



# CMOs on Managing in a Tough Economy



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Managing a marketing organization in a difficult economy presents interesting challenges, as well as significant opportunities, for CMOs and marketing executives.

I started my career in the mid-90's when the economy was on the back-end of a recession. We then experienced tremendous growth in the dot-com bubble until it burst in the early 2000's, taking with it irrationally exuberant companies such as Pets.com, Napster, GeoCities, and many more.

Another tremendous economic run started in 2002 until the subprime mortgage crisis led to the Great Recession from 2008-2010. Since then, even the biggest global pandemic in 100 years couldn't contain the bull. Until the economy started moving sideways last year.

There are a few things I have learned as a marketing leader first-hand in each of these previous contractions:

01

## Easy Cuts



Marketing dollars that are not already allocated and locked into contracts are an easy place to cut for CFOs looking to contain costs.

02

## ROI is King



Showing a demonstrable past ROI is your best insulator for marketing programs to avoid being cut.

03

## Spend to Thrive



When everyone else is cutting budget, it is much easier to cut through the noise. Research shows that organizations who maintain their marketing budget during downturns take market share during and after recessions.



## Perspectives from Two Long-Tenured CMOs

I recently sat down with two of our Leap CMO Advisors: **Dave Lavery** and **Carol Meyers** to get their insights on how CMOs should be managing through the uncertain economic climate.



**Dave Lavery**  
Former CMO of IBM Business Analytics and Cognos



**Carol Meyers**  
Former CMO of LogMeIn, Unica, WorkHuman, and Rapid7



**As a business leader, how should CMOs approach balancing the need for cost control in a tough economic climate with long-term performance?**

It's often the strongest player in the market that maintains their marketing spend—they know that they typically win more than their “fair share” of deals. Thus, if they continue to spend, while competitors pull back, they will find and win even more deals. In order to help the rest of the organization understand the value of continued investment, the CMO needs to use data to demonstrate how the investment will deliver impact and help the company achieve its strategic initiatives. Showing how brand spending creates early stage interest that ultimately leads to pipeline can help others in the organization understand the benefit of continued investment. Telling the story of the customer buying journey will bring the data to life and increase credibility, thus CMOs should not rely on data alone—they need to tap into their storytelling and context-setting skills. CMOs can also identify opportunities that may arise because their competitors are pulling back in the market —strategically, they may have an opportunity to capture customer mindshare at the expense of competitors. Tactically, they might be able to pick up abandoned high value events or ad space at a better price.



A CMO should always be mindful of how their marketing strategy tightly aligns to the long-term strategy, goals and performance of the company. CEOs are looking for the CMO to do more than manage the marketing function. They need their CMO to be a senior contributor and strategist to the executive management team. The CEO relies on the CMO to help create the “forward looking view” of the company. In difficult economic times, focus is everything. The marketing team's mission, strategy and every aspect of execution needs to tightly align to the 3-5 key imperatives of the firm. Nothing should fall outside of those imperatives. If they do, then you should question why you are doing it.





## How should CMOs approach the budget conversation with their CEO and CFO?



I think it comes down to being able to credibly convey the benefits of the spend and how it will help the company perform better and support strategic goals. The CMO needs to demonstrate the impact of cost controls on both short and long-term performance. They should also identify smart ways that they can reduce spend with minimal negative impact. They should be able to offer up opportunities for reduction as well as being ready to defend the programs, initiatives and investments that are needed to keep the company on track to meet its short-term and strategic goals.

It's important to acknowledge, though, that some CEOs and boards come to the discussion with a bias against the investment, a more short term focus, and a lack of understanding or appreciation for marketing. The CMO may not be able to overcome that, even if she or he is a strong storyteller and a data-driven marketer.



CMOs should start by quantifying the value at stake and declare it as a revenue imperative, not a cost imperative. Be practical and embrace the situation. As a senior member of the management team, a CMO is expected to do what's right for the firm. If the company is struggling to obtain its revenue goals, a CMO needs to understand the company's financial situation: its financial goals, current budget, and cash flow situation. Second, prioritize every aspect of marketing spend, and do your share to address the firm's short-term needs. Proactively communicate the steps you are taking to meet short term revenue attainment.

A strong CMO/CRO partnership is critical. Marketers should understand pipeline metrics and coverage as much as the sales leader. They should always be looking at the out quarters and the pipeline coverage needed in those quarters. Ask if there are enough early-stage activities happening to produce the pipeline needed two to three quarters out. The more you can demonstrate the correlation between marketing execution and sales results, the easier it is in justifying the marketing investment. This is critically important if the firm is highly reliant on telesales or digital sales.



## Which areas of marketing have you historically prioritized as a CMO during difficult economic conditions? What are you prioritizing in the advisory you are providing organizations today?

This is where it is critical to understand the buyer journey and your full funnel metrics. I advise preserving the programs and initiatives that I know deliver the highest returns—not just for new pipeline creation, but also for assisting sales with pipeline acceleration and closing. For example, for most organizations the website is (...)



(...) critical and they should continue to invest in optimizing it for effective positioning and pipeline generation as well as ensuring customers have access to the information and resources they need to effectively use and get value from the company's products. Customer reviews and analyst ratings can also be critical. Social media visibility can help keep a brand top of mind. What to preserve is market dependent. I focus on delivering growth and keeping customers, and try to preserve some funds for continued experimentation but usually experimentation does end up decreasing.



Be smart about targeting and segment focus. Narrow and refine segments to those that are showing growth in recessionary times. Test, tailor, and refine programs in a single market before scaling the program more broadly.

Dig deeper into sales enablement and provide sales tools that clearly exploit your value and provide materials that demonstrate tangible proof of that value, ultimately making it easy for sales reps to convey and shorten sales cycles.

Focus not only on new qualified leads, but define progression activities to help slow moving pipeline opportunities to close more quickly. For digital sales, focus on next-best actions or promotions for up-sell, and add-ons and prevent customer churn.

Monitor daily how activities are performing through the funnel. Tight alignment, and oversight, of both the buyer's journey and marketing funnel together should be telling you what stages are working and not working and which stages of the buyer's journey need addressing and constant tweaking.



**What advice do you have for marketing practitioners and executives in how they approach their CMO regarding budget planning and dialogue?**



One of the mistakes a lot of CEOs make is to simply cut marketing because it doesn't involve people. They see it as the easiest and fastest way to reduce costs but they don't consider the impact. Simply cutting the spend because it's easy, is not always the right decision. It is challenging to reduce people over program spend because of the impact on employees—it's devastating to be laid off. But sometimes the right answer is to reduce people in certain areas of the company rather than to simply cut marketing investment.

CEOs often believe it's easy to ramp spending back up, just like a faucet. They don't understand the planning that is involved in executing effective marketing programs or in allocating spend across initiatives. Much of marketing and sales is interrelated. For example, marketing could spend all its money ramping up leads, but if they don't have BDRs or enough salespeople to handle the sudden influx, it's money wasted and inefficiently spent. Marketers often need to consider how to spend across (...)



(...) the buyer journey to deliver consistent growth.

I think the important thing for CEOs to know is that most marketers want what is best for the company. When they recommend spending levels or initiatives, it is not simply trying to defend their turf. The suggestions aren't made with self-interest.

I think it's important for CEOs to be open minded. Approach the CMO as a strategic partner. Explain the situation and the key objectives, and ask your CMO to come back with a data-backed and thoughtful recommendation.



Similar to what's mentioned above, justify the budget based on how it relates to one of the company's key imperatives. If it's not obvious, why are you doing it!

Prioritize all program spend; value it based on its potential revenue contribution and its probability of success.



## ABOUT DEMAND SPRING

Demand Spring is an integrated Revenue Marketing consultancy that helps marketing organizations stand taller by enabling them to scale their ability to contribute to pipeline and revenue.

Our team of Revenue Marketing Strategists, Content Marketers, and Marketing Technologists help our clients transform their marketing practices, deliver exceptional customer experiences, and drive revenue.