



A Parliamentary forum for Media and Marketing Debate

## **Is customer experience now the responsibility of the CFO, not just the CMO?**

**According to Chris Arnold, Founder of Creative Orchestra, good consumer experience depends on the CFO and CMO working together and communicating. He was proposing the motion 'Customer experience is now the responsibility of the CFO, not just the CMO', at the Debating Group debate at the House of Commons on 28th October 2013. The debate was sponsored by the Direct Marketing Association (UK) Ltd and chaired by Tim Loughton MP for East Worthing and Shoreham.**

Chris Arnold stressed the importance of customer experience. Without the customer there is no income, and without income there is no business. Customer experience is a key part of a business and you have to look after customers. CMOs look after customers early on before they actually become customers. But it is the responsibility of every individual person in the business to look after the customer. However, very few CMOs sit on boards. Their role is as a cornerstone of communications; they do not actually participate in the conversations about finance, reporting to the shareholders, whereas CFOs do. They have a legal responsibility. Working with CFOs enables CMOs to explain what they need. A strong CFO/CMO relationship is invaluable for the success of the business, for which we all have responsibility.

Marketing is all about selling. CFOs provide a common-sense view that without sales, no money comes in. If no money comes in there is no business. How you spend money is crucial and CMOs cannot exist without responsibility and how you decide to spend money has to be a joint concern. You need to get the best out of marketing.

When more CMOs are on boards this may in fact improve business. CFOs may not understand the more emotional and softer aspects of business, so they must work together. Some CMOs are scared of CFOs, because they think they are just about numbers but they can educate the CFO about marketing and the long-term. However, it is a myth that CFOs do not consider the long-term. They have to factor not only short-term considerations, but also long-term ones such as buildings, insurance and staff. A strong partnership of CMOs and CFOs working together results in a wiser way to spend money and better understanding of business and customer experience.

### **A Folk Story**

Opposing the motion, **Hugh Bishop, Chairman of MRM Meteorite**, questioned whether there had ever been a good partnership between the financier and the marketer. He warned against putting our lives, or indeed our future in the hands of the financial community. He argued that there is a big distinction between the role of the financier and that of the marketer. Each should focus clearly on what they are good at. If we allow finance to get involved in the role of the marketers (and be warned 'involved' means take over. Once their foot is in the door, this is what happens as they hold the power of 'no'), business and indeed society

suffer. "Do not put your business in the hands of the financier; put them in marketing people who understand and serve people".

To illustrate his arguments Hugh Bishop told an 'old folk tale':

"Once upon a time in a land far away, there lived a King - King Richard who was known to his people as The Insightful, The Innovator, the Just.

"And the land was a place of harmony; grass was green, the clouds were clean and music filled the air. For King Richard had discovered the secret to sustained happiness; strangely without the need for a quango.

"As a young boy his father had passed down to him a magical mirror that could tell him the innermost feelings of any of his people, their desires and their needs and allow him to grant them their wishes. And King Richard, the great man that he was, viewed his people, as people that he was there to serve, from the Lords to the Ladies, to the rich to the poorer, no-one went without. And he happily journeyed the land granting wishes to all he encountered.

"In the broadcast highlands he told the giants stories that would excite them round the campfire.

"In the digital lowlands, he helped people pick gifts for others and share their joy with the world.

"And the direct river flowed with intelligence and emotions granting to anyone who looked into it their own individual future.

"For this was the land where endeavour was rewarded, value was recognised, trade was encouraged, and confidence flowed.

"And King Richard was loved for his insight and understanding and for this the people were happy to give back to him their good will.

"But things were not so rosy on the opposite side of the world. Peering down from his lofty castle, King Fred regarded his people as commodities. Commodities helped him gain more, more power, more land, and more beans. King Fred had also been left a magical gift by his father. A magic bag in which he could collect beans and the more beans it held the more gloatingly satisfied King Fred felt - King Fred, the Cutter, the Calculator, sadly the Cruel. For King Fred Lords also toured the land extracting beans from the people, stripping them out of their endeavours, forcing them to work harder for only their and King Fred's gain. Caring little for their emotions, their needs, everything had a bean but nothing had value. And the bag got fatter, and was only opened to gorge the greedy needs of King Fred and his few unloyal Lords. And the people did not love him but stayed under his rule because in this land there seemed little if any choice.

"Meanwhile in a parallel universe, a large company board meeting is taking place. At one end of the table sits Richard, the CMO. At the other end Fred, the CFO. Partnerships never work. Tensions are high. Richard is arguing that success will only come from a continued focus on the people they serve. If they do not continue to serve them and serve them well, they will lose them to their competition, regardless of how long they have been customers. Fred argues against this. He states that the days of being 'generous' are over; the company is facing increasing pressure from competition; we need to get as much as we can from each customer. Fred argues, these customers are ours, we've got them, they're not going anywhere. We need to focus on rationalisation and profit".

"End of Chapter 1. The seconder for the opposition will continue the story.

## **ROI**

Seconding the motion, **Steve Barton, Independent Communications Advisor, Barton Consulting**, affirmed that customer experience is an important business issue. His experience was that CMOs do not

always talk the language of business. He cited a case history where the CMO had presented graphs to the board which overstated the profits and which needed to be interpreted by the CFO.

Companies are looking for partnerships. He suggested that marketing people have lost their way. There is a mission for marketers to show how marketing can result in ROI. Marketers get invited much less into the boardroom. They will not have a place there unless they can show marketing as a measure of success and can prove that marketing will deliver returns. They need to talk the language of business.

This is not about presenting CFOs at the expense of CMO, but an argument for them working together - about a partnership of CFOs and CMOs communicating.

## A Folk Story Chapter 2

Seconding the opposition, **Ben Felton, Executive Planning Director, MRM Meteorite**, commented that clients wanted to differentiate their products, but when this was done through lower pricing, the product often became commoditised, and eventually the brand dies. He cited brands which occupy the minds of customers through storytelling such as Apple, Nike and Tesco. If a story is interesting it will have a role in people's lives. We buy things because we like them. The CFO is concerned with making products more efficient, the CMO works out why we like them.

Ben Felton continued the Richard/Fred story.

"Chapter 2

"Back in the other world, the winter is drawing near. A bleak and cold land grows colder by the day. And as the soil freezes, the crops are laid to waste, leaving fear and tears in the eyes of the people. King Fred (the CFO) responds to the coldness, by sending people from their lands. He changes the factories to produce only bread, as his father had taught him, for one-size-fits-all is faster, cheaper and more efficient, and he no longer needs the extra workers to meet the demands of his kingdom. Meanwhile, he feasts in his castle with the proceeds he has made all year. The sound of champagne glasses echo around the great hall. For him and his closest there is no winter, just a pat on the back for another year 'well done'. And outside the people cry at his walls, begging for mercy, building up hate, leaving the land in droves, looking for a place where things can be different, where they and their families can be safe.

"As the winter draws closer on the other side of the world, King Richard's good will is relentless, travelling the land, far, deep and wide, he brings to his people their wishes: furs, food, wine and warmth, to see them through this bitter time. And for those who arrive from the other side of the world he grants shelter and hope. They are given access to the magic of the land - a small shiny rune that they keep in their pockets that catches the light and responds to their touch. A device of ancient power, known only as the mobile, that can point them to their desires as they explore the land and ensure that they always return home safely. For his shelter and gifts, his warmth and love, his knowledge of everyone both old and new, King Richard remains the insightful and just, the man who rules above all.

"Meanwhile in this other strange world, where people work to earn something called money, many years have passed. Fred, the CFO, won the vote with the board and set things in motion his way. For a time the company soared with success. Cheaper products, less workers doing more, and the same money coming in.

"Fred feasted at Christmas in the first year, as the sound of champagne glasses echoed through the dining room. But then the coldness kicked in, not from the snow, but from sales. Customers left out in the cold, by overworked staff and cheap products began to leave in droves. Richard the CMO, sat back in his office frustrated and low, hoping his time would soon come.

"End of Chapter 2."

## **Discussion from the floor**

Contributors made the following points:

### **For the motion**

- Marketing might tell stories but the consumer experience is sometimes different. 'A lot would help more' than 'Every little helps'. Nowadays it is not the message, but what the customer thinks of the brand that matters. Customer experience is now a dialogue. If the CFO is not involved, how can the business co-ordinate and bring all the teams together?
- People are very prejudiced against CFOs. All finance officers are not ogres and not all marketers fully understand their customers. They have to talk together.
- Politicians are now focusing on people's happiness and how this can be measured. Customer happiness and experience is making businesses not more, but less accountable.
- The relationship between finance and marketing is very important. One of the chief touch points in customer experience is price.
- The CFO should be working with the CMO before a penny is spent on marketing to check if the product is fit for purpose.

### **Against the motion**

- The CFO is concerned with volume, not value. A recent DMA survey on marketing communications, examining the attributes that people most value, showed that printed Direct Mail has all the attributes that people value in a medium; if CFOs had their way everything would be online.
- Marketing turns consumers into customers.
- The way people behave does not always fit the balance sheet. CFOs want to spend their lives changing the rules to fit the balance sheet. The contributor suggested that direct marketers have a sense of inferiority, yet they are the people who are closest to the customer, are adaptable and able to change. We should use our experience to get back on board.
- The contributor cited a customer-based value segmentation case, where the FMO was shown to be one-dimensional, when other marketing metrics were quite measurable and showed a much wider target age group.
- Businesses need to understand the long-term goals of what they want to achieve. The CMO should be on the board. Does the CFO have vision about what the customer will want tomorrow? Can we put numbers on the customer experience journey? The CFO is often perceived to be higher than the CMO but with hindsight, his decisions are often wrong.
- It is not the responsibility of the CFO to represent customer experience, but rather the value of the business.
- Too often the definition of marketing is focused on communications. Its remit is much wider than that although the industry does not see it that way. Consumer experience is the responsibility of the CMO.
- Some of the main functions of the CMO are to monitor, measure and improve customer experience. The majority of customer experience is not financial. At the moment, the CMO is in the best position to see where the customer sits.
- The contributor would have loved to support the motion, because he believes in measuring and analysing marketing activity. Unfortunately we know from research that 61% of businesses (particularly in retail) do not measure anything at all. He cited the Easter Egg debacle where Sainsbury's ran out of promotional Easter Eggs because the Financial Officer failed to anticipate demand and the store did not have sufficient stock.

This resulted in negative social media comments and customers saying they would never shop in Sainsbury's again. With Big Data you can measure social media responses and customer experience. This is the responsibility of the CMO not the FMO.

### Undecided

- The contributor made an observation taking the debate from marketing and financial services into the political arena. He suggested that financiers sometimes knew the cost of everything and the value of the nothing. He cited road accident figures which had increased in the past 12 months when the amount of expenditure on advertising for road safety had decreased. The value costs were greater.

### Summing up

In summing up for the opposition, **Ben Felton** continued with Chapter 3 of the folk story, pointing out that King Richard responded to customer touch points. The story illustrates that the CMO does everything right; the CFO believes one-size-fits-all.

"Back in the land of Kings, the ice has begun to thaw. Out in the west they dance in the valleys, celebrating their all.

King Richard the bold, the just and the kind, has seen them through another year.

They celebrate the moments of surprise and delight, where he delivered them from fear.

They love him, they praise him, they talk of his acts, both during the night and day.

The population has grown vastly in size, but this causes not one ounce of sway.

With King Richard at the helm they know they'll be safe and live their life, their way.

They dance in the river, viewing their dreams and hear the stories in the hills.

They once again, choose gifts for their friends, that their runes recommend at will.

But in the east the picture is not so fine as King Fred finishes the last of the wine.

Barren is the land, poor now is he, focused only on stealing from the land across the sea.

He musters his armies, those he has left and draws his sword from its helm.

They travel for 40 days and 40 nights, heading to the other realm.

But as they arrive they are met in full force

Not by an army, but by a King's discourse.

For Richard has heard of the woes of the land, but rather than fight them he holds out his hand.

Come join us he says, for we know what you need

Life can be much more than one size fits all. It can be on your terms, yes, but it takes focus and will.

Focus on the people and what they desire.

See yourself not as their master but their server

Then you'll live most happily

In a land you'll rule unconditionally.

"Meanwhile in the world of business, something called a management reshuffle has occurred. Fred the CFO has taken something called early retirement and Richard, the CMO has brokered a deal with another place they call a company to buy them. This new company acts like Richard feels. It puts the people or their customers at the heart of what it does and this is the secret to its success.

The End".

Summing up for the motion **Chris Arnold** suggested that the debate highlighted a branding issue, with the demonisation of the CFO as merely a linear thinker and the image of the CMO championing people. He had known marketing people to be called 'hairdressers' in a derogatory way. There was antagonism between the two disciplines. But we are all human beings.

We are supposed to be good at selling. Why can't we sell our budgets to the CFO? The key to success is engagement and partnership. The relationship between other departments in business is as important as the relationship with the customer. We need world peace! We need to talk to each other. We have to engage inside the company as well as outside. Nowadays everything is measured, including happiness. We live in a numerical society. We have to be accountable, to account for our budgets. We should not begrudge that

responsibility. Numbers can be effective. If there are no customers, there is no income and no business. Customer experience is the responsibility of everyone in the company, the CFO as well as the CMO.

**The result**

The motion was carried.