

ISBM MARKETING EDUCATORS' CONSORTIUM, 11/4/98

ISBM Nuggets Marketing Educators Consortium November 4, 1998

NOTE: The ISBM Business Marketing Educators Consortium is a "community of practice" of professionals, each of whom have the responsibility for advancing marketing competency for their firm, marketing training, or a "culture shift" for their firm toward becoming more market-oriented.

An initial "formative" meeting of the Marketing Educators Consortium was held in conjunction with the ISBM Members Meeting in June 1998, at State College. At that time, we outlined some possible objectives for the consortium, and agreed to have our first real meeting before the end of 1998.

On November 4, 1998, 14 professionals from member firms, along with expert presenters and other professionals, met at Rohm and Haas headquarters in Philadelphia. What follows are some compressed notes on outcomes, issues, and learning.

Attendees included marketing management, internal consultants and educators from a broad array of industrial companies. They included: Xerox, Rohm and Haas, Lucent Technologies, PPG Industries, Air Products and Chemicals, Dow Chemical, the NIST Manufacturing Extension Partnerships (a government agency supporting the business success of small industrial businesses throughout the United States), Dow Chemical, Amoco, Rohm and Haas, and Corning. (In all, there were 19 attendees, 9 companies represented, along with representatives from Penn State University, and guest speakers.)

Major Challenges Educators Face:

Strategic Marketing and Its Contribution to the Firm—How Does a Firm:

1. Measure the contribution of marketing to the overall corporation?
2. Define what marketing is in the context of an evolving organization?
3. Better understand the real value a corporation's products and services bring to customers and the "value chain?"
4. Achieve growth in fiercely competitive and often flat markets?
5. Create a common thread that shows how technology relates to marketing so technology specialists will want to learn marketing and see how it fits into their day-to-day jobs?
6. Learn more about customers and their needs, as well as develop databases to market to them?
7. Figure out the interrelationship of marketing and sales within the company?

Marketing Education:

1. Employees are hearing what is being said in marketing training, but not generally implementing what they've learned as they do their jobs.
2. Determine the best place to drive marketing education within the company.
3. Decide if marketing courses should be requirements or electives.
4. Taking domestic marketing education programs and applying them on a global basis (moving materials across cultures: "transposing" versus translations).
5. Looking for new, challenging, and relevant courses.
6. Understanding the role of the Internet/Intranet and other new tools as part of marketing education. (Some firms have been experimenting with these tools, and report that they are not working that well.)
7. How to integrate the skills/development activities, etc. into the business every day— keys to implementation are crucial.
8. How do we create activities that develop a more "outward-looking" approach: Not enough of us turn toward customers, many of us turn "inward."
9. How does one measure the effectiveness of marketing training inside a firm—and beyond that, how does one measure the effectiveness of marketing overall inside a firm?

Key Insights:

*Create an internal consulting arm—The majority of corporations that attended had created a separate internal consultancy of approximately

1-4 individuals that either were responsible for shell development or actually taught marketing education classes to employees in various departments. The bill back rate for this service ranged from \$175 to \$200 per hour. There also seemed to be constant pressure to justify these expenditures internally and show results.

*Marketing education spending is climbing—In a straw poll, all but one of the companies present said that they planned to increase spending for marketing education in 1999.

*Most often in achieving implementation, corporations are seeing the following sequence as effective:

1. Identify the problem.
2. Tell people what to do about the problem.
3. Help them do it—at least one time.
4. Track progress.

*Key Question: There are a small number of people in marketing in most firms— is there any requirement that people take courses, or agree to some sort of "certification?"

- Most often, we see people being offered training, but very few formal certification programs for this training.
- Some firms are developing programs especially to enable technologists to understand what marketing is—a "marketing for non-marketers" course—as well to help marketers understand better what the technologies—a one-half-day bridge-building course.

*To achieve real implementation, some companies—notably PPG—are trying a three-level approach:

1. A first-level course introduction—three-day overview.
2. A second-level course "drilling down" into specific topic areas—such as the ISBM courses, and . . .
3. Project team facilitation via consultants.

*How do we share "best practices" across our firm/other firms in terms of how business marketing is done?

*How do we teach ourselves to build a customer-oriented database?

Actionable Ideas:

Problem: Raising the Profile of Marketing Training Within the Organization

***Work on Real Business Problems**—At PPG marketing training tackles real business problems within real departments and lines of business within the company. People walk out of training with a marketing plan they can implement today. Ben Fisher, Jr., Director of Corporate Marketing.

***Shorten Class Time**—At Xerox they used to conduct 3-4 day training courses and few people signed up. Employees simply couldn't make the time to attend them. Now they are piloting a 2.5-day course and would even like to hold shorter courses in the future. Sonya Allen, Marketing Development Manager.

Problem: Justifying the Education Program's Expense

***Use Internal Hero Stories**—PPG held a World Congress attended by senior managers that was devoted almost exclusively to marketing. They drove home how critical marketing is to senior management by showcasing stories of six heroes who went through the classes and explaining how their successes led to revenue increases within their business. The hero stories came from bi-monthly meetings where executives and employees shared best practices. Now PPG is throwing out its existing stock of case studies for training and focusing almost exclusively on its own war stories. Ben Fisher, PPG

Problem: Ensuring that What is Learned is Implemented

Use Drill Down Sessions Texas Instruments professors would come back after training and work with those who went through training on specific business problems. This way employees used what they learned in real life settings under the guidance of an instructor. Ralph Oliva, Executive Director, ISBM

Problem: Integrating Marketing into the Organization

Create Business Generalists—Lucent Technologies has adopted the strategy that what it needs to create is "business generalists." This is a reversal of the 1980s and early 1990s management philosophy that the best people were specialists in certain fields. What Lucent wants are people who know marketing, sales, technology etc., and can operate in a wide range of disciplines successfully. Jeffrey S. Bomaster.

Case Study Rohm and Haas: Strategic Marketing Initiative

The evening before the presentation, I had a brief discussion with Mike Fitzpatrick, Chief Technology Officer for Rohm and Haas. He pointed out the following:

- For quite a few years, the chief constituents of Rohm and Haas—that is, their shareholders and customers— had expected the company to get more lean and productive. Rohm and Haas rose to the occasion, and became more productive. But now, . . .
- His key constituents are expecting growth. This puts the role of strategic marketing into a critical focus over the next

few years.

Mike Fitzpatrick joined us at the meeting, and made additional points, including:

- Marketing as it evolved—the classic "4 P's"—involved placing "products we have" into the marketplace. But now, marketing management has become "demand management."
- Strategic marketing is actually strategic planning—it is integrating the view of the customer into the general management of the enterprise.
- In order to really understand marketing, our professionals need to understand more than just what our customers buy, but to a very deep extent, why they buy—getting inside the mind of the customer and their value chain.

Key Challenges for Rohm and Haas:

*Marketing is so severely mixed with sales, we must redefine what marketing is to the company.

*Our people cannot learn marketing from other practitioners within Rohm and Haas.

*Marketing must be tied to the business purpose of the organization.

*Marketing must start with the customer and work its way back into the organization.

Long-term goal: In most instances Rohm and Haas' entry point with its customers is in one individual department within their businesses. Rohm and Haas's corporate mandate is to become strategic marketers which means having a strong link to customers and full involvement in their organizations from the top to the bottom of the organization.

What It Takes to Be a Strategic Marketing Professional (SMP) at Rohm and Haas:

SMPs place themselves in the minds of the customers and in the heart of the value chain. Strategic marketers within Rohm and Haas must have several key characteristics including:

1. SMPs must learn to do business analysis and develop extroverted characteristics that allow them to spend a good deal of time in the market learning from customers.
2. SMPs must anticipate the needs of customers for them. For instance, the minivan was not conceived by the customer it was conceived by marketers who saw unfulfilled needs. The insight that led to this development was why people buy transportation and how they use it.
3. SMPs know how to get customer needs articulated and communicated—and make them work within their own corporate system.
4. SMPs don't respond to the competitive environment but reshape it.

Rohm and Haas finds it very useful to demonstrate what they mean by using an example from their own company. During WWII the company made aircraft canopies and when the war ended they had a technology that had to be adapted to peacetime. What drove them was a vision of what they could do with Plexiglas and they literally built an industry for it.

An example of when this doesn't work—They created a product called Optiflex, a solid core acrylic fiber that transmits light without transmitting heat. They spent five years in R&D and several million dollars developing it and when they brought Optiflex to market they realized no one was buying optical fiber for light, they were simply buying light. Since they didn't understand how customers bought and used these products they created the wrong product.

Now Rohm and Haas starts with a business model and asks these key questions at the outset of the new product development process:

1. Are we adding or creating value?
2. What impact will the new product have on the supply chain?

Organizational Solutions: Rohm and Haas has created global marketing managers who handle new product development and regional business managers who are responsible for selling in projects to customers. They work closely together to manage businesses.

Rohm and Haas believes there are four elements needed to sustain strategic marketing within an organization:

1. The right people
2. The right work processes which means using technological and educational tools available today effectively
3. Understanding and addressing the demands placed on an organization by management and the overall business
4. How you recognize and compensate people

Creating Marketing Education Programs That Work

William Rothwell, professor of human resource development at Penn State, spoke on training. He opened with some sobering statistics:

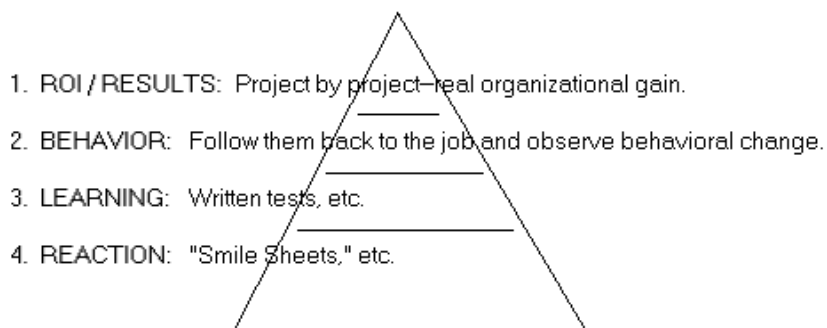
*A study of training directors in large companies found that the number one cause of performance problems is the lack of feedback on work competencies. For instance, an assembly line worker at General Motors may not know how what he does fits into the overall production of a car and doesn't get enough feedback on how well or how poorly what he does impacts it.

*People only retain 20% of what they learn in a classroom 24 hours later.

*Only 8% of training transfers back into how people do their jobs.

Actionable Ideas:

1. **Test for Implementation:** Use performance-based tests to see if people can apply what they've learned.



FOUR LEVELS OF RESPONSE--Kirkpatrick

2. **Define Performance Goals:** Most educators start with training goals instead of performance goals. Management must work closely with trainers to define what good performance is and clarify training goals before embarking on a program.
3. **Demonstrate Organization-Wide Commitment to Training:** One way to demonstrate commitment is to shut the whole company down for a day and just train. Another option, which Corning uses, is to use senior people to kick off the training program and explain its goals and then wrap it up by discussing what has been learned.
4. **Answer Key Training Questions Upfront:** Dr. Rothwell suggested developing a better understanding of how people learn. Three important questions that should be answered are: What is a competent learner? What distances a super learner from an average learner? How do we create a training program that addresses both types?

Assessing the Marketing Organization You Have Now

Dr. David Cranmer, Director of the NIST Manufacturing Extension Partnership, discussed his organization's efforts to help small-to-mid-sized manufacturers determine their strengths and weaknesses in marketing. One of the primary tools he uses is a book by Michael Collins called The Manufacturers' Guide to Business Marketing, 1995. He runs a nationwide manufacturing business assistance program that consists of:

*2000 field staff in 400 field offices in 50 states

*75 partnership agreements between the Federal government and the states

*Industrial marketing assessment tools that have been field tested in over 200 audits and that take from 15 minutes to four hours to complete

*The test utilized software-based scoring. (There is no charge until you have the test scored.)

For more information contact Cranmer at: 301-975-5753, fax: 301-963-6556, e-mail: dcranmer@mep.nist.gov

Next Steps:

The Marketing Educators Consortium will meet again at the ISBM's June 1999 members meeting for half a day. All are welcome.

Education Study: We are working on a research study of ISBM members to provide a more comprehensive benchmark on marketing education activity across member firms. If you have questions or ideas please submit them. In the lead—Ben Fisher, PPG.

The Future of Marketing: The theme of the June 1999 ISBM Members Meeting will be "The Future of Business Marketing." All ideas, thoughts and questions are welcome—action items. Govi Rao to lead in gathering ideas.