

## Fixing the Product-Marketing Disconnect

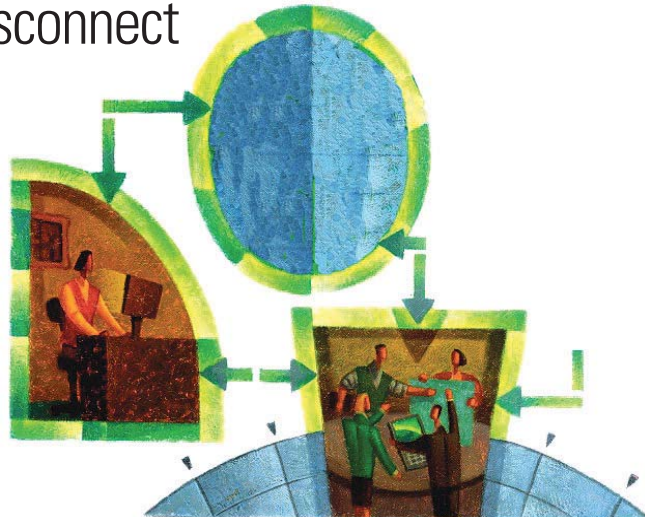
Product marketers make decisions that affect the entire enterprise—often without sufficient, current data.

BY JASON COMPTON

At most midsize and large companies, product marketers have nearly every imaginable technology tool at their disposal: forecasting tchotchkes, data-crunching thingamabobs, analytics doohickeys. But a recent study reveals that surprisingly few executives are availing themselves of such technologies.

*Market Vigilance, Product Diligence*, conducted by the Business Performance Management (BPM) Forum, reports on findings from in-depth, one-to-one interviews with 14 senior execs at brand name companies and a global survey of 150 companies. The final report depicts the product decision-making process as plagued by any number of effectiveness- and efficiency-draining problems.

Respondents expressed dismay at the quality of data being conveyed between product marketing and other departments, with 70 percent ranking it “average” or lower. About 80 percent of respondents acknowledged that they rely on data



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generated by and communicated via spreadsheets, regardless of other, more sophisticated data technologies that may or may not be in place. That could be due to a serious disconnect: Nearly 70 percent of respondents say they don’t like the software they use for product portfolio planning and competitor analysis and pricing, among other activities.

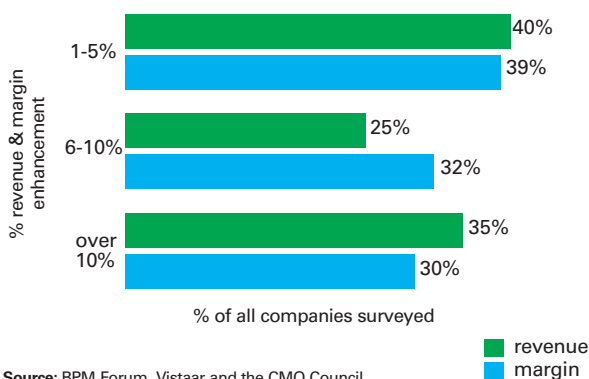
Worse, survey participants believe many of these problems are costing their company money. Nearly 40 percent think they could grow revenue by double digits if they had higher-quality data and stronger analytical and forecasting tools. Another 40 percent claim that their firms could grow revenue by more than 10 percent if they could shave competitive response time by half.

“There’s disconnect between perception and reality when it comes to people on the [marketing] front lines,” says Bala Srinivasa, senior vice president of product marketing for Vistaar Technologies, which cosponsored the survey with the Chief Marketing Officer Council. They’re making decisions on a daily basis that affect every facet of the corporation, but they’re doing so without up-to-the-minute data. They also don’t have the right kind of analytics and planning that goes around it.”

In the wake of the study, the question turns to how companies can improve their product-marketing effectiveness, whether by better defining roles and processes for capturing

### P&L Visibility Improves Performance

Marketers surveyed in the report *Market Vigilance, Product Diligence* say visibility into P&L impact would grow revenue and margin.



and using customer data or by more effectively aligning them with other company activities.

Experts point to a reactionary attitude toward the use of data in product-marketing groups—basing decisions on prior events, rather than on information that could help predict future trends—as a primary problem. “Most business intelligence is backward-looking. It’s like driving a car where the windshield is blacked out and you don’t have anything else to

go on but the rearview mirror,” says Mark Klein, CEO and founder of analytics firm Loyalty Builders.

Another problem is the lack of funding allotted to such technology. Richard Irwin, general manager of business intelligence and integration solutions at Junction Solutions, isn’t especially surprised, however. “Marketing people only understand the systems that do reporting and the ones, like spreadsheets, where they can see exactly where their data goes,” he says. “They don’t identify with anything else, so clearly they’re not going to throw money at it.”

When it comes to spreading the effective-use-of-data-for-product-marketing gospel throughout an organization, pundits have no shortage of ideas. They insist that the marketing spend must be judged the same way most other company units are judged: on revenue, not on response rates. Additionally, they suggest that companies should view maintaining data quality as an everyday activity, rather than as an episodic event (e.g., twice-a-year cleanups).

“Especially on the marketing side, you see data efforts being done piecemeal. One part of the company has no idea what the other is up to,” says Rick Barkal, Infogix unit leader, market development. “It’s about people, process, and technology. If you don’t align the three, you’re going to continue to have the same problems the [BPM] study talks about.”

According to LexisNexis Vice President of Market Intelligence Mason White, companies need to show leadership support. “The message has to come down from up top that making decisions based on a gut feeling or a couple of interesting conversations at the club might not be a very good idea,” he says. Indeed, without C-level commitment, product marketers will likely continue to make decisions without complete and current data.

Kevin Colosimo, senior director, product management, Oracle Marketing and Loyalty Products, conveys the following tale: “I was in one meeting where a marketing executive said flat-out, ‘I don’t want to show my bosses everything I’m spending. I don’t need them to know what’s working and what’s not.’ And this was a pretty senior-level guy. So unless top people demand more accountability and put their foot down when folks try to stress the soft outcomes, we’re going to keep seeing these problems.” ■

## Shared Planning, Shared Rewards

Asked what prompted Hitachi Data Systems to rethink its approach to product marketing, Scott Nelson is quick to respond. “There’s just so much internal and external information that you need to process,” says Nelson, senior director of pricing operations. “To do it purely with lots of people and Excel doesn’t make sense anymore.”

Company executives also recognized that to successfully change their approach, they would need buy-in across the organization. So they engaged every major internal stakeholder during the decision-making process, which included selecting software and process-reengineering planning. “We brought in everybody who could be impacted—sales operations, strategic-planning groups, marketing, IT, channel operations, you name it,” Nelson notes. “Without getting that buy-in ahead of time, you’re going to have a much more difficult time getting everybody on the same page.”

In fact, getting the buy-in has smoothed the decision-making and change management processes. Nobody in the organization is questioning every decision or dragging their feet on implementing the new systems or procedures.

As of mid-August, the company was still in the early stages of implementing Vistaar’s product-marketing analytics software. Hitachi plans to have 80 percent of the geographies that make up its revenue base up and running on the system within six months. Nelson expects that results will follow sooner rather than later. “Before, so much of our analysts’ time was spent finding data and putting it into some kind of format where they could analyze it. That’s going to be a thing of the past,” he says. The future will be led by faster, smarter decision making.

