Global Leadership

Confronting the CMO Succession Gap: Five Key Findings for Improving the Readiness and Retention of Future Marketing Leaders

Trends like Big Data, mobile devices, e-commerce and globalization are significantly reshaping the role of marketing and those who are responsible for it. Yet, while much has been written about how these trends are impacting the mission, organizational structure and leadership competencies required for success, not enough attention is getting paid to preparing the next generation of marketing talent. Are rising marketing leaders getting the developmental experiences they need? Are they being groomed for the demands of tomorrow and not just today? Are they engaged?

To help chief marketing officers (CMO) and rising marketing leaders answer these critical questions, Russell Reynolds Associates launched a major quantitative research study, capturing responses from nearly 1,500 senior marketing professionals globally. Below are our key findings, as well as a number of support tools, designed to help rising marketing leaders prepare for the next level and to help CMOs boost retention and team productivity.

Four Key Questions:

1. How is the CMO role evolving—and how ready are rising market leaders to step up?
2. Which developmental experiences matter most?
3. How effectively are organizations providing these experiences?
4. What are the implications on rising marketing leader retention?

Time frame: Fall 2012
Respondents: 1,400+
Industries: All major industries

Roles
- Rising Marketing Leader 65%
- CMO 35%

Geography
- EMEA 45%
- North America 44%
- Asia/Pacific 9%
- Central and South America 2%

Revenue
- >$5b 32%
- $1-4.9b 18%
- $500 - $999m 11%
- <$500m 39%
Summary of Key Findings

1. CMOs lack confidence in the next generation and struggle to name successors.

2. Rising marketing leaders lack confidence in their managers’ ability to develop them—and a significant number expect to leave their organization in two years or less.

3. Leading CMOs identify 18 experiences as most critical to the effective development of rising marketing leaders.

4. A significant majority of CMOs prioritize strategy, people and emerging marketing experiences as most important.

5. Rising marketing leaders believe their organizations are ineffective at providing the development experiences that CMOs feel are most important.

Conclusion

As the CMO role faces new expectations and changing business requirements, it is increasingly important for CMOs to improve the development of their team members and succession planning efforts. Helping rising marketing leaders grow by investing in the right developmental experiences will not only boost their productivity and retention today, but it will ensure a CMO’s legacy and continued success of the marketing function over the long term. To that end, we hope the findings from this study provide a useful guide.
Global Leadership

Key Finding #1: CMOs lack confidence in the next generation and struggle to name successors.

- Less than one-third of CMOs are confident in the bench strength of their teams.
- Less than half of CMOs can name a successor if a replacement were needed tomorrow.

Key Finding #2: Rising marketing leaders lack confidence in their managers’ ability to develop them—and a significant number expect to leave their organization in two years or less.

- Only 10% of rising marketing leaders feel their managers are highly effective at developing them.
- Half of rising marketing leaders expect to leave their organization in two years or less.
- If ignored, Findings #1 and #2, collectively, portend significant challenges for companies across sectors and geographies. The ambitions of companies’ marketing strategies soon may be undercut by a scarcity of capable marketing talent.
Global Leadership

Key Finding #3: Leading CMOs identify 18 experiences as most critical to the effective development of rising marketing leaders.

<table>
<thead>
<tr>
<th>Strategy &amp; Innovation</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ Setting strategic vision and designing a strategic plan</td>
<td>➤ Gaining experience in sales or working closely with customers</td>
</tr>
<tr>
<td>➤ Managing innovation/launching new products</td>
<td>➤ Owning a P&amp;L</td>
</tr>
<tr>
<td>➤ Leading a brand turnaround</td>
<td>➤ Building and using financial/profitability models</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People &amp; Relationships</th>
<th>Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ Building cross-functional relationships at the executive level</td>
<td>➤ Conducting and managing primary consumer/market research</td>
</tr>
<tr>
<td>➤ Leading a cross-functional team</td>
<td>➤ Managing agency relationships</td>
</tr>
<tr>
<td>➤ Turning around the performance of a struggling team</td>
<td>➤ Developing, launching and integrating in-store brand activation</td>
</tr>
<tr>
<td>➤ Recruiting and training direct reports</td>
<td>➤ Developing and launching major advertising campaigns through traditional media</td>
</tr>
<tr>
<td>➤ Being mentored by senior leaders</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emerging</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ Using marketing analytics/ROI tools and techniques</td>
<td></td>
</tr>
<tr>
<td>➤ Developing, launching and integrating digital marketing and social media campaigns</td>
<td></td>
</tr>
<tr>
<td>➤ Working internationally or on global marketing assignments</td>
<td></td>
</tr>
</tbody>
</table>

- During the initial stage of our research, we engaged a number of leading CMOs to identify the developmental experiences they feel matter most. They responded with the 18 experiences listed above.
- These activities are critical to overcoming the challenges highlighted in Findings #1 and #2, as experiential learning arguably is the most effective means of individual development.
Key Finding #4: A significant majority of CMOs prioritize strategy, people and emerging marketing experiences as most important.

CMO Experience Importance Ratings
% of CMOs Rating 8 or 9 on a 9-point Scale

- Setting strategic vision and designing a strategic plan: 87%
- Managing innovation/launching new products: 76%
- Leading a brand turnaround: 46%
- Building cross-functional relationships at the executive level: 80%
- Leading a cross-functional team: 75%
- Turning around the performance of a struggling team: 63%
- Recruiting and training direct reports: 61%
- Being mentored by senior leaders: 53%
- Using marketing analytics/ROI tools and techniques: 65%
- Developing, launching, and integrating digital marketing and social media campaigns: 64%
- Working internationally or on global marketing assignments: 54%
- Experience in sales or working closely with customers: 59%
- Owning a P&L: 52%
- Building and using financial/profitability models: 46%
- Conducting and managing primary consumer/market research: 43%
- Managing agency relationships: 38%
- Developing, launching and integrating in-store brand activation: 35%

Strategy & Innovation (70%)
People & Relationships (66%)
Emerging (61%)
Operational (52%)
Traditional (35%)

How to read this graphic: This graphic shows the percentage of CMOs scoring each of the 18 developmental experiences an 8 or 9 on a 9-point scale where 9 is of highest importance.

- Of all the key developmental experiences available, CMOs prioritize Strategy & Innovation, People & Relationships and Emerging marketing experiences (e.g., using Big Data and launching a social media campaign) over Operational and Traditional marketing experiences.
- In other words, CMOs seem to prioritize having a clear vision of the future and effectively leveraging people to achieve that vision while using new marketing techniques and tactics.
- These findings provide helpful clarity, showing CMOs and rising marketing leaders exactly where to invest their (limited) time and effort in terms of development.
Key Finding #5: Rising marketing leaders believe their organizations are ineffective at providing the development experiences that CMOs feel are most important.

CMOs’ Perspectives on Experience Importance vs. Rising Marketing Leaders’ Perspectives on Experience Effectiveness

How to read this graphic: This graphic compares the importance that CMOs place on the 18 developmental experiences and how effectively rising marketing leaders feel their organizations deliver these experiences.

- **Key gaps.** A comparison of the activities CMOs believe are most important for success and those that rising marketing leaders say their organizations are the least effective at delivering reveals the following key gaps:
  - **Strategy:** Setting strategic vision and designing a strategic plan.
  - **New Marketing Techniques:** Developing, launching and integrating digital marketing and social media campaigns, and using marketing analytics/ROI tools and techniques (Big Data).
  - **People:** Recruiting and training direct reports and turning around the performance of a struggling team.

- Interestingly, the experiences that CMOs believe are most important for success also are those that rising marketing leaders feel their organizations are the least effective at offering (see upper left quadrant of the figure above).

- **CMOs should continue to invest in the experiences listed in the upper right quadrant (high importance, high effectiveness) and focus on improving how effectively they deliver those in the upper left quadrant (high importance, low effectiveness).**
Global Leadership

Taking Action

To help CMOs optimize the productivity and retention of their team members—and to help rising marketing leaders develop key skills required for success at the next level—we provide below a number of tools and diagnostics.

CMO Team Diagnostic

<table>
<thead>
<tr>
<th>EXPERIENCES</th>
<th>PERSON A</th>
<th>PERSON B</th>
<th>PERSON C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy &amp; Innovation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting strategic vision and designing a strategic plan</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Managing innovation/launching new products</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Leading a brand turnaround</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td><strong>People &amp; Relationships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building cross-functional relationships at the executive level</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Leading a cross-functional team</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Turning around the performance of a struggling team</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Recruiting and training direct reports</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Being mentored by senior leaders</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td><strong>Emerging</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using marketing analytics/ROI tools and techniques</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Developing, launching and integrating digital marketing and social media campaigns</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Working internationally or on global marketing assignments</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gaining experience in sales or working closely with customers</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Owning a P&amp;L</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Building and using financial/profitability models</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td><strong>Traditional</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conducting and managing primary consumer/market research</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Managing agency relationships</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Developing, launching and integrating in-store brand activation</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Developing and launching major advertising campaigns through traditional media</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

*How to use this tool:* 1) Identify key direct reports. 2) For each experience, check the box if the report has received adequate exposure. 3) Identify individual needs running vertically and aggregate team needs running horizontally (i.e., rows with the greatest number of unchecked boxes).
# Global Leadership

## Rising Marketing Leader Self-Diagnostic

<table>
<thead>
<tr>
<th>EXPERIENCES</th>
<th>My Needs</th>
<th>Importance to CMO (H,M,L)</th>
<th>Current Degree of Exposure (H,M,L)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy &amp; Innovation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting strategic vision and designing a strategic plan</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing innovation/launching new products</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leading a brand turnaround</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>People &amp; Relationships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building cross-functional relationships at the executive level</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leading a cross-functional team</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turning around the performance of a struggling team</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruiting and training direct reports</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being mentored by senior leaders</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Emerging</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using marketing analytics/ROI tools and techniques</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing, launching and integrating digital marketing and social media campaigns</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working internationally or on global marketing assignments</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience in sales or working closely with customers</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owning a P&amp;L</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building and using financial/profitability models</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Traditional</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conducting and managing primary consumer/market research</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing agency relationships</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing, launching and integrating in-store brand activation</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing and launching major advertising campaigns through traditional media</td>
<td>☐</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 H, M, L: High, medium, low

**How to use this tool**: Rising leaders should focus on the experiences that are 1) development areas, 2) those of high importance to a CMO and 3) those to which he/she currently receives low exposure.
## Experience Corollaries

<table>
<thead>
<tr>
<th>EXPERIENCES</th>
<th>COROLLARIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting strategic vision and designing a strategic plan</td>
<td>Perform a SWOT analysis for a specific business unit&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Conduct an assumption-based planning exercise to test the core beliefs supporting the organization’s strategy</td>
</tr>
<tr>
<td>Developing, launching and integrating digital marketing and social media campaigns</td>
<td>Connect with digital marketing/social media heads from other (successful) organizations to discuss key learnings</td>
</tr>
<tr>
<td></td>
<td>Analyze competitors’ digital strategies</td>
</tr>
<tr>
<td>Using marketing analytics/ROI tools and techniques</td>
<td>Partner with a data/analytics specialist from another function (e.g., finance) to witness how they structure and analyze data</td>
</tr>
<tr>
<td></td>
<td>Connect with counterparts from other (successful) organizations to discuss key learnings</td>
</tr>
<tr>
<td>Turning around the performance of a struggling team</td>
<td>Root cause the team’s underperformance and build a turnaround plan accordingly</td>
</tr>
<tr>
<td></td>
<td>Create a workplan with key action steps, metrics and deadlines</td>
</tr>
<tr>
<td></td>
<td>Provide regular updates to CMO</td>
</tr>
<tr>
<td>Recruiting and training direct reports</td>
<td><strong>Hiring</strong></td>
</tr>
<tr>
<td></td>
<td>– Develop a hiring plan that lists broad skill gaps across the team</td>
</tr>
<tr>
<td></td>
<td>– Design competency-based interview questions and role play exercises</td>
</tr>
<tr>
<td></td>
<td><strong>Training</strong></td>
</tr>
<tr>
<td></td>
<td>– Help a direct report identify a skill for development</td>
</tr>
<tr>
<td></td>
<td>– Identify an existing, on-the-job activity that requires the target skill</td>
</tr>
<tr>
<td></td>
<td>– Ask the direct report to reflect on his/her learning before, during and after the experience</td>
</tr>
</tbody>
</table>

<sup>2</sup> SWOT: Strengths, weaknesses, opportunities, threats

### How to use this tool: When designing Individual Development Plans (IDP), CMOs and rising marketing leaders can utilize these corollaries to identify a large number of potential/relevant developmental experiences.
Leadership, Succession and Search | Russell Reynolds Associates is a global leader in assessment, recruitment and succession planning for Chief Executive Officers, boards of directors, and key roles within the C-suite. With more than 300 consultants in 41 offices around the world, we work closely with both public and private organizations across all industries and regions. We help our clients build boards and executive teams that can meet the challenges and opportunities presented by the digital, economic, environmental and political trends that are reshaping the global business environment. www.russellreynolds.com. Follow us on Twitter: @RRAonLeadership

**Americas**

**Atlanta**
1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

**Boston**
One Federal Street, 25th Floor
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

**Buenos Aires**
Buenos Aires Plaza
Manuela Sáenz 323
Seventh Floor, Suites 14 and 15
C1107BPA, Buenos Aires
Seventh Floor, Suites 14 and 15
Manuela Sáenz 323
Buenos Aires Plaza
Buenos Aires
Tel: +54-11-4118-8900

**Calgary**
Suite 750, Ernst & Young Tower
440-2nd Avenue SW
Calgary, Alberta T2P 5E9
Canada
Tel: +1-403-776-4192

**Chicago**
155 North Wacker Drive
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-212-351-2000

**Dallas**
200 Crescent Court, Suite 1000
Dallas, TX 75201-1834
United States of America
Tel: +1-214-220-2033

**Houston**
800 Travis Street, Suite 2300
Houston, TX 77002-2910
United States of America
Tel: +1-713-754-5995

**Los Angeles**
1110 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-776-8940

**Mexico City**
Torre Reforma
Paseo de la Reforma
115-1502
Lomas de Chapultepec
11000 México, D.F.
México
Tel: +52-55-5249-5130

**Minneapolis/St. Paul**
225 South Sixth Street, Suite 2550
Minneapolis, MN 55402-3900
United States of America
Tel: +1-612-332-6966

**New York**
200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

**Palo Alto**
260 Homer Avenue, Suite 202
Palo Alto, CA 94301-2777
United States of America
Tel: +1-650-233-2400

**San Francisco**
101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

**São Paulo**
Edifício Eldorado Business Tower
Av. Nações Unidas, 8.501 11º
05425-070 São Paulo
Brazil
Tel: +55-11-3566-2400

**Stamford**
301 Tresser Boulevard
Suite 1210
Stamford, CT 06901-3250
United States of America
Tel: +1-203-905-3341

**Sydney**
Level 40 Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

**Tokyo**
Izumi Garden Tower 14F
1-6-1 Roppongi
Minato-ku, Tokyo 106-6014
Japan
Tel: +81-3-5114-3700

**Asia/Pacific**

**Beijing**
Unit 3422 China World Tower 1
No. 1 Jiao Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6535-1188

**Hong Kong**
Room 1801, Alexandra House
18 Chater Road Central
Hong Kong
China
Tel: +88-1-2958-3100

**Melbourne**
Level 51, Rialto Towers
525 Collins Street
Melbourne, VIC 3000
Australia
Tel: +61-3-9603-1300

**Mumbai**
Unit 9(A), Grand Hyatt Plaza
Santacruz (East)
Mumbai 400 055
India
Tel: +91-22-7633-2222

**New Delhi**
203, Eros Corporate Tower
Nehru Place
New Delhi 110 019
India
Tel: +91-11-4603-4600

**Seoul**
16F West Tower
Mirae Asset Centre 1 Building
26 Eulji-ro 5-gil, Jung-gu
Seoul 100-210
Korea
Tel: +82-2-6030-3200

**Shanghai**
Room 4504, Jin Mao Tower
85 Century Avenue
Pudong, Shanghai 200121
China
Tel: +86-21-6163-0888

**Stockholm**
Hammadatan 27
SE-114 47 Stockholm
Sweden
Tel: +46-8-545-074-40

**Amsterdam**
World Trade Center
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

**Barcelona**
Edificio Prisma
Avda. Diagonal, 613, 2º A
08028 Barcelona
Spain
Tel: +34-93-494-9400

**Copenhagen**
Kongens Nytorv 3
DK-1050 Copenhagen K
Denmark
Tel: +45-33-69-23-20

**Frankfurt**
OpenTurm
60306 Frankfurt am Main
Germany
Tel: +49-69-75-60-90-0

**Hamburg**
Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-48-06-61-0

**London**
Almack House
28 King Street
London SW1Y 6QW
United Kingdom
Tel: +44-20-7839-7788

**Madrid**
Calle Miguel Angel, 11, 7º
28010 Madrid
Spain
Tel: +34-91-319-7100

**Milan**
Via Masccheroni, 5
20123 Milan
Italy
Tel: +39-02-430-015-1

**Munich**
Maximilianstraße 12-14
80539 München
Germany
Tel: +49-89-24-89-81-3

**Paris**
7, Place Vendôme
75001 Paris
France
Tel: +33-1-49-26-13-00

**Stockholm**
Hammadatan 27
SE-114 47 Stockholm
Sweden
Tel: +46-8-545-074-40