

The Changing MO of the CMO

*How the Convergence of Brand
and Reputation is Affecting Marketers*

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GOWER

2 **The Intuitive CMO:**

Intuit, Inc.

Intuit Inc., the American software company that develops financial and tax preparation software and related services for small businesses, accountants, and individuals, was founded in 1983 by Scott Cook and Tom Proulx in Mountain View, California. The company makes the personal finance programs Quicken, MINT and TurboTax (and its Canadian counterpart, QuickTax), as well as small business accounting program QuickBooks. In addition, the company produce QuickBooks Point of Sale solution for small retailers, professional tax solutions ProSeries and Lacerte, and the web-based corporate workgroup productivity solution QuickBase.

HARRY PFORZHEIMER, CHIEF COMMUNICATIONS OFFICER AND CORPORATE MARKETING LEADER



Illustration 2.1 Harry Pforzheimer

Table 2.1 Harry Pforzheimer professional experience

2007–current:	Chief Communications Officer and Corporate Marketing Leader, Intuit, Inc.
2003–2007:	Chief Communications Officer, Intuit, Inc.
1997–2003:	President, Western Region, Chair of the Global Technology Practice and GM of technology practice hub in Silicon Valley, Edelman PR
1989–1997:	Worldwide Director of Corporate and Marketing Communications, Silicon Graphics
Prior to 1989:	Led communications for, StorageTek, United Banks of Colorado, and a subsidiary of The Standard Oil Company

Intuit seems to have been at this longer than most. The company, which was founded on the basis of inventing a replacement for paper-and-pencil based personal accounting, determined a new way for integrating its marketing and public relations functions when its CCO, Harry Pforzheimer, took on the additional mantle of corporate marketing leader. After over a dozen CMOs in its 28-year history, Pforzheimer found himself in the unenviable position of inheriting the marketing function, but with a life expectancy of just 18 months for the average Intuit CMO, he recognized the curse of the title and shunned it “just because [he] wanted to work here longer” and because the other model – that of being CCO, which always had a seat at the C-suite table – was working.

Pforzheimer then set about further restructuring the marketing department, decentralizing the function, and helping drive into place great marketing leadership in the business units (BUs), creating an operating mechanism to increase collaboration, and streamlining the organization, stripping out layers and duplication between the BUs and the center. The central marketing department of some 300 was streamlined to around 80 since much of what was done at the center was better off being done in the BUs as the businesses reach out to different types of customers.

At the center, Pforzheimer created a marketing organization committed to excellence and best practice, overall analytics and talent development (training, mobility for marketers across the company, marketing communities and special interest groups). He then worked between the central group and the marketing leadership team – the marketing leaders of the BUs – to ensure a high degree of consistency from a performance perspective, and deployment of best practices. According to Pforzheimer, it’s working so much better than having a large central organization that has perceived power but little budget because the product budgets reside in the BUs alongside the revenue responsibility.

Communications & Central Marketing

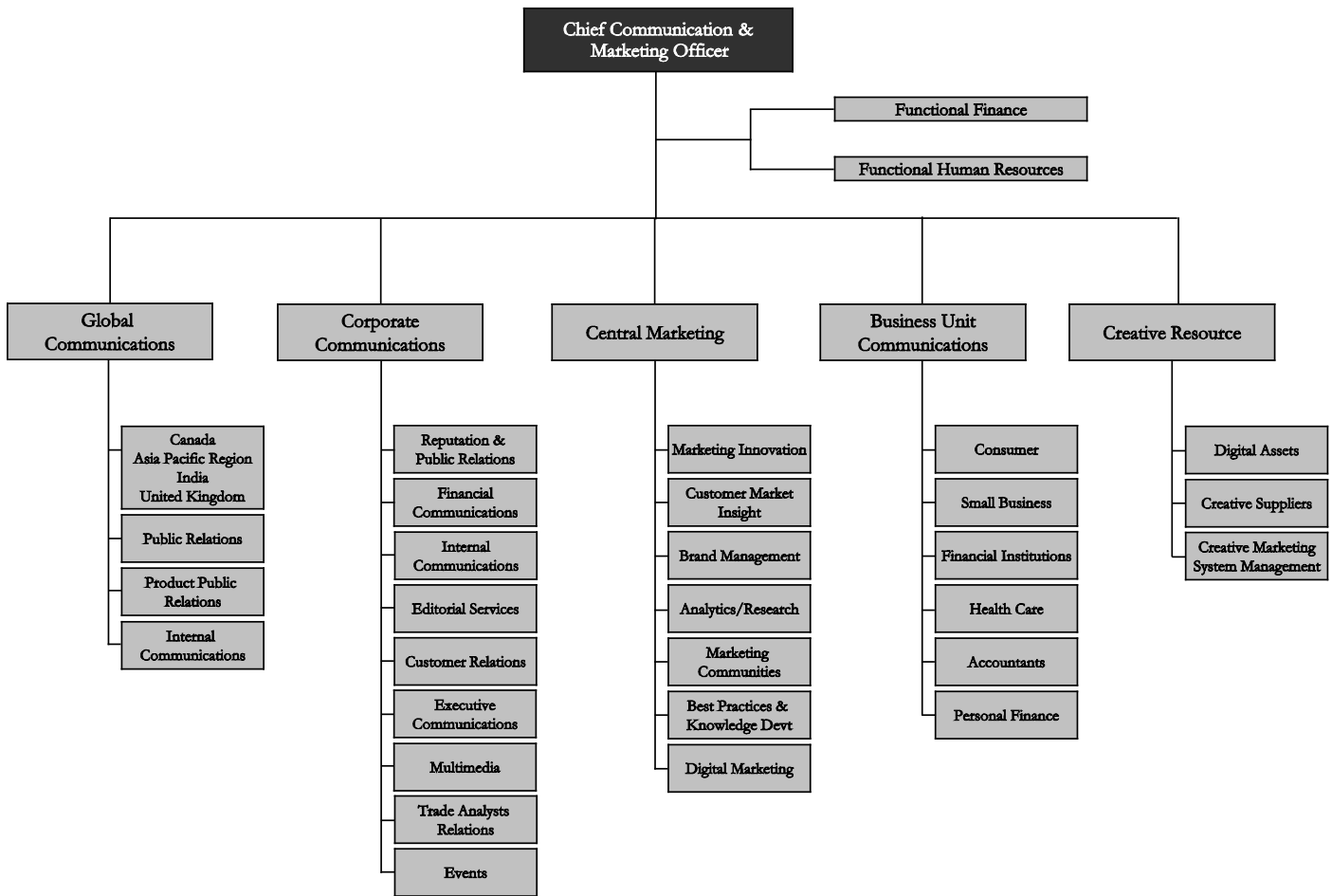


Figure 2.1 Intuit organizational chart

It has proven successful. The company only started advertising in the last six years, expanding its marketing armory from direct mail, PR, events, and other marketing efforts. Advertising collectively across the BUs has reached over \$100 million per year, in turn reaching an additional 3 billion customers. But in the seven years that Pforzheimer has been with Intuit, marketing impressions have increased from 1.5 billion to over 17 billion, excluding advertising. Brand visibility and product awareness historically has been driven by PR. Intuit has 55–60 million customers, and eight out of ten of those sales come via word-of-mouth. So communications is one of the few efforts or functions within the company that’s completely consolidated at the center since, in Pforzheimer’s view, a decentralized communications/PR function is a disaster because the only way to get a high degree of consistency and credibility is to have all of the PR operations together. The central team includes experts in business and financial media relations, product PR specialists, a multi-media group, analytics specialists, and an internal communications team.

Social media, on the other hand, is a part of everyone's job, and Intuit is establishing a solid track record in experimenting in the space. With Twitter alone, Pforzheimer's Turbo Tax PR team has been able to demonstrate that the company can produce revenue from Tweets from some experiments they have run during the tax season. But it's less about using it as a sales tool; it's so much more. Pforzheimer says that the organization is so consumer-centric first that social media presents just one more tool with which to engage with customers to help them with their issues, to provide solutions, and to facilitate the conversation.

Pforzheimer reports that Intuit has a special interest group on social media that exists cross-company with marketers, PR practitioners, trade industry analysts, and others totaling more than 100 members who meet monthly for two to three hours to talk about new trends and share best practice.

Seth Greenberg, VP of global media and digital marketing at Intuit, presented on Turbo Tax – one of Intuit's BUs – at the 2010 Association of National Advertisers conference. He talked of Intuit's "social revolution" and how Turbo Tax is using analytics for data-driven decisions to drive word-of-mouth. Analytics cover everything from traditional media to experiential and digital, and look at in-channel optimization, cross-channel/platform engagement measurement, predictive analytics, and testing for impact. Interesting concepts like "friendcasting" in the age of media anarchy and the social conversation funnel which Intuit has developed are illustrative of cross-disciplined thinking and a no-holds-barred approach to marketing in the new integrated ecosystem.

Pforzheimer credits some of Intuit's marketing intuition to the company's current president and CEO, Brad Smith, who before joining Intuit, led the marketing function for ADP, and worked in marketing and sales with Pepsi, 7Up, and Advo. After joining Intuit in 2003, Smith took on his current leadership role in January 2008 as the company marked its twenty-fifth anniversary.

The BU leaders of marketing, of which there currently are 13, are considered "growth officers". The growth officer (GO) "defines those who have a responsibility to grow the [Intuit] company – by connecting customers with products and services that help them achieve their dreams."

From a planning perspective, the GOs develop one- and three-year plans which are BU-specific, based on revenues, and focused on creating growth for the company and development of the marketing function. These plans get rolled up into the overall BU business plans. Meanwhile, Pforzheimer creates one- and three-year plans at the center together with some of his central team and the marketing leadership from the BUs.

According to Pforzheimer, it took four months to create the planning process, but paving the way to think three years out has proven to be invaluable in helping the marketing leaders grow their businesses and develop their own careers. The process also aids in recruiting since it helps to define the experience needed and the kind of talent for which Intuit is searching.

A by-product but important output of creating the planning process has been development of a marketing competency model that helps to define the future marketer. Pforzheimer believes this is driven by four key elements. First, the marketer has to be strategic, strong in marketing fundamentals, and have unbelievably deep customer understanding. Secondly, they need to be connected, and effective in managing messaging in different channels. That aspect used to be more specific to the communications discipline, but it now takes into account consistent delivery, multi-channel execution, and global implications. Third, the marketer needs

to be digitally savvy, to be able to leverage technology to enhance product marketing and product management. And finally, the fourth marketing excellence characteristic is being scientific, understanding analytics to be able to make data-driven decisions.

The marketing competency model also has enabled better talent mobility between the BUs. According to Pforzheimer, it's much less about getting promoted now, and more about getting a wider breadth of experience, building retention at the same time. It would appear that Intuit's employee engagement is better than most. According to an independently-managed annual employee survey with 300 questions conducted by Sirota, the central marketing communications team has ranked as the top function for engagement in the company for the past two years, globally, with a mindset calibrated to explore, do, figure out, empower and innovate.

Intuit Marketing Competency Model

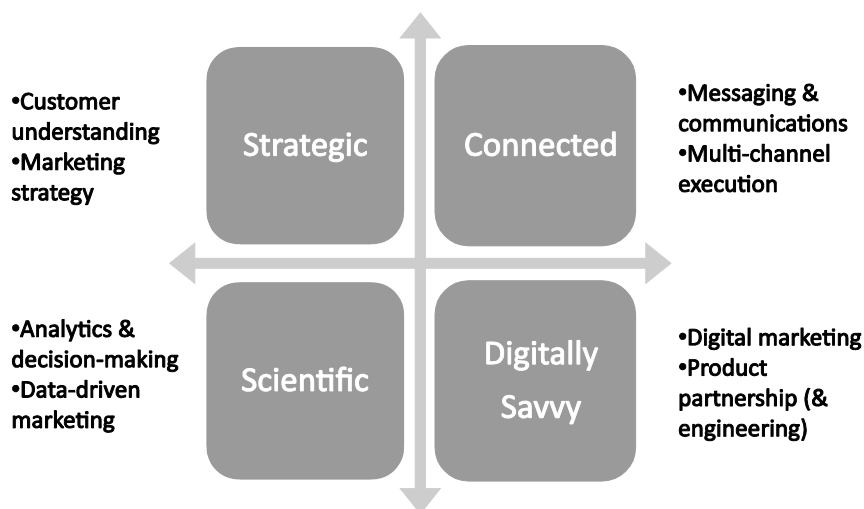


Figure 2.2 Intuit marketing competency model

With employee engagement at an all-time high, the combined marketing and PR team at Intuit continues to evolve. Pforzheimer believes that the lines are getting further blurred between the two areas and that there is a completely new model on its way. Overall, he says that the best people he's worked with are not just great communicators or marketers, but they understand the business. "They are just as good at strategy as they are at execution. They understand more than that. It's more than getting a message out; it's around the overall implications to a host of different audiences."

Mobility is increasing too between the marketing and PR disciplines. Training continues to be an important element of sustainable growth for this group, building and bringing in best practices, commercial innovations, and training customer benefit and BASES and A/B testing – modifying everything for the Intuit business and combining it with the leadership training that comes out of the training development team in HR.

The team continues to flourish and grow. For example, on the communications side alone, the group numbered just 15 people when Pforzheimer joined Intuit. With “zero attrition,” now it’s 50, plus with the PR roster agencies, the company has approximately an additional 100 communications and PR people.

Did Pforzheimer need to learn a new marketing language when he took up the combined reins of communications and marketing? He would say yes – that even though he’d been around it, he needed to better understand it.

Meanwhile, the culture at Intuit continues to foster experimentation. Pforzheimer claims a group passion to explore with a no-fear factor and the courage to make mistakes: “I love mistakes – we’re learning from them; if you’re not making mistakes you’re not doing anything. So there is this innate sense of exploring, learning, developing, fascination for what we do and how to most effectively communicate the message and engage in the discussion. That part has really evolved; it’s not just communicating the message, it’s the ongoing engagement that you now have to have.”

As the model continues to evolve, so does the scope for key performance indicators (KPIs). Pforzheimer and his team take the CEO through a marketing operations review every quarter, which covers everything from number and growth of customers, stickiness (how many products they buy into across the portfolio), gains/losses in customers – and new to the franchise, total subscriptions, small business versus consumer, sales sources in terms of channel (retail, telesales, direct), marketing spend versus head count, and whether Intuit is winning in the growing online and ‘cloud’ usage of products. According to Pforzheimer, “Most people still think of us as retail boxes and yet half of our sales and revenue is now coming from SAS (software as a service) and online products.”

The big picture KPIs are for the CEO and business, but Pforzheimer and his team still keep tabs on the outputs and effects, especially from the communications team – launch by launch, release by release. He doesn’t think anyone has really figured out the magic tool to measure PR effectiveness because it’s somewhat of an art, but he acknowledges that it has become much more scientific. And here is another area where Intuit is doing quite a bit of experimentation, looking at effect in real-time, not just quarter by quarter. “We measure and research everything you can think of – and sideways, upside down – not to necessarily measure for the sake of measurement, but so we understand better how we continue to improve to enhance the measurement process, and we do it fast!”