

RIGHT-HOUSING FOR THE 2020'S

HOW TO BUILD AN ADAPTIVE MARKETING ECOSYSTEM
TAILORED TO YOUR BUSINESS NEEDS





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01 INTRODUCTION

We started work on this paper in early January. Who could possibly have imagined what the next few months would bring?

The disruption to society caused by COVID-19 has been unparalleled, and the economic fallout is likely to last well into the 2020's.

The pandemic arrived at a time when marketing was already facing huge challenges. Every brand in the world is under attack, and the competition is getting faster and fiercer by the year. Budgets are being pressured by shrinking margins yet have to be stretched across more and more touchpoints. The on-going blizzard of technology promises to save the day, but often brings as many problems as answers. People are questioning how they're being marketed to. More fundamentally, they're asking if the 'Consumer Age' is even sustainable.

Marketing organisations, their external partners and advisors like AAR need to come together to confront these challenges. Growth will be elusive in the coming months and years but it will be impossible unless brands find new perspectives and ideas to better connect their business to their customers. We call this Creative Capital. It's the most valuable asset any company possesses.

Strengthening their Creative Capital is the fundamental reason so many brands are reviewing their marketing ecosystems. They know they need to develop a better blend of internal and external capabilities, whilst also becoming more agile and adaptive. This process is what we mean by right-housing.

Right-housing is a topic that's been high on AAR's agenda for many years but it's just become more urgent than ever. We know there are no silver bullets but, informed by numerous discussions with brands and their partners, we have a strong point-of-view on what the marketing community needs to do to tackle this complex issue, and how to move at pace.

This paper sets out our thinking and recommendations. I hope you enjoy it and would welcome your unvarnished feedback!



Victoria Fox, CEO
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O2 THANK YOU

Every week, we talk to more than 100 senior marketers and their external partners in agencies, consultancies, innovation companies and technology organisations.

This paper is very much our own thinking, but it's been richly informed by those conversations. We'd like to thank everyone we've spoken to.

In particular, we're grateful to the following people who gave up their time for an in-depth interview.

Robert Bennemeer

*Global Category Buyer Media,
The Heineken Company*

Robert has been at Heineken since 2013. During that time, the company has transitioned its global media agency arrangements from a single source to a dual agency structure. He is currently working with the Global Media Team to review Heineken's media engagement model, with a particular focus on HUB strategies and in-housing. Robert has previously worked agency-side and as Media Manager for a supermarket company.

Charlotte Kensett

*Director of Brand Engagement,
Nationwide Building Society*

During her 21 years at Nationwide, Charlotte has worked in a range of Marketing and Communication roles. As Director of Brand Engagement, she is responsible for protecting and promoting the Nationwide brand and its assets. She oversees internal and external events and other engagement activities, as well as leading the Society's programme whereby 1% of pre-tax profits are put towards good causes through social investment.

Michael Storey

*Head of Creative & Branding,
Ocado*

Michael was hired as Ocado's first copywriter in 2007 and now leads its in-house creative department, which provides a full-service solution across most on and offline channels. Michael has held a wide variety of positions during what he describes as "almost 25 rollercoaster years as a creative leader, writer, content manager, editor, journalist and branding bod".

Gemma Kidd

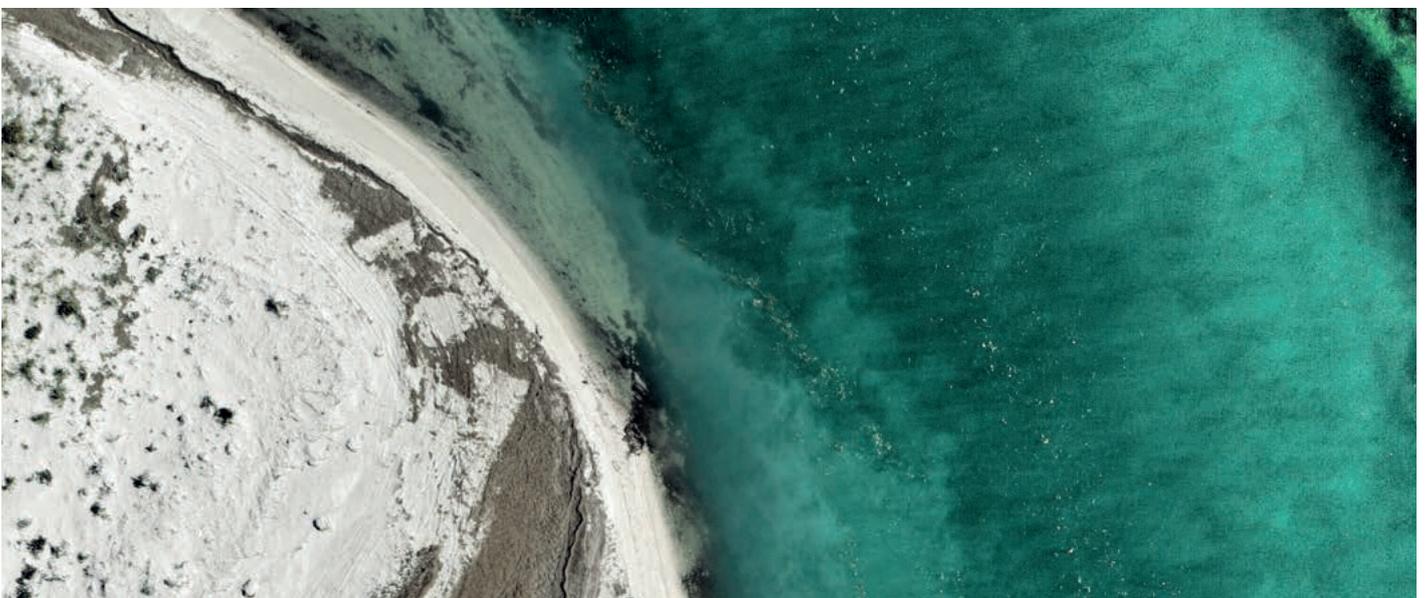
*Head of Brand Design and Creative Services,
The Co-op*

Gemma joined The Co-Operative Group in 2004 as part of their graduate scheme. She has since worked across The Co-operative's diverse family of businesses, and managed the rebrand back to the iconic 'cloverleaf' in 2016. Gemma now leads Brand Design and Creative Services, working with all The Co-op's creative agencies to ensure brand identity is implemented coherently and effectively across all touchpoints.

Belinda Rowe

*Non-Executive Director, HT&E;
Director of Brand & Marcomms, O2 until January 2020*

Belinda has worked in a variety of global, UK and Australian leadership positions in marketing, communications and the media industry. Prior to O2, she was one of the top global executives at ZenithOptimedia and Publicis Media; leading the development of a unique content marketing business across 32 countries for the latter. She has also chaired European media companies. An advocate for women, Belinda is an active member of both WACL and the Marketing Group of Great Britain.



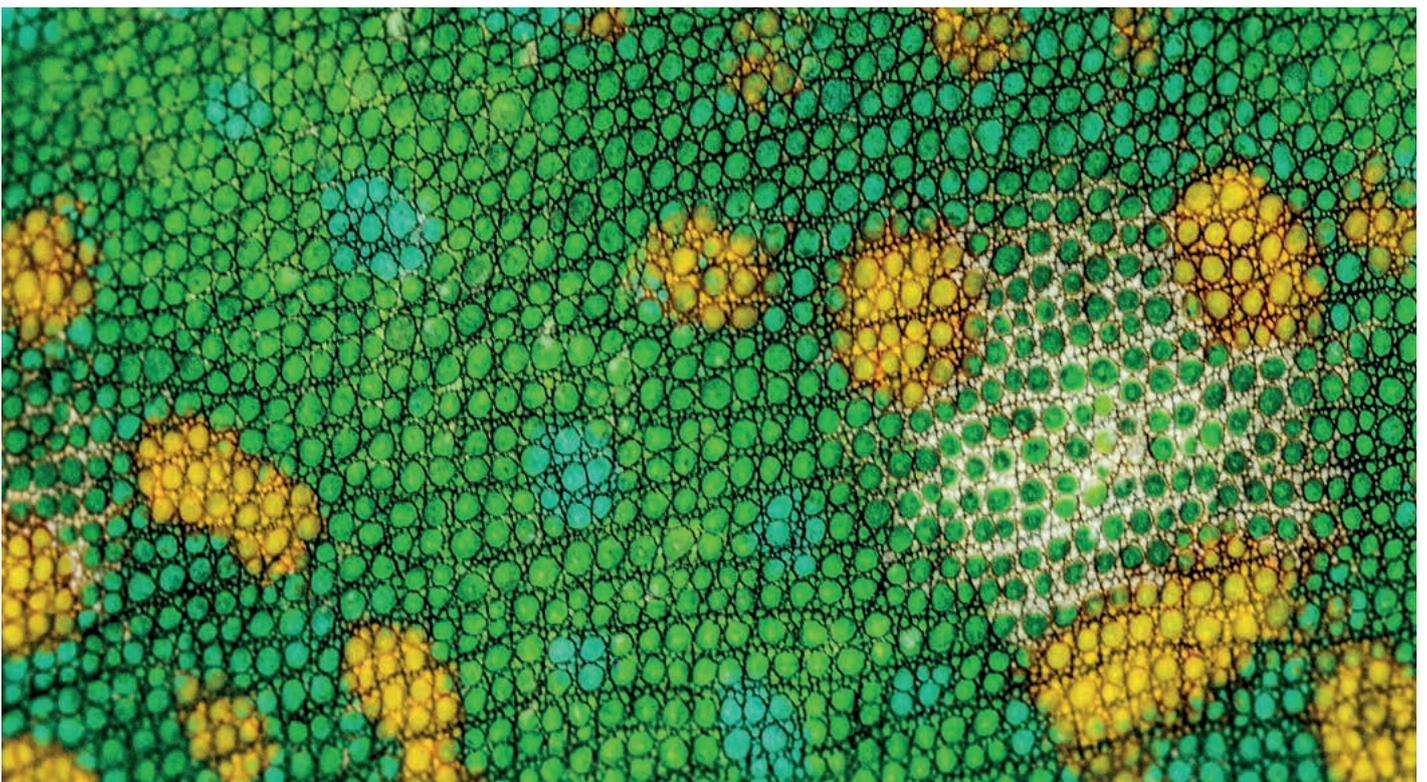
03 EXECUTIVE SUMMARY

- There is a new context for marketing. Political, economic, social, technological and environmental changes are re-shaping people's attitudes and behaviours. Authority in all its forms is being called into question, and brands are not immune. Trust is harder than ever to earn. Competition is growing by the day. Margins are low and pricing is under severe downward pressure. The rate at which distribution, retail and communication channels are being disrupted is accelerating. Whilst all this is throwing up new opportunities, it makes for a challenging environment.
- Marketing exists for one sole reason: to drive growth by ensuring the business is better placed to connect with its customers, now and into the future. Brands are keenly aware they need to develop their marketing bench strength, use their resources more effectively and apply their Creative Capital in new ways. This is why so many are reviewing their marketing ecosystems. There is an urgent requirement to find the right blend of internal and external capabilities to meet today's challenges, whilst designing in the flexibility to adapt to new needs as they emerge. We call this process right-housing.
- Right-housing must recognise both Pull and Push Factors. Pull Factors are those things that will help future-proof the organisation. Foremost amongst these is owning strong brands; brands that have the data, know-how and agility to leverage themselves

“ Whilst every brand looking to right-house starts from a different place, they are asking the same core questions. What is the best blend of internal and external capabilities to drive growth for my business? ”

fully across every part of the customer experience and every touchpoint. Push Factors are current pressures that demand a response: the need for greater cost and time-efficiency; simpler, more transparent operating structures; and the ability to prove to the business the value of every pound invested.

- Whilst every brand looking to right-house starts from a different place, they are asking the same core questions. What is the best blend of internal and external capabilities to drive growth for my business? How should that blend vary across the different layers of my marketing ecosystem? Which layer or layers should I tackle first? These are complex issues, and each organisation has to find its own answers. But AAR has identified five key ingredients that will give you the best chance of succeeding.



“It’s essential to get everyone pointed in the same direction. That takes strong leadership. Establish clear objectives and set expectations across the whole organisation.”

1. Focus on your unique DNA

No two businesses are the same. Before looking to tomorrow, you have to figure out where you are today. What are your true strengths and weaknesses? What are the “must do’s” to compete and win in your category? Above all, what needs to be unlocked or re-invented in order to drive growth? You also need to make an honest assessment of your company culture. What is the appetite for change and risk? How do your teams instinctively work? How does that fit with the rhythm of the business?

2. Understand the wider context

Right-housing is a means, not an end. You need to take into account the company’s over-arching vision: what is the North Star, and how will right-housing help deliver the targeted growth? You also need to factor in all the other transformation projects happening within the company, and ensure your efforts complement those initiatives. Getting a strong outside-in perspective can help. It’s just smart to see what you can learn from the models other companies have designed and how they’ve been implemented.

3. Start from the right place

It’s essential to get everyone pointed in the same direction. That takes strong leadership. Establish clear objectives and set expectations across the whole organisation. Be precise in breaking down the Jobs To Be Done across every layer of your marketing ecosystem. Ask hard questions of your external partners, but also look at them with fresh eyes: do you understand their full range of capabilities, and could you be getting more out of them?

4. Be restless and relentless

Right-housing involves significant change, and you need to be assiduous in monitoring both the model and the relationships within it. Issues will arise; but they’re much easier to fix if you spot them early. At the same time, you must be prepared to iterate endlessly. Right-housing has no end-point: the goal is continuous improvement. That means you need the right measures and methodologies to track progress, and a willingness to accept that today’s solution will not be perfectly suited to tomorrow’s demands.

5. Prioritise people

Ultimately, it’s people and the chemistry between them that builds a brand’s Creative Capital and drives growth. Without people who can bring the right expertise at exactly the right moment, the best model in the world is worthless. Do whatever it takes to keep them firing on all cylinders; it’s your responsibility to keep everyone inspired and energised. This can be especially important with in-house teams, who often receive a narrower range of stimuli.



If these are the underlying principles, how do you put them into practice? Our approach focuses on three distinct areas:

■ Design

Your ecosystem is comprised of different layers, including Think, Create, Trade / Buy, Adapt, Distribute and Measure. Each has an important role to play in driving growth. What is the optimum blend of internal and external capabilities within each layer to enable the business to connect better with customers?

■ Build

Given the overall Design, and the Jobs To Be Done within each layer, who are the best people and partners to populate the ecosystem? What resources and skills do you need within the building? Should you hire full-time employees or look to in-source? How can you get more out of your existing partners or do you need to find alternative solutions?

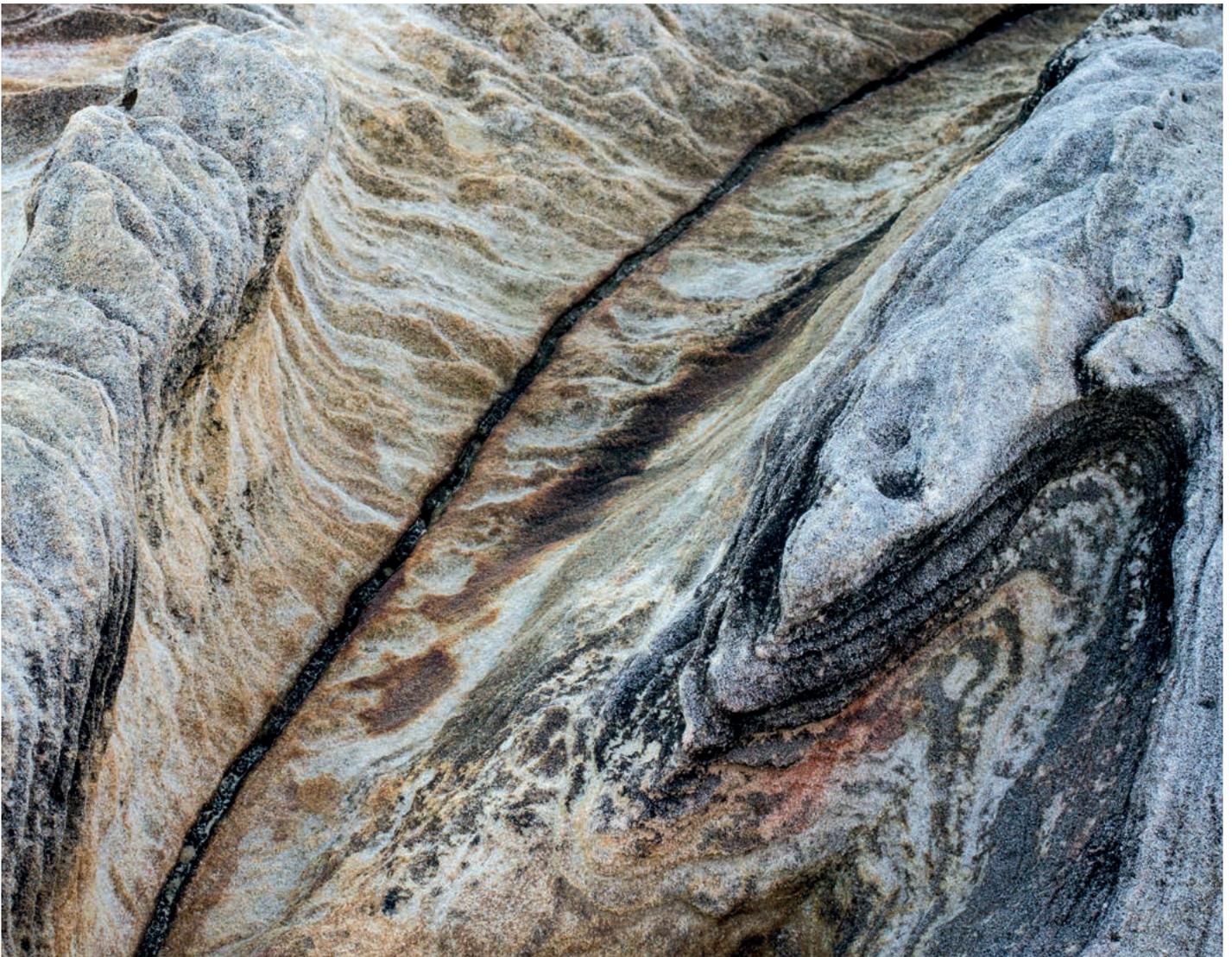
■ Drive

Now you've got the right resources working in the right structure, you need to maximise performance. This demands constant vigilance; you need to be prepared to

“If you're questioning whether you have the right ecosystem, or looking to adapt your operating model, you should get in touch. ”

keep refining the model. Ensure you have the tools you need to measure progress. Develop clear methodologies for testing, learning and scaling successes. And make sure you invest in training your teams, both internal and external, on how to get the best out of each other and work together effectively.

Every year, AAR has a huge number of conversations with senior marketers, agency leaders, consultants, innovators and technology specialists. This gives us a rare perspective, and we have strong and well-informed views on how brands and their external partners should tackle the challenge of right-housing. If you're questioning whether you have the right ecosystem, or looking to adapt your operating model, you should get in touch.



04 WHY YOUR MARKETING ECOSYSTEM NEEDS TO CHANGE

We live in turbulent times. Whichever direction you look, the tectonic plates are shifting.

Authority is being called into question, with the establishment and other elites firmly in the spotlight. Politically, this is feeding into the rise of populism and nationalism across the globe. The economic balance of power continues to shift East, leaving low growth and volatility in its wake.

Society feels increasingly divided and angry. Many people are resentful at how the cake is being divided; for them, 'me first' is the natural response. Others are embracing different priorities, hence the rise in conscious consumerism.

Technological advancement is no longer an unquestioned good. There is growing concern about the rate of disruption and what it will mean for jobs in the future. This is exacerbated by widespread scepticism about the true motives and practices of Big Tech. This may tip into anti-trust legislation; it is already provoking a wave of new regulations and taxes.

Privacy will become a burning issue in the 2020's, matched only in prominence by the Environment as climate change moves ever closer to the top of the agenda.

All this is creating a new context for marketing.

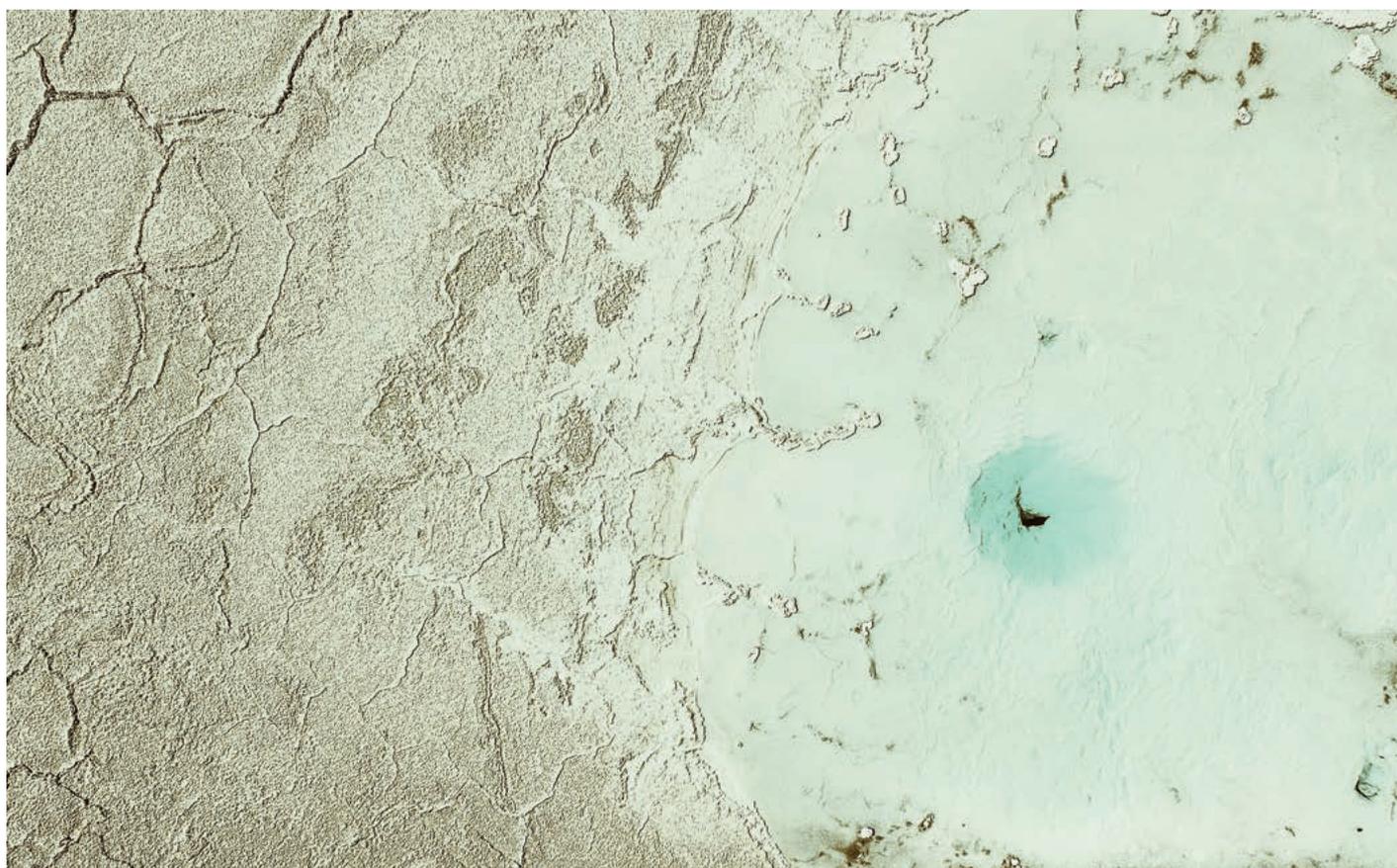
Consumers' attitudes towards brands have shifted dramatically, and will continue to do so. On the one hand, trust will decline as part of the anti-establishment groundswell. On the other, service and performance expectations will increase exponentially.

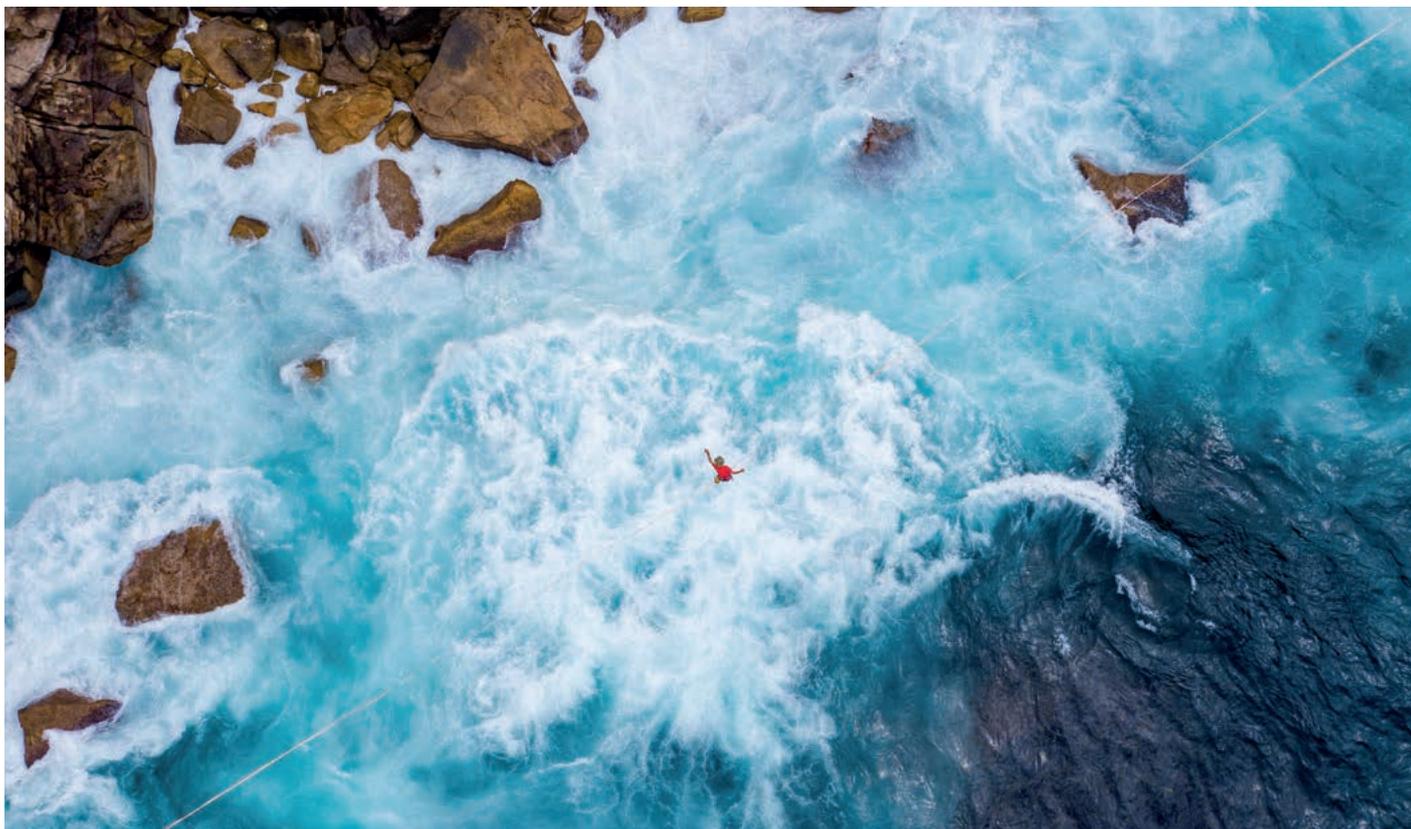
Brands will need to work harder than ever to demonstrate transparency and integrity. They must resolve the inherent tensions between personalisation and privacy. They must show authenticity and purpose, whilst simultaneously simplifying their customers' lives.

Competition will continue to accelerate and shape-shift. New challengers will keep pressing in on the legacy brands. The DTC market will proliferate further (there are already 175 online mattress companies). As it does, growth may become as elusive as profitability is today.

Technology will march remorselessly on. As we explore in our Fightback podcast series, these changes are placing brands under constant pressure to innovate and find new ways to evolve their operating and marketing models to achieve growth.

The challenges are seemingly endless. So too are the opportunities. But whichever way you look at it, marketing has a lot on its plate.





It has never been more imperative for marketers to make every pound punch as hard as possible. Resources need to be put to work in different, smarter ways; especially given the squeeze on budgets from downward pricing pressure, low margins and slow growth. In Michael Storey from Ocado's words: "It's about spending your money on solutions, not meetings".

This is the backdrop to the frustration many feel with traditional operating models. They no longer seem fit for purpose. The shortfalls in efficiency and effectiveness are now glaringly obvious. To generate growth, brands know their marketing ecosystems need an urgent overhaul. As Charlotte Kensett from Nationwide said: "We're constantly searching for better models in terms of talent, capability and process. How can we achieve better outcomes at the greatest possible speed and the lowest possible cost?"

Re-engineering the ecosystem isn't 'just' about in-housing any more that it's 'just' about out-housing. It's about finding the right balance of internal and external capabilities to serve the needs of the business today, whilst designing in the flexibility to adapt to new needs as they emerge. We call this blending of capabilities right-housing.

Belinda Rowe, Non-Executive Director of HT&E, sums it up well: "Brands are now in a perpetual cycle of change. To deal with the challenges of constant change, brands are regularly looking to redefine their operating models and capabilities in order to be future-fit and more relevant for their customers. To drive growth, they're seeking ways to increase their bench strength".

If right-housing is a pressing issue for brands, it's every bit as urgent for their external partners: agencies,

"It's about finding the right balance of internal and external capabilities to serve the needs of the business today, whilst designing in the flexibility to adapt to new needs as they emerge. We call this blending of capabilities right-housing."

consultancies, innovation companies and technology organisations. Given the high rate of change, new opportunities are emerging all the time. But seizing them requires the right offer, mindset and ways of working.

As Belinda Rowe says: "Partners must be absolutely in tune with the client's needs. They should foresee opportunities and be open to recalibrating scope, roles and responsibilities; not only bringing the right capabilities but organising them so they're aligned to the brand's business and goals. That means also exploring in-housing certain capability, co-location, flexing capability mix from different areas of their business, upskilling and recommending the use of third parties to generate a better outcome".

Complexity is challenging, but there's never been a more exciting time to work in marketing. You have the opportunity to change the shape of things. You can meet customer needs in ways that have simply never been possible before. You can unlock the full Creative Capital of your company.

It's all up for grabs.

05 WHAT AN ADAPTIVE ECOSYSTEM NEEDS TO DELIVER

Marketing exists for one sole reason: to create growth for the business by ensuring it is better placed to connect with its customers, now and into the future. Right-housing is about increasing your marketing ecosystem's bench strength in order to drive that growth.

Any solution needs to recognise both Pull Factors (things that are necessary to future-proof the business) and Push Factors (current pressures that demand a response).

Let's look at the **Pull Factors** first:

- As competition becomes fiercer and faster, and the landscape morphs, it's never been more vital to have a strong brand. It is brands that drive the connection between businesses and their customers.
- A strong brand is one that leverages itself fully across every part of the consumer experience and every touchpoint. This requires continuous smart innovation in terms of what it offers, how it behaves and how it interacts with current customers and future prospects alike.
- This is about much more than comms. It's about harnessing Creative Capital around the consumer in order to deliver exceptional experiences. In part, this is about being useful and simplifying people's lives. But it's also about being distinctive and memorable.
- Data, and the ability to turn it into actionable insight, is key. Customer expectations are rising by the day. People are ready to offer up their data in return for more relevant and timely solutions; but only if the value exchange is clear and they're confident their details will be treated responsibly. As first party data becomes increasingly important, the brands that succeed in doing both will secure an important competitive advantage.
- Speed and agility are also key. To win, brands need to respond to market evolution, technological developments and consumers' changing needs more quickly and accurately than the competition. In an era of constant business re-invention, brands need to be able to react at the speed of Prime.

These are 'whole enterprise' challenges. They have significant implications for organisational design and operating culture. They can only be met by breaking down traditional silos. Marketing, technology and logistics all need to work in lock-step. That's why the modern CMO needs to be best friends with the CTO, the CFO and the rest of the management board.



Right-housing must also address some important

Push Factors:

- Cost and time-efficiency. Low growth rates are ratcheting up the pressure on marketing budgets. Every pound and every hour of resource must be made to work as hard as possible. Minimising inefficiencies allows you to re-deploy both to more productive ends.
- This means structures must be simplified and duplication eradicated. It causes confusion, slows things down and wastes money. Gemma Kidd from The Co-op was adamant on this point: "It's all about getting the right people focused on the right tasks. You have to establish crystal clear demarcation lines in terms of remits and roles".
- Strategic integration is a high priority. The strongest brands are those where everything is obsessively focused on the customer and all activity is pulling in the same direction. For Charlotte Kensett at Nationwide, this boils down to three things: "First, you need a common purpose that everyone buys into. Second, you have to make sure everyone has a really clear understanding of the brand and what it stands for. And then you need to work hard at building and managing relationships. Without those fundamentals, you'll never achieve true integration".
- Control and transparency are equally important. The marketing landscape is increasingly complex, which makes it imperative to have clear lines of sight and the ability to pull the necessary levers quickly. Topicality drives relevance; blink and the opportunity's gone. As Robert Bennemeer at The Heineken Company said: "You simply have to be able to get out the right content at the right time, especially around properties like the UEFA Champions League. That's a key driver for us".
- The final Push Factor is provable business value. ROI has never been more important. Both short and long term, marketing needs to demonstrate its impact

"Strategic integration is a high priority. The strongest brands are those where everything is obsessively focused on the customer and all activity is pulling in the same direction."

on the metrics that matter: sales and profit. In other words, growth.

To a very large extent, these Pull and Push Factors are inter-connected. To take just one example, Robert Bennemeer pointed out how cost and value go hand in hand: "If you're not optimising your media, you're wasting money, sacrificing impact and missing the chance to build a relationship with customers".

From all our discussions, we know that every brand looking to right-house starts from a different place on the spectrum. For some, minimising current inefficiencies is the primary impetus. For others, the focus is squarely on future-proofing the business and creating competitive advantage.

Regardless, the key questions remain the same:

- What blend of internal and external capabilities will best drive growth for my business, now and over time?
- How will that blend vary across the different layers of my marketing ecosystem; from strategic thinking to creative origination, production, distribution and measurement?
- Should I tackle them all simultaneously or focus my efforts on one or two initially?

Every organisation has to find its own answers. Right-housing is inherently complex and you'll need to make your own map. But getting a strong outside-in perspective at the start can help you set off in the right direction.

From our knowledge and experience, we've identified the five key ingredients that will increase your chances of success.



06 RIGHT-HOUSING: THE 5 BUILDING BLOCKS OF AN ADAPTIVE MARKETING ECOSYSTEM

Right-housing is about having the right resources in the right places to drive growth for the business.

It's a complicated process because it has no end-point. Things are moving faster by the day, and any solution will need to evolve as the business and its needs change. Gemma Kidd from The Co-op summed it up nicely: "It's not just that no one size fits all. It's that no one size will fit the business for ever".

This is why we always stress the importance of engineering a marketing ecosystem that is highly adaptive. But adaptation needs to be well-directed and purposeful rather than chaotic. You need to build from a solid base.

6.1. Focus on your unique DNA

6.1.1. Identify the core

No two businesses are the same. They have different legacies; they work in different ways; they face different operational pressures and competitive challenges.

Before looking to tomorrow, you have to figure out where you are today. What are your true strengths and weaknesses? What are the "must do's" to compete and win in your category? In terms of your marketing function and how it interacts with the wider organisation, what do you need to keep doing; what do you need to stop doing; and what do you need to start doing?

In other words: what needs to change in order to drive growth? As Michael Storey from Ocado said: "This is a critical first step. Once you've nailed that down, you can focus your resources on more relevant, higher grade problem solving".

6.1.2. Be honest about your culture

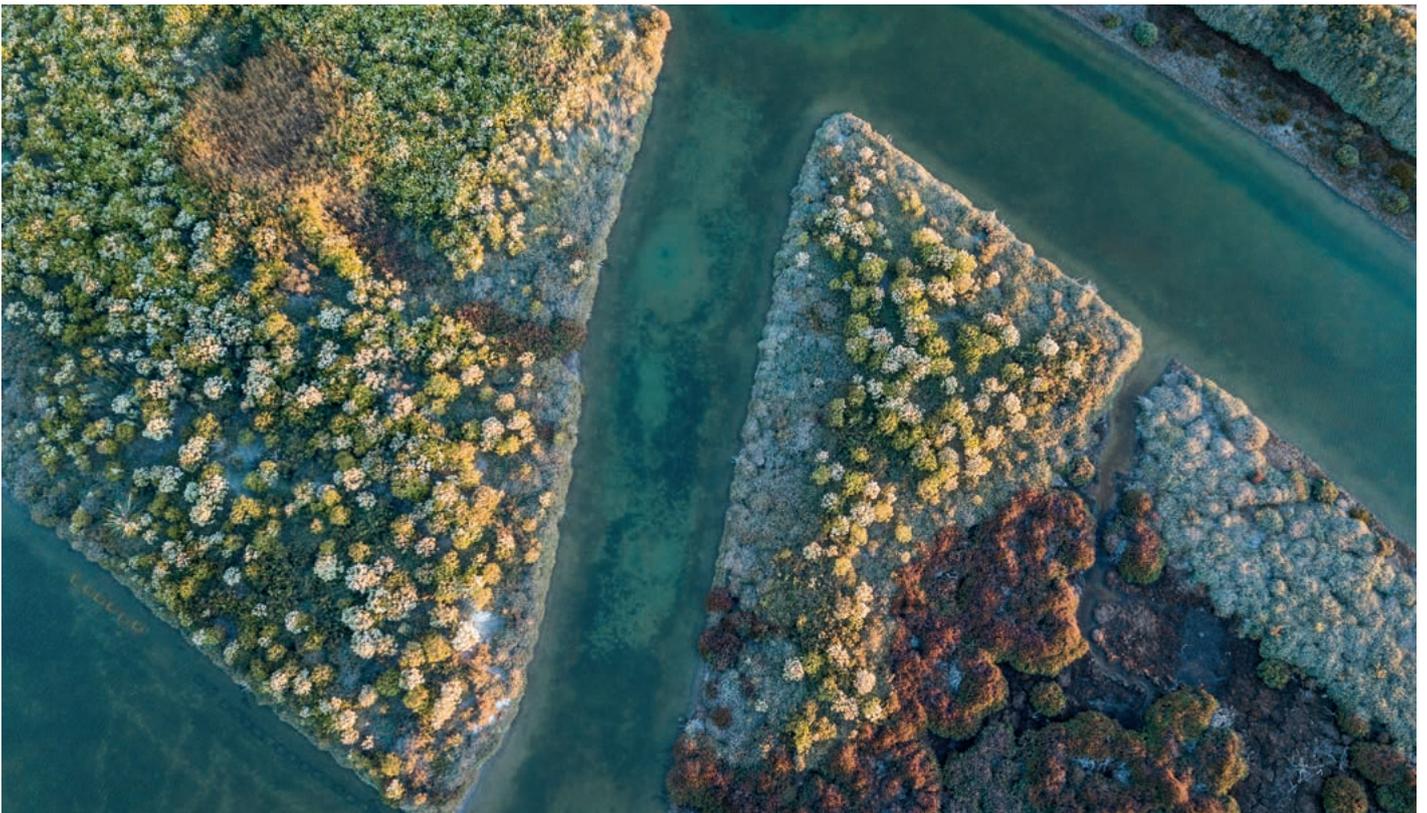
Right-housing doesn't happen in a vacuum.

The change required may be radical, but it still needs to fit within your company culture. In our experience, failing to factor in this cultural dimension is often the root cause of problems down the road.

Every business has a different level of appetite for change and risk. A good place to start is to examine previous change programmes. What were the blockers and enablers? What were the lessons learned, and how can you apply them to the task at hand?

Also consider how your teams instinctively work, and how that fits with the rhythm of the business. Do they react well to change? Does collaboration come naturally or is it a constant struggle?

In Charlotte Kensett from Nationwide's words: "You have to ensure you have a culture that can deal with the decisions it makes". If you don't, there's every chance the body will reject the transplant.



6. 2. Understand the wider context

6.2.1. Work back from the future

What is the business' North Star? What is your ambition and what will drive your growth?

Marketing will only be one part of the answer, but it'll be an important one. Ensure your right-housing efforts are 100% focused on the role marketing needs to play in delivering that growth.

What capabilities do you need to develop and excel in? What is the best way of accessing those capabilities and leveraging them fully? These questions will go a long way to identifying the right blend of internal and external competencies.

Right-housing is a means, not an end. But you need to be crystal clear how it will help you get to your North Star more effectively and efficiently.

6.2.2. Plan with reference to all other transformation projects

It's likely that every part of your business is undergoing significant change. As it builds a new growth engine, your marketing ecosystem needs to fit smoothly into the machinery.

We talked earlier about how the CMO needs to be best friends with the CTO, the CFO and the rest of the executive board. When considering right-housing, it's essential to take a whole-world view. What will be the impact of product shifts, alterations to organisational design and new technologies? What is the best way to complement those changes?

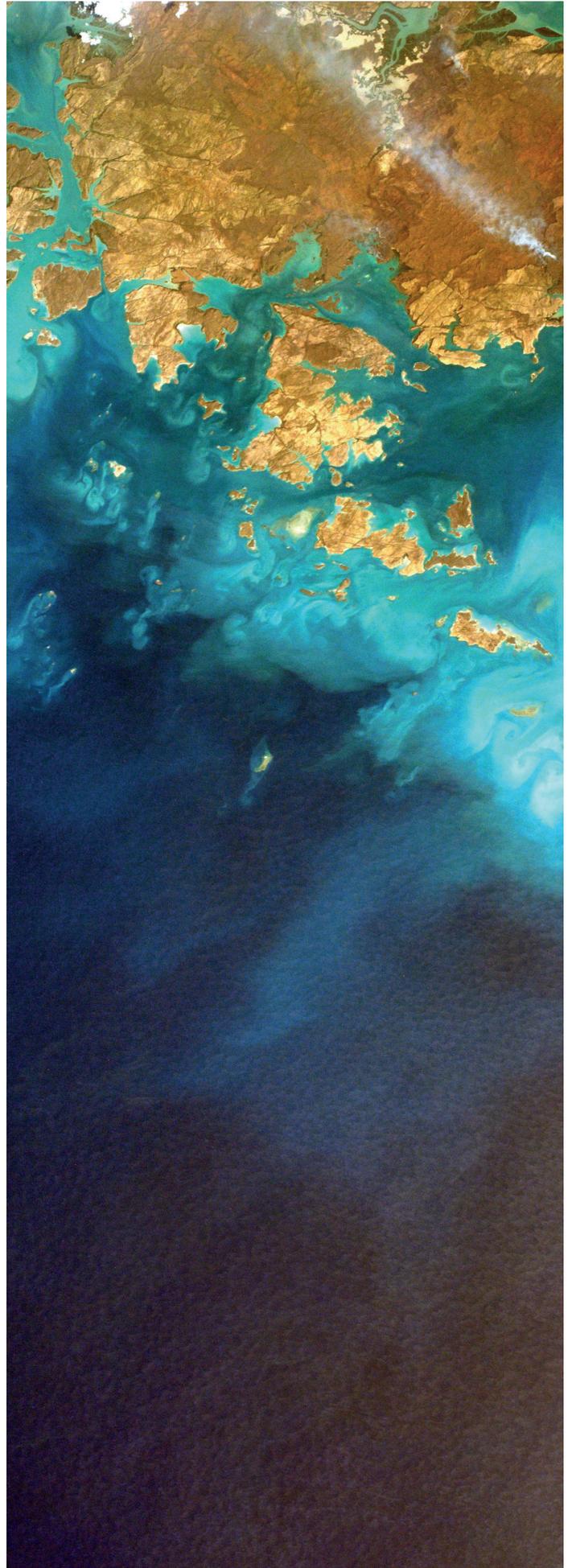
New initiatives create new learnings. Robert Bennemeer from The Heineken Company pointed out how the transference of knowledge and insights between the core organisation and its in-housing and HUB initiatives could benefit both sides. Make sure you capitalise on the opportunity.

6.2.3. Seek out new perspectives

The challenges involved in right-housing are highly individualised, but looking outside the company can help.

It's just smart to see what other organisations are doing: how they blend internal and external capabilities; how that blend varies across the layers of the marketing ecosystem; which layers they tackled first and why. Gaining insight into different models, and how they've been designed and implemented, can help inform what you do. As Gemma Kidd from The Co-op has it: "It definitely helps you spot both the peaks and the pitfalls".

This could be primarily about validating your own thinking. Or it could be more active. For Michael Storey at Ocado, "an impartial resource to help with designing and resourcing our marketing structure would be a super helpful plug-in".





6. 3. Start from the right place

6.3.1. Clarity of objectives, leadership and communication

If the purpose of marketing is to drive growth for the business, the purpose of right-housing is to ensure you have the right blend of internal and external capabilities to make it happen.

The reality is that right-housing is always complex and messy. You need to embrace this. But a lot of the bumps in the road can be smoothed out if you're clear where you're heading and precise in how you think you're going to get there.

As with any transformation project, it's imperative to get everyone pointed in the same direction. This takes strong leadership and communication. "You need to define exactly what it is you're planning to achieve, then set expectations across the whole organisation", as Charlotte Kensett from Nationwide said.

At the same time, it's inevitable that your purpose will change as market conditions and the business' needs evolve. Be open and honest about this with all stakeholders. This is a journey with no final destination; the only goal is continuous improvement.

Iteration is essential. You will need to test, learn, scale and embed. But keep things focused. Scope creep is a common problem, and one that can easily derail the project.

6.3.2. Specify exactly how you'll measure value

"There's intense pressure to derive maximum value from every pound spent. That means you need the right KPI's to measure value and demonstrate it to the business."

That's true for Charlotte Kensett at Nationwide, and it's true for every other marketer in the world. The key is having the right KPI's. They need to be tangible and accessible in real-time. Most importantly, they need to connect directly to the business' growth agenda. This means Marketing needs to work with all other departments - Finance, Procurement, Sales, IT - to set them.

You also need to ensure you can benchmark performance. Robert Bennemeer at The Heineken Company had an interesting perspective on this: "When you out-source, competition is baked into the model. If agencies don't provide value, they'll lose the business sooner or later. How do you replicate that with in-house teams?"

Right-housing is about improving performance over time. You need to learn what works and what doesn't, and then be in a position to scale your successes quickly. That makes it imperative to have the right measures and methodologies in place to inform your decisions.

6.3.3. Define the ‘yeses’ and ‘noes’, then process the ‘maybes’

In order to find the right blend of internal and external capabilities, you first need to break down the Jobs To Be Done across every layer of your marketing ecosystem; including how you Think, Create, Trade / Buy, Adapt, Distribute and Measure. The results will inevitably fall on a spectrum. In some areas, you’ll have a tried and tested approach that feels spot-on. In others, there’ll be a clear need for evolution. And then there’s likely to be a third category where breakthrough thinking and revolutionary action is required.

Be specific. You’ll never identify the best combination of resource, or leverage it effectively, unless you’re precise in defining scopes, remits and roles.

Every business is likely to reach a different conclusion. Ocado believes performance marketing and customer retention activities are core capabilities that need to sit within the business. The Co-op favours a marriage between in-sourcing and external partners. Nationwide prefers a largely out-sourced model, with in-house comms specialists playing a critical role in guiding brand stance and tone-of-voice.

For any global business, the situation is even more complex. You need to examine the challenge on a territory-by-territory basis. Robert Bennemeer at The Heineken Company pointed out that: “There’s no

model that will work in every market. They’re different sizes, with different levels of resource; plus there are significant structural differences in the media markets. You have to tailor to need and opportunity”.

But overall, as Belinda Rowe from HT&E says, “marketing organisations want more ownership, transparency, and control of their customer data, technology and digital marketing. Over the last couple of years, that’s also become increasingly true for some in terms of communications strategy, social and small to mid-tier production”.

6.3.4. Ask hard questions of your external partners

Brands know what they need from partner companies: the ability to “outperform today and lead tomorrow”, in Belinda Rowe’s words.

Partners know this too. But the reality is change is happening faster than expected and it’s imperative to be fleet of foot. To finish Belinda Rowe’s sentence: “Rather than being in ‘catch up mode’, the opportunity is to harness talent and services with a platform for the future”.

Here’s a set of acid-test questions you should apply. Asking and answering them will give you the right lens on your external partners. In the process, you’ll also learn a lot about how you work and the true needs of your business.

CAPABILITIES	BEHAVIOURS
Do they have the right expertise and specialisms to help your business connect better with current and future customers?	Are they consistently focused on driving growth for your business and/or improving its efficiency? Do they clearly understand your growth agenda?
Do they have additional capabilities that you either don’t know about or aren’t fully utilising? Could this allow you to weed out duplication elsewhere?	Are they eager to provide consultative help to operationalise and optimise your in-house capabilities?
Whatever their role in your ecosystem, do they bring innovative solutions to your business, brand and operational challenges?	Are they leaders in integration or strong contributors to collaboration? Are they proactive in spotting and plugging gaps?
Do they have data and methodologies that can give you actionable new insights into your customers’ needs?	Are they committed to upskilling your team and helping make sense of an increasingly chaotic marketing landscape?
Do they possess new approaches and mechanisms for testing, learning and evaluating impact against your business and customer goals?	Are they flexible in the KPI’s they use, and do they recommend new, outcomes-based measures to track performance?



6. 4. Be restless & relentless

6.4.1 Monitor the model, manage the relationships

Right-housing involves significant change, and that needs careful hands-on management.

Some of the brands we've spoken to have experienced serious problems as they've tried to evolve their marketing ecosystem. They've had to back-track and unpick.

Our advice is two-fold. First, don't bite off more than you can chew. It's often easier to make a significant improvement to one or two of your ecosystem's layers, rather than try to tackle everything simultaneously. Gemma Kidd from The Co-op wholeheartedly agreed: "You won't get it all right on Day One. You need to manage the transition and identify the right switch points. It's also essential to have strong sponsors who are empowered to supervise and referee".

Second, make sure you have the right mechanisms in place to track progress. There might be issues with the model itself, or with the relationships within it. Either way, they're much easier to fix if they're spotted early. Charlotte Kensett at Nationwide recommended "assiduously monitoring the quality of both inputs and outputs", then digging beneath the surface if things aren't up to scratch.

The flip-side of this is to recognise and reward best practice. There's no better way to embed desired behaviours than by applauding them publicly.

6.4.2 Evolve as the business evolves

Any healthy ecosystem re-balances in line with its environment. It's the ones that don't that fail.

Your marketing ecosystem needs to be dynamic and fluid, constantly changing as the business evolves. Some of these adjustments may be small; others more radical. Either way, they need to be met with open arms.

Gemma Kidd from The Co-op summed it up well: "You need to iterate constantly. Test things, learn from them, then scale your successes. But never assume today's solution will be perfectly suited to tomorrow's needs".

Robert Bennemeer talked about how The Heineken Company is putting this philosophy into practice, trialling a wide range of media engagement models in different countries and regions. Michael Storey from Ocado made a similar point: "The world is changing fast, and we need to learn we don't have all the answers. That's where external partners can really add value. They can bring fresh thinking, push us forward and inspire us to do things differently".

6. 5. Prioritise people

Ultimately, it's all about people and how they interact with each other. It's that chemistry that builds a brand's Creative Capital and drives growth.

You can have the best model in the world, but it'll be ineffective without the right people. Whether housed internally or externally, you need access to talent that can bring the right expertise at exactly the right moment. And you need to keep it firing on all cylinders.

Gemma Kidd from The Co-op talked about how "you have to work hard to inspire and stimulate people, especially your in-house teams. It's very easy for them to become jaded and stale". Michael Storey at Ocado had a nice analogy: "It's like managing a football team. You need to keep your existing stars fresh. But you also need to keep rotating in new talent".

This takes us back to culture. The most effective marketing ecosystems are characterised by an atmosphere of honesty, trust and mutual respect. Values need to be shared. Every individual's uniqueness needs to be recognised and appreciated.

07 GETTING TO WORK

Now you have the right building blocks for an adaptive marketing ecosystem, how do you go about assembling them?

You need to be prepared for a good few frustrations. Right-housing inevitably involves its fair share of trial and error. But you'll maximise your chances of success by focusing on three key areas:

1. Design

Your ecosystem is comprised of distinct layers, including Think, Create, Trade / Buy, Adapt, Distribute and Measure. Each has an important role to play in driving growth.

The first task is to define the optimum blend of internal and external capabilities within each layer. What will enable the necessary changes, empowering you to better connect the business with its customers? What will maximise efficiency and effectiveness, both within and between layers?

Next, you need to decide where you're going to move first. Do you have the capacity to tackle every layer simultaneously? Will you prioritise those areas likely to have the greatest long-term impact; those where there are the most obvious duplications and redundancies; or those which seem quicker to fix?

In creating the Design, always remember that right-housing is like Rome. It's not built in a day. Set achievable milestones and gateways.

2. Build

This phase is about populating to purpose. Given the overall Design, and the Jobs To Be Done within each layer, you need to identify the right people and partners.

How do your existing external partners stack up? Could you be better getting more out of them? If there are clear inadequacies, do you need direct replacements? Be open-minded; there is an increasing wealth of

non-obvious solutions, from individuals to communities and micro-organisations.

Equally, what new resources and skills do you need within the building? If you decide on full-time employees, remember you'll also need processes, people and technologies to support and manage them. It may be that in-sourcing provides a better answer, short or long term. It gives you greater flexibility to dial things up or down as required. It can also give you access to specialist resource that doesn't have to be permanently on-site, but can be called in from the partner when needed.

3. Drive

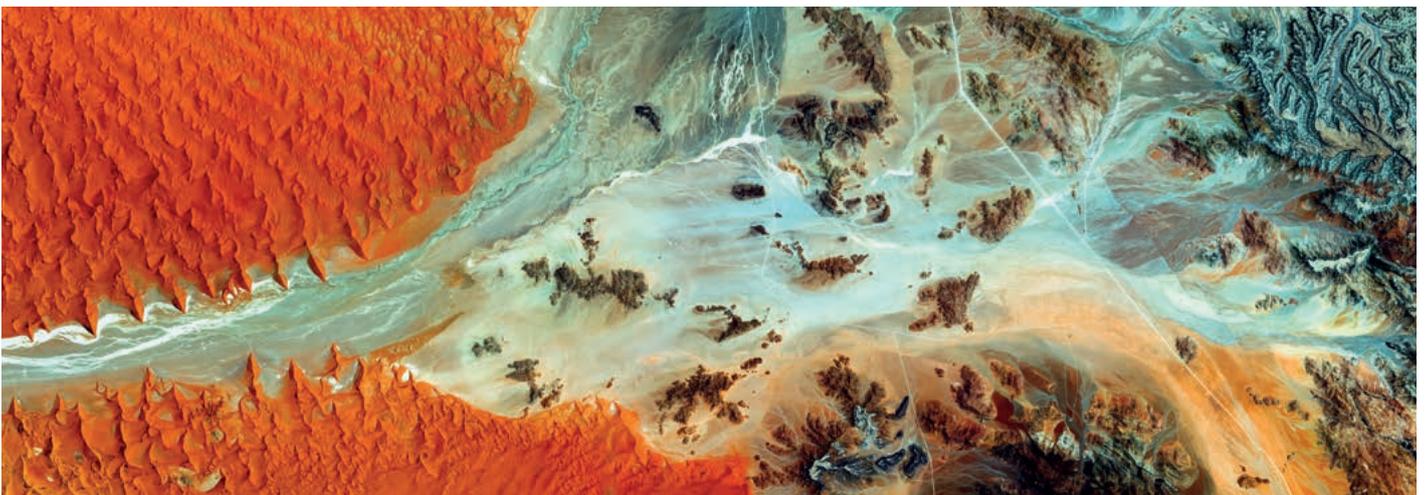
Design and Build are both critical phases. But what happens next is crucial. Now you need to maximise performance.

This requires constant vigilance and tweaking. You'll need to keep adjusting and refining structures and processes. Clear methodologies for testing, learning and scaling successes will have to be constructed; so will razor-sharp mechanisms for monitoring and measuring progress. You will need to train teams, both internal and external, on how to get the best out of each other and work together effectively.

And never forget that success will ultimately depend on the quality and motivation of the people within your ecosystem. Invest in talent management and create a culture in which they can thrive. Put in place whatever's required to keep them energised and inspired. This can be particularly important for in-house teams, who often receive a narrower range of stimuli.

Drive is obviously an on-going process. But it's important to remember that the same is true for Design and Build.

In pursuit of growth, the needs of the business will change quickly. So too will market conditions. Both in terms of its shape and how it is populated, your marketing ecosystem needs to be highly adaptive. You need to keep iterating.



08 HOW AAR CAN HELP

We've worked with marketing organisations and their external partners for more than four decades, witnessing first-hand how the landscape has evolved.

The huge number of conversations we have with senior marketers, agency leaders, consultants, innovators and technology specialists gives us a rare perspective. We hear more and know more than any other advisor.

We have strong and well-informed views on what brands need to do to face down the challenges of the 2020's, to better connect their businesses to their customers, and to drive growth. And we know how to turn these views into action: we have deep experience in helping organisations Design, Build and Drive adaptive marketing ecosystems.

If you're a senior marketer questioning whether you have the right ecosystem, or an external partner looking to adapt to the new environment, you should get in touch.

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About AAR

AAR believes in Creative Capital – that new perspectives and ideas are the engines of growth. We work with businesses to design marketing ecosystems, build creative partnerships and drive commercial performance.

AAR. Seeking new perspectives.



About the author

Phil Gault is a freelance writer and strategist. He has run advertising agencies in London, Australia and Indonesia.

Phil now specialises in helping organisations develop and market 'Content Plus': original, ownable thinking that demonstrates their ability to add value by resolving specific business or customer challenges.

