

Aligning Finance and Marketing to Drive Growth

Rohit Gulati looks at how Finance and Marketing can come together to deliver business results

The future of growth will be written by data-driven organisations. While most marketing teams today fail to utilise the full potential of their data, this is rapidly changing. The advent of data-led marketing will ensure that organisations are able to not only identify the strategies and campaigns that are most likely to be successful, but also secure buy-in for marketing investments by demonstrating the potential ROI of impending campaigns. Put simply, this is because, in a truly data-driven marketing department, the measurement of ROI should be at the fore.

Even in the most data-centric organisations, a number of obstacles and errors can undermine efforts to measure ROI. For instance, they may not be able to access the necessary data, because it is held in silos; or they may not be collecting the 'right data' from channels such as email, SMS, mobile, Web, social media, or print. Ensuring data compatibility is another challenge, as is the ability to effectively analyse what data does get collected. Finally, organisations sometimes fail to account for the total, or fully-loaded cost of marketing. Overcoming these issues rests on a stronger alignment between the two organisations that must drive this effort: Finance and Marketing

A Match Made in Heaven!

Within any business, the one major objective for all employees and departments is to help the

business succeed. Organisations must recognise that no single entity can drive success – and that there is a fundamental need for various functions to understand how their work contributes to the overall objectives. This change is being fuelled by new technology and connectivity capabilities that are starting to break down silos. This is especially true of Marketing and Finance, which share the common goal of increasing revenue, but often have different perspectives and KPIs, with no shared understanding of their relationship. In many cases, marketing struggles to demonstrate its value to Finance, resulting in underfunded marketing departments that cannot produce the business results Finance leaders are most focused on.

What creates barriers to effective collaboration is that the two departments see the business in different ways. Marketing's goal is to find new customers and improve brand perception, whereas Finance's goal is to keep expenses down and maximise profit. Many marketing heads might say, 'We are looking at the dimension of acquiring a new customer. If I'm sitting with Finance, they are also going to say, "What is your profitability goal of that customer?" Both leaders, though, would recognise that improving alignment and collaboration between their teams is important for the business.

In many cases, Finance is sceptical of Marketing's ROI claims, and similarly, marketing departments

Marketing and Finance have a common goal – driving revenue – but different perspectives on it, and varying KPIs



are remiss to provide specific ROI targets. It's incredibly important for Finance to understand the strategic nature of the marketer's work. At some point in the year, the CEO will definitely ask Finance, 'Hey, are we investing too much in marketing?' Thus, if Marketing wants to secure the resources it needs to realise its strategy, it has to get 'tight' with Finance.

To make this possible, a good Marketer will have to think about what makes sense for the business: What will improve the bottom line? What will deliver the highest ROI? That's how Finance thinks – in logical, analytical terms. These are also attributes that any effective Marketer should possess.

Impediments to Collaboration

Broadly, three types of challenges – related to processes, technology, and people – get in the way of closer alignment and collaboration between the two departments. However, by building a clear understanding of these challenges, and forging a common set of key metrics, they can work to bridge this gap. Several initiatives can help achieve this, including: making more joint decisions on marketing spends and budgets; fostering a better understanding of each other's goals and objectives; encouraging Finance to view Marketing as a growth centre, not a cost centre; and establishing an ROI Evaluation framework powered by Big Data and predictive analytics

Leveraging Technology to Nurture the Relationship

Finance and marketing require the right tools to work collaboratively and optimise their interactions. Using the right quantitative and analytical techniques can help bridge the chasm between marketing data and business results. Technology can provide robust data analysis, data integration and measurement capabilities that turn what seems

like a data overload into valuable insights. By leveraging these solutions, companies can better sift through huge volumes of data to arrive at the right conclusions, creating valuable reports that benefit both the CFO and the CMO, and help the teams align around similar processes.

Building Cross-Functionality

Today, financial accountability for marketing performance has become front and centre. Taking this a step further, Finance workers should be assigned to marketing to create a first-of-its-kind Marketing ROI (MROI) team. The end-goal would be something truly transformational: an ROI evaluation framework that is integrated deep inside Marketing. With a strong understanding of the marketing context, this MROI team can

bring new levels of financial discipline and rigour to the marketing process. This can help reframe the conversation to balance the interests of both sides.

Analytics then becomes the 'connective tissue' between the different visions of what drives results. Combining data from both sides of the fence, analytics can reveal the true picture in terms of what drives marketing performance, and what connects marketing to revenue. Powering this would be an agreed-upon set of data, and a common language that the CFO and the CMO can use to run scenarios, calculate returns, and foster communication. This new partnership between marketing, finance and analytics can help deliver better business insights. Short of creating a killer new product or service, there are few ways a business can move the needle quite as dramatically. ■



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