

BY DON E. SCHULTZ

CPO VERSUS CMO

RECENTLY, I FOUND a magazine article that really hit home. It suggested organizations now need a new management position, a Chief Profitability Officer. That person would be responsible for overall firm profitability by focusing on understanding customers, their income flows and profitability.

The first couple of paragraphs of the article were filled with phrases such as “using profitability to drive corporate value,” “track their [customers’] value like any other asset on the balance sheet,” and “overlaying certain metrics—such as buying needs, cost to serve and strategic value.” The article used these as descriptors of the new position.

It sounds like the article might have come from the *Harvard Business Review* or *Business Horizons*, or perhaps even the *Journal of Marketing*. But it didn’t. The article, “Playing Favorites,” came from the January 2009 issue of *CFO Magazine* ... as in Chief Financial Officer.

It seems that the editors at *CFO* believe their guys are the ones who should be looking after customers, their profitability, determining their asset value and then allocating corporate resources to maintain or grow that value. It’s quite a different view than what we normally have of CFOs.

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Logically, these calls for customer focus, tracking and estimates of profitability would seem to be something the CMO should be doing. But apparently that’s not happening. So, maybe that’s why *CFO*’s editors are suggesting the financial people take over that role.

I was having real problems with this article and its clarion call for the CFO to take on customer responsibility. It seems like an usurpation of power to me, grabbing the marketing reins while the CMO isn’t watching.

But then, in that same issue of *CFO*, I found the results of a global survey done by the publication with 679 CFOs from around the world. The questionnaire was quite topical: What do CFOs worry most about in these “tense times”?

What do you think it found? What’s the greatest CFO concern about the macro economy? Is it credit markets and interest

rates? Financial regulation? The volatility of the dollar? Foreign competition?

Nope. At the top of the list of CFOs primary concerns is consumer demand! What a rather heady subject for people marketers have traditionally thought of as bean counters.

I wonder what a survey of CMOs would have found if it had asked what marketers considered their chief concern in these “tense times.” Would they have put consumer demand at the top of their list, or would it have been something like, “What should we do about social networking?” or, “Should we go to the Cannes Film Festival this year?” or maybe even, “What should we do about the upfront TV market?”

The issue seems fairly clear. The financial folks are apparently filling what they see as an organizational vacuum in the lack of capability or concern of marketing people to deal with the real issues that are troubling all types of companies.

And, typically, when there is a void, someone or something will rush in to fill it.

That’s what *CFO Magazine* seems to be suggesting. The editors seem to believe that the marketing people either can’t or won’t be able to guide their organizations through these troubled times and dangerous waters. They seem to be saying, “If marketing can’t

or doesn’t know what to do, maybe we should arm the financial folks to fill their shoes—and their management slots.”

Should marketing people be worried about this incursion of the financial folks into their traditional consumer and customer turf? Probably. If the guy who writes the paycheck wants to take your job, all he has to do is scratch your name off the payroll and, poof! You’re history.

I think this signals a real warning for the entire marketing profession, and not just the CMO. In troubled and troubling times, every organization starts to look at what is really necessary, and at what will allow the organization to continue as a viable operation. For too long, the marketing people seem to have ignored this fairly clear-cut example of what really drives successful organizations. And, surprise! It’s customers. Not advertising or promotions or buzz or even award ceremonies.

The marketing profession should have known, or at least acknowledged, this customer primacy. After all, Peter Drucker was saying, “The only purpose of an organization is to create customers” back in the 1950s. In too many instances, however, it seems marketers have become more concerned with the accoutrements and window dressings of marketing than the needs and concerns of customers. They’ve focused on: “How do they feel?”, “Do they like our ads?”, “Will they click on our banners?”, “Did our promotions win accolades at the latest industry conference?” and “Did our Super Bowl commercial score well in the *USA Today* poll?”

Unfortunately, those questions are what too much marketing seems to be about these days—things that really don’t matter to customers. At a recent client conference, I was told by one researcher, “Customers and prospects think we talk too much and don’t say anything relevant to them.” That’s an



indictment that hurts when money is tight and every penny counts.

Maybe that’s why the CFO is increasingly concerned about what makes the business run: the customers, income flows and retention. The stuff that matters.

If so, maybe that’s what marketers should be concerned about today—before they find the M being replaced by the P on the door of the executive suite. **m**



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