GETTING FUTURE-READY
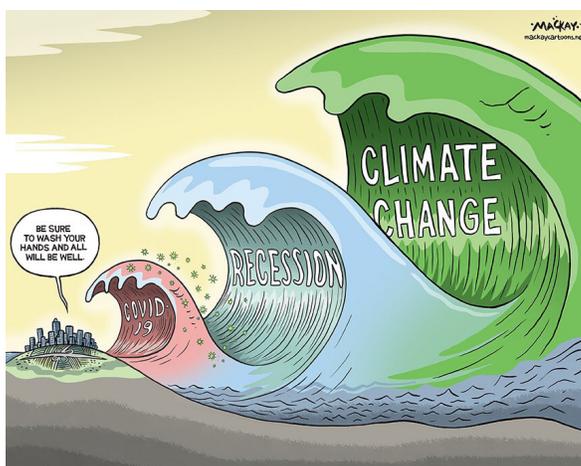## WITH MARKETING TRANSFORMATION

Ogilvy CONSULTING

Foreword

In 2019, we published "The CMO and the Opportunity of an Era: Surviving and Thriving in the Age of Marketing Transformation". The piece addressed some of the biggest challenges that our clients, and CMO's everywhere, faced at the time and outlined the increasing opportunity for CMO's to be primary drivers of their companies' business growth.

Back then, based on our conversations with CMOs and other business leaders, the prevailing priority among them was coming to grips with the fast-changing world of marketing, from accelerated technology and channel development to disruptive competitive sets and more elusive customers than ever. At that time, the future for many was about a reasoned path forward, at a reasonable pace to evolve maturity around capabilities, people, platforms. It was about catching the wave and riding safely to shore.

By spring 2022, a lot of us feel as though we didn't quite ride the wave of recent events, but rather were pummelled by a series of waves, repeatedly and violently, as a confluence of unprecedented political, environmental, and societal events conspired with a pandemic to create the most challenging business environment in recent memory. Sadly, even as we enter a new era of Covid, other hugely impactful geopolitical events, like the invasion of Ukraine, indicate the wave-beatings are not yet over. Our view of the future is very different today than it was even three years ago.

Business and Marketing have always been about future-readiness in some sense. Strategic planning at the enterprise level traditionally is about working with known fundamentals and certain constants and identified variables and creating scenarios for growth. Even as late as 2019, with its own vast changes in business and marketing, CMOs and other business leaders felt success was about applying what they could know to what was visibly on the horizon.

> ## THE FUTURE AIN'T WHAT IT USED TO BE.
> – YOGI BERRA, AMERICAN BASEBALL GREAT

Looking back now, many businesses found themselves woefully unprepared for the waves of disruption and change over the last three years. And many are now understanding that "the future" is not an annual planning exercise. Even the best laid plans, based on current intelligence, are often not future-ready in times of upheaval.

So, the big pivot that has taken place in future-readiness is in the shift from working with what we know today to working to be ready for what we just can't know now. Like so many transformative business elements, future-readiness is a journey rather than a specific destination— a state of mind if you will — in preparing the enterprise for resilience in the face of challenge, and preparedness in the face of opportunities that pop-up both unheralded and unprecedented.

Not surprisingly, companies with foresight and some kind of plan over multiple time horizons tend to weather what the world throws at them better than those who are focused to narrowly on the next quarter. In this paper, we'll take a look how to prepare your group, your function, and your companies for future-readiness.

Credit: Graeme MacKay

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MARKETING TRANSFORMATION
IN ANCIENT HISTORY (2019)

Marketing transformation in ancient history (2019)

Before discussing what the shift in future-readiness means to brands and businesses today, let's take a trip back to the seeming ancient history of Marketing Transformation in 2019.

Back then, marketers did have plenty of worries: lightning-fast technology and channel evolution, ever-shifting consumer needs and elusive marketing targets, and a bunch of disruptive companies like Amazon, Tesla and Netflix threatening to eat up entire categories. But the problems felt less than existential. Yes, things were challenging, but there were also many opportunities, and it was all within grasp with the right plan and investment model.

Then came March 2020, and along with it a period of extraordinary and extended uncertainty – lockdowns, disrupted supply chains, and crippled categories and workforces. And if that wasn't enough – political chaos in the US, an uprising in

Hong Kong, and the green shoots of what would blossom into full-blown Brexit were taking their tolls on the global economy. Importantly, the pandemic further highlighted social injustice, iniquity in income, healthcare access and the climate crisis. Meanwhile, the shops were all closed, essential goods in short supply – people were even hoarding loo roll!

If marketers thought choosing a tech stack was hard, how were they to navigate all of this?

For companies that had not already started the process of thinking about future-readiness—or even short-term resilience—the events of 2020 coalesced into a serious moment of reckoning.

As a result, most businesses in coming out of the lock-downs found themselves either in survival mode or just managing to sustain their health, while some companies surged and came out of the period unscathed.

Organizations ended up in one of three modes:

01. SURVIVE

Many organizations found themselves in a state of paralysis when the pandemic cast a shadow over the global economy – including a significant number of old, established, and well-loved brands. Some went out of business quickly, others had to make staff redundant or use support measures provided by central and local governments. But even without Covid, these companies were ill-equipped to weather the accelerated change of the pre-pandemic world. They eventually would have been challenged for survival even in a "business as usual" scenario. In summary, if the brands in this mode didn't die, then they were and still are on the brink of collapse.

Hertz entered the pandemic bloated with debt, and when the travel industry dried up, it all proved too much and the company collapsed. Sure, Hertz suffered because no one was renting cars during lockdown, but also because they didn't pivot into supply chain or delivery.

Before Covid, trendy homeware retailer Muji had been struggling with its reliance on brick-and-mortar stores and its failure to accurately predict demand, thus bearing a longstanding mass inventory problem. Just three months into the pandemic, Muji had filed for bankruptcy with plans to shut down stores internationally.

02. SUSTAIN

The rush to protect employees, jobs, and financial liquidity was all-consuming for many organizations. But the fact was that whole categories were put at risk simply because they served consumer needs or B2B supply chains that had been put on hold. Hospitality, travel, a lot of manufacturing, fashion, and other "non-essential" retail found themselves with products for which there was little market opportunity. But in those crucial first months of the pandemic, many did for brand resilience what they could not do for commercial resilience by adjusting to the new market conditions and springing into action to assist the public response. Many of these efforts took place through rapidly activated partnerships between brands, government, and NGO's. Organizations in this mode went into the pandemic from a position of strength and were therefore able to make the right decisions and defend their market share.

LVMH converted its perfume facilities to hand sanitizer production and ordered 40MN masks from China for France, where the company is headquartered.

Unilever made substantial contributions of funding and announced a commitment to provide free soap, sanitizer, bleach, and food (at the value of €100MN) to consumers and communities around the world.

03. SURGE

As lockdowns became routine, businesses and consumers went digital at unprecedented adoption rates, providing and purchasing more of their goods and services online. This raised the share of global e-commerce trade from 14% in 2019 to around 17% in 2020 [source UNCTAD]. Some categories were made for lockdowns – food delivery, retail e-commerce, online entertainment and learning, and fitness. They reaped lucky windfalls as they were natural solutions for lockdown scenarios. In other categories, many CMOs quickly concluded everything would change. As a result, future-ready organizations accelerated existing transformation initiatives and pivoted to engagement models conducive to short-term resilience and growth. Brands in surge mode were already positioned to weather the storm organizationally and culturally and could adapt to new consumer needs with relative ease.

Deliveroo partnered with supermarkets to help people get what they needed when pretty much all other providers failed. Today, groceries make up over 10% of Deliveroo's UK revenues and it has managed to bring in a whole new set of customers. That's a future-ready organization – and the proof doesn't just end there. Deliveroo is pivoting again against a whole new set of competitors in the rapid grocery delivery market that is brimming with venture capital post-pandemic. Without doubt Deliveroo is well-positioned to fight back, not only because of their organization and capability, but because of their culture too.

As we entered 2022

The most optimistic among us believed that Covid would be squarely in the rear-view mirror by now. But not only is it clear that we're not in the post-pandemic era, it seems increasingly that we're not even in the pre-post-pandemic era. Furthermore, at the time of writing this, in Ukraine we are witnessing the origins of what's likely to be the most socially and economically destructive geopolitical crisis Europe has seen since WWII.

Earlier we showed a well known editorial cartoon of tsunami waves representing the pandemic, a global recession, climate change and the collapse of biodiversity. But today the reality is a lot more complex. It looks a bit more like this:

The fact is the impact of recent crises – and all they have brought with them – still looms large. In summary, marketers are trying to deal with all of this – simultaneously in most cases – while also striving for resilience in business-as-usual scenarios and managing transformational agendas. It's an awful lot to come to grips with.

Today, large numbers of brands are pivoting to face this new landscape, forcing a transformation timeline many had not planned on executing so soon. Remembering that our collective immediate future is more unstable and unpredictable than ever, there are some shifts that are almost certain to impact marketing in the years to come.

How many disruptive forces making marketers' lives miserable can you spot?

Credit: Billie J, Agency Rush

FIVE TRENDS THAT WILL IMPACT MARKETERS IN THE FUTURE

Five trends that will impact marketers in the future

Amid change, trends accelerate and others vanish – but what's for sure is the future of marketing is coming at us, fast! It's not all doom and gloom though. In fact, there has never been a more exciting time to be a marketer. New technologies and consumer behaviors are transforming the industry at breakneck speed, creating endless opportunities for those who can keep up – or better still, get ahead of the curve.

To understand what the future of marketing might look like, we explored five of the most critical changes marketing organizations will need to navigate in the future.

01 THE METAVERSE

The metaverse presents a limitless, multi-sensory interface for new products, services, and experiences...maybe. While it is early to say exactly what the metaverse will be, we're pretty sure it's more than the latest shiny object because at its core it's a convergence of technologies, social, commerce, and service habits and expectations which already exist and that are already changing the way people live their lives. New technologies will continue to refine the metaverse in the years ahead, but it's already emerging as a digital layer atop everyday life – a digital twin of the physical world that requires reflection around purpose – and business models.

02 THE WAR FOR TALENT

The "great resignation" has destabilized the workforce from white collar to labour markets. Employers are scrambling to replace departer employees while hiring for growth, while retaining current high performers. While the final impact of this trend is yet to be understood, what's for sure is workers are voting with their feet and letting companies of all types know that they're expecting something different. A lot of this boils down to culture. And while culture change has long been on the corporate agenda, companies that will succeed in the talent war will reduce internal naval gazing and look outside their organizations to get a more complete understanding of what emerging talent wants and needs.

03

MARKETING TO MACHINES

Increasingly, brands will implement strategies for marketing to machines to support "bot commerce." That's right. Bots. People will increasingly be freed from many essential routine activities and decisions, as AI systems and bots pick up the slack. Whether it's grocery shopping or gifts selection, people will have AI-based shopping apps that do shopping for them based on their criteria and shopping behaviors. Businesses and brands will need to adapt and optimise their advertising and content to interface with personal shopping AI tools to maximise their sales and ROI.

04

A NEW ERA OF CHANNEL DISRUPTION

Fragmented and diversified channel ecosystems are nothing new. But in the future, the types of channels marketers deploy will evolve. The rise of connected and autonomous vehicles will pave the way for a growing number of screens to be used for intelligence, entertainment, and advertising. Elon Musk's company Neuralink is even building tools that communicate directly with the brain with the applications for the technology stated to be limitless – could this allow marketers to get product reviews or influence decision-making in real-time? Maybe. The fact is, the channel ecosystem of the future will be wildly complex. Even start-ups will need to invest in a large portfolio of channels to successfully compete.

05

SUPPLY SHORTAGES AND GLOBAL INFLATION

If you've been watching the news recently, you've probably got a good sense that supply chains are disrupted, global inflation is rising and wage stagnation is an issue in many markets. Consumer prices surged more than expected over the past 12 months, and the interest rate hikes have already started. While consumer appetite hasn't diminished, how consumers shop, and with what brands, certainly has. While supply shortages of things like building materials and microchips are crippling enough, it's at the local supermarket where consumers feel the squeeze of less disposable income the most. Not only must marketers address consumer frustrations with delayed delivery times and out-of-stock messaging, they also need to move from pithy empathetic communications to the "squeezed middle" and begin to act in ways that make customers lives easier during tough times. Less-than-optimal customer experiences will only destroy brand loyalty. Instead, they must use Value-based Innovation to find other ways to promote growth and engage with consumers to maintain customer relationships.

How to get ready

These days, when discussing marketing strategy and operations, the most frequent questions are around how to be ready the next time the world turns upside down or throws a curveball.

All the old pre-COVID challenges are still there, but they have now been compounded by questions on how the marketing organization could have handled the last two years differently, what will make their brands more robust and resilient, or how marketing needs to change to remain a driver of business growth – now and in the future.

They want to know what good marketing looks like right now... and in 2025... and in 2030. And they want to know what it's going to take to deliver that in the form of specific executional roadmaps and investment models. With this comes the bigger questions:

— **How do I adjust my brand proposition** to be resonant with a shifting operating environment and evolving customer expectations?

— **How do I modernise my marketing operations** to better understand customers and prospects and how to address them?

— **How can I do all of this with my existing capabilities,** organization, governance structure etc., some of which were designed for very different eras?
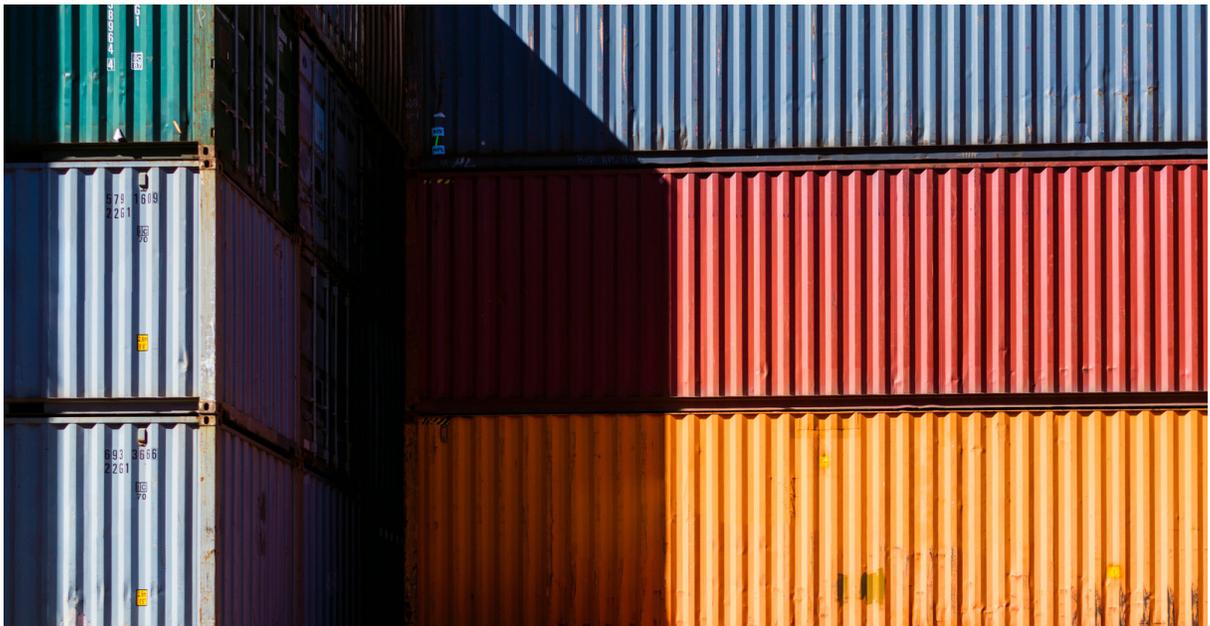
OGILVY'S
FRAMEWORK
FOR FUTURE-
READINESS

Framework for future-readiness

In our work with leading global brands across geographies and categories, Ogilvy Consulting has gained unique insight into the challenges brands face – and the resulting imperative to reimagine the marketing organization.

It all starts with getting future-ready, and it's applicable to today as much as it is for tomorrow. We understand that predicting the future is a tough act, but organizations can adapt a posture that ensures that they are ready for whatever it may bring.

Ogilvy Consulting has developed a framework that places Brand Promise, Customer Need and Business Ambition at its heart to direct the transformation and then five attributes that enable future-readiness over time, while driving resilience in the short term.

As with any useful framework, its application is flexible. We understand that every organization is operating in its own unique context, serving specific sets of customer needs, and has a specific level of marketing maturity. Some of the attributes may be well developed, others less so.

No matter where on the journey, across all the attributes of future-readiness, there are two common principles that successful companies apply to transformation that increase the chance of success:

First, that the transformation is *outside in*. Ensure the impetus for change is to better serve a customer (or stakeholder) need rather than meet an internally looking scorecard objective.

Second, that the transformation is *future-focused*. Ensure you consider the customer's unmet and unknown needs. By designing with a future-ready mindset the transformation will be more resilient and able to drive growth over multiple time horizons.

Our future-ready framework

Brand Promise & Customer Need:
A clear definition of customer need (met, unmet and unknown) and a brand promise that meaningfully connects the company's proposition, products, and services with those needs.

Impact, Value & Growth:
A set of goals and KPIs that define the impact, value, and growth that the company will provide to stakeholders, customers, and society.

Attribute 1 - Customer Experience:
A strategy that guides the business to deliver superior experiences for customers at every stage of engagement.

Attribute 2 - Organizational Model:
The structures, roles, and ways of working that serve customer and brand most effectively.

Attribute 3 - Capabilities:
The skills and tools needed to be a future-ready marketing organization.

Attribute 4 - Governance Model:
Defined processes and procedures that enable strong decision making and accountability.

Attribute 5 - Change Management:
The capability and capacity of individuals, teams, and the organization to implement new processes, tools and adopt behaviors to deliver the transformation.

ATTRIBUTE 1
CUSTOMER EXPERIENCE

Customer Experience: A strategy that guides the business to deliver superior experiences for customers at every stage of engagement.

When marketers started talking about customer experience (CX) in earnest over a decade ago, it was a foreign topic outside of its area of fandom and far from an executive priority. Some organizations even assigned lean teams to figure out if it could be revenue generating. How times have changed:

TODAY 87% OF BUSINESS LEADERS SLATE CX AS THEIR ORGANIZATION'S TOP GROWTH ENGINE.

Recent history is peppered with examples of brands that have has shifted from traditional customer service to learning how to create memorable customer experiences. One of which sets the 'gold standard' is Disney World.

There's a reason Disney coins its parks "the happiest place on earth." It has spent so much time perfecting the visitor experience and wants customers to feel fully enveloped in its magic. From spending countless hours perfecting the best strategies for hiring, training, and keeping successful Cast Members (aka employees) to sharing the all-you-need-to-know information well in advance for worry-free planning. But above all else, Disney are omnichannel strategy masterminds. All visitor information is aggregated in an app for instant access to everything from tickets to reservations to the photos taken in the park. The wearable MagicBand also stores FastPass tickets, ID info, and even credit card details so visitors can buy food and souvenirs with just a swipe of the wrist. Many of the immersive elements come from the thoughtful details around the Parks, too, from putting Mickey Mouse logos on manhole covers to the invention of the 'Smellitzer' machine, which pumps the smell of popcorn and attraction-related scents for ambiance.

Like Disney, organizations seeking to excel in CX are increasingly putting emphasis on expanding omnichannel interactions. But when designing for the future, it will not be enough to simply commit to building a CX strategy that considers all customer touchpoints. CX transformation is grounded in thinking like customers by truly understanding their needs, wants and expectations.

The fact is, CX is a game-changer in today's complex environment, and it will continue to be in the future. But it must be an enterprise-wide endeavor with a concrete vision and strategy in place. It requires dedicated budgets and resources, and focused efforts on how it is operationalized through workflows, capabilities, and governance. Remember, CX is that important because customers say it is. A recent study even showed CX will soon overtake price and product as a key brand differentiator. This means more and more customers are putting weight on not only how products and services work but also how brands make them feel.

ATTRIBUTE 2
ORGANIZATIONAL MODEL

Organizational Model: The structures, roles, and ways of working that serve the customer, the brand and the business most effectively.

CMO's have more accountability than ever. A 2020 study by 'the CMO club' tells us that that more than 50% of CMO's are now responsible for 11 or more functional areas. And with recent events putting additional focus and pressure on marketing leaders' customer, brand and commercial KPIs, it is not surprising that many CMO's are looking at their group's organizational model for ways to be more effective and impactful.

The organizational model (structure, roles & responsibilities, ways of working) is a critical part of any operating model design. If the design is too complex for the work required, effort and costs will be too high and stakeholder needs will be underserved. Equally, if the design is too simple, it will inhibit the impact and value that your company can create, limiting impact and failing to realise growth potential.

In our experience, it's increasingly rare that leaders undertake wholesale organizational redesign, as this has become increasingly unsuited to the pace of technology and consumer change. But as business strategies change, often structures, roles, and functions need to be realigned to support the new objectives. If the organizational model isn't adapted, the result is that responsibilities are overlooked, staffing and capability can be insufficient or misplaced, platform investments can be underutilised and functions – even people – can end up working against each other.

In most cases, a company will be set up in a particular way to serve the customer needs it was originally founded to meet. And over time, the organization

design will become less and less fit for purpose as the company evolves its business. Of course, in recent years, timeframes have accelerated as many businesses have had to rapidly adapt to significant shifts in demand and the complete redesign of their customer experiences.

Things like acquisitions, launching of new brands, extending into new categories or wave after wave of tech implementations will make an organizational model harder to work with. Where at one time capabilities such as Digital, CRM and Insight might have served the entire business – a company may slowly (or indeed suddenly) find the need to be more specialised – or simply not able to sustain an old model due to increased demands.

Nike is one of the best examples of this. The global athletic wear brand felt sluggish and was looking for ways to be better connect with its customer base.

The company focused on more powerful data analytics, updated its e-commerce strategy, and created stronger digital marketing campaigns. The effective use of digital consumer data helped Nike to open concept stores, create more membership opportunities, and improve the in-person and digital customer experience.

With powerful data analytics and a more direct customer focus, Nike underwent a dramatic transformation. It has resulted in a quicker product development cycle, personalisation services and connected customer experiences – and a stock price that has grown three-fold in the last five years.

ATTRIBUTE 3
CAPABILITIES

Capabilities: The skills and tools needed to be a future-ready marketing organization.

From navigating the metaverse to marketing to machines, data science to behavioral science, and real-time insight to real-time content marketing, CMOs must continue to evolve the capabilities of their organizations to become (or remain) future-ready.

All this amidst a talent environment that is the toughest for businesses in many years, with 2021/22 seeing the 'great resignation' as the global workforce recalibrated their expectations, and companies began to formalise their adoption of remote working policies.

> ## " THE ASSUMPTION THAT MORE DATA IS ALWAYS BETTER IS A POTENTIALLY FALSE ASSUMPTION. "
> – RORY SUTHERLAND, VICE CHAIRMAN AT OGILVY UK

The U.S. Bureau of Labor Statistics (BLS) has reported careers for marketing professionals are set to grow 10% between 2020 and 2030, faster than the average for all professions. And much of this growth is identified as coming from data and technology roles.

Indeed, this is mirrored by increased investments in technology. A report by the Martech Alliance showed that CMO's are now spending 23% of total marketing spend in 2021/22 on marketing technology, up 3% from previous year. Customer Data Platforms (CDPs) and Digital Experience Platforms (DXPs) continue to be the most in demand, as marketers press on with tooling up post pandemic to improve omni-channel customer experiences.

With exponential increases in big data (every day in 2021, 500 million tweets were sent, and 8.5 billion Google searches were conducted), the battle to capture and convert this into business value is one of the key tasks of CMOs as they look to create more hyper-personalised and real-time experiences unlocking impact and value gains.

Advances in Machine Learning (ML), Artificial Intelligence (AI), and Return on Marketing Investment (ROMI) are now providing significant efficiencies in many areas of marketing, with companies like Pencil now well established in allowing organizations (and agencies) to automate ad testing – removing much of the downstream human overhead and delivering upsides in ROMI.

There is a word of caution, however.

Rory Sutherland, Vice Chairman at Ogilvy UK, recently noted:

"The assumption that more data is always better is a potentially false assumption" arguing further that **"increasing data volumes and variables also increases the chances of false correlations and confounding variables causing people (and machines) to intervene in the wrong place."**

For Sutherland, the most important thing any organization investing in big data should do is focus on *"mechanisms for preventing the 'really stupid' from happening."*

Sutherland suggests that collecting behavioral data, rather than attitudinal data, will continue to provide stronger insight for the simple reason that *"what people do is more revealing than what they will claim they will do."*

ATTRIBUTE 4
GOVERNANCE MODEL

Governance Model: Defined processes and procedures that enable strong decision making and accountability.

As marketing leaders continue to grapple with the proliferation of channels, immediacy of direct-to-consumer relationships, increased weight of customer expectation and complex, global stakeholder ecosystems, they often find themselves managing the opposing forces of agility and control.

A sound governance structure and system are vital to ensure consistency and quality of decision making, as well as quality of creative product. A good governance model will improve performance, increase the strategic role of the marketing function to the organization, and align decision-making around results-driven action.

As businesses grow – from start up to scale up and from national to international – governance is a critical component to maintain business continuity as new capabilities, processes, technologies, markets, and brands emerge.

Governance is best defined as two interconnected systems.

Coordination & control systems are methods for linking together disparate elements of the organization and ensuring an increased responsiveness of day to days tasks and changes in environment. Future-ready companies typically see all parts of the organization empowered by supportive and responsive processes for decision making, with clear accountability, quality control and an ability to adapt to changes in environment.

Information & knowledge systems are methods for providing meaningful data to decision makers. Here the most mature companies provide real-time data and insight to decision makers, enabling future-focused decision-making. They do this through a fully connected set of data and knowledge systems (explicit & tacit) under control of the organization.

When taken together, these two systems form the critical wiring that enables information sharing, decision-making, control, and innovation.

> **GOVERNANCE IS A CRITICAL COMPONENT TO MAINTAIN BUSINESS CONTINUITY.**

In our experience working with global brands, we find that governance models for marketing organizations tend to have been invented in bygone eras and all too often are not aligned to a company's technology, capability, and process maturity or leadership style.

We see governing bodies that are siloed, disconnected, and under resourced. Those without clear boundaries on what the brand can and can't do. And those that aren't incentivised to correctly apply the brand – with no threat of repercussions if things go wrong.

For example, a command-and-control governance model in an organization with distributed authority. Or a model that prioritises short term, tactical decision making at the expense of insight led strategic mid-range planning.

There is never a 'one size fits all' approach, and in most cases, an adaptive governance model that enables strong decision making and accountability that cuts through the transformation is key.

ATTRIBUTE 5
CHANGE MANAGEMEMENT

The capability and capacity of individuals, teams, and the organization to implement new processes, tools and adopt behaviors to deliver the transformation.

In his seminal work on the subject, Harvard Business School's John P. Kotter describes eight common errors to organizational change efforts, ranging from complacency, to under communication, to neglecting to anchor change in the corporate culture.

The degree to which these risks are mitigated is highly correlated to the awareness and understanding change leaders have of their own company across three key areas.

Firstly, culture, or the shared attitudes, beliefs and behaviors that characterise the organization.

Second, change capability, which considers the people, processes, and tools available to effect and coordinate change, or how developed the 'change muscles' are in any given business. And finally, change readiness —the current capacity to successfully respond and adapt to change, or how much lactic acid is in the muscle and how ready and able is it to respond at this moment.

We often echo Peter Drucker in saying that when considering change management:

> ## " IT'S A RACE TO THE START LINE, BUT CULTURE STILL EATS STRATEGY FOR BREAKFAST. "
> – PETER DRUCKER

All change is inherently human. It's about shifting behaviors & mindsets and it's about creating sustained and embedded people change.

Headcounts, processes, technology, products, deals are the things that make up a business. Relationships, communication, attitudes, behaviors are how people make business work.

As organizations strive to adopt new operating models, maximise return on investment, and build new capabilities, effective leaders embrace the paradox between economic value and organizational capability and realise influencing people is the key to meaningful and sustained change. This is one of the toughest challenges business leaders face.

When Satya Nadella succeeded Bill Gates at Microsoft, he famously set about (re)building a culture of 'One Microsoft'. Nadella had observed a rigid culture with each employee expected to prove that they were the smartest in the room. Formalities were over-indexed, and hierarchy had stifled spontaneity and creativity. As he broke down the confederation of fiefdoms, Nadella pointed out that "innovation and competition don't respect our silos, so we have to learn to transcend those barriers."

Like other great leaders, Nadella understood that *transformation starts and ends with people.*

By quickly identifying the key behavioral barriers and embarking on purposeful communications that supported both logical ("Microsoft's commercial health relies on releasing innovation and creativity to meet the customer's unarticulated and unmet needs") and emotional ("we all need to learn from the outside and bring that learning into Microsoft") reasons to believe, Nadella was able to bring the organization with him and has seen a seven fold gain in share price over the last 8 years.
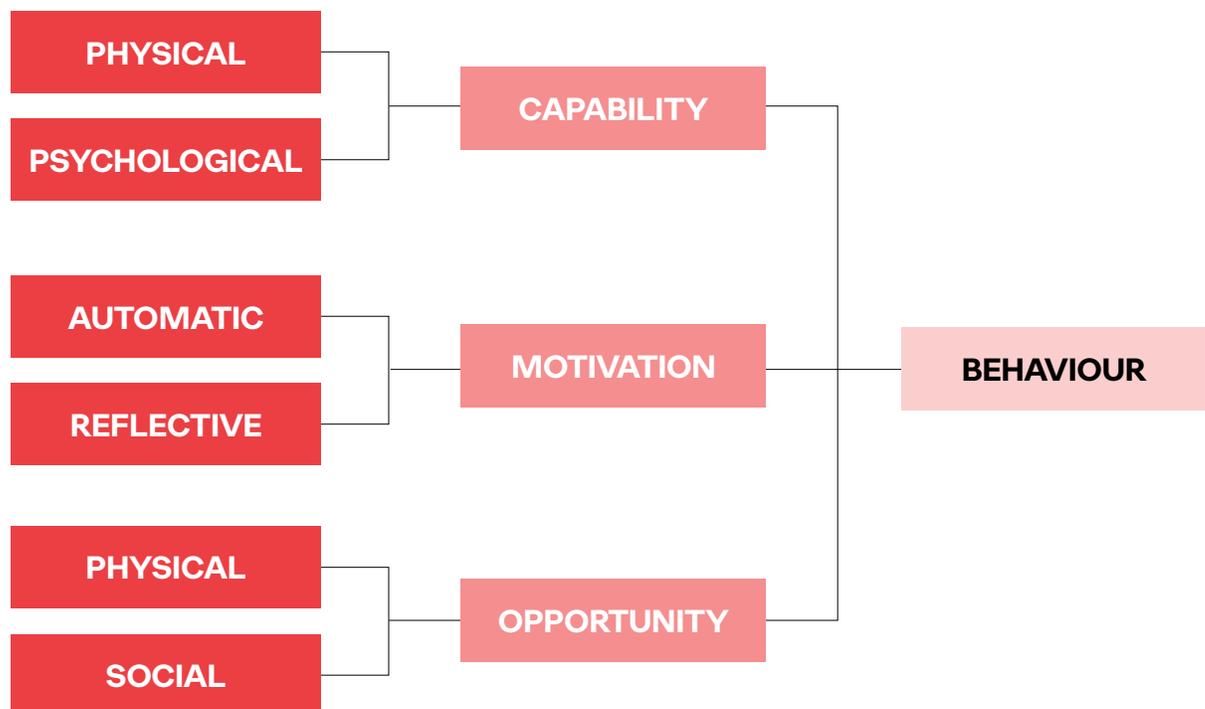
COM-B: A framework for understanding behavior

The COM-B model, a core tool of the Ogilvy Consulting Behavioral Science Practice, is the starting point for understanding behavior in the context in which it occurs. COM-B is positioned as the 'hub' of the Behavior Change Wheel, an idea which evolved from 19 different frameworks of behavior change to collate and simplify the very best academic models of behavior.

The model aims to unpick & understand the different drivers and barriers which influence a particular behavior and allows for an insightful diagnosis of organizational change capability and readiness.

COM-B rests on the understanding that people need sufficient levels of three interacting components: Capability, Opportunity, and Motivation to perform a Behavior. Each of these components are further split into two sub-components.

COM-B MODEL

PHYSICAL		
PSYCHOLOGICAL	CAPABILITY	
		BEHAVIOUR
AUTOMATIC		
REFLECTIVE	MOTIVATION	
PHYSICAL		
SOCIAL	OPPORTUNITY	

Ogilvy's framework for future-readiness can be applied to organizations at different levels of maturity, complexity, and scale.

For start-ups and scale-ups, questions typically center on the development of marketing capabilities and processes that support rapid growth and the evolution of the operating environment. For large multi-nationals, future-readiness often requires considered company-wide transformation.

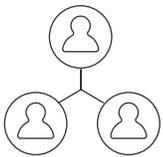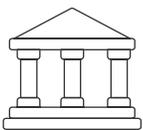| ATTRIBUTE	START-UPS / SCALE-UPS	ESTABLISHED MULTINATIONAL BUSINESSES
CUSTOMER EXPERIENCE	What are the most important channels to my customers that we should invest in first, and how can we find the right balance between this and a seamless 360 experience? What tools and processes do we need to monitor the impact of customer support to continuously improve it? How do we balance retention activities with acquisition of new customers?	What tools and processes are required to acquire, manage and mine rapidly expanding customer and prospect data? How do we design for a customer-centric marketing, sales and commerce experience that delivers against customer needs and business value KPIs?
ORGANIZATIONAL MODEL	What functional specialisms should be created and where should they be situated to best serve geographical, product, and service expansion? How can we create the right balance between structured, repeatable processes, while remaining dynamic to customer and market demand?	How should our marketing teams be organised so that platform services create shared capability and specialism? How should we organise to serve multiple brands and recent acquisitions? What is the right structure to support innovation while ensuring excellence in business-as-usual operations?
CAPABILITIES	How do we know our technology and platform investments are future-ready? What specialisms should we build in-house? What is the best model to build shared capability across central and local operations?	What is our employer brand strategy to attract the best global marketing talent? What is the right capability building program to support growth and effectiveness? How can we ensure organization-wide benefits realisation in our technology and tools investment?
GOVERNANCE	How do we make hard and tacit data and insights available to our decision-makers as the organization continues to scale? How can we devolve our decision-making to enable expanded business-as-usual operations?	How do we make hard and tacit data and insights available to support the marketing function's impact on customer, shareholder, and employee value? How will our transformation activities be federated under a common roadmap?
CHANGE MANAGEMENT	How do we transition from a 'founder leadership' style to structured management layers without losing our culture?	What is our company's leadership style and how do we incorporate change planning? How do we determine our company's change capability and readiness? How do we identify change agents across our organization to support and drive a change initiative?

GETTING
STARTED

Getting started

Among our clients, we've found that lack of Marketing Transformation traction is seldom due to inactivity, but rather too much activity. Initiatives and activities that appear disconnected and without an overarching strategy connecting them together.

As the client lead for a global consumer goods brand recently said:

Marketing Transformation feels tactical and cost-driven, for example a key strategy is to drive collection of first-party consumer data. There is little thinking around 'why' and 'what' to do with it.

These feelings have been heightened recently with many CMO's reporting that they feel the need to take a step back and re-evaluate the strategy guiding transformation now many are coming out the other side of the pandemic.

Re-evaluating strategies allows companies to take stock of current internal and external growth drivers and demands from customer and prospects across the customer experience.

By applying Ogilvy's Future-ready framework, CMO's can quickly evaluate where they are most mature and where the biggest opportunity areas for development sit across the operating model.

> " MARKETING TRANSFOR-MATION FEELS TACTICAL AND COST-DRIVEN, FOR EXAMPLE A KEY STRATEGY IS TO DRIVE COLLECTION OF FIRST-PARTY CONSUMER DATA. THERE IS LITTLE THINKING AROUND 'WHY' AND 'WHAT' TO DO WITH IT. "
> – CLIENT LEAD, GLOBAL CONSUMER GOODS BRAND

Approach

We have consistently seen that a considered and orchestrated approach to transformation will always win out over a series of unconnected and unfederated initiatives. At Ogilvy we advise our clients through an eight-step approach that begins with the brand & customer ambition driving the transformation.

STEP

01

DEFINE THE BRAND, CUSTOMER, AND BUSINESS AMBITION

As we mentioned earlier, before embarking on any transformation it is critical to have a clearly articulated brand, customer, and business ambition that guides all activity and decision making throughout the process. This provides a collective view of where the company wants to be, the impact the transformation will have, and what success will look like.

STEP

02

ASSESS THE CURRENT STATE

With a shared ambition in place, the next step is to determine a comprehensive understanding of the current state. The assessment phase takes a snapshot of where the organization is today across enterprise attributes, and maps that against the Ogilvy Marketing Maturity curve. This current state assessment creates a single source of truth about the starting point and serves as a reference throughout the transformation.

ASSESSING ACROSS FIVE LEVELS OF MATURITY

Level 1: Laggard
Marketing not defined as a business priority with fragmented operations and ineffective communications

Level 2: Nascent
Investment in marketing as a function and most of the necessary capabilities, tools, and infrastructure to be effective but lacking consistently implemented processes

Level 3: Competitive
Marketing function has all the necessary capabilities, tools, and infrastructure to be effective and beginning to design for changing customer and market needs

Level 4: Leader
A category leading marketing function across most aspects of operations and communications effectiveness. Able to adapt to changing customer and market needs.

Level 5: Innovator
A future ready marketing function across all aspects of operations and communications effectiveness, constantly evolving and adapting to changing customer needs and market needs.

STEP

03

DEFINE THE FUTURE STATE AND CREATE THE CRITICAL NARRATIVE

Firstly, the future state is about identifying the areas of focus, posing choices, and defining what success looks like. The exercise is about creating a best-possible-outcome view of transformation efforts. It is not constrained by current state capabilities or even timelines. It represents the collective view of where the company will be eventually, once all Marketing Transformation efforts and phases have been successful.

This future state articulation will be used as a measuring stick against which to judge the success or failure of individual initiatives and it will serve as the basis for requirements such as capabilities, ways of working, technology platforms and governance structures.

Secondly the critical narrative is essential to inform the business of the initiative's vision, goals, and plans. Without it, alignment will falter, and momentum will stall. The narrative provides a clear articulation of the vision and ambition, and what it means for the business and key stakeholder groups. It is used as the basis for telling the transformation story from the beginning and expands and develops as the initiative launches and evolves.

STEP

04

BUILD THE OPERATING MODEL

With this step, the gap is closed between current and future states. Moving through the attributes of the future-ready framework and designing the operating model required to deliver against the business and marketing ambitions of the organization.

Use cases and design principles guide teams as they explore options across customer experience, organization design, capabilities, governance, and change management.

STEP

05

PRIORITIZE INITIATIVES AND ROADMAPS

With an understanding of where the Marketing Transformation initiative is going and what it wants to achieve, CMOs turn to the critical question of what to do and where to start. Steps 1 – 4 will have unearthed dozens, maybe hundreds of activities that will be required.

"CMOs quickly find they can't do everything at once", says a client lead for a global technology brand. "I think the main lesson would be that they should have set out with a progressive roadmap, rather than going for massive change all at once. They are now struggling to answer basic questions about whether/why things are working."

Those companies that succeed ensure a progressive roadmap of achievable activities that deliver business impact. In the beginning, these quick wins form a critical part of the Transformation Narrative and will be important to communicating success of the initiative, driving momentum, and keeping stakeholders on board.

STEP

06

DEVELOP THE BUSINESS CASE(S)

The requirement for business cases for investment is not new to the corporate world. Traditionally, many CMOs have gotten a pass on matching marketing spend against measurable ROI; however, with marketing budgets more pressured than ever, being able to present a case for ROI and direct attribution is now a given.

Marketing Transformation initiatives don't always resemble traditional investments, and sometimes require leaps of faith and tolerance for failure due to their novelty to the organization and their frequently innovative natures.

At the same time, while well-funded Silicon Valley start-ups love to talk about 'failing fast' in a culture of experimentation and discovery, today's CMOs have much less leeway for failure from corporate boards who are interested in hitting quarterly sales targets.

Traditional business cases may not always be fit for purpose in Marketing Transformation. CMOs will have to find a compromise between those deep business cases that drive IT and other investments, and those for initiatives where the outcomes cannot yet be predicted.

STEP

07

IMPLEMENTATION

The implementation phase executes the activities required – such as adapting existing processes or the deployment of new capabilities – for a fast and practical enablement of Marketing Transformation.

There is no single implementation process for any Marketing Transformation, rather the actual implementation activities and tactics depend on the organization's goals and objectives.

This might be a series of Ogilvy Consulting sprints – ranging from one day to one year – that puts the prioritised initiatives and roadmap into action with one business unit or one initiative. Or it might be a small-scale pilot program launched in one market that provides a platform for the organization to test, prove value, and optimise before rolling out the large-scale transformational plan.

STEP

08

MEASURE & OPTIMISE

As Peter Drucker said: "If you can't measure it, you can't improve it."

It is vital within any transformation that the right suite of KPIs is selected and that data sources enable meaningful analysis against business goals (sales growth, customer value, brand strength, NPS, market share, cost efficiency, etc.).

While any number of results may be expected, or hoped for, it's critical that CMOs identify and outline what they expect to achieve with Marketing Transformation. Creating a measurement dashboard early in the process is essential to track results and further optimise the programme.

MARKETING TRANSFORMATION
AT OGILVY CONSULTING

Marketing transformation at Ogilvy Consulting

Ogilvy Consulting is a strategy and innovation consulting group that brings the deep analytical rigour and business focus of a Management Consultancy together with the brand, customer, and creative focus of a world-leading creative agency.

We bridge strategy and execution and are as at home in articulating future state visions as we are with developing new business models, product and service innovation, and tech stack selection and deployment.

We've accompanied many clients across sectors and categories on their Marketing Transformation journeys, and we offer a suite of services, including:

If you're interested in learning more about our activities, or simply sharing your Marketing Transformation experiences with us in an informal discussion, please get in touch with Paul English, Managing Director at Ogilvy Consulting.

Paul.English@ogilvy.com

MATURITY ASSESSMENT & BENCHMARKING

VISION SETTING

TARGET OPERATING MODEL

CAPABILITY ENHANCEMENT

CHANGE MANAGEMENT

ROADMAP DEVELOPMENT

BUSINESS CASE DEVELOPMENT

BRAND STRATEGY

CUSTOMER EXPERIENCE STRATEGY
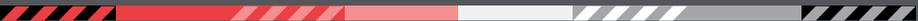
COMMUNICATIONS STRATEGY

INVESTMENT MODELS

TECHNOLOGY EVALUATION & SELECTION

TECHNOLOGY INTEGRATION

MEASUREMENT FRAMEWORKS & DASHBOARDS

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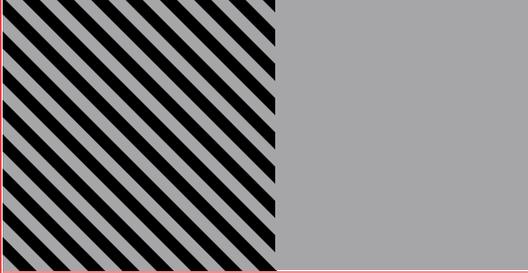Chris Celletti, Associate Editor, Ogilvy Worldwide Communications
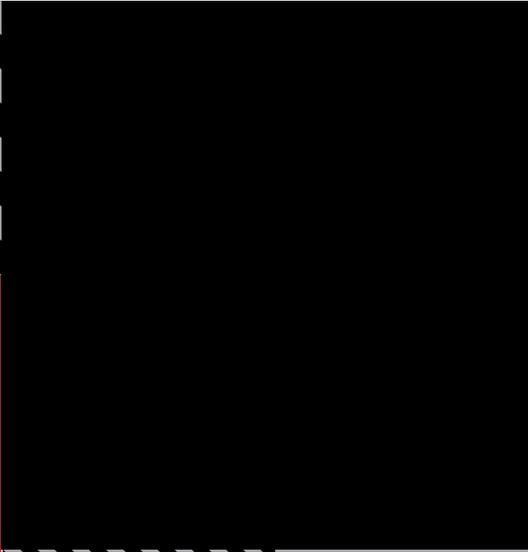
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