness of those decisions. In essence, the leaders of these companies inject more discipline into decision-making processes—clarifying roles for marketing and other relevant functions and establishing decision criteria. Their approach isn't complicated, but it requires a new mind-set for all the parties concerned and a shared commitment to rethinking how decisions are made and work is done. To be sure, some companies will find that they need to consider organizational changes as well. But the decision perspective helps them establish a firmer foundation for any restructuring and drives progress in the interim.

Typically, three categories of marketing-related decisions cross organizational seams:

Strategy and planning decisions involve aligning marketing goals with business and customer strategies and aligning the priorities of marketing and sales. These decisions typically address questions such as:

- On which customer segments and product lines should we focus marketing support?
- What is the optimal level of spending, and what is the right allocation among vehicles and channels?
- What is the testing and learning plan?

Execution decisions, the marketer's traditional purview, are more challenging than they used to be. A proliferation of marketing vehicles and digital technologies has vastly increased the complexity of creating and delivering messages and offers in an environment where ever-faster execution and relentless budget pressure are the norm. These decisions include issues such as:

- Which product features should we highlight in our marketing efforts?
- What incentives should we give customers to get them to try or buy our offerings?
- What is the right mix of traditional and digital marketing vehicles?

Operations and infrastructure decisions cover all the new capabilities that are increasingly important to marketing's success. They address questions such as:

- How will new marketing technologies and tools be evaluated, bought, and managed?
- What is the right degree of integration between digital and traditional marketing?
- What does that imply for the nature and location of digital marketing capabilities?

About the Spotlight Artist
Each month we illustrate our Spotlight package with a series of works from an accomplished artist. The lively and cerebral creations of these photographers, painters, and installation artists are meant to infuse our pages with additional energy and intelligence to amplify what are often complex and abstract concepts.

This month we feature the work of **Markus Linnenbrink,** a German painter and sculptor. Linnenbrink's stripes and drips—often created as room-size environments—emphasize color and process. More of his work can be seen at **markuslinnenbrink.com**.

It is at the seams between marketing and the other functions that communication most often breaks down and processes stall.

Idea in Brief

THE CHALLENGE
Marketing organizations must collaborate with other functions more than ever before. But structural constraints and communication glitches often isolate them from the information and resources they need.

THE SOLUTION
To break down barriers, marketing pioneers are revamping the decision processes at the boundaries between functions, focusing on three areas: planning and strategy, execution, and operations and infrastructure.

THE PAYOFF
Companies including Target and Nordstrom have improved collaboration between marketing and other functions with simple tools that streamline decision making by establishing clear roles, explicit decision criteria, and well-defined processes.

More generally, marketers must determine which activities to keep in-house, which to automate, and which to outsource.

None of these decisions can be made by marketing alone, because they lie at the seams between functions. Some require collaboration with the CEO or a general manager. Others require close interaction with sales, product management, pricing, analytics groups, IT, or other functions on marketing's boundaries. (See the exhibit "Decisions at the Seams.") That's when what we call "mining the seams" comes into play: When marketing works closely with other functions to execute key decisions, it can avoid organizational bottlenecks and get things done far more quickly and effectively than in the past.

Judging from the experience of most marketing organizations, mining the seams is easier said than done. Impediments include divergent assumptions and a lack of alignment and shared commitment between functions. For instance, when we ask people in marketing and other relevant areas what roles they play in a decision, their answers are likely to be all over the map and even contradictory.

In a classic example, both marketers and product developers in one automaker's European division believed that they had the final say on which features to include in a new model. Not surprisingly, the result was constant haggling and delays that compromised product launches. (See "Who Has the D?" by Paul Rogers and Marcia Blenko, HBR January 2006.)

Mining the Seams: A Practical Guide

How should marketing revamp decision processes at the boundaries between functions? Consider a global financial services company that was grappling with how to allocate marketing dollars among its various product lines. Given the zero-sum nature of such an exercise and the naturally conflicting objectives of

DECISIONS AT THE SEAMS

As marketing works jointly with other functions at its boundaries to make and execute shared decisions, it must answer questions like the ones below.

1 Where should we double down on marketing spend? Where should we pull back?

2 How should we align performance metrics to ensure that marketing and sales focus on the same opportunities?

3 Should we build, buy, or outsource the marketing technologies we need?

4 What criteria should we use to allocate scarce analytical resources to marketing rather than other functions?

5 How should we determine the optimal price incentive to prompt desired customer behavior?

6 How should we set financial expectations for tried-and-true marketing investments versus unproven but promising ones?

the many stakeholders, this was a particularly contentious issue.

The company redesigned the decision process using a three-step approach: It conducted a decision X-ray, performed a decision reset, and implemented the new process.

A *decision X-ray* diagnoses how the decision is currently made. In this case, a team began by gathering input from the key participants in the budget-allocation decision, using interviews and surveys.

Both marketers and product developers at one automaker believed that they had the final say on which features to include in a new model.

The team mapped the decision process in detail and then conducted a workshop with the participants to discuss the collected input. A number of issues stood out: People lacked clarity on decision roles—they had varying opinions not only about who the decision maker was but also about who was responsible for recommending allocations. The decision process lacked basic disciplines, including a consistent methodology, criteria to guide the allocation, and clear guidance on what data were needed. Meetings often ended without explicit conclusions or agreement on next steps. Not surprisingly, both the quality and the speed of this decision were perceived as poor.

A *decision reset* entails redesigning a decision process to improve its effectiveness. Here the team kicked off the redesign by creating a working group of senior executives involved in the allocation decision, including representatives from marketing, finance, and the relevant business units. The marketing representative, who reported directly to the CMO, chaired the group.

In a series of three workshops this group examined every aspect of the decision. The task was to specify the what, the who, the how, and the when for the new process.

- Defining the what—what exactly are we deciding?—involved securing agreement on the scope of the allocation process and the guiding principles that would inform marketing allocations.
- Specifying the who meant identifying and agreeing to specific decision roles for each participant—who would draft the recommendation, who would provide input, who would actually make the decision, and so on. (For one method of assigning roles, see the exhibit "Deciding How to Decide.")
- Determining the how and the when meant agreeing on the allocation methodology and criteria, on what data participants would need, and on the timing of the decision.

This redesign required a significant investment of time and considerable tact, because the changes being discussed were contentious. Roles in particular required several discussions before the participants could agree. But the investment was worthwhile, because the new process was both more disciplined and more effective—and, crucially, it had buy-in from the various functions participating in the decision.

In the final step the company piloted the process during the next quarterly budget reforecast, evaluating the process steps and decision roles and assessing the allocation outcomes. Not everything worked as planned, but team members were able to modify both the procedures and the roles. Then they rolled out the redesigned process as part of the next annual budgeting cycle. Today this company's marketing allocations are much more explicitly aligned with its business strategy. Moreover, defining roles in advance has sped up decision making considerably.

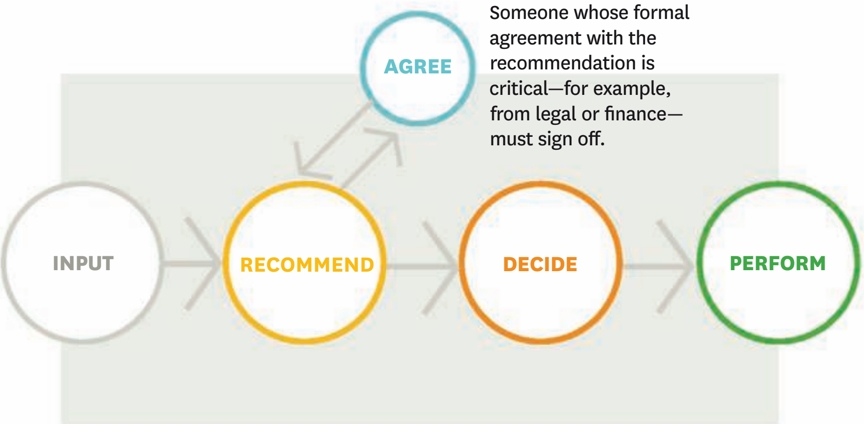
This three-step approach can be applied to a broad array of marketing decisions that lie at the seams. As evidence, let's look at three critical collaborations: marketing and strategy; marketing and sales; and marketing, IT, and analytics.

Marketing and strategy. At many companies, marketing focuses largely on tactical planning and execution. It develops television or print-media campaigns, for example, but final approval rests with the C-suite, business unit heads, or product managers. Such a narrow role for marketing is inefficient and ineffective in an always-on, do-it-now, multichannel world—and risks putting the function at cross-purposes with the company's key priorities.

When Jeff Jones arrived at Target as the CMO, in 2012, the company's marketing organization had a rich history of making "magic"—its processes were highly creative but also highly subjective. Jones

DECIDING HOW TO DECIDE

Assigning roles for key decisions is often complex, but an agreed-upon tool can facilitate the process. When teams use this one, developed by Bain and known by the loose acronym RAPID, they usually settle on a single decision maker.



Focus on getting only the input that is critical to making and implementing a good decision.

The recommender gathers input from preassigned groups before proposing an action.

The person with "the D" is ultimately held accountable for it.

A company assigning rights related to marketing communications decisions might diagram the roles of various functions this way.

DECISIONS / FUNCTIONS INVOLVED	PRODUCT MANAGEMENT	CENTRAL MARKETING	REGULATORY	MARKETING/ CREATIVE	SALES/ CUSTOMER SERVICE
WHAT IS THE OVERALL MESSAGING STRATEGY?	R / D			I / P	
WHAT CLAIMS DO WE WANT TO MAKE? WHAT FEATURES AND BENEFITS DO WE WANT TO EMPHASIZE?	D	R	A	I / P	I
WHAT IS THE LOOK AND FEEL OF THE MATERIALS?	I	D	I	R / P	

A split role in a box indicates distinct decision roles for different people (usually at different levels) within the same function.

wanted to maintain that creativity but felt it was also essential to devise a more systematic approach, incorporating the technological tools, data, and structure that could consistently deliver powerful marketing for Target's products. That required a new strategic mind-set, which Jones distilled into three principles for his team: Drive traffic. Deepen engagement. Strengthen shoppers' love for the brand. Every key marketing initiative had to reflect at least one of those principles.

Jones and his team revamped the operating model to develop a more structured decision process. They designed a tool called a *strategy brief*—a standard template used to plan every major marketing initiative or campaign. The brief placed a particular emphasis on the business problem being addressed. It also included a clear definition of the target customers; insights about their behavior; concise descriptions of relevant market, competitor, and customer trends; a crisp articulation of the marketing challenge; and an explicit statement of the desired customer and business outcomes—all in two pages or less. This was a far cry from the typical marketing packet, with its reams of data and limited insights. The power of the brief lies in the clarity it provides on the insights and criteria that will govern the decisions required for any initiative.

To achieve the desired impact, Target also had to define decision roles and processes for creating and using each brief. First the leadership team took part in a workshop to agree on high-level decision rights for category marketing, merchants, media strategy, customer insights, creative, and other areas. Then a working team designed and documented the strategy brief process, testing the assigned decision rights by using an actual marketing initiative as a live pilot. The team held additional workshops to assess what was or wasn't working in the pilot and made adjustments before rolling out the approach more broadly.

At Target, category marketers are now responsible for creating each brief, with well-defined points for input from merchants, media strategy, and customer insights. They specify what decisions are to be made in each marketing meeting, who should attend those meetings, what the decision rights are for each decision, and what inputs each participant should contribute. The alignment, clarity, and transparency that a strategy brief facilitates enable Target's category marketing team to effectively partner with merchandising in articulating the company's business objectives and broad marketing strategy. The team can also incorporate marketing expertise, such as in creative strategy or media mix, thus ensuring smoother and more successful planning and execution of its major initiatives. And it can get the job done much faster, with less back-and-forth among the various participants.

Marketing and sales. It's almost a business cliché that these two functions frequently go their separate ways, with little communication—let alone collaboration—between them. That was the situation at one global technology company a few years ago. Like most business-to-business companies, this one relies heavily on its skilled salespeople to close deals and grow revenue with its largest customers. Marketing is responsible for conducting campaigns and creating collateral materials to support the sales reps. In the past, unfortunately, those materials often didn't meet the reps' needs, so many reps would revise what they were given or create their own materials. In fact, an internal survey revealed that they were spending an average of nearly one day a week digging around in the company's systems to find or develop what they felt they needed, instead of spending time with customers. Not only was this wasteful, but it resulted in materials that varied widely in appearance, tone, and consistency of message, chipping away at the company's investment in creating a distinct brand.

Again, the decision perspective proved useful. First, leaders redefined the job of the sales enablement (or sales support) organization, which reported to the head of sales, and gave it a charter to work closely with marketing. Then they spelled out decision rights and processes. Sales enablement would set standards for collateral materials according to its understanding of the needs of different types of sellers, such as account executives, specialists, and pre-sales executives. Marketing would develop templates for each collateral piece, specifying the kind of content to be included, with the final decision made by sales enablement. Marketing would also oversee the look and feel of each piece to ensure consistency with visual brand guidelines. Individual product teams took responsibility for providing information on product features and the value proposition. With clarity of objectives and access to the necessary data, marketing professionals could create materials that were satisfactory from both a sales and a brand perspective.

To accelerate the development of powerful customer insights, Nordstrom shifted responsibility and decision rights for many analytic activities to marketing in partnership with IT.

Now the collateral materials meet the needs of the sales reps, who can be confident that they are up-to-date and reflect the sales department's input. And the reps are freed up to devote more time to actual selling, with obvious financial benefits.

Another example comes from the consumer packaged goods industry. Historically, CPG marketers have tried to grow their categories through a continual stream of product introductions. But that creates a recurring problem: The proliferation of products not only saturates shelves and confuses shoppers but also strains sales reps, who are constantly trying to get attention for yet another offering. Moreover, new-product launches often receive lukewarm support—or none at all—from retailers, whose own capacities are stretched.

Today a few European CPG companies are pioneering a different approach to decisions about introducing new products, redefining the how and the who of the process. Product-marketing teams consider the shelf constraints of channel partners right from the beginning, gathering data on how much space they can realistically expect in a store and how much time shoppers spend in front of their products. The role of sales reps is now more important:

The frontline input they provide about constraints implied by the promotional calendar, the availability of endcaps, and so on, becomes a critical consideration—and sometimes a gating factor—for the product launch and the marketing strategy. By resetting the decision process to factor in such input early on, marketers can better time new-product introductions, raising the odds of success.

Marketing, IT, and analytics. Cutting-edge marketing organizations increasingly rely on technology: CRM systems, big data analytics, marketing optimization tools, and a host of other specialized software. Historically, the IT function has housed and managed most of this technology, and central analytics groups have mined and processed the data. But that's changing rapidly.

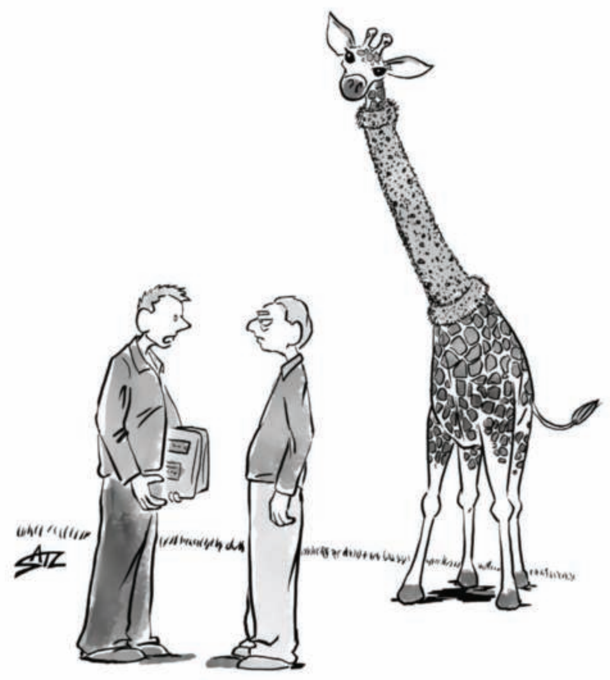
Look, for example, at how the marketing function at Nordstrom is evolving. The company's overarching strategic goal is still to improve the customer experience every year. But in the past its central marketing organization played the role of order taker, executing the plans of merchants in each category. Moreover, individual teams focused on the department or the product line for which they were responsible, while no one was building a holistic view of the customer.

Today the company faces new challenges, such as tracking and engaging customers across all four of its sales channels (Nordstrom, Nordstrom Rack, Nordstrom.com, and HauteLook). It has begun to address these challenges with far more sophisticated analytic and testing capabilities than were previously available. It has learned, for example, that customers who buy from multiple channels typically have a higher lifetime value than single-channel shoppers. It has learned that customers who spend $100 in some key categories often have a higher lifetime value than those who spend the same amount in other categories. That kind of analysis allows Nordstrom's marketers to put customers, rather than categories or brands, at the center of their efforts. Brian Dennehy, the company's new CMO, has embraced an aggressive test-and-learn philosophy and is gauging success along such metrics as customer acquisition, customer migration across channels, and customer lifetime value.

To accelerate the development of powerful insights, Nordstrom shifted responsibility and decision rights for many analytic activities to marketing in partnership with IT. Marketing now partners with IT to evaluate and select the technologies that allow it to acquire the needed analytic capabilities. Of course, the IT department retains a crucial role in such decisions and must approve the technologies from the perspective of interconnectivity, security, and network stability. But reassigning decision rights and clarifying roles for the marketing, analytics, and IT functions has ensured that Nordstrom can rapidly enhance vital tools and technology capabilities.

EVERY MARKETING ORGANIZATION will probably find that some seams matter more than others. We have discussed only three of the interfaces between marketing and other functions. Their importance will vary widely from one company to another, and some organizations will find that completely different interfaces—with product development, for example, or even finance—create opportunities. No company can address all the seams at once. But organizations that identify the most important decisions and learn how to make them more effectively will be on their way to better and more powerful marketing.

HBR Reprint R1407D



"Admittedly, it's a niche market."

CARTOON: CROWDEN SATZ