

Is Your Firm Ready for a CMO?

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Taking a deeper look at the reason why the Chief Marketing Officer (CMO) role is of increasing importance to firms and what that means for marketers, this article—the first in a series—explores how the new socio-economic landscape shapes competitive strategy, and how changes in the context of professional practice affect the ability of firms to differentiate themselves. This is a discussion about point of view: How does the organization perceive the challenges?

Not so long ago, in a city not so far away, a major medical center developed a prospectus for a substantial new facility. The selected site was in a highly visible urban location, and the client anticipated a public review process as well as a search for private funding. One of the protagonists in this parable was a well-regarded professional service firm with expertise in high-quality healthcare, research, and academic facilities. It had enjoyed a long-term relationship with this client, had provided excellent

Seven Trends to Watch

- Accelerated corporate consolidation through mergers and acquisitions
- Continued focus on the bottom line, with control of decisions shifting from the facilities group to the chief financial officer
- New technologies that eliminate traditional services and delivery processes
- Building Information Modeling (BIM) now required by clients like GSA
- Online procurement of services (AmGen has changed from preferred vendors to online bids)
- Outsourcing of services within North America and overseas
- Vertical integration of design and delivery services

service, had multiple contacts within the client organization, and believed that it understood what the client needed.

However, when it came time to select a firm to provide master planning services for the new development, the client—in a move that surprised many—chose a very different firm, one with minimal healthcare experience. The disappointed healthcare firm also was selected to participate in the project; however, its role was limited to specialized consulting in medical planning and programming.

What happened? The healthcare firm's marketing strategy—selling expertise and service—made sense. Except that in the eyes of the client, healthcare expertise was not the driver for this project. Instead, the client was looking for a firm whose urban design credentials and capabilities would allow it to see the issues of that site, for the entire development, through a wider lens. The selected firm brought a national reputation for handling large-scale, complex urban projects and could interpret the healthcare requirements, using the specialist's expertise, as part of a larger vision. The landscape had changed, but not everyone could see the forest for the trees.

Firms competing in every market have stories like this. A few years back, it was the brand-name architects busting the market for public assembly buildings, with Rafael Viñoly, not TVS, designing the new Boston Convention Center, because the client believed that image was as important as a functional facility. The "starchitects" are on the shortlists, not only at MIT and Stanford but at much smaller campuses too, as universities vie for donor dollars and first-tier faculty and researchers, as well as students. Philippe Starck is designing multi-family housing in Boston, and Pritzker Prize winner Thom Mayne, in spite of a reputation for being difficult, is the darling of the GSA.

We don't need a weatherman to see we are in the midst of a sea change as clients modify their expectations of the professional service provider to accommodate radical shifts in their markets and to take advantage of the increasing commoditization of design and delivery services. There are few marketers who are unaware of this, as they face more diverse competition for projects, erosion of the value of expertise, and the fact that,

ready or not, globalization has come to us. Can we step far enough away from the urgent pressures for the next PowerPoint pitch or proposal to see the factors that are defining our future, or are we trapped by what made us successful in the past?

The boundaries for traditional markets are splintering. Increased requirements for relevant project expertise make getting to the shortlist more difficult. Competition for college stadiums now includes the big-gun sports firms (HOK, Ellerbe Becket, et al.) which have specialized teams with experience on NCAA projects, alongside firms with long and strong ties to the academic institutions. At the same time, the creative intersection between markets is creating hybrid prototypes that change the rules for competition. Who has the expertise to design the new hotel/condominium project—hospitality specialists or high-rise housing designers? The developer-sponsored “town center” project often boasts a public library. Who decides who is on the team with which credentials—speculative development or public-sector institutional?

Change is not confined to client organizations. Cultural and demographic shifts are reshaping practices in subtle and not-so-gentle ways. A new generation of professionals is bringing exceptional levels of technical expertise to mainstream practice, along with their own notions of work culture. Is there an office anywhere that doesn't have multiple languages and heritages mirroring our borderless economy? And the aging and almost-imminent retirement of the Boomers, who currently fill the ranks of senior management and marketing, underscore the need for leadership development and succession planning.

Seeing these trends, it is clear that, for most firms of any size, it is no longer sufficient to have a well-oiled marketing machine that simply responds. No matter how polished the presentations or how solid the relationships with the client, the new environment demands new answers. So who in the firm is asking, “What do clients really want?” Are the clients looking for a predictable and achievable outcome? Or are they being driven to engage in a broader discourse regarding the opportunities of a project? Are they open to innovation that could cause disruption within their organizations or the market? Here is the window for true creative strategy.

Thought leaders in the professions like Gehry, Viñoly, and Koolhaas, the best of the engineering minds, and the construction innovators know how to reframe the question for the client. They don't simply respond, they anticipate the shifts, and that creates a high level of distinctiveness—if the client wants a Gehry building, for example, they won't hire Koolhaas. At the other end of the spectrum are the “giants”—the vertically-integrated E/P/C firms—with unique resources that

enable them to amass and allocate significant assets. They, too, have a high level of distinctiveness, and the result is only a limited number of firms are considered for the largest projects,

Today's CMO?

As marketers look to the future, their efforts will be focused on:

- finding new ways to break through the clutter to connect with clients
- elevating and integrating marketing throughout the organization
- deepening their understanding of the client to ensure success.

*Source: “Today's CMO: Trends and Perspectives 2004,”
The Capre Group and Alston+Bird*

which are primarily related to infrastructure development, such as the reconstruction of Iraq.

However, it isn't only the thought leaders or giants who are crafting successful strategies. Thriving contemporary practices consistently develop value propositions—new ways of framing their service offerings within the broader context of a changed environment—that resonate with their clients' needs.

Successful value propositions include:

- creative analysis of the problem
- distinctive capabilities and competencies, including services, expertise, collaborators
- coherent positioning strategy, including relationship to the client and image in the marketplace
- creation of a positive alignment between the firm's goals and the client's goals.

In the 1970s, when Weld Coxe wrote his book, *Marketing Architectural and Engineering Services*, he gave definition to several roles that have guided marketing departments for an entire generation. While many of the responsibilities he addressed at that time have continued to be important, other roles have evolved, often personified and then codified by a leader in SMPS. Today the profession is confronted by a fresh set of questions that will define marketing roles going forward:


- How will you anticipate and address the needs of clients who are demanding progressively customized goods and services?

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- How will you work with your collaborators, key firm leaders, and consultants to craft value propositions that will set you apart from your competitors?
- How will you create integrated communications strategies that simultaneously build your brand and address issues related to your clients and markets?
- How can you create alignment between the marketing agenda and the top issues of your firm's leaders?
- How can you develop incentives for the next generation to create opportunities that will lead to sustainability of your practice?
- How can you really measure marketing ROI?

If these are the questions on your firm's strategic agenda, then you are ready for a CMO. 



ABOUT THE AUTHORS

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