

# What Really Counts For CEOs

Connect the Dots Between Marketing & Sales.  
Regain Control of Your Company's ROI.

GAL S. BORENSTEIN

# WHAT REALLY COUNTS FOR CEOS



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## INTRODUCTION

In my office sits a dummy named Stella.

In that way the Borenstein Group is not so different from countless thousands of other companies. But our dummy differs from theirs in one very important way: our dummy is actually a lifelike mannequin, one that closely resembles Lily Tomlin from the movie *Nine to Five*. Day after day she decorously occupies our receptionist's desk, staring straight ahead, doing nothing, a fixed, pleasant expression on her face, quietly taking up space. Stella is the first "person" a visitor encounters upon entering our office, and she makes a curious impression.

I've always done things a bit differently, and Stella was intended initially to make the visual statement that at the Borenstein Group we don't pay for dummies—the idea being that we deliver quality to our clients. But over time our dummy has come to serve another useful function altogether.

Those visiting our offices for the first time typically have two reactions to Stella. One is to ignore her completely, to pretend she doesn't exist. The other is to smile and ask why we have a dummy where most companies have a receptionist. To the latter, I explain the point I want to make. The former, I've noticed, never seem to become clients of the Borenstein Group.

There are, of course, many fine and very useful receptionists, and this isn't meant to denigrate them but rather to make the point that I learned from a very early age to never accept the conventional, or to *be* conventional for that matter. It has been a blessing as well as an inconvenience. I was the kid in school who asked the teacher questions he or she found annoying. "Yes, but why..." were my favorite words, and they

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made me very unpopular. But I learned that when you ask questions, particularly when you ask the *right* questions, you typically receive useful answers.

The consequence is that I've carried that same questioning nature into business, and I believe it is in large part why I've found solutions where others have blindly followed the well-worn path of mediocrity. Useful creativity is the rarest of jewels in business, while following whatever everyone else does is a pervasive non-starter.

What I do professionally is help CEOs ask the right questions, especially when it comes to marketing. By so doing, more often than not, they find answers that help them succeed. I'm not the man who shows up with a bundle of prepackaged solutions, nor am I the one quick to point out what I perceive as every misdeed in senior management. What I do instead is open eyes to possibilities, especially in those places where heretofore there have seemed to be none. I question the conventional, and help CEOs find answers in their daily practices.

What I have to share is meant for you, the inquisitive CEO, because from your unique perch you have a bird's eye view of the company, and you alone are ultimately responsible for the company brand, as well as for its success and failure. It's a demanding job, made all the more difficult when a CEO unquestioningly accepts conventional explanations and commonly applied metrics. It is made worse when you don't know what you don't know.

Being the one in charge is daunting, and it takes a special breed to succeed. I was once visiting with a CEO who related to me the many very close judgment calls she'd had to make in her time running the company. I asked how she'd known what to do. She made a face and said, "I didn't. I just did the best I could with what I

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knew at the moment. I'm going to succeed or fail at this, one way or the other, and I'd rather it be the consequence of the decisions *I* make, not the ones I've punted to someone else."

And so it should be for you.

What I'm calling for, you'll soon see, is a revolution by CEOs, so you can sustain and generate company growth far more effectively. Accomplishing this is not a team play, nor can it be done without friction or conflict. It's about vision and the application of new concepts that will profoundly alter marketing, as well as create prowess and a level of effectiveness which does not currently exist.

This comes about primarily by a shift in thinking for the CEO—a recognition that marketing can be managed far more effectively and be much more productive. To this end, there is a fundamental need for you to shift from viewing marketing as an expense, to seeing it instead as the investment it really is.

My expertise, and my passion, is in bringing CEOs out of the darkness in which so many flounder, into the bright light of greater success, to help them see what they need to know about marketing. I want them to learn what really counts. To accomplish this, I encourage them to challenge existing conventions in a search for genuine answers. In my experience, this is the difference between successful companies and the ones that fail to grow or succumb to mediocrity and are acquired by companies creative enough to have figured this out.

To this end, I ask CEOs to examine the unexamined, to question what they are told is the industry standard for behavior. As a result, I help them focus their energy on bringing accountability and responsibility to the only portion of their company that successfully avoids it: marketing. From this approach

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emerges a new way of thinking and a far more effective means of managing a company.

There is a saying famous in American business: "Half the money I spend on advertising is wasted; the trouble is I don't know which half." Famous and true, as it turns out. Attributed to John Wanamaker, an American retail businessman, it has been paraphrased by any number in the decades since he first defined the primary problem every CEO faces in marketing. We all know our company must market. You only have to watch what happens when a company stops, to get the message. Failure to market means becoming invisible, first in the eyes of your customers, then in reality. Yet, from the traditional print campaigns of the last century to contemporary Internet Pay-Per-Click, and Web 2.0 social media applications, CEOs of every size company still have no idea which part of their advertising/marketing budget works, and which part doesn't. What continues to remain elusive is knowing exactly which of their expenditures is getting the job done. And because of that, they spend more than necessary, squandering resources they could use elsewhere.

This is an issue that has never been more important. Significant changes have taken place in American companies in recent years, and these are certain to continue at a pace never previously experienced. We are in an age of global markets with a digital presence that is increasingly becoming overarching. No one really knows the path ahead; it remains as murky as ever. What worked just a year or two ago can already be obsolete, and what is successful today could be on the way out without our knowing it. Something new is always on the horizon, but *which* something new will make a positive difference is no clearer now than it has ever been.

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This presents new challenges for marketing in ways that have never previously existed. But along with challenges are also opportunities—new Web 2.0 marketing communications tools such as corporate blogs, Wikis, and the increased specificity of marketing discussions through vertical channels as opposed to “talking to an invisible community.” All these are challenging every CEO to reexamine conventional practices.

For all the innovations of this brave new century, old issues remain. There exists, and has always existed, a fundamental disconnect between the CEO, sales, and marketing. Their personalities and objectives are quite different, and they profoundly affect the CEO's functions. This disconnect, about which I have much to say, is a result of our current economic corporate structure and culture, which were inadvertently fashioned to encompass it. The consequence is that it has an appearance of normalcy and a sense of permanence that are illusionary, but make it difficult to properly perceive, effectively manage and alter for the better.

In my experience, the CEO who follows the conventional and takes the commonly accepted management approach to the significant issues created by this disconnect, will never come to terms with the real issues. In most cases, in fact, the CEO will never even understand that the divide in these areas has been the fundamental cause of many, if not most, of his or her problems.

There is a systemic tendency to allow marketing to unquestioningly drift or, in the alternative, to reduce its budget mercilessly. This is because when times are good, and when the company is prospering, the CEO often pays little attention to how marketing is spending its budget. But when times are difficult, and when there is a need for cuts, very often marketing and corporate

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communications are the first places where those reductions take place.

If the CEO does not understand which parts of the marketing effort are producing the best Return-On-Investment, there is a strong likelihood that he or she will cut the very infrastructure required to restore the company to vitality. The worst measure a CEO can take is to reduce in ignorance, yet it happens routinely.

It has been my experience that every company is unique, no matter in how many ways it may seem to resemble its competition. Each company has its own unique needs and obligations, for when it comes to success, there are no cookie-cutter companies. That bears repeating. Success is unique; it is not the result of mimicking your competition.

The reality is that each company requires its own distinct marketing effort and that no two marketing campaigns, even in the same industry, will necessarily closely resemble one another. Marketing efforts, and the metrics to measure them, that are successful for one company, may have nothing to do with any other company. What works for the gander usually doesn't work for each individual goose.

There are certain key challenges that every company faces, yet in my experience most CEOs are unaware they exist. Here are just a few:

- Marketing resists measurement because corporate America has built its structure to be self-defeating as it relates to measuring success.
- Because those in charge of marketing rely on mediocre standards of performance, survival depends on their ability to hide, as opposed to highlight, the key challenges and barriers to higher success.
- The introduction of Web 2.0 technologies is

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changing the questions, the answers, and the business process by which everything gets done.

My mission is to help the CEO recognize why, when dealing with marketing, obtaining meaningful information is not as straightforward as it is in other areas of the company. I help the CEO understand why the inherent disconnect with marketing and sales exists and provide the means to help him or her understand branding, marketing, communications and public relations, all of the elements related to the company message. The outcome from this process enables the CEO to knowledgeably review marketing reports and ask the right questions, which then leads to a significant improvement in marketing ROI.

When launching my own company and seeking philosophical guidance, I was struck by how often the sayings of Albert Einstein were so on point. It is my position that in business, creativity should be a science, a process you can measure and use repeatedly with predictable results. I daily make the case that creativity not connected to the bottom line or the business development mission is a form of art that properly belongs in a museum. In fact, in my first unrehearsed pitch I pointedly said that if they wanted to hire the other guys, that's what they'd get; if they want something people will use, hire the Borenstein Group. That caught on.

I've come to understand that Albert Einstein's guiding principles have often been my own. In his office hung a plaque which read, "Not everything that counts can be counted, and not everything that can be counted counts." He first said it, and then reminded himself of its fundamental wisdom every day.

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And it's never been truer, as you will see. It applies, for example, when you plan or manage a Pay-Per-Click campaign, but it is equally applicable in every aspect of marketing. Simply recognizing that the concept exists can make all the difference, because that will bring a fresh measure of intellectual skepticism to the process.

Treating marketing as a science, I'll admit, is an eccentric approach, especially at first blush. You will be asked to think differently, to ask the right questions to produce better answers that lead to meaningful metrics that produce marketing results that can be repeated. In short, you will make marketing a science.

It is my chosen profession to guide CEOs through these issues, to help them ask the questions that should be asked, to direct their attention to where it traditionally does not go, to help them hold marketing accountable for how it spends its budget. None of this need be a mystery.

Every day in my office Stella, my dummy, greets me, serving as a constant reminder that everyone at the Borenstein Group must always be at the top of their game. She also serves to remind me that my success is grounded in challenging the conventional. It has been my experience that every CEO of a successful company confronts the same issues. Each of us must continue to question, to challenge the commonly accepted, as none of us knows the future. But asking the right questions will, more often than not, produce right answers. Of that I am certain. There is no reason to fear the future, for while tomorrow brings new challenges, it also provides fresh opportunities. What should remain constant is the process every CEO should follow in discovering and exploiting those opportunities. It is that process that makes the future less uncertain and the present more productive.

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## CHAPTER ONE

### Accountability Dodge Ball

*We can't solve problems by using the same kind of thinking we used when we created them.*

- Albert Einstein

I read that schools have largely eliminated the age-old childhood game of dodge ball. You remember it. An eager group of us lined against a brick wall. Someone else threw the ball at us, hard. Everyone moved to keep from being hit, because if the ball found its mark, we were out of the game.

So it is with marketing management. Every day, every quarter, every fiscal year, the bold and the beautiful are engaged in an elaborate game of dodge ball. Most seem to believe that if truly held to account, they'd be out of the game. They may be right.

As marketing has become increasingly sophisticated, not to mention expensive, CEOs find themselves still in the dark when it comes to understanding what works and what doesn't. In all other aspects of their companies, they can meaningfully measure a Return-On-Investment, usually in the form of charts or graphs that reflect the correlation between a dollar spent and the value it has, or has not, brought to the company. But when it comes to marketing, there appear to be no substantive metrics for ROI, at least none that directly match the expenditure.

When CEOs ask marketing management for figures, what they receive in return is more often than not standards of performance based on industry best

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practices. In other words, we're doing what the other guy is doing—a form of keeping up with the Joneses—so it must be right.

The quandary for the CEO is understandable. In every other department of the company, he or she can determine productivity down to the individual employee, if that's what's required. The CEO can count how many widgets the company produces each hour, the cost per unit, know the payroll, and even reduce waste on the manufacturing floor, not just for the company in general but for every facet of the operation.

But when it comes to marketing, all this precision collapses. The CEO cannot determine which part of the marketing budget has produced which result. Something there is working, or not, but what? Instead, the CEO examines the sales numbers, which are important, but do not help in determining the relationship between the money he or she has spent on marketing and the end result in terms of sales. It is a conundrum.

Typically, when CEOs call on marketing management to account for their activities in the same way as every other department in the company, the result is a failure to produce a universally accepted measurement. Instead of getting meaningful figures, the CEO finds himself playing corporate dodge ball, and not with much success as he throws, and the marketing department dodges. The result is not merely an elusive situation for the CEO, but an utter inability to genuinely measure marketing ROI.

This reflects, in part, the reality of life that no one likes to be measured. To be measured means to be held to account. Because of the psychology surrounding measurement, as well as the existing business structure and culture, managers at all levels find themselves in the position of justifying their existences when this occurs.

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This is a situation marketing seeks to avoid. The balls coming their way have been gently thrown, and they aren't difficult to dodge.

When a CEO goes to marketing for answers, he or she should understand that the manager has a vested interest in the status quo. The last thing the manager wants is to be meaningfully measured in performance, because when you are measured, you are next asked to measure up, then to improve your performance. Better to nip this process in the bud. For this reason, the manager will point to industry best practices and offer the comforting assurance that what they are doing is the industry standard, so everything is just fine.

This is, of course, ludicrous. Consider the common industry practice of branding. Everybody brands, so by this logic, every company should brand the same way. The reality, however, is that companies measure different efforts, even branding, in different ways. For example, there are Donald Trump-type organizations with very large marketing departments that judge success by where Trump's image and message are placed, and by how big the story about him is. He is the company brand, and his exposure is all-important.

This very likely has nothing directly to do with sales, or anything for that matter that remotely resembles what the rest of corporate America would measure success by, but in the Trump business empire, this is the standard of success. And who can argue with it? For many, if not most companies, marketing efforts are intended to produce something very different, but for Donald Trump, branding and marketing are about him.

This is why industry best practices are such a red herring. They ignore the reality that each company has its own issues and needs, unique to itself. What works for Donald Trump will not work for most companies.

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Best practices are simply an excuse to impose standards of behavior that have never been determined to actually fit the companies to which they are applied. One size does not fit all.

There is a good reason for marketing to want to convince the CEO that best practices should be the standard of performance. A measure of comfort and safety comes from doing what everybody else does. If the marketing manager can persuade the CEO to apply industry best practices, then when they fail to produce results, the manager can point out that he or she did what everybody else was doing, so it's not his or her fault.

In nearly every situation, your marketing director will produce measurements that put him or her in the best light, and often these are equivalents that don't match your company structure or business plan. What you will not get is what you actually need for effective ROI. You will remain in the dark.

To be perfectly fair, this state of affairs exists in part because marketing management generally holds the belief that even if they do the best job possible, they don't have control over the outcome of what they've created. They've designed the airplane, so to speak, but when it flies, the pilot gets the credit—though if it crashes, they're to blame. They can design and implement the finest marketing plan ever conceived, but most of what it takes for that plan to succeed, once they have done their part, is beyond their control. Can you blame them for dodging accountability? I do not.

This has the effect, however, of placing the CEO in an awkward position, because pressing for meaningful answers creates conflict, and that goes against the grain. CEOs generally hate confrontation, especially as their companies get bigger. All the courses

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and books say delegate, create a team, seek advice, and collaborate to produce the best solution. When it comes to marketing, unfortunately, this is self-defeating.

In most companies, the idea of measuring marketing activities on any meaningful level is non-existent. And if it does exist, the company is often not willing to spend the money necessary to do it properly. The result is that fewer than 20%<sup>1</sup> of all companies have collaborative efforts for developing, monitoring, and measuring marketing ROI. A CEO might spend \$200 million a year on every function of the company, but be unwilling to designate another \$50,000 to measure whether or not that \$200 million is well spent. If you're in the automobile industry, you're spending *billions* every year, so you better have a pretty good idea of what is working.

Consider for a moment the situation of events and trade shows. It's generally accepted that a company must have a presence at its industry's trade shows. What is difficult is to apply meaningful metrics to that trade show presence. A typical response I receive when asking about an event outcome, is a CEO's declaration of "great presence," or that he or she met someone new, or "got an article out of it." There may have been any number of successes as a result of the company's participation in the trade show, but the CEO is unaware of them, except for the man he or she met, or perhaps the article, which seem to have come at a very large cost.

It does not have to be this way. Consider, as an example, AON, one of the largest insurance brokerage firms in the world. The CEO wanted to increase marketing ROI in regard to the industry's leading event,

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<sup>1</sup> Chief Marketing Officer Council and the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), 2008

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the Risk and Insurance Management Society's annual conference. Unlike most of its competitors who spent money without any visible or direct ROI, AON chose not to wait for the show itself to create buzz. Instead, it engaged attendees well before the conference, creating a thematic campaign buzz around global risk, with highly creative pre-show mailers. These included a board game handed to executives with The RISK® theme to help educate prospects on AON's global expertise and bring them to the booth. The RISK® theme played throughout the show hall as well as at the booth, which featured an enormous interactive map in support of the game. By standing on various areas of the map, attendees could learn more about the levels of risk in each part of the world and earn points toward prizes and trips. The results were more than 1,000 qualified leads and an overall 6-to-1 ROI for the show. <sup>2</sup>

Consider the traditional marketing effort of direct mail. A commonly accepted benchmark for success is a response of one to three percent. But that generic number may have no correlation at all to what is being sold. The marketing manager for an information technology systems integrator, for example, might have an annual quota of one hundred 1,000-seat ERP systems. If he receives just a single response to 1,000 pieces of direct mail, that is considered a very poor rate. By traditional measurements, the direct mail campaign was a failure. But what if that one respondent bought a system? Or two? What happens when five people buy a system as a result of the campaign, but never respond to the direct mail? And so it goes throughout marketing.

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<sup>2</sup> Barshinger, S. *Aon's Marketing Agency*, Retrieved from

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Mechanisms inherent to corporate structure and culture have resulted in standards that aren't really standards, hence the best practices fiasco. But one of these inherent mechanisms is also the CEO. I often see a reluctance to learn what they don't know when it comes to marketing, while just as many refuse to admit they are in the dark. Others are concerned that by asking the right questions, they'll have to make tough decisions they'd just as soon not.

When I ask CEOs if they want more accountability in marketing so they will really know their ROI, the answer is always "Yes." And when I ask marketing directors if they'd like better ROI on their program so they can be more successful, they will also say "Yes." On the surface, they all want to see ROI, or so they say.

But instead, the system perpetuates cultural barriers that stand in the way of meaningful ROI. The business culture encourages the use of meaningless pseudo measurements. Or CEOs don't measure at all, as a way of conflict avoidance. The result is that mediocrity has become the management norm.

It all depends on real metrics, and the unspoken reality is that measurements for marketing do in fact exist.

It was my virtual friend Albert who said, to paraphrase, that no problem can be solved with the same mindset that created it. This very much applies to the single most important issue facing CEOs. They've gotten to where they are by not imposing accountability on marketing, thus avoiding the issues it creates. Accountability isn't easy, but avoidance won't solve the problem or create growth. The point I make is that every CEO must change how he or she thinks in terms of marketing.

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When it comes to these issues, I detect a measure of concern, occasionally even a bit of fear. There is no reason for that. Marketing need not be an enigma. The same management methods that succeed elsewhere in a company can be just as successful when applied to marketing.

Times have changed, and no CEO should be confused about which half of marketing works and which doesn't. New technologies are in place that allow for that answer. When the right questions are asked, they lead to metrics that bring accountability to areas where it has never previously existed.

Another way of putting it—nothing positive will happen until the CEO ends the game of corporate dodge ball.