



# A Marketer's Guide To Collaborating With Finance In An Era Of Digital Transformation

## Why You Should Read This Guide

As a marketing leader you know that numbers speak louder than words for your finance colleagues, so here are three good reasons to spend some time in this guide:

### 1. Your career success may depend on it.

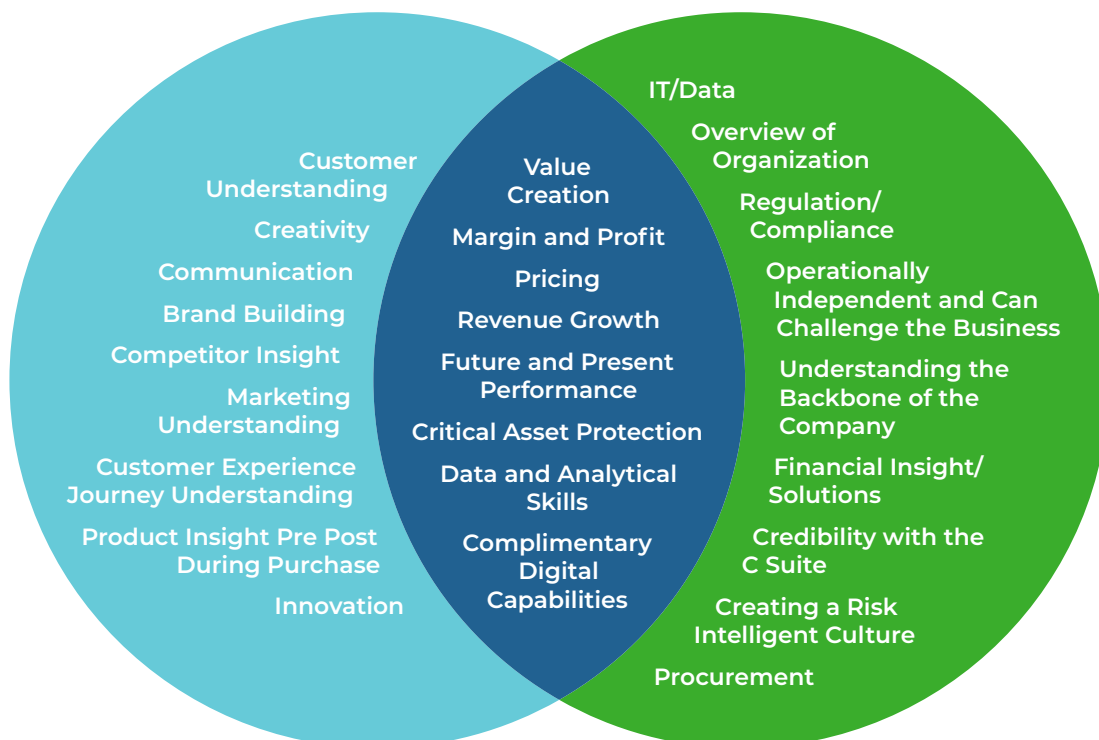
While marketing has always played a prominent role in strategy and identifying future growth opportunities, increasingly finance has been gaining influence in these areas too.

In fact, according to a study by global consultants by Ernst & Young:

***One-third of CFOs play an active role in developing and defining the overall strategy for their organizations, and an even greater proportion provide insight and analysis to support the CEO and ensure business decisions are grounded in sound financial criteria.***

This chart captures the increasing overlap of marketing and finance on strategic activities. The study also found that **58 percent of finance leaders say they need to build their understanding of digital and smart technologies and sophisticated data analytics.**

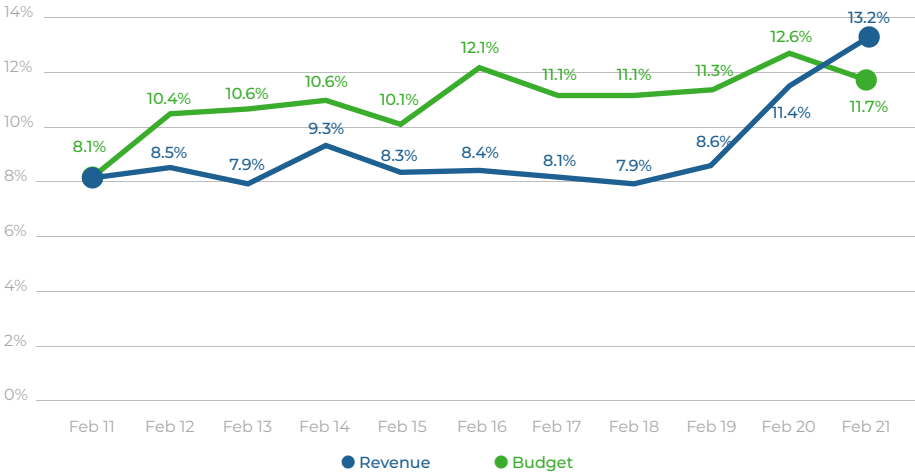
### Finance And Marketing's Scopes Are Increasingly Synergistic



**2. Marketing expenditures post-COVID are on the rise.**

According to the most recent CMO Survey published in February 2021, as the economy begins a post-pandemic recovery following widespread shutdowns:

Marketing budgets as a percent of firm revenue continue to rise to the highest levels in survey history. Marketing expenses are an increasingly larger share of company budgets and revenues as Internet sales increase.



**3. Digital transformation is making marketing more measurable, accountable and predictable than ever before.**

The pandemic accelerated consumers' migration toward online shopping, and digital media consumption has retained its popularity even as stores and businesses reopen.

As a result marketers are scrambling to align their media mixes, technology and organizations around the latest trend: digital transformation.

This means it's more important than ever to deepen your understanding of how digital transformation impacts marketing's resource needs, budgets and performance management strategy, all of which point to a necessary partnership with finance.

To the extent that your team and finance can align on performance expectations and execute systematic testing plans, it will accelerate marketing's ability to take advantage of the rapidly evolving e-commerce landscape.

*Marketing expenses are an increasingly larger share of company budgets and revenues as Internet sales increase.*

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**LEARN MORE ABOUT  
MARKETING'S DIGITAL  
TRANSFORMATION  
[HERE.](#)**



A background image showing several hands of different skin tones holding and fitting together colorful puzzle pieces (blue, green, yellow) against a dark blue background with bokeh light effects.

# An Unlikely, But Powerful Alliance: Building Marketing/Finance Alignment

It's not news that CMOs have the shortest tenure in the C-suite, most recently down to just 40 months according to [SpencerStuart](#), which tracks C-suite tenures. Less heralded is the fact that CFOs enjoy the second-longest runs next to CEOs.

As marketing becomes more focused on customer lifetime value, marketing leaders need time and agility to succeed, and can augment their success by aligning with the business acumen and priorities of finance leaders. This alignment can create a significant impact for the business, according to [Zach Morrison](#), CEO and a member of the board of directors for Tinuiti, a search-engine marketing company.

Even if you've not enjoyed strong cross-functional collaboration with finance in the past, there's never been a better time to renew your efforts and work together to shift the conversation. Morrison advises finance leaders to shift from questions like, "*Where can we cut spending?*" to "*How can we optimize performance and accelerate value?*" Well prepared marketing leaders should come to the table prepared to answer these questions from finance, which will help foster richer conversation between the two functions.

Alignment is the first step toward accountability, and accountability derives from shared access to relevant metrics and analytics. Once you're aligned with finance, you'll be able to discern jointly what data is needed, what metrics to dashboard and which analytics will get you there.

When it comes to forging alignment, we're fans of the work of Fran Cassidy, author of The B2B Institute's, "[Marketing to the CFO: The way back to VALUE for Marketers](#)," which uses **VALUE** as an acronym for the recommended framework. We've added our insights to this best-practice approach below.

## V - Value

*Understand how VALUE is created within the organization, and for customers and prospects.*

*This requires understanding of the value of long-term brand building and communication of its commercial benefits to the financial team.*



The first step in understanding how value is being gained (or lost) is to create transparency around marketing's operations. With a trusted alliance as the foundation, such visibility makes budgeting discussions far more productive. But as McKinsey & Co. acknowledges, this is "essential, but not necessarily easy or quick."

As greater transparency is established, you'll be better able to collaborate on a set of measurable marketing objectives that support the business' financial goals, including customer acquisition and retention costs and targets. You'll want to work alongside finance to ensure the metrics you track reflect the health and value of the customer base (e.g., net present value, lifetime value, return on loyalty, cost per acquisition) in a meaningful way that earns a place on finance's balance sheet, McKinsey advises.

**Some questions to explore with your finance counterparts at this stage include:**

- Which metrics enable the business to know what is and isn't working?
- What metrics best demonstrate marketing's value to the business?
- How do we account for marketing-driven long-term brand value?



## A Word About Brand Value

As a long-term asset of significant value, brand is an essential part of your value calculations. According to McKinsey, & Co.:

Over the past decade the total return to shareholders of companies with strong brands has consistently been 31 percent higher than benchmarks such as the MSCI World Index.

*Brands that sustain equity-building activity see a reduction in their overall marketing costs over time.*

“We see brand equity playing out in several interesting ways across the leading consumer brands we serve,” says Enid Maran, Chief Revenue Officer of Keen Decision Systems. “Throughout the pandemic, as well as during cyclical off-seasons, some brands chose to ‘go dark’ — which leads to immediate deterioration of brand equity. Keen’s solution uses algorithms to calculate recommended investment levels across channels and weeks, and they typically recommend sustaining baseline spending as a hedge against such deleterious effects.

“Experience over hundreds of brands shows that those who sustain equity-building activity also experience a reduction in overall marketing costs over time.”

## A - Accountability

**Accept ACCOUNTABILITY to the organization and for the metrics of value creation. Greater transparency is needed to generate respect, trust and support.**



Marketing needs the support of finance leadership now more than ever, and accountability is key. The fundamental role of marketing has been to drive sustainable value for the business. Yet over the last decade, Cassidy says, “marketers have lost control over product, pricing, placement – three of the key levers of value creation – and are frequently restricted to focusing mainly on pure promotion. This trend puts marketers at risk for losing control of contribution to value creation within organizations.”

Collaboration between marketing and finance can begin to drive an important mindset shift from **marketing as an expense** – which prioritizes improvement of efficiency and savings - to **marketing as an investment** which starts from the premise that marketing is entrusted to make value-driven investments on behalf of the company.

Finance leaders are familiar with the concept of portfolio management and must think of marketers as portfolio managers. As VisionEdge Marketing puts it:

**[Marketers'] portfolios include emerging customers and markets, and goals such as retaining and/or profitably growing a set of customers and markets.**

With this framework in mind, finance can help guide and challenge marketing to:

- 1. Build plans that consider how best to allocate funds across each element of their portfolio.**
- 2. Clarify how investments are intended to contribute to the business.**
- 3. Report relevant metrics to the portfolio's investment performance.**

## **L - Language**

*Use the LANGUAGE of business and of value creation. Move away from marketing jargon to empower more convincing discussions. Marketers should use their insight skills to communicate more effectively with finance and other internal stakeholders. This is about building a relationship.*



Without a common language, it's difficult for people to understand one another, collaborate or resolve conflict. It's no surprise then that when marketers speak of impressions, engagement and brand love, finance can be left scratching their heads.

But this is about more than a communication gap; it's about the type of results marketing is driving. Transformation occurs when discussions are oriented around driving future business value rather than justifying past marketing spend.



## U - Understanding



*Scale UNDERSTANDING of value creation across the business. This means promoting an understanding of how effective marketing, working alongside finance and the rest of the leadership team, is central to commercial objectives. An effective collaboration with finance enhances marketing's ability to demonstrate improved financial literacy and foster stronger strategic debate.*

A healthy relationship between marketing and finance benefits the business and helps both teams fully deliver on strategic initiatives. Marketing's innate creativity and imagination tethered to finance's commercial discipline will drive a more sustainable, competitive advantage, according to [CampaignLive](#).

## E - Evidence



*Create an EVIDENCE-based mindset by using empirical evidence and value-based metrics, agreed upon with finance, that drive the commercial objectives of your organization. These include non-digital metrics and those measuring the strength and health of the brand, as well as short-term datasets.*

**Financially relevant, quantitative and predictive** marketing metrics have long been the elusive holy grail for marketing. But AI and machine learning are making these resources more accessible and affordable.

“For too long, a marketer's ability to drive performance has been hindered by the inability to measure it in a cohesive, relevant manner,” Keen's Maran explains. “Analytics tied to financial contributions that facilitate assessment across both online and offline channels, in a future-focused manner, have only become viable as AI and machine learning have reached marketing performance management.”

As a marketing leader, it's important to help your finance colleagues understand the state of marketing performance measurement and engage with them to make sound assessments about what investments are “non-working” and those that will pay off dividends.

*CFOs will begin to shift from focusing on how to optimize marginal revenue to asking “Where should the next dollar of investment be made?”*



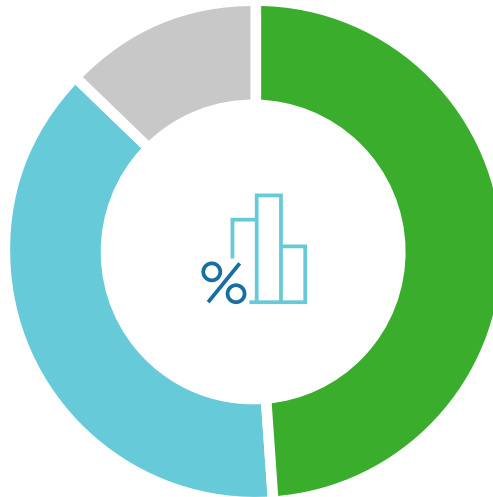
## How does your company show the impact of marketing spend on your business?

12.9%

Haven't shown  
impact yet

38.3%

Good qualitative  
sense of impact,  
not quantitative



48.8%

Prove the impact  
quantitatively

Source: [CMOSurvey.org](https://www.cmofsurvey.org)

The trendline is encouraging with the CMO survey reporting that nearly half of marketers say they are able to demonstrate the impact of marketing spend on their businesses using quantitative tools. This reflects an impressive 39.8 percent increase since February 2020. B2C product companies (62 percent) excel in this capability.

The CMO Survey further reports that the availability of AI and machine learning in marketing's toolkit demonstrated an approximately 10 percent increase in implementation year over year since 2018. Expectations for the future are even higher, with this technology predicted to increase ~20 percent in the next three years.

But the same survey also cautions that actual activity levels have not kept pace with expectations for the future in this area. And this is where marketing can make an ally out of finance to internally promote the evaluation of such technology solutions that can deliver value for the business.

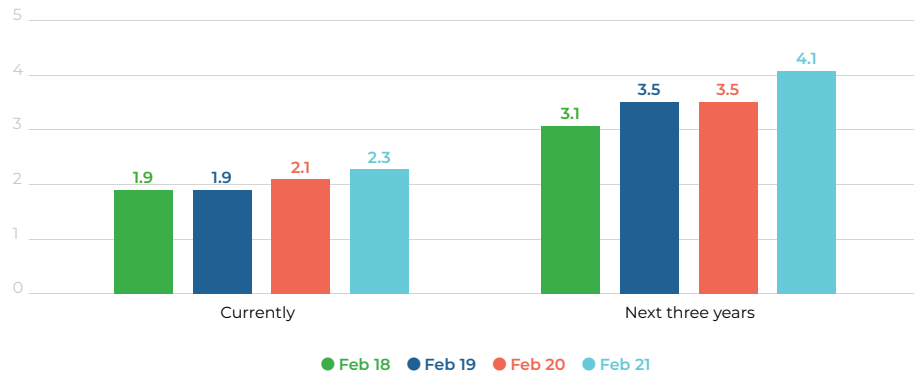


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## To what extent is your company implementing artificial intelligence or machine learning into its marketing toolkit?

(1 = not at all, 7 = very highly)



In 2019, Keen Decision Systems sponsored research alongside ClickZ into the efficacy and adoption of predictive marketing analytics and found:

Even if businesses can access data and have the technology to analyze and model it, some still face a hurdle in being unable to move fast enough to act on the insights. Data has a half-life: If it is not acted upon swiftly, its value quickly deteriorates.

Marketers are acutely aware of this, with **78 percent of respondents saying they have missed opportunities due to slow or inaccurate decision making.**



The survey also found that despite slower-than-expected adoption of predictive analytics:

**The overwhelming evidence is that when predictive modeling is used it drives a strong uplift in marketing performance.**

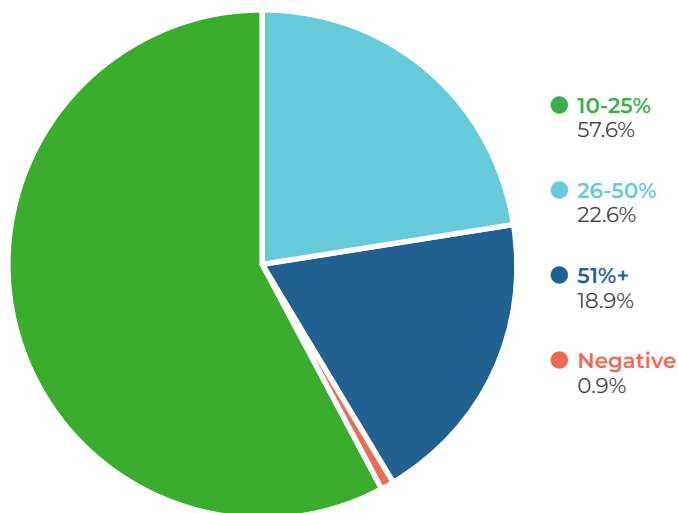
In fact, among companies that tracked the impact of implementing predictive modeling, results pointed to 99.1 percent of respondents seeing double-digit impact on marketing's financial performance.

According to ClickZ, "It is clear the vast majority of businesses look to modeling to grow the top line rather than being a money-saving tool.



These are game-changing results for organizations, relative to what they would need to spend in other areas to achieve similar returns. The overwhelming evidence is that when predictive modeling is used, it drives a strong uplift in marketing performance."

### Percentage uplift where performance could be tracked:



↓  
YOU CAN FIND SOME  
ADDITIONAL  
GUIDANCE AROUND  
HOW TO DRIVE VALUE  
THROUGH YOUR  
MARTECH STACK IN  
[THIS ARTICLE.](#)

# Where Do You Go From Here?



Whether you're new to your role and seeking to start out on the right foot with your finance team, or you're a tenured marketing leader at a company where the divide between marketing and finance is vast and seemingly insurmountable, the path forward is clear.



## Begin a conversation.

Invite your finance leadership to a conversation about how you might partner to drive value for your business.



## Agree on a starting point.

Ask finance what metrics or insights might help them see the value current marketing investments bring to the business. Or, explore how you might work together to benchmark and account for brand value. Start small, build trust and then scale.



## Focus forward.

Proving the value of last year's marketing programs may be worthwhile for your marketing team, but showing which of your investments will maximize future value is far more exciting to your finance team and C-suite, while also being powerful for your business. As you work with finance to enhance marketing's performance measurement toolkit, together you can build a strategy that focuses on achieving your shared objectives, while driving value creation for your business to the next level.

## About Keen Decision Systems

Keen Decision Systems is a three-time **Inc. 5000**, software-as-a-service company whose solution helps marketers make future-focused marketing investment decisions that build winning brands. Keen's software utilizes Bayesian modeling, algorithms and machine learning that enable marketers to run planning scenarios to achieve their financial goals. Over the past 52 weeks Keen clients have driven a 41% improvement in marketing contribution.

Named ClickZ's Best Predictive Analytics Platform, the Research Triangle Park, N.C.-based company manages more than \$2 billion in marketing dollars for leading brands of Post, Church & Dwight, 3M, Boston Beer and Capital One, among others. Learn more about us [here](#).



## Sources

- [Five Steps To Help Marketing Gain Credibility With Your CFO](#)
- [Why the CFO needs to be in your marketing meeting](#)
- [CMO & CFO: How to be intentional friends](#)
- [How CMOs can get CFOs on their side](#)
- [The B2B Institute: Marketing to the CFO—The Way Back to VALUE for Marketers](#)
- [Click Z: The What, Why and How of Predictive Modeling](#)