FEBRUARY 2013
McKinsey Quarterly

MARKETING & SALES PRACTICE

Engaging boards on the future of marketing

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At many companies, the whole organization is becoming more responsible for customer engagement. A few are extending this thinking to the boardroom.

As trends such as social media, the mobile Web, and proliferating data streams rapidly redefine what it means to be on the cutting edge of marketing, the organization as a whole is becoming more responsible for customer engagement. In previous articles, we've described how an organization-wide commitment helps companies ensure access to the steady diet of wide-ranging inputs they need to stay ahead of the curve.[1] Some companies are extending this thinking to the boardroom. While it's still early days, and the dynamics will of course differ by industry and company, a closer look at what a handful of organizations are doing provides food for thought about the benefits of having boards engage with the fast-paced evolution of marketing.

Bringing the board into marketing

When a new CEO took the directors on a tour to visit innovators and peer companies in the United States and (later) Europe, one Asian technology-services company began to discover the value a board can bring to marketing. The CEO's intent was to instill among board members a shared sense of the need for fundamental changes in the company's growth goals and to build enthusiasm for a major efficiency drive.

[1] See Tom French, Laura LaBerge, and Paul Magill, "We're all marketers now," mckinseyquarterly.com, July 2011; and "Five 'no regrets' moves for superior customer engagement," mckinseyquarterly.com, July 2012.

In addition to accomplishing those goals, the visits created a new sense of urgency about the company's need to diversify both the range of channels it used to interact with customers and the points in the customer relationship where it would emphasize deep engagement. The board's commitment helped overcome internal opposition, and the company embarked on a dual program of restructuring its channels and acquiring or partnering with third-party providers whose services could help enrich its offerings at various points in the customer life cycle.

The results thus far have been impressive—customer satisfaction has increased by 20 percentage points, market share in core services by nearly 10, and profitability has increased correspondingly. Meanwhile, the company has continued sending its corporate directors on fact-finding trips in a variety of geographies, with the intention of shaking up the directors' thinking and encouraging them to spot overlooked opportunities.

Such board missions can deliver unexpected insights thanks in no small part to the diversity of experiences and perspectives that well-chosen boards can bring to bear. When a large distribution business concluded that it needed to change its way of engaging with customers, it enlisted the board in the problem-solving process. The company paired off board members and senior managers with complementary skills and flew them to different locations, where they visited company sales offices and customers before later reconvening at an offsite strategy meeting. When the full group debriefed, its members' collective experiences yielded new insights about customer needs and the value proposition the company was (and wasn't) offering, all of which had implications for its sales and distribution approach.

The changing marketing environment also elevates to board agendas items that previously might not have made it there. One example is corporate brand management, long the domain of chief marketing officers and public-relations departments. Yet against a backdrop of social media, viral video, and the reputational threats posed by "citizen bloggers," the CEO of one North American manufacturer recently placed the potential for brand-changing events on the board's agenda. This move led to a good discussion about ways to cope. The conversation transcended traditional marketing communications and touched on the company's overall strategy, as well as its approach to crisis response.

Boards can also serve a valuable role in helping management to identify and initiate beneficial marketing-strategy or organizational changes that would have been difficult for managers to envision on their own, given their focus on day-to-day concerns. At a global luxury group, for example, a board member helped management to see the importance of dramatically increasing a key brand's online presence. The additional focus highlighted the need for big changes—including new functional skills, organizational capabilities, and processes—that culminated in the creation of an internal "brand studio" tasked with "insourcing" a wide range of the brand's digital activities.

Three tips for improving engagement

As these examples suggest, it's too early to draw a definitive road map for board involvement in marketing, just as it's not yet possible to draw a universal blueprint for creating superior customer engagement. Still, our experience suggests a few ideas worth considering.

First, much as most boards now include a strategy day in their calendar of meetings, we think it's worth considering a customer-engagement day to take stock of the broadest strategic implications of changes in the marketing environment and of the company's position with customers. On such a day, the directors of another Asia-based services company took decisive action to rethink its premium-pricing strategy after coming to grips with big changes under way in the customer base.

Second, it's important to be mindful of the board's composition, given the fast-changing nature of marketing. For example, including more board members with public-sector experience—including political-campaign skills—can provide valuable counsel to today's ever-more-exposed CEOs.

Third, it's important to keep board involvement strategic in nature and clearly aimed at governance issues and *not* the day-to-day management of marketing activities. To be sure, it can be valuable for board members with specialized expertise to provide it fairly regularly; we know of one company that's asked an innovation guru on the board to work closely, between meetings, with the head of R&D. Yet any such involvement must ultimately connect back to the board; otherwise, there's a risk of creating a cadre of shadow managers. In this case, the R&D director and board member jointly update the board on innovation efforts to ensure that it remains plugged in.

This last example shows how CEOs are finding value in individual board members. In this case, the value was in R&D, the lifeblood of that company. In others, it might be in understanding new technologies shaking up consumer behavior or new geographies emerging as priority markets. As the digital-marketing revolution continues to unfold, senior leaders will need all the help they can get to keep their companies on the leading edge.

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