DIARY OF A CMO:
MARTYN ETHERINGTON, MITEL

2013: A TRANSFORMATIVE YEAR FOR MITEL AS IT ADOPTS
A CUSTOMER-CENTRIC APPROACH TO MARKETING

BY MITEL CMO MARTYN ETHERINGTON, AS TOLD TO ERIC KRELL

DMNEWS.COM

525,600 MINUTES WITH A CMO

"FIVE-HUNDRED TWENTY FIVE THOUSAND SIX HUNDRED MINUTES. HOW DO YOU MEASURE, MEASURE A YEAR?"

The question, posed in the song "Seasons Of Love" from the Broadway smash "Rent," remains a compelling challenge for increasingly data-driven chief marketing officers (CMOs).

Mitel CMO Martyn Etherington measured his 2013 in 12 diary entries, roughly 18,000 words, and dozens of telephone and email exchanges with his writing collaborator. As the entries collected here illustrate, Etherington measured much more than that. He and his team tracked several carefully selected performance metrics, which they used to transform (and correct when necessary, Etherington would assert) Mitel's marketing from an "inside-out" endeavor to an "outside-in" effort that places customers at the center of the enterprise.

Despite his rigorous focus on the right metrics—another point Etherington repeatedly underscored—he's not entirely data-driven. (Though, judging from his travel schedule, cross-Atlantic email flurries, and passion for cycling in his rare down time, Etherington is entirely driven.) The marketing message still matters and content remains king, so long as the messages are managed with the right combination of quantitative analysis and qualitative judgment.

At a time when so many marketing experts are debating whether the discipline is more "Mad Men" (marketing as an art) or more "Moneyball" (marketing as a science), Etherington's monthly entries and progress reports make plain that the answer is both. The process of transforming Mitel's marketing function, as well as its entire culture, to being customer-centric requires data and guts.

Although Etherington qualifies Mitel's transformation as "in progress," the efforts depicted in the following pages measure up impressively, according to the metrics that matter—including the company's overall shareholder value, which has more than doubled in the past 525,600 minutes. **−Eric Krell**

DIARY OF A CMO, 2013

TABLE OF CONTENTS

DIRECTMARKETINGNEWS DMNEWS.COM
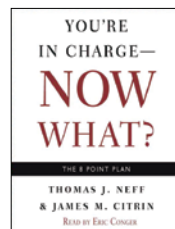
AN INSIDE VIEW OF A YEAR IN THE LIFE OF A CMO

MONTH 1: NEW COMPANY, NEW INDUSTRY, NEW CHALLENGE, NEW JOB; SO NOW WHAT? MITEL'S NEW CMO SHARES HIS EXPERIENCES IN PART ONE OF A 12-PART SERIES.

Imagine you have 30 days to walk into a new company in a relatively unfamiliar industry and produce a plan for reshaping the marketing function's strategy, structure, process, and people. What would you do? I can—and will—tell you what I've done in a similar situation. My first step was to study; my second, book a busy travel schedule.

As the new CMO of Mitel, a global provider of business communications and collaboration software and services, I'm at the beginning of a new journey. I have a considerable challenge ahead to transform the company's marketing function. I plan to take you along on that adventure. Each month in 2013 we'll share updates with you on our steps forward—and sometimes backward—as we begin our journey of transformation.

My journal entries will focus on the approaches, progress, and changes required to deliver value to our customers, our channel, and our shareholders. The articles will be experiential and will focus on tangible results; I intend to avoid the trap that many marketers succumb to: trying to look good as opposed to doing good. These dispatches will reflect the real-world changes and challenges that confront nearly everyone within any marketing function today.

THE FIRST 100 DAYS

My preparation began after I left my former company and weeks before I started at Mitel. I wanted to be as productive as possible from day one, so I drew upon the framework and insights within Thomas Neff and James Citrin's book You're in Charge–Now What?

This book helped me prepare and develop my first 100-day agenda. A key lesson the authors offer up is to listen, question, and absorb yourself into the business, industry, customers, and partners. The book provides examples and models to use during your first 100 days in a new role to help one home in on the handful of critical areas that require attention. In my first few weeks at Mitel I heeded what I had read and learned like a sponge, while avoiding the temptation to jump to an answer. As with most impatient types, this represented perhaps the toughest and most important aspect of my early tenure.

Mentally prepared and armed with my 100-day agenda I immediately went to Gemba (a Japanese term meaning the point of occurrence or impact), which for me is the front line. Within the first four weeks I visited seven of Mitel's largest offices across Canada, the U.S., and Europe. I met with my new marketing team and dozens of Mitel employees across all functions. Most important, I met with roughly 20 customers, 30 channel partners, and several industry analysts. I needed to conduct these interactions so that I could deliver my first project: a 30-day assessment of marketing strategy, structure, process, and people along with a plan for improving those elements.

I FOCUSED ON STRATEGY AND STRUCTURE FIRST:

Strategy: Getting a current view of the external and internal market drivers—from voice of the customer (VOC), primary and secondary research, and interviewing our sales teams and channel partners—was the first step my staff and I took. This work allowed us to document and distill those key external and internal drivers. Once that work was completed we determined what a winner looks like in our market against each driver. We then identified gaps between our current state and our future "winner" state. This gap analysis helped us identify our strategic objectives, which include the following three areas of focus:

1. Define, as well as communicate, a customer-centric brand promise
2. Drive demand for and with our channel partners
3. Improve our customers' online experience

Our initial VOC research, which involved primary research carried out with Gartner and secondary research from a number of analyst firms in our market space, we gained an in-depth understanding of our customer's expectations, preferences, and even their aversions. In short, it gave us a better understanding of our number one most important constituency and how we can and should be more relevant to them. This remains a work in progress, as it should: VOC should be ingrained in everything we do as a marketing function and as an enterprise. This VOC, coupled with understanding where our customers go to learn about products, services, and solutions in our space, will help us allocate resources in a way that maximizes the impact we have within our focus areas.

> ## VOC should be ingrained in everything we do as a marketing function and as an enterprise.

Structure: In parallel we conducted a deep-dive evaluation of how well the marketing function is currently structured and operating. Unfortunately, there is no magic benchmark for the right structure, the right staff size, the ideal ratio of people-to-marketing investment, or, for that matter, the ideal return on investment (ROI) measures.

So, we used a combination of past experiences (I've been through similar exercises). We also triangulated with IDC's 2012 CMO Tech Marketing Barometer Study, which provides high-tech benchmarking data from leading technology brands. Once you have these numbers, areas ripe for improvement present themselves quickly and clearly.

I cannot overemphasize the importance of this exercise. Not only do you become familiar with your operation, but this work also equips you with some basic ratios and levers to get to the most efficient model. For example, we quickly discovered that the decentralized nature of our marketing function resulted in the allocations of marketing resources across the organization and throughout many functions.

Our decentralization manifested itself in some duplication of efforts, multiple marketing propositions, and a high degree of frustration. After the benchmarking exercise I proposed a new, more centralized organizational model designed to address our current misalignment, strengthen our focus, and, hopefully, eliminate many frustrations.

Working closely with my regional sales and product line peers, I developed a structure that will focus our resources in a way that aligns much more effectively with our company strategy, while supporting the needs of both the product lines and sales channels. Our new structure also aligns with the markets we sell to: small business, medium/enterprise business, and contact center. We'll be putting a team of technical segment marketing managers in key positions to ensure that we plan, develop, and execute programs that are relevant to these segments and, ultimately, drive growth.

Once we plowed through the financials, the data, and research and figured out the efficiency model, it was time to address our function's effectiveness. I'll report next month on how the new team and structure are adapting and focus on the process and cultural changes we'll be making to drive greater marketing effectiveness.

ABOUT MITEL AND ME

Let me introduce myself. My name is Martyn Etherington, recently appointed EVP and CMO of Ottawa-based Mitel. As CMO, I have oversight responsibility for all aspects of our corporate marketing strategy and programs globally. I report to our president and CEO Rich McBee.

Founded in 1973, Mitel is a global provider of business communications and collaboration software and services. It serves more than 100,000 customers in more than 100 countries via a network of more than 1,600 value-added reseller and partners around the world. We have some 1,700 employees and posted revenues of more than $610 million in 2012. We have three lines of business: IP telephony solutions; unified communication and collaboration solutions; and contact center solutions.

We operate in a highly competitive market space against some large brands (e.g., Cisco and Microsoft). As a result, our challenge is to differentiate ourselves as a challenger brand. Fortunately, we have a unique and distinct first market-mover advantage within the virtualization of communications and collaboration software for small to medium enterprises (SMEs).

I joined Mitel because, first and foremost, I believe in our products, solutions, and market opportunity. It also appealed to me that Mitel plays in an exciting market sector, one whose providers enable companies and teams to communicate and collaborate more effectively and to do so without a huge investment technology or technical expertise. By delivering this enablement, we help liberate our customers to focus more time, resources, and innovation on their core competencies, as well as on their customers.

With 25 years of high-tech experience I've had roles in product marketing, sales, and almost every other marketing discipline. In addition, I've been a general manager responsible for sales, service, and marketing with profit-and-loss (P&L) responsibilities.

In those roles I've worked internationally for some of the largest high-tech brands (including DEC, IBM, Sequent, and Danaher/Tektronix) along with some startups. I'll be bringing that breadth of knowledge to my role as CMO of Mitel, transforming and aligning its marketing with its business goals, and rebuilding the marketing organization along the way.

There's an old saying that sales and marketing collaboration is not a problem, but a process. I subscribe to this maxim, and I'm seeing hopeful signs that my entire team is beginning to, as well. This shift and an even larger transformation have taken hold thanks in large part to several process and people changes we've made within Mitel's marketing function in the past month.

We've introduced some fundamental processes that will help us measure our effectiveness and efficiency. We've also restructured and resized the marketing organization while adding several new, talented individuals to senior marketing positions. Finally, we've sought to embrace new behavioral principles.

PROCESS TRANSFORMATION: FROM ACTIVITIES TO OUTCOMES

The first major process transformation we've embarked on is the shift from activity-based marketing to outcome-based marketing.

Many marketing organizations are activity driven. They tend to operate with the intent of looking good by being busy, without necessarily focusing these activities on driving business outcomes. For example, suppose a senior sales leader or another business partner asks marketing to conduct a seminar or participate in a trade show. Ninety percent of the time a marketing function with an activity-based mind-set will simply execute the request. The intended outcome of the activity might be treated as an afterthought. More likely, the outcome would not be discussed or analyzed at all. This misstep would be followed by an even worse mistake: the failure to have any formal review of the marketing activity to determine…

1. The extent to which it achieved its intended business outcome; and
2. The lessons of continuous improvement (e.g.,

> ## "The result of any marketing program—be it revenue growth, channel growth, or improved customer satisfaction— needs to be identified and clearly defined.

opportunities for efficiency gains) that can be extracted for the purpose of strengthening similar marketing programs in the future.

Outcome-based marketing turns the activity-based approach on its head, focusing entirely on doing good (for the business) as opposed to looking good (as a marketing function). The underlying principle of outcome-based marketing is that the result of any marketing program—be it revenue growth, channel growth, or improved customer satisfaction—needs to be identified and clearly defined.

In our case we're striving to ensure that our marketing programs support one or more of our company's strategic objectives. We then apply a "bounding condition" to that outcome with which we can later measure and manage our marketing performance.

So, when sales comes to us with a request for a new initiative, one of our responses might be, "Let's back up: How much revenue does marketing need to drive and how much revenue does sales need to drive?" Once we determine the ratio, we might decide that we need to produce, say, five leads per account manager each month. That decision begs another outcome-based question: How much should a marketing lead cost to produce? After doing this math, we might determine that the marketing cost per lead should be $500 or less. That's a bounded outcome.

FEBRUARY

AS MARKETING STRATEGY EVOLVES, SO MUST PEOPLE & PROCESSES

MONTH 2: SHIFTING THE MARKETING FOCUS FROM ACTIVITIES TO OUTCOMES; NEW FACES IN NEW PLACES

Once you have your bounded outcome you can then determine what mechanism is best suited to produce it, in addition to being able to work through conversion ratios to know what top-of-the-funnel numbers you need to reach your outcome.

Although we're still in the process of shifting
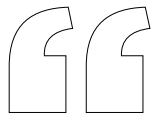
But in the past month we've approved only two out of roughly 12 requests.

our thinking as we begin outcome planning for the new calendar year, we're making progress.

In the past we likely would have said yes to nine out of 10 marketing program requests. But in the past month we've approved only two out of roughly 12 requests. When a sales account manager (AM) recently approached us and said that we needed to go to a specific marketing event, the conversation went like this:

Martyn Etherington takes the stage at Mitel's Business Partner Conference

Marketing: "What problem are we trying to solve?"
Sales AM: "It will give us awareness."
Marketing: "As measured by what? What is the desired outcome? What strategic objective does it support? What are the bounding conditions? What are one or two other ways we might drive similar, if not better, outcomes in a more cost-effective manner?"

I'm simplifying, but only a little. In the past month we've passed on 10 similar requests purely because there were no defined outcomes, no bounding conditions, and no revenue goal associated with the proposed activity.

Although the shift from activity-based marketing to outcome-based marketing may seem straightforward, it actually represents a sea change. Consequently, it requires a journey of a couple of years to fully implement and make stick. This not only applies to demand generation, but also applies across the marketing spectrum, from innovation to market segmentation.

NEW PEOPLE, NEW BEHAVIORS

In tandem with process changes, we've made a number of people changes. These changes relate to individual positions, as well as to individual and collective behavior.

As I mentioned in last month's diary entry, we centralized all marketing staff and budget, and then doubled down in areas like demand generation and the web. The brand work now will begin in earnest.

To strengthen our newly established centralized structure, we've introduced several new marketing team leaders, including the leader of our newly formed North American field marketing team; the leader of our newly formed segment marketing team; the leader of our telemarketing team; the leader of our digital marketing team; a leader of EMEA/field marketing; and a cloud technologist. Additionally, we've expanded and refocused the roles of our

> ## Outcome-based marketing turns the activity-based approach on its head.

corporate communications head and our director of marketing communications.

We also reduced our staff size by roughly 25%.

A more important people-related change concerns behavior. Identifying and promoting several basic behavioral principles has been important in establishing both the new structure and the customer-centric culture we want to instill in the team. These core behavior principles include the following elements:

- **Customer:** The customer and market will drive everything that we do
- **Continuous improvement:** This will be our mantra
- **Fact-Based:** Facts and data will trump opinions, desires, and points of view
- **Performance:** Progress will be evaluated and rewarded based on measurable results

These principles provide us with a standard vocabulary and help our people push back and challenge conventional assertions while they engage in objective conversations about growth.

GROWING PAINS

As we put together our future marketing action plans, we also conducted a thorough outcome-based review of current action plans. That exercise enabled us to free up roughly 20% more funding, which we've reinvested in programs that our review shows deliver results.

These outcome-based discussions and reviews can generate some fairly tense conversations. The positive side of this is that these discussions, regardless of how much tension

they create, are more focused on clear requests and objective results than in the past.

Like any process or cultural shift the key to success lies in communication. Leading from the front by demonstrating desired behaviors to your direct reports (so that they will do likewise to their teams) is also important—and sometimes a bit tricky, as I can personally attest to. For instance, I recently explained to my team that we needed to dramatically increase our user group membership. Before I could finish my point, I was greeted with a very astute question: "To drive what outcome?"

I paused, smiled, and—fortunately—was able to share a metric that I had in mind, one that demonstrated I wasn't at all suggesting that we engage in any busy work disconnected from business outcomes.

We're in the early days of our new structure, our new behavioral principles, and our outcome-based approach to marketing, but I'm encouraged by how well the entire team is responding.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- **Resizing and restructuring the organization's focus on the marketing segments we serve, including reducing the overall market staff by 25%**

- **Rebalancing headcount with promotional spend ratios to ensure that we can spend $1.30 or more of programs to every $1 of marketing headcount.**

- **Recruiting and hiring three senior leaders**

- **Using dynamic resource allocation, shifting 30% of our resources to digital and demand-generation programs.**

MANAGE WHAT YOU MEASURE

MONTH 3: WITH A NEW MARKETING STRUCTURE IN PLACE IT'S TIME TO OPERATIONALIZE MARKETING PLANS.

The key reason that marketers spend so much time justifying their budget and jobs is that we focus more on trying to look good as opposed to doing good.

We express hundreds of excuses and few reasons why marketing cannot measure its effectiveness. Much of this abdication of responsibility is underpinned by a stark realization that marketing may not be relevant to the business. This results in too much hand-gesturing, defensive posturing, and perspectives—and too few hard, cold facts and data.

During the past few months the Mitel marketing function has focused on answering one simple question: Are we having a measurable effect on our business, yes or no?

How we measure our performance and the key performance indicators (KPIs) we use to do so will shed light on this question, provide us a baseline, and, ultimately, determine if we are, in fact, relevant to the business and to our shareholders.

We also have been reprogramming our attitudinal and behavioral philosophies over the past few months to get ourselves to the right size, the right structure, and the right focus. Now, the time is right to begin to operationalize and to manage against our KPIs, as opposed to simply collecting and monitoring. We just completed our first marketing operations review, which will become a regular monthly cadence throughout the calendar year. This metrics-intensive session stimulated plenty of qualitative conversations about our work and progress toward attaining our strategic marketing objectives.

BIAS FOR ACTION

As we assessed our recent marketing programs, we realized that our approach was being governed by a "Ready, aim, aim, aim, aim, aim, aim, aim—fire!" mind-set. We invested too much time massaging the details of a new program. Having a bias for action means that we need to embrace a "Ready, aim, fire!" mindset.

Rather than seeking perfection on the front end, I want us to adjust on the back end of a project, after we've seen what worked and what didn't work. This approach will help us become less activity driven (which, as I said last month, is often motivated by a desire to look good by looking busy) and more outcome driven. The outcomes of a new initiative will give us the insights we need to make our next initiative much more effective.

For example, we're in the process of developing methods to increase the utilization of our regional solution centers. We completed an initial plan to roll out a nationwide campaign to communicate the value proposition to our customers and to invite them to our solution centers to see our products, solutions, and offerings firsthand.

However, given our new "bias for action" mindset, we decided it would be more effective to change the initial plan. Rather than rolling out a nationwide campaign, the team responsible for the initiative refined the program's scope to one large metropolitan area. The team was able to put in place the program much more quickly, in two months rather than in six months.

We have yet to see the results, but we expect that this information will provide numerous benefits. It will enable us to test our messaging and our value proposition while ensuring that we give our customers a great brand experience. If we get checks in most of these boxes, we'll have the recipe to scale to other large cities while minimizing the risk of implementation.

This shift away from excessive aiming and detailed preparation fosters frustration. That's natural; people worry about being wrong and an initiative failing. "Fail" is an alien vocabulary word for most of us in business. On the other hand, the great inventors of our time develop a hypothesis, which they then either validate or disprove. Great inventors typically fail far more often than they

succeed, but many business people have yet to accept this approach.

Clearly, we're not looking to run dozens of marketing experiments; too much bias for action results in borderline anarchy. Our experiments need to be part of a bigger picture and will be conducted within a given framework with clear parameters. Part of the cultural change I'm working on with my senior team to bring about here involves an understanding of the value of "failing fast," if you will. We will use our failures to take follow-up actions that, ultimately, produce better outcomes.

We're making progress. I've seen my team challenge their respective teams regarding implementation time frames. They're also emphasizing the importance of putting "experiments" in place.

OUR FIRST OPERATIONS MEETING

We had our first marketing operations meeting this past month. The purpose of these sessions is to introduce standard work across the organization: a standard agenda, standard reporting process, standard action plans, and standard financial reporting. All of my direct reports, some extended team members, plus our HR and finance business partners, who play a key role in the running of our business, attended the meeting. The sessions ran for four and a half hours. (If we reduce the length of these meetings, fine; however, I'm OK with investing this time if it makes us more effective as a team.)

We banned Microsoft PowerPoint for these sessions because we prefer our team to remain actively engaged in the discussions. These conversations showed how much preparation the team has put in, in terms of truly understanding their respective business. We also used the first meeting to ensure that we, as a collective team, have a consistent view of our overall business. To that end, we tackled the following questions:

> **Having a bias for action means that we need to embrace a "Ready, aim, fire!" mind-set.**

- Do we know and understand the key business drivers?
- Are we managing our business by KPIs versus merely monitoring?
- Do we have a handle on our financials?
- Are we executing our action plans?
- Are we focused on the right areas?

Our standard agenda, which will remain the same for each subsequent meeting, begins with the business and an assessment of how we're doing in each region. We review our KPIs by region and function (roughly five key metrics per region and approximately 10 for our Web team), as well as our action plans and financials. Three of my direct reports manage a set of KPIs and these indicators cascade down into their respective teams. We examine the actual performance against what we planned during the prior month and then discuss these variances. Specifically, we pressure test why we have a gap, whether we understand the root cause, and look at what our options are for eliminating the gap.

By managing these metrics, we will align our entire marketing operations with the company's strategic objectives. The meetings help us candidly and qualitatively discuss (i.e., "socialize") what we're aiming for in terms or results.

Although we focus on a relatively small number of key indicators, the richness of conversation and insight we gain is invaluable. We're in the early stages of measuring our performance, so the first few operations reviews will focus on quality of data and the collection of data. As the team and their respective teams focus, gather, and analyze this data, we all grow far more intimately

knowledgeable of our business—and how we can influence it.

AMPLE UPSIDE

Our team's conversation about our macro, regional, and country business, as well as marketing's contribution to business performance resulted in the stark realization that we have much to do.

That said, we also realized that we have an opportunity for significant improvement. In all, our initial operations review succeeded in bringing the team together for valuable discussions. It also served as a contextual platform for our HR and finance business partners, who are a part of our extended team.

The feedback directly after the meeting and a few days later was positive. I heard comments that our discussions provided "holistic insights" into our business, its challenges, and opportunities. My team also expressed appreciation for our data transparency and open conversation that attacked processes, not people.

We move forward knowing that we will review and adjust, because we certainly cannot be perfect the first time around. In doing so, we'll leverage our experience in pursuit of the ultimate KPI: profitable growth.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- **Operation review participation.**

- **Learning to experiment and to fail fast; if it workds double down, if it doesn't, then cut it.**

- **Campaign and action planning - tied to clear and specific outcomes to frow the business.**

- **The implementation of structural and strategy changes.**

LISTENING? CHECK. PLANNING? CHECK NOW? DELIVER...

MONTH 4: THE TIME FOR BOLD ACTION IS NOW

Enough talking and planning. It's time to execute our plans—namely, implementing our new MiCloud campaign and fortifying our digital center of excellence.

We began our marketing transformation journey focused on the strategic, structural, process, and people changes we had to make. We also narrowed our strategic focus to four central pillars: brand, demand, digital, and new product introductions.

Additionally, we rightsized our organization to free up resources to reinvest in the four pillars, while restructuring to align our teams around market segments. That work was tough. However, the toughest aspect has been and will continue to be implementing a change in our planning, tracking, and reporting processes based around outcomes tied to business growth.

Our first tangible set of deliverables, which are tied together in a comprehensive and integrated marketing campaign, requires some context. We're in the communications business; we help businesses and people communicate and collaborate while also helping companies lower their IT, staff, and hardware costs. We're able to deliver this value, in large part because our innovation is centered on virtualization, a delivery mechanism for the cloud. Simply put, all of our products—telephony, collaboration, and contact centers—are delivered in the cloud.
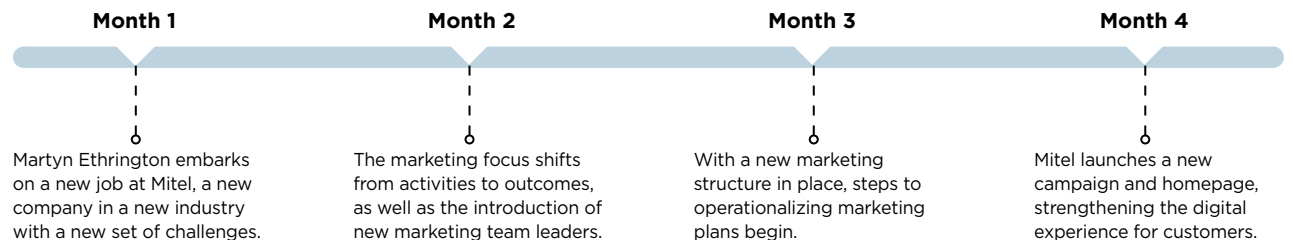
We have a great story to tell, but we have not done so. Why? Like many organizations, we face intense demands to "do stuff," and operating in that reactive mode is not conducive to structured thinking, planning, execution, or any notion of sustained implementation. We fell into that "do stuff now" trap. Over the past few months we've been meticulously planning our MiCloud campaign. The term represents a derivation of Mitel, and "my" in the vernacular of a customer means they can choose how they want their cloud structured (private, public, or a hybrid depending on their needs).

(MI)CLOUD NINE

We're developing the MiCloud campaign with UBM Tech, one of the largest media firms in high-tech. The collaboration helps extend our reach to subscribers of UBM's media assets, gives us access to leading content, and associates us with a leading brand. The underlying purpose of the MiCloud campaign is to drive brand awareness, drive demand, and provide a platform to tell our cloud story; even more important, the campaign will illustrate how we have helped customers communicate and collaborate better and save money. In keeping with our philosophy, the center of the campaign is based on a series of customer personas to make our messaging, propositions, content, and offers relevant to our audience. We use personas together with market segmentation, where the qualitative personas are constructed to be representative of specific segments. In short, this approach makes us more relevant and more targeted to our users.

timeline | Four Months In

| Month 1	Month 2	Month 3	Month 4
Martyn Ethrington embarks on a new job at Mitel, a new company in a new industry with a new set of challenges.	The marketing focus shifts from activities to outcomes, as well as the introduction of new marketing team leaders.	With a new marketing structure in place, steps to operationalizing marketing plans begin.	Mitel launches a new campaign and homepage, strengthening the digital experience for customers.

MiCloud is a digitally centric, content-rich campaign that will begin in the next three weeks. Our one-year road map for the campaign contains several phases, beginning with persona development, content development, campaign development, and consistent messaging that will be across all marketing vehicles. Given our maniacal focus on measurement and accountability, we'll be measuring the campaign's effectiveness at our monthly operations review against our stated monthly goals so we can look at actuals versus plan and actuals year-to-date versus plan to see if we're on track and delivering value to our company. For example, we use lead calculators based on industry conversion rates (we currently do not have any past data to determine conversion ratios). This lead calculator determines the universe of customers we need to touch, educate, promote to, and help influence buying decisions that will ultimately convert to a sale.

A second action area that we've focused on recently concerns our drive to build out a digital center of excellence; this represents a lofty goal, given that we only had two employees focused on digital six months ago and less than 5% of our marketing budget was tied to this important area. We're fortifying our digital center of excellence because customer feedback shows us that the Internet is the number one resource customers go to when they want to find, learn, buy, and use products in our space. Therefore, it's critical to our entire business to provide a great digital experience for all of our customers.

GOING DIGITAL

As a result of the rightsizing process and our redline exercise (reviewing all planned programs line by line and cutting out irrelevant programs/events), we were able to dynamically reallocate direct response advertising from old marketing to digital marketing. By next month we'll have expanded our digital team fivefold, and shifted more
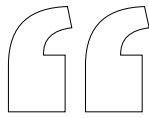
> ## By next month we'll have expanded our digital team fivefold.

than 25% of our marketing budget to digital. And this is just the beginning. We have a two-pronged approach to fix our digital brand and improve our customer's digital experience with the Mitel brand.

First, in terms of fixing our digital brand, we've done extensive voice-of-the-customer (VoC) work to improve our homepage. We leveraged our user group and asked them to seek out certain content, watched how they navigated, how they interacted with key areas of the new homepage, and listened to their insight and input. This interactive process helped us make changes, which we then ran by user group members for additional feedback that we used to further enhancements. Overall, we improved our website's navigation, content, segmentation, and calls to action. Among many other improvements, we also made it easier for website visitors to receive support and to talk to our staff when they need to.

While this first step is largely cosmetic, we needed to execute the website improvements because our digital platforms were not working for us. The second step is to transform our website from a rigid content management system and to a new Web platform that's entirely based on VoC so that it welcomes customers as they launch their journey to find, learn, buy, and use our products. The newly designed homepage will be completed in less than six weeks. The new platform will take four to six months to complete. We also know, based on additional VoC, that when we fix our digital brand, we'll see a tremendous uptick in demand for content.

Finally, I want to report that we just completed the second of our marketing operations review. Although it sometimes feels, during these sessions, as if we take one step forward and two steps back, we've made progress in testing our metrics. Specifically, we stress-test our measures to determine if they're valid, we review how we came up with the numbers, and determine the extent to which we're moving the needle.

As I mentioned in my previous entry, we ban PowerPoint in these reviews in favor of simple Excel-based KPIs and actions plans. This fosters a rich conversation. For example, our intensive revenue discussion, coupled with a deep dive into our marketing KPIs and action plans, showed us where our logic gaps are, where our data gaps are. These realizations can only make us better. By our new fiscal year, which begins in May, our goal is to have the right set of KPIs.

Patience is supposed to be a virtue, but one I think is a tad overrated. We are making progress. For example, in some cases where our KPIs called for X, we have achieved 3X. Although there is a whole lot more that is coming together, it never feels as if quite enough is coming together quickly enough. That tension, impatience, but a steadfast focus on moving forward, not apologizing for incomplete data at this point, is what gives me the confidence that we'll continue to get better and, in doing so, be more relevant to our customers and business.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- Developing and launching our MiCloud campagin

- Fortifying our digital center of excellence

- Completely revamping our web platform

- Applying more operational rigor

- Relentless execution

TECHNOLOGY TAKES THE HELM

MONTH 5: PUTTING OUR TECHNOLOGY PHILOSOPHY INTO PRACTICE AT A CONSIDERED PACE.

Looking back at my first four diary entries, a question might pop into your mind: Why hasn't he talked more about technology? My answer: rigor and discipline.

Those foundational principles have guided our technology investment and management approach at Mitel since I joined the company six months ago. This month I'll discuss the key tenets of our information technology (IT) management philosophy, our recent investments in marketing technology, and the progress our marketing function has made (and has yet to make) on my half-year anniversary.

WHAT TECHNOLOGY SHOULD DO

Technology should either improve the customer experience, or enable the efficiency and effectiveness of the business. It's ideal when an IT investment achieves both. That said, I firmly believe that if you do not have the rigor or discipline to effectively implement and operate processes manually, you should not expect the introduction of new technology to serve as an elixir to your ills.

Throughout my career I've found that technology can be used as an effective enabler, as well as an excuse for not doing things. For example, I've heard numerous times that "we cannot track and measure X, Y, and Z...because we don't have a CRM application."

To varying degrees, these excuses may contain kernels of truth. For the most part, however, the inability to measure X, Y, and Z stems from a lack of underlying process rigor and discipline. I would much rather use a paper-based or hybrid tool first, before investing in supporting automation. A software investment should be the third action in a three-step process:

- Design and develop the process;
- Refine and strengthen the process; and then
- Automate the process

As I discussed a few month's ago, many marketing functions, including ours, at times suffer from a "Ready, aim, aim, aim, fire!" mind-set. While the vast majority of marketing initiatives and activities benefit from more of a "Ready, aim fire!" approach, IT investments represent one of the few areas where it pays to procrastinate a bit. By doing so, your aim becomes more accurate and your return on investment (ROI) forecasts are more likely to hit the bull's eye.

WHERE WE AIMED OUR TECHNOLOGY DOLLARS

We've recently made several marketing-technology investments and related software applications. All of these investments, including the following, occurred after a rigorous analysis and review:

- **Digital platform:** First and foremost, we re-examined our digital platform. My hypothesis was that we were under-serving our customers by providing a suboptimal user experience and failing to provide consistently relevant content, in addition to some other performance issues. To test this hypothesis, we reviewed our current Web architecture and decided very quickly to invest in a more flexible content management system; we're moving to a Drupal platform. Our new platform will help us rebuild our website to significantly improve the user experience, provide more relevant content, and enhance performance, while reducing support costs dramatically. This cost reduction will allow us to reallocate the funds to other programs.

- **Marketing automation:** Our second investment was in a marketing automation system from Marketo. If we are to ascend to the next level in terms of driving more demand and more effectively tracking marketing effectiveness, we need a more sophisticated platform.

Marketo will help enable us to more skillfully nurture contacts over time, as well. We're integrating Marketo with our new Salesforce.com platform,

VIEW ETHERINGTON'S FULL KEYNOTE

Ethrington shares his vision for Mitel's customer-centric future in his keynote at the company's Business Partner Conference.

and that integrated capability is scheduled to go live in June. The intention of this integration is to equip us with closed-loop lead feedback; we'll better understand and manage the value of the leads marketing delivers to sales, and also from sales to closure.

• **Hosted partner portal:** Our third major marketing technology investment is a hosted partner portal. This portal is designed to empower our partners to obtain quicker service and insights on their own (i.e., via self-service). This portal will provide our partners with the latest marketing programs and assets that they use and co-brand. We've tested the portal in the UK and are in the process of implementing it in the United States this month.

HOW WE MANAGE MARKETING TECHNOLOGY INVESTMENTS

So far, I've discussed two facets of managing marketing-technology investments: getting processes in shape and then reviewing and purchasing technology that can automate all or parts of finely tuned processes. There is a third element, and it is equally important: measuring the value of the technology investment.

Research, and my own experience, indicate that this value is determined by many factors, including the nature of the collaboration between IT and marketing. A January Pricewaterhouse-

Coopers survey report shows that companies with healthy and strong collaborations among IT, marketing, and other parts of the business are four times more likely to be in the top quartile of profit margin and revenue growth compared to companies with weak relationships among CIOs, CMOs, CFOs, and other C-suite executives.

It is also well-documented that marketing-technology investments will soon exceed other technology investments in many companies. For the most part, I've enjoyed highly collaborative and supportive relationships with the past several CIOs I've worked with as partners. I also think that many CIOs have a thankless task these days as the era of CIO control over all information systems fades into the past. The growing "democratization" of IT within an organization, spurred on by the growing bring-your-own-device (BYOD) trend, means that CIOs increasingly have to facilitate and support the highly individual needs and desires of hundreds or even thousands of end users. Compounding this challenge further are functional heads—primarily CMOs—who are moving beyond BYOD to BYOS: bring your own solutions. If CMOs do not feel that they can get a new application or IT solution immediately from their CIO, they have an ever-expanding set of choices that can deliver immediate gratification with minimal CIO/IT involvement. Happily, here at Mitel, marketing has invested in technology in concert with our CIO and IT.

Just as strong collaboration improves marketing-technology management so, too, does a rigorous approach to measurement. To monitor the returns on our new Web platform investments, we developed a set of digital key performance indicators (KPIs) that we measure monthly. For example, one KPI is Net Promoter Score (NPS), which we use to determine if we gain more promoters based on their holistic view of their own experience on our website.

By measuring this and other indicators, we can
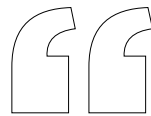
> ## " The measure of our success in managing our marketing technology is profitable growth.

make immediate improvements as needed. Our intention is to realize a dramatic improvement in the number of website visitors and, most important, in the number of leads-to-opportunities-to-sales we generate so that the new platform will pay for itself within six months. We're taking a similar measure-and-management approach to our new marketing automation platform; our Marketo KPIs include how much measurable demand (and, by extension, how much business) we drive. We expect the Marketo platform to pay for itself in less than four months.

The ultimate measure of our success in managing our marketing technology is profitable growth. And we can only achieve profitable growth by improving our overall customer experience, which we measure in the form of Net Promoter Score, a leading indicator to future growth. Every other metric is subservient to those two KPIs: profitable growth and a high NPS.

SIX-MONTH REFLECTION: TRACTION TAKES HOLD

My six-month Mitel anniversary also motivates me to assess the growth and progress of our marketing function. Like most new leaders, I underestimated the time it takes to change, restructure, resize, retool, and refocus. To succeed, these endeavors require a combination of planning, executing, and applying rigor and operational discipline.

It's really only during the past two months that I feel we've started to get some traction. Our core team is in place. We have the right focus. Our plans are now more right than they are wrong. Plus, now that we have three operation

reviews under our belts, we're starting to see the early signs of improving results. Perceptions are also changing as we increase our internal and external communications without the previous division between channel partners and an internal sales channel. We no longer operate as two functions separated by a common language; we now work in unison as one company, one brand, and one voice.

Our unified goal also is clear: profitable growth. And while we are starting to receive positive feedback from our sales peers, we remain cognizant that all of our relationships are organic and therefore require constant attention and nurturing. That said, we will not rest on this progress, as we still have much to do as we are only at the beginning of our journey to transform the marketing function into a competitive advantage for Mitel.

PROGRESS REPORT

In the past 30 days, our team has focused on:

- Substantiation of MiCloud with customer announcements and partnerships

- Tracking results of the website go-live, which generated a 20% lift in traffic

- Launch of a program to increase user group membership, resulting in a 150% increase

- Continuous improvement in our marketing operations focus, seeing a 10% increase in monthly customer leads as a result

- Developement of a content strategy

MARKETING NEEDS INTERNAL ENGAGEMENT, TOO

MONTH 6: TIME TO REASSESS AND REENGAGE WITH THE TEAM.

As CMO, I've been heavily consumed by a number of enterprise-wide initiatives that go beyond the marketing function. These endeavors include running the company's strategic planning process for our new fiscal year; working with our CEO to operationalize that strategic plan while introducing a more rigorous monthly operations cadence; and spearheading a deep-dive audit of our go-to-market (GTM) strategy and sales channel.

Each one of these projects is essential for the company. However, each project required an incredible investment of my time. As we all know,

time is our most valuable asset. It's also an asset that tends to get away from you if you're not careful. Time flies, the old saying goes.

Time's speed and value help explain why Mitel's marketing function devoted several days to conducting a comprehensive review of our strategy, structure, processes, and accomplishments over the past six months. It also explains why I've devoted more quality time to reengaging with my team.

From late November through early March I was deeply involved with my marketing team. But I also realized that there were times when I was not as engaged with my team at a deep enough level. I absolutely need to sustain this deep level of engagement with my team if we're to truly transform the marketing function to become a growth function within Mitel. Thankfully, some people on my team gave me valuable counsel that I was fully involved with them but not 100% engaged with all of the company-wide marketing projects I was involved with. Those team members' insights validated my own concern, and, in response, I quickly and actively reengaged.

THE PULL OF STRATEGIC INITIATIVES

As I've asserted, the strategic initiatives outside the marketing function that I've been working on are absolutely necessary. I believe it's important for CMOs to lead strategic initiatives outside of the marketing function.

As most of us have heard for years, senior marketing executives covet a seat at the strategic decision-making table. In practice, however, many senior marketing leaders play more of a subservient role—rather than a leadership role—to the business.

I've been fortunate to avoid this "relevance trap" in my career. One stop that was particularly helpful in this regard includes the five years I worked with Danaher, which ranks among the best run and most strategically and operationally rigorous companies in the world. During my time with Danaher, I led the strategic planning process for three years

at one of its operating companies, Tektronix. That experience made it natural for me to lead, coordinate, and work with our senior leadership team to take Mitel through the strategic planning process.

This work also required me to work closely with our CEO, CFO, and leadership team; in hindsight, this work helped accelerate our coming together as a coherent team to put the plan in place. During a rapid strategic planning cycle (roughly nine weeks), we produced a realistic business plan, a simple but compelling strategic plan, and a work plan that included a granular set of operational key performance indicators (KPIs), action plans, and a review process.

The other strategic initiative that affected the depth of my engagement with my marketing team concerned a sales audit. Top-line growth is perhaps the most difficult metric a leadership team manages thanks to intense competition (including new entrants), low-single digit growth levels in most markets, and the constant need to increase sales productivity while controlling costs.

Although Mitel is experiencing growth, our company completely overhauled its GTM strategy roughly two years ago. So, it was a natural time to take stock of our current GTM strategy and sales channel. We also wanted to validate or disprove a series of hypotheses we had developed in response to our recent GTM changes. For example, we wanted to determine if we were maintaining the right geographic coverage and if we were still focusing our resources on the greatest growth opportunities.

In December we decided that our GTM review would benefit from a dose of objective, third-party expertise. So, we embarked on a search for an expert sales consultancy to help us conduct a deep-dive audit of our GTM strategy and sales channel. In just three weeks, we issued a request for proposal (RFP), established the scope of the work to be performed, and interviewed potential companies to help us with this project.

That process culminated with the selection of

Sales Benchmark Index. Today we're three months into the project and have gained tremendous insight to several areas of potential improvement, including our selling process and channel coverage. We're now in the process of developing action plans to implement these recommendations.

If you're wondering why the CMO was initially leading this project, it was because we were in the middle of sales leadership transition. Additionally, however, the findings and action plans, as well as the goals, are shared between sales and marketing. Marketing will have actions, metrics, and accountability for the implementation of the recommendations generated by the audit.

A REENGAGEMENT PLAN

Strategy, structure, processes, and people were the framework we used to assess our situation six months ago. So six months on and following a company-wide project, now was the optimal time to review our initial plans, progress, and direction, but most important, results.

Besides this review, I'm taking other, less formal steps to resolidify the connection with my team. These steps represent several of the same activities I engaged in when I joined the company just over six months ago: simply, increasing my interaction with my team, our channel, and our customers. For example, I recently jumped back into the field to attend a trade show; the experience gave me quality time with analysts, our customers, our sales channel, and key members of my team.

The formal functional review took place over three days. It involved my direct reports and select members of their team. Our goal was to make sure that the "skip level" has a chance to participate in these meetings. We scrutinized our strategy, structure, process, and accomplishments to make sure that:

- We are aligned as a team.
- We can clearly articulate our strategy.
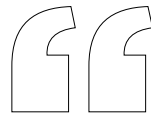
> ## I believe it's important for CMOs to lead strategic initiatives.

- We have the action plans, resources, and metrics in place necessary to execute our strategy while driving growth.

For the most part, our review indicated that we're aligned and progressing on our intended path. Our strategic focus remained the same as we moved into our new fiscal year on May 1.

Our structure also remains similar, although it will adjust somewhat in response to the findings of the go-to-market/sales channel audit and the action plan we're developing based on those findings. Our marketing processes are in place and will get stronger

Our team's major focus in the immediate future will center on moving beyond monitoring our KPIs to managing them more tightly, with a relentless focus on continuous improvement. During the next few months and throughout the coming new fiscal year, we'll use some lean-management tools and training to help us make a stepwise improvement within our core KPIs. For example, we'll use a lean tool to assess the root cause when we miss one of our KPIs. The tool will help ensure that we're focused on root cause, as opposed to a symptom, so we can develop and implement countermeasures that get us back to our planned metric.

UPGRADING OUR TALENT MANAGEMENT APPROACH

Talent management represents another critical area we're currently targeting for improvement. One of our marketing function's most important focus areas in the coming year will be team and individual development.

To that end, we plan to implement a "Topgrad-

ing" approach as laid out in books and manuals, such as Brad Smart and Geoff Smart's Topgrading: How to Hire, Coach and Keep A Players. This approach is designed to pack your ranks with "A" players while clearing out the "C" players.

We'll perform a complete assessment of ourselves against talent and skills metrics we develop. It's important to note that these talent metrics will reflect our company's and our function's skills that are needed as Mitel continues its transition to a software as a service (SaaS) company.

After getting that "current state" view of our skills and capabilities, we'll identify and implement development plans to improve and augment our competencies where possible. We'll also reshape our recruiting processes so we attract the best new talent possible.

"Time flies" already seems like an outdated saying in terms of its relevance to our current work. "You're judged by the company you keep" has quickly become a more relevant maxim for describing the progress we intend to notch, especially on the talent management front, in the coming months.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- Conducting VOC and user-experience testing for the new company website in development

- Identification of the largest skills gaps on our team

- Developing sales and marketing metrics for the new fiscal year (May 1)

- Developing an internal communications plan to communicate our FY14 strategic plan

ACTION, NOT TALK, GETS RESULTS

MONTH 7: A SUCCESSFUL SHIFT TO DIGITAL MARKETING TAKES COMMITMENT AND COMPETENCY

**R**hetoric is easy and, in some cases, quite lucrative.

Consider the digital-marketing pundits who have made a fine living transforming an uncomplicated notion into a complex topic. Or, imagine a newly appointed CMO who rants and raves about making digital marketing a strategic competency without putting the requisite muscle behind it. Digital marketing's significant and straightforward value should compel CMOs and others to avoid this rhetoric trap. An effective, profitable approach to digital marketing requires a clear definition; a detailed road map; the right people, processes, and technology; and tangible action.

Digital marketing represents both a key driver and key outcome of the Mitel marketing function's transformation, so that's the approach I've taken. Digital marketing and its role in our transformation needs to be relevant to our customers, so I deal with it in straightforward, action-oriented terms rather than with bombastic language. At Mitel, we define digital marketing simply as "using digital technologies to achieve business objectives." In due course it should—and will—be mainstream enough to simply be called marketing.

DIGITAL PACKS A PUNCH

Our shift to being digital centric is primarily driven by our most important constituency: our customers. They tell us that the most influential aspects of the early stage of their decision-making processes are:

1. Search at the Zero Moment of Truth (ZMOT), when they begin their eductional journey
2. The manufacturer's website (hence, the need to have great online search)
3. Content; our customers come to our website and seek us out to become smarter
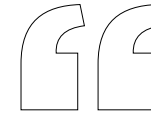
> **Today digital marketing is one of our strategic pillars and helps us engage with our customers.**

The other reason for the shift is that digital and the Internet allows challenger brands like Mitel to punch above our weight against larger competitors with significantly more marketing resources. The Internet is a great leveler, and we are committed to exploiting digital marketing as a way to promote our brand and capabilities to our target market.

Today digital marketing is one of our strategic pillars and helps us engage with our customers to help them find, learn, buy, and use our products and services.

Underpinning our investment in digital marketing is a series of sub-initiatives starting and ending with voice of the customer (VoC). We're making a significant investment in designing a new website from the ground up. As noted before, this redesign is based entirely on VoC. Having a good digital experience is one thing, but we need to make sure we get more people to experience our website. We'll do so by providing timely and relevant content along our customer's decision-making journey.

At the front end of the buyer's journey we've established a moderated-community website called Collaborative Planet with our partner UBM. In addition, we've developed educational pieces such as whitepapers and infographics. The further along the journey a prospect goes we provide richer technical content and also research and consideration tools, such as a Total Cost of Ownership tool. We populate all content with the key words and phrases that our customers use to appear at the ZMOT, to ensure that it's consumed.

We also intend to become more visible in

the very first steps that customers and prospects take when researching their options in our space. To that end, we're investing heavily in search marketing, including organic and paid search, as well as social media. Our plan for social is to integrate social channels, such as YouTube and Twitter, into our search program, but it's also to be present in industry forums, such as Spiceworks.

These initiatives can only be implemented and executed with great digital talent and a commitment to investments. Attracting and developing great digital marketing talent ranks as one of our highest priorities this fiscal year.

Our recent track record demonstrates our commitment to these types of priorities. For example, when I joined Mitel last year we had two full-time digital marketers and one contractor. Today we have eight people on the digital marketing team, and this figure will double again within the next few months.

We also dodged the rhetoric trap when it comes to digital investment, and are committing real dollars. IDC's 2013 CMO Tech Marketing Barometer Study indicates that high-tech companies invest roughly 30% of their marketing budgets in digital. Early in my Mitel tenure we were investing less than 5% of our budget in digital. Today our plan is to increase funding and reallocate resources so that digital comprises 50% of our total marketing investment within our current fiscal year, which started May 1, 2013. We'll be using what we call Dynamic Resource Allocations to determine our spending; for example, the culling of most trade shows based on VoC and ROI analysis, and eliminating programs from our action plans if we can't point to ROI or growth.

DIGITAL MARKETING UNIVERSITY

The most effective digital marketing strategy recognizes that digital marketing is not any one person or team's role; it needs to be every employee's job. This company-wide approach begins with a high level of digital literacy within marketing (I expect that from everyone on my team).

There are always varying levels of digital marketing experience and understanding, but I believe that a marketing function needs to attain a base level of expertise, as well as a shared understanding of where we're going and the skills required to get there.

That's why we're putting everyone within our function through a Digital Marketing University. The coursework, which will be presented in an intensive two-day period, is designed to accelerate and facilitate learning. Specific training—at both beginner and advanced levels—will cover the latest Web marketing techniques via case studies and best practices. Topics include: search engine marketing and optimization strategies and best practices; paid and organic search; current digital marketing practices; and social media best practices. Additionally, there will be training on Mitel's social media strategy and policy.

TAPPING HOMEGROWN DIGITAL TALENT

So far in my Mitel tenure, I've been fortunate to work with some colleagues with extremely high levels of digital marketing expertise. Note that I said "fortunate" as opposed to "lucky." Thanks to Mitel's commitment to, and investment in, talent management, I met several skilled marketing people—inside and outside the marketing function—during my initial road trip upon joining the company.

I met one of these people when he was working as a marketing director in one of our business units (this was before we centralized our function's structure). Our meeting was scheduled to last 30 minutes; it went well over two hours and
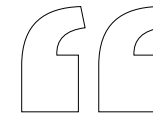
> ## Our plan is to increase funding and reallocate resources so that digital comprises 50% of our total marketing investment.

was followed by another two-hour phone call. It's rare to stumble across someone who shares your philosophy, vision, and values. I discovered that this marketing director previously ran his own digital agency, where he worked on some of the largest brands and websites.

The more we talked the more I knew I could build a team around this individual. And so we have: James Windrow, Mitel's director of digital marketing, now heads up our Center for Digital Excellence and has evolved from an individual contributor to managing a team of eight that, as I noted, will double in the coming months.

It's this sort of tangible change and outcome that raises digital marketing planning above rhetoric and transforms it into lasting value.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- **Planning and preparation for our Business Partner Conference in June (we'll attract 1,200+ people)**

- **Planning and submitting plans for our new fiscal year, which began May 1**

- **Continuing to develop our new www.mitel.com**

- **Continuous improvement in our operations to drive demand (we're seeing a 20% year-over-year increase in demand that we're driving for our channel)**

AN EVOLUTIONARY JOURNEY

Mitel's Marketing 2.0 Evolution

Phase 1 → Phase 2 → Phase 3

Marketing Proficiency

Marketing Efficiency

Marketing Excellence

2'H FY13 — FY14 — FY15
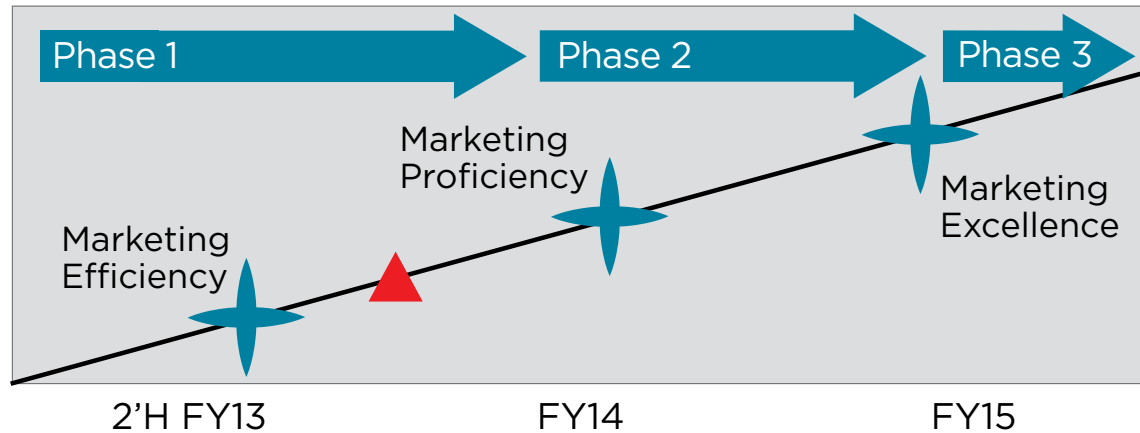
Key Actions
- ✓ Right size, right structure
- ✓ Centralize resources
- ✓ Marketing 2.0, brand, demand, Web, NPI
- ✓ DRA
- ✓ Shift to segment marketing, segmentation, actions plans, and KPIs
- ✓ Digital focus
- ✓ Demand generation
- ✓ Metrics and accountability

Key Actions
- Begin brand work
- Executing of demand gen plans
- Marketing operations proficiency
- Shift investments to digital
- Launch MiCloud (campaign)
- New VoC driven Mitel.com
- Effective NPIs
- Digital marketing training (all hands)
- Marketing top grading/center of excellence

Key Actions
- Gaining brand recognition
- Digital centric
- Driving 30% of Mitel revenue
- Effective NPIs
- Marketing core competency…

Continuous Improvement

▲ Current Position

Genuine marketing transformation requires a journey. And journeys require plans, maps, and a compass. To that end, we put together an extremely candid assessment of our marketing capabilities shortly after I joined Mitel last year. Then we laid out a plan to set us on a path to reach a lofty goal. If we're being truly honest, that goal, "Marketing Excellence," probably qualifies as unreachable for most marketing functions. However, I believe the elusive nature of excellence should not stop us from striving to attain it.

To illustrate and convey our evolutionary journey to Marketing Excellence, I fleshed out earlier stops or achievements on the journey, beginning with "Marketing Efficiency" and "Marketing Proficiency" (see chart). I identified specific milestones within each of these phases to help illustrate our function's areas of focus on different legs of our journey toward excellence.

I refer to these key milestones, as well as this overarching journey, frequently in my communications to my team. Doing so helps us track our progress. This map also tells the story of our journey while highlighting some of the hurdles and wins we've encountered along the way.

We've already invested time and intelligence to reshape our function to the right size and right structure, with what we believe is the right focus, and we've centralized resources. Although we've done the bulk of that work, we'll continue to review and adjust as we move forward in keeping with our commitment to continuous improvement. In the second half of 2012 we took several key actions, including a shift to segment marketing and a much greater focus on digital marketing, that have propelled us forward on our journey to proficiency and relevancy to our customers.

RELEVANCY & ACCOUNT- ABILITY COUNT MOST FOR CMOS

MONTH 8: CMOS CAN SECURE THEIR SEAT AT THE C-SUITE TABLE BY DRIVING BUSINESS RESULTS.

Too many CMOs do too much hand-wringing when it comes to the topic of sitting at the senior decision-making table: Why don't I have a seat at the table? they wonder. The CMOs and marketing VPs asking themselves this question are just not relevant to one or more of the following constituencies: the customer, the channel, the business. By relevant I mean delivering results and growth. Instead of focusing on delivering results in those areas, these marketing executives spend too much of their time justifying their role, their budget, and why they should have a seat at the table.

Accountability is another common shortcoming. According to IDC's 2013 CMO Barometer Survey, marketing functions cost anywhere from 2 to 10 percent of a company's revenues to operate. Too few marketing functions can show what companies gain or get as a return on this investment in terms of growth.

STRATEGY IS TOUGH, EXECUTION IS TOUGHER

In addition to overseeing the marketing function at Mitel, I—along with our CEO and CFO—also led this year's companywide strategic planning process and the implementation of our strategy throughout the enterprise. Since I fulfilled a similar role at Danaher recently in my career, it was a natural fit for me to lead strategic planning and implementation at Mitel.

Strategy is difficult, but operationalizing strategy is even more challenging. At Mitel we feel confident that we have the right strategy, but we also believe that we hadn't done a good job of execution. That has changed, and will continue to change.

Mitel just moved from a quarterly strategy and operations review to a monthly review. We begin each review with a look at our customers. That review is followed by a deep dive into our operations, where we examine our strategic initiatives and look for gaps between actions plans and performance by comparing our actual results to our strategic KPIs.

Our operational reviews are based on many of the tools, principles, and insights featured in The Toyota Way workbook series. Other companies, including Danaher and GE, also use these lean tools, with their emphasis on improvement and elimination of waste. These two giant industrial companies' continuous improvement is evident in their sustained growth (both top and bottom line) and increasing market share.

This year we'll conduct 12 strategic deployment and operations reviews at the company level. Additionally, I will conduct a further 12 reviews for my marketing function.
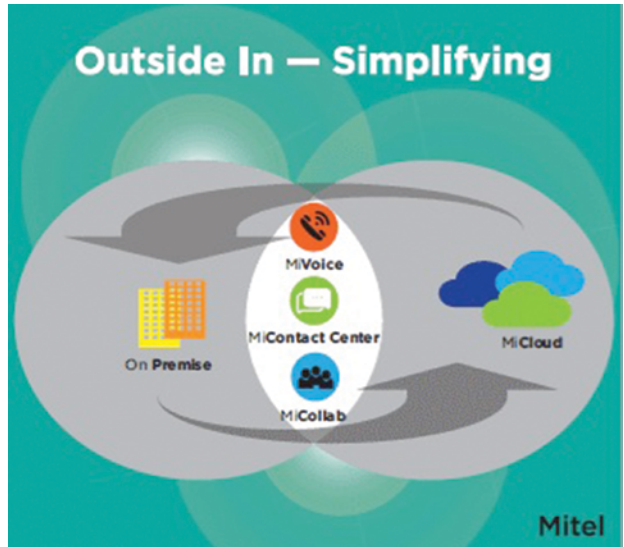
Each company-level review takes six to eight hours to complete; a functional operations review typically requires two to three hours. One of the lessons I brought with me from my Danaher experience is the discipline of standard work. Each monthly review follows the same format. We review the prior month's actions to ensure that we have followed up on previously assigned actions. Next, we look at our core value
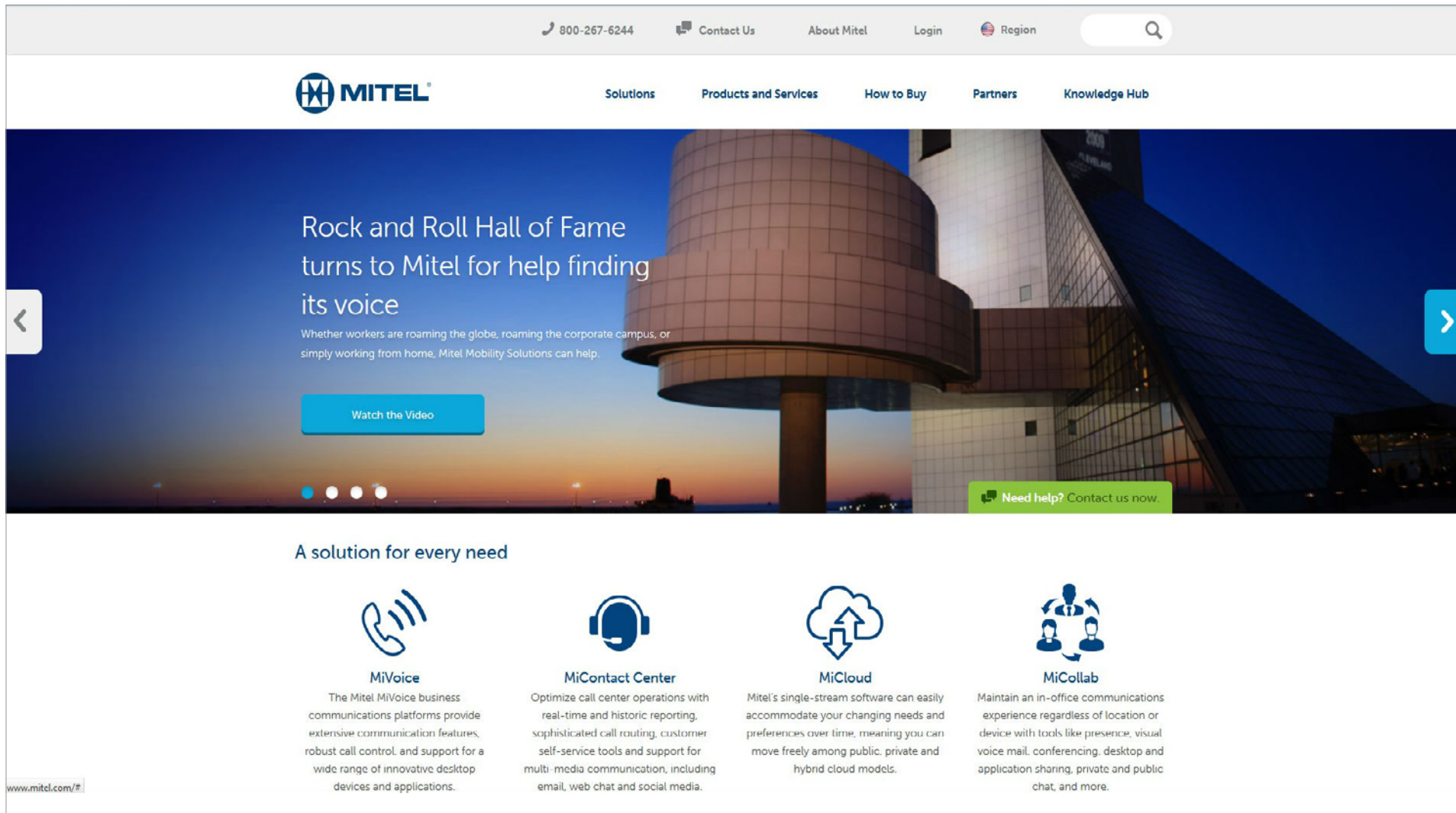
Under Etherington's direction, Mitel rebranded its offerings to create consistency and simplify the customer experience.

drivers—the metrics that we run our business on. Then, we review our strategy, conducting a deep dive on each of our strategic initiatives, their associated action plans, and KPIs.

Finally, we conduct our review of sales regions, looking at our top accounts and top partners to determine how we're doing in terms of actual versus plan, by product. The reviews are focused on continuous improvement, driven by

data, and designed to stimulate robust conversations about our relentless pursuit of growth.

When we spot a gap in a strategic initiative or a KPI, we seek to identify the root cause of the discontinuity. Doing so helps us stave off the tendency to focus on a symptom as opposed to truly understanding why that symptom exists. For example, a gap may be a missed sales target. The problem may be "not enough

sales leads." In most cases, however, there is a deeper root cause to this type of problem; for example, the cause of "too few leads" might be that we are not targeting enough new accounts. Addressing the issue at its root tends to lead to more relevant resolutions.

THE POWER OF RELEVANCY

Our annual partner conference in late June rep-

resented a key demonstration of marketing's relevancy to the business. The theme of the conference was "Outside-In, the Power of Putting the Customer at the Center of Your Business," which we lifted directly from the title of a book written by Forrester Research analysts Harley Manning and Kerry Bodine. (Bodine herself was on hand at our conference specifically to speak about the research findings in the book.)

We chose the theme to drive home the relevancy of our company's argument for customer centricity. In the past we sometimes fell into the trap of putting our channel, our products, and even our brand at the center of our business. By doing so, we neglected our number one constituency: the customer. Yes, this should be intuitive and its logic is impossible to argue with; yet many companies forget this logic amid the busy pace of daily activities. One of our goals for the conference was to remind Mitel and our partners that we're in business, as Peter Drucker put it, "to create and keep customers."

Our Business Partner Conference attracted about 1,100 people; attendees included our channel partner principles and senior leaders, Mitel sales and marketing staff, independent consultants, and industry analysts. Given its theme, we designed the conference to center on the customer. Most of the conference presentations and related content focused on training, equipping, and motivating our sales teams and channel partners to know:

- Who our customers are
- How and why our customers buy
- What's important to our customers, and how we solve their problems

The conference also featured the rollout of our new sales process, which is based on the buyer's journey as opposed to how we sell (which largely defined our previous sales approach).
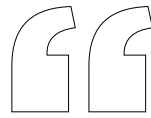
> **In the past we sometimes fell into the trap of putting our channel, our products, and even our brand at the center of our business.**

CUSTOMER CENTRICITY REDUX

Our ongoing marketing activities also reflect a desire to ensure that we're basing our work on the customer's journey and perspective. For example, we realized that as a communications company we weren't doing a good enough job at making it easy for our customers and partners to contact us. As a result, we're in the middle of completely revamping our customer contact center, moving from six disparate centers to one, our own MiContact Center. We also realized that we had created far too many toll-free numbers for customers over the years. So, we are winnowing those numbers to just a few.

Language represents an important and often overlooked signal when it comes to monitoring your organization's commitment to customer centricity. Think of what you call your products. Think of how you label your product categories. Now, think of how much sense all of these terms make to your customer.

When I joined Mitel last year I felt as if my new colleagues were speaking a different language: Mitel-ese. It was a morass of acronyms and industry speak that a pith-helmeted corporate anthropologist could easily dig up at any company. This sales- and marketing-centric language has a downside: It makes it difficult for a company to tell an engaging story to a customer in a quick, compelling way. Instead, the customers tend to squint as they spend most of the conversation trying to figure out what you, who are marketing to them, mean and how it translates to their challenges.

In the past six months we've put on our linguist's caps and collected feedback from customers, channel partners, and industry analysts to learn what product and category names would make the most sense to customers. We took that research and used it to greatly simplify Mitel-ese (see illustration above). Specifically, we distilled what we sell into three categories:

1. **MiVoice:** all our phone and communications offerings
2. **MiCollab:** all our unified communications offerings
3. **MiContact Center:** our contact center offering

All these offerings can be implemented on premise or via our cloud-based offering, MiCloud.

This also allows us to build a simple narrative to help us articulate to customers the answer to a crucial question, "Why Mitel?

PROGRESS REPORT
In the past 30 days, our team has focused on:

- Staging our Business Partner Conference

- Shifting our sales process to map to the buyers' journey- an outside - in versus inside-out approach

- Continuing our www.mitel.com revamp, which is based 100% on voice-of-the-customer input

- Conducting persona development to help us better understand and serve our customers' needs

- Initiating a revamp and reposition of our user group, as members of it are integral to helping us develop more relevant products

SEPTEMBER

PROFITABLE GROWTH MATTERS MOST

MONTH 9: EVEN WITH STRONG RESULTS, RESHAPING INDUSTRY PERCEPTIONS IS ESSENTIAL TO MAINTAINING MOMENTUM.

I f you're not growing as a business, you're dying. If your market is growing and you aren't, you're losing share.

These realities are crucial for marketing executives to internalize. Although I've invested the bulk of column space during my previous eight entries to strategy and the operational rigor that enables its execution, these basic truths drive all that Mitel has done and accomplished over the past eight months.

Here's another truth: The two commercial metrics that matter most are customer satisfaction and profitable growth. Everything else is interesting but less relevant.

I intend to discuss customer satisfaction in more detail during next month's entry. Right now, I want to talk about profitable growth: how we achieve it and how we measure it. On the measurement front, I'm happy to report that Mitel delivered a strong close to our prior year and that momentum has carried over into our 2014 fiscal year, which started May 1.

When we shared our 2013 fourth quarter and fiscal year results in late June, our CEO, Richard McBee, announced that we had exceeded our guidance for revenue and gross margin. We posted solid sequential revenue growth of 6%, which McBee attributed to our continued focus on both our premise-based business and our cloud service offerings. We also used earnings announcements to share news that we had completed our acquisition of the contact center original equipment manufacturer (OEM) supplier prairieFyre Software Inc. (at a net cash cost of roughly $20 million). The acquisition enables us "to capitalize on the increasing market demand for contact center solutions," McBee said.

We also significantly enhanced our sales leadership with the appointment of three new sales executives in the Americas. And we announced a strategic partnership with Vidyo, which will allow us to deliver a comprehensive offering that integrates Vidyo's high definition (HD) video and telepresence solutions across Mitel's entire line of unified communications and collaborations (UCC) products in the cloud. On that note, we've also continued the growth of our MiCloud customer base with more than 33,000 new cloud users added in the 2013 fourth quarter, bringing the total installed base to more than 262,000 MiCloud users.

So I repeat: Profitable growth and customer satisfaction, in concert, are the only metrics that should matter to a company and to all of its leaders—including the CMO. How you, as a CMO or marketing professional, contribute to, manage, and improve these measures is what is truly difficult; it's also what separates the winners from the also-rans. To perform well by these measures, you must have a clear strategy, good people, great execution, operational rigor and discipline, and a growth mind-set.

The latter has been a major focus particularly for me, my staff, and our entire organization for the past year. And, as I noted in "Marketing Needs Internal Engagement, Too", our move to a monthly operations cadence has been a tremendous step up in ensuring that we not only monitor our key metrics, but more important, manage them by addressing and course-correcting any gaps between our actual performance and the goals in our plan. That granular and monthly—as opposed to less granular and quarterly—cadence also has enabled us to expand a consistent operational rigor across all of Mitel.

MARKETING AND M&A

Savvy acquisitions represent another way to grow, and marketing should play a key role throughout the due diligence phase all the way through to the post-acquisition integration.

Along with other Mitel functions, marketing

Mitel customers and partners and industry analysts share their views on the company's customer-centric 3+1 Strategy in a video series.

> ## Profitable growth and customer satisfaction, are the only metrics that matter.

fulfilled many roles during the prairieFyre acquisition. Our activities included due diligence; specifically, conducing a market assessment, as well as customer and channel assessments. We also conducted brand positioning, awareness, and preference reviews in addition to completing an organizational synergy analysis that helped identify the pros and cons of purchasing the company. The pros were far more prevalent. We've enjoyed a close OEM relationship with prairieFyre for many years, and the acquisition represents a natural evolution of that relationship.

Given that the contact center market is a growth market, as well as a growing part of our business, we felt that we absolutely needed to have our own offering. Achieving that, we decided, would ensure our ability to more closely control our own destiny rather than being completely reliant on an OEM.

Immediately after the acquisition was finalized, we renamed the offering MiContact Center, in keeping with our new naming convention, which I explained in "Relevancy and Accountability Count" (August 2013 issue). We're in the process of designing a strong MiContact Center product launch, which is slated for autumn.

HOW (AND HOW NOT) TO SHIFT INDUSTRY PERCEPTIONS

While growth and customer satisfaction metrics matter most, there are related forces that influence your performance to these measures. As mentioned, having a clear strategy, the right talent, and a culture of operational rigor are

important levers that enable you to perform to these objectives. However, even when you have the right strategy in place and are executing it according to those two key measures, your work is just beginning.

You still need to make the industry aware of the fact that you're executing that strategy. This communications effort represents an ongoing process. And while it shouldn't be entirely event-driven, events can and should play a role in the effort, particularly as a communication platform. Our recent Business Partner Conference (BPC) aimed to communicate our strategy and vision, as well as articulate the new Mitel direction, and set a very clear tone of conveying "business not as usual."

In the buildup to the BPC we put a lot of effort on message development and consistency, reviewing nearly 100 different classes, presentations, and content elements to ensure quality and consistency. We acknowledged that Mitel had become an inside-out focused company; by falling prey to that common misstep, we began to lose sight of the most important constituent we serve: our customer. All of our messages and our tone supported or tied to conveying Mitel's 180-degree turn to a customer-first approach, the basis for BPC's "outside-in" theme.

Although I'm biased, I believe that the BPC played a major role in influencing industry perceptions both internally and externally. Judging from headlines like "Mitel Reinvigorated" written by analysts and reporters who attended the conference, others seem to agree with that assessment.

For example, of the "outside-in" theme of our BPC, analyst Jon Arnold wrote, "[Mitel's] focus has been turned on customers and from there you work backwards to serve them on their terms. All customer-centric companies follow this thinking and the great ones have these val-

ues in spades throughout their culture." In response to Mitel's vision, which I presented at the conference, Arnold wrote that I "laid out the textbook moments-of-truth mantra from the world of customer satisfaction research, and if they stay on this path, they'll be more than fine."

I'd like to think so.

We've also received a lot of media coverage outside our conference and earnings meeting. Those two events generated 37 articles in June alone. Our prairieFyre announcement (21 articles), product-naming architecture (14 articles), and personnel announcements (9 articles) also generated other coverage that has played a role in helping us shift industry perceptions.

I would hesitate to call these "results." We recognize that media lines in general are blurring. Print media journalists are diminishing in influence, as are their print journals. There is an emergence of the analyst/market commentator as opinion maker.

While these people may have been traditional journalists, they more often come up through an industry or analyst route. The source of their influence is credibility; they have industry insight, intimacy, and more often than not, strong opinions. Mitel is working closely with these new media influencers. We're also evolving from a traditional (i.e., vanilla) form of corporate public relations for two important reasons: the media doesn't like traditional PR and customers don't care about it. While this form of communications may make a brand feel good about itself, it almost always receives short shrift from everyone else.

We're starting to develop "non-vanilla" opinions and strong points of view. We will comment and even take positions in and about the market that may not be mainstream. Some would call this approach "provocative messaging." I would call it "being relevant." This transi-
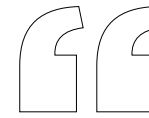
> ## Some would call this approach "provocative messaging." I would call it being relevant.

tion will take time for us to complete; we need to relinquish some old habits. That said, being more provocative will not lead us to bash the competition or lower ourselves to other tactics that we've seen in our market. Instead, we'll focus on the market, our relevance within it, and how we help our customers solve their communications and collaboration challenges—in their words.

We strongly believe that this approach will help us communicate more effectively—just as our conference helped us on that score. For me, the most important takeaway from our BPC was a renewed belief in our direction, our brand, and our partners, and in how we'll take market share by resolutely focusing on "outside-in" and being more customer centric.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- Delivering our Business Partner Conference (BPC) to 1,200 people, with outstanding feedback from all attendees

- Delivering, in concert with our sales teams, sales training for all American sales, techinical, selling, and marketing training

- Posting a 200% increase in user group signups

- Posting a 30% increase in leads

OCTOBER

LOOK BACK AND LEARN

MONTH 10: TAKE TIME FOR REFLECTION ON WHAT WORKS— AND WHAT HASN'T—AND CHANGE ACCORDINGLY.

I'm not one for being too introspective, which seems rather self-indulgent. However, on occasion, it's productive to take stock, reflect, and learn from past actions—the successful and not-so-successful ones. Now CMO for a year at Mitel, I find that the time is right for just a moment of reflection.

When I arrived at Mitel roughly one year ago we set about transforming the marketing function. We saw that we had a tendency to place our channel, our products, and our brand central to everything we did.

So, our primary point of transformation was to shift our focus and actions from an "inside-out" perspective to an "outside-in" customer-and market-centric perspective. This change requires an arduous effort given the hectic pace of daily business and human nature. Without doubt the silent killer to any change initiative is culture.

Bringing about this shift in perspective required a number of related behavioral changes. For example, we needed to replace a tendency toward striving to look good with actually doing good. Moreover, we realized that there were meaningless, superficial metrics in place; these measures were only monitored on a quarterly basis—and they were certainly not managed. Too much of the activity reflected a check-the-box approach to marketing while neglecting our function's role in growing Mitel's business.

One thing I noted from the very start of my tenure was that my team lacked a growth mindset. Instead, we had a fixed mindset, which is the very antithesis to growth. Establishing that growth mindset requires fears to be allayed; it also requires leaders to demonstrate, reward, and promote growth behaviors. A fixed or "status quo" mindset nudges people toward playing not to lose. This perspective tends to generate behaviors such as fearing uncertainty, avoiding new experiences, and narrowing one's repertoire of solutions.

ADOPTING A GROWTH MIND-SET

As author and Stanford University professor Carol Dweck has noted, a growth mindset embraces life (and business) as a journey; this tends to generate behaviors such as embracing uncertainty, seeking out new experiences, and expanding one's portfolio of solutions. A growth mindset is about playing to win.

One of the most effective ways to adopt a growth mindset is counterintuitive: understanding the value of experimentation and learning to fail fast. By quickly discovering what works—and what doesn't—we can more efficiently allocate funding and resources to investments that pay off, while much more quickly pulling the plug on investments with feeble returns. For example, when we signed an executive search agency to help us address one of our greatest talent needs, the firm's initial proposals didn't jibe with our needs. We met with them to discuss the dissonance, and we walked away from that conversation with a gut feeling for how the movie would end.

We could have invested more time and money working with the agency to improve their ability to meet our needs. Instead, we pulled the plug on the relationship and selected a new agwency. To be sure, the value of this decision exceeded the speed with which we reached it; our team learned to dig deeper in our due diligence (e.g., we spoke to far more references and in a more rigorous fashion before selecting another search firm). The key is to quickly and resolutely learn how to avoid similar mistakes in the future. There is a balance that has to be struck.

I point to this talent-management example because I believe that placing the customer at the center of the business requires companies, and especially their marketing functions, to hire the right people and get the wrong people off the team. Hiring requires time and careful consideration; I would rather hire slowly and carefully to ensure that we attract (and subsequently

motivate and develop) the very best talent. One of the most pleasant surprises in my first year at Mitel has been the value of the returns from investing more time in hiring the right people so that we can give them the right development opportunities and guidance to help us get it right with customers.

On the other hand, I would rather fire quickly, which my team learned as we worked through a rigorous top-grading process. That said, I want to clarify that "firing fast" has nothing to do with injecting fear into our team that the first time they step out of line they are gone. On the contrary, one knows very quickly who possesses and who does not possess the growth mindset. One also knows who has the propensity to develop a growth mindset. My position on firing fast is that you know the people who will not make it, so it behooves you to act quickly for your benefit and their benefit.

Our slow hiring and quick firing process laid the foundation for operational rigor, which includes an intense focus on both measurement and accountability. Sales and accountability and measurement. I do not subscribe to the notion that marketing is more art than science, which strikes me as a smoke screen for avoiding accountability. We implemented a robust operational discipline in the very early days of my tenure, and we are now seeing and reaping the rewards of this focus.

WHAT WE GOT WRONG, AND LEARNED FROM

If my team and I could somehow transport back to my first day on the job—and magically carry with us the insights we've gleaned since then—we would apply the following lessons:

1. **Attack marketing action plans sooner:** Rather than waiting four months to wade into our marketing action plans—a process that includes identifying the key performance indicators (KPIs) we manage to heighten our operational rigor—I would have plunged into this effort within my first two

Mitel's Business Partner Conference wasn't all business—there was time for fun and networking.

months of joining the company. The approach as we executed it worked out quite well; by tackling this process sooner, we would have operationalized our strategy sooner and enjoyed these improved results at least two months earlier.

2. **Immediately hire a marketing operations director.** I was forced to become very familiar with our marketing operation. That was a benefit, but it also came with a cost: I had less time to invest in refining our marketing strategy, top-grading our team, and meeting with partners and customers. If I had a do-over, I would hire a marketing operations director from the get-go.

3. **Be bolder.** I think most of us can benefit from this lesson: If you think you are bold, push harder to become even bolder. One way to achieve this is by thinking in terms of what your replacement would do the moment she took over. This type of thinking helps ground you while inspiring you to make tough decisions much faster.

WHAT WE'RE GETTING RIGHT

When I reflect on what we've done well in the past year, customers come to mind first—as they should. Relationships (internal and external) and strategy (and, equally important, operationalizing strategy) also come to mind because they enable us to sustain our commitment to putting our customers at the center of all of our decisions.

For example, we now have a set of customer personas, we have a documented buyers' journey, and an aligned selling process. And we will be relaunching a brand new www.mitel.com based entirely on the voice of the customer (VoC), at the same time we unveil a new contact center designed to ease the process of accessing and communicating with us. Finally, we have more active listening and response mechanisms within the social media world.

Our number-one constituency: Without doubt our biggest area of improvement has consisted of strengthening our focus on and relationships with
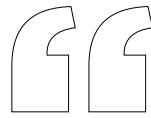
> **We have increased the size of our user group by more than 300% in the past seven months.**

our number-one constituency: our customers.

For example, we have increased the size of our user group by more than 300% in the past seven months in an effort to gain much greater VoC input. We have worked closely with our user group, which operates as an independent entity, to improve the value proposition related to their investment of time and thought. We're working far more closely with the user group on product development and we get regular feedback from the group regarding on all things Mitel. In return we provide early access to products, specialized content, and expert-level seminars for the user group community.

Strong relationships: Mitel's marketing function has worked diligently to establish strong working relationships with executive leadership, as well as functions and business units throughout the entire company. In particular, we have invested time establishing credibility and trust with our CIO, VP of quality, our regional finance controllers and—of course—our sales teams around the world.

"One company, one mission, one goal" is a great concept, but few enterprises actually achieve this objective due to the existence of competing, uncommunicative silos and fiefdoms.

One of the key benefits of implementing the strategic deployment process, monthly key performance metrics, and action plan review is that these efforts necessarily need to be cross-functional. Are all of these cross-functional collaborations harmonious all the time? Hardly. However, there is far more objectivity coursing through these cross-functional discussions than ever before because this work is

now rooted in data rather than in opinion and impressions. You cannot hide from data. Our monthly KPI tracking ensures that we all view our actual performance through the same lens.

Operationalizing strategy: It is crucial to have the right strategy in place. That's necessary but not sufficient, however. Many companies stumble because they struggle to operationalize their strategic plan. One of the many positive experiences and skills I learned in my previous role at Danaher is to resolutely focus on implementing and operationalizing the strategic plan.

This focus requires a move to a monthly rather than a quarterly operations cadence; identifying and tracking metrics that directly reflect the current state of strategic initiatives; reviewing actuals to planned metrics; and, when necessary, developing and executing action plans to close any gaps between actuals and plans.

This experience has been invaluable as we shifted from quarterly report-outs to driving our marketing strategy and knowing where we are on a monthly basis, and shifting from monitoring to managing our business more effectively. To be sure, this process is a journey, and we still have much to do and learn. That said, we are improving each month.

PROGRESS REPORT

In the past 30 days, our team has focused on:

- Implementing Net Promoter Scoring for both our end-user customer and channel partners

- Increasing our position in search to the first page (the top one or two spots) for select ey words and phrases (and for both organic and paid search terms)

- Posting our best month ever for marketing qualified leads passed to our channel

NOVEMBER

TRANS-FORMING CONCEPTS INTO CONCRETE RESULTS

MONTH 11: A GROWTH MIND-SET AND CUSTOMER-CENTRIC INITIA-TIVES AMP UP MITEL'S MARKETING.

Transforming the conceptual into the concrete is one of the biggest challenges—and one of the biggest delights—of the chief marketing officer. As I've detailed in past entries, Mitel and our marketing function have put some big concepts through their paces in the past year. Most of those concepts, including the most important one—putting the customer at the center of our business— have proven to be valuable. We know this because of the arduous work required to take an idea and turn it into a business practice.

At Mitel, we refer to this transformative process as the operationalization of our strategic plan.

Our marketing function—as well as every other part of the company—has invested significant smarts and sweat over the past 10 months while transforming strategic initiatives into actionable processes and practices that we can track and, when necessary, correct on a monthly basis.

I want to acknowledge these efforts by zeroing in on some of the specific areas where we worked particularly hard and effectively. And as my team is well aware, kudos always comes with caveats; in other words, we always need to do better in the spirit of continuous improvement.

TANGIBLE STEPS TOWARD A GROWTH MIND-SET

All of Mitel's strategic planning is now based on voice of the customer (VOC) and market data. Insights from these sources helped us winnow down more than 15 strategic initiatives to these three:

1. Protecting and growing our core business
2. Growing faster than the market in our contact center business
3. Accelerating cloud growth

One of the most important outcomes of this strategic refocusing had less to do with strategy and more to do with our culture. We're on the journey to adopt a growth mind-set in terms of driving revenue (i.e. topline growth). Our culture is also changing in terms of perspective. We've taken significant strides shifting from inside-out thinking to outside-in thinking. These shifts have been enabled by a number of concrete initiatives, process improvements, and other investments, including the following recent activities:

Creating customer personas: We researched and developed a set of customer personas that will strengthen our sales and marketing customer-acquisition programs and how we think about our customers in general. We used primary and secondary research from a consulting firm, Sales Benchmark Index (SBI), and media company UBM to help develop our customer personas. These personas provide demographic and psychographic insight that we believe will help us target and message our audiences in more effective and relevant ways; they'll also help Mitel develop content tailored directly to one of three personas: the principle or business owner persona, the financial persona, or the technical persona.

Revamping the selling process: We used other research from SBI during a four-month engagement to help us with an initiative that ultimately flipped our selling process on its head. We previously adhered to what's best described as an "inside-out" approach to sales; the sales process began with our offerings. Today, we follow an "outside-in" approach where the process begins and ends with our customers. We're implementing this new process with supporting technology from Salesforce.com. We're also running a train-the-trainer series for our sales directors, who in turn will train their respective teams. This new process will underpin future marketing campaigns and content development.

Harnessing our user group: Changes in how we collaborate with our user group represent another example of an outside-in initiative designed to place our customers at the center of our business. Since January we've grown user group member-

ship by 370%. We've also significantly changed how we work with our user group. Rather than just enlisting our members' expertise and insights at the end of our product development cycles—as we previously did—we now collaborate with them at the beginning of the design process, as well as throughout the entire design life cycle. While this is not an earth-shattering step, I do believe it marks a pragmatic illustration of our commitment to customer centricity.

Consolidating our contact centers: In my August entry I mentioned that we were conducting an overhaul of our customer interaction centers—consolidating six disparate centers into one: our own commercial MiContact Center. (We also greatly reduced our toll-free numbers to help customers reach us more efficiently.) We launched the new contact center on September 16 and have been receiving positive feedback. The contact center has been integrated with our Mitel.com platform to improve the overall customer experience. We also rolled out training to all of our North American employees on what MiContact Center is, how it affects them, how they can interact with it, and—most important—to enlist their help in getting the word out to our channel partners. To date, 90% of all Mitel employees have completed the training.

Reallocating marketing resources: We applied "how customers buy" research from analyst firm Gartner to help us refocus and reallocate our marketing resources to the top four areas where our customers' decisions are influenced: 1) Internet, search, and manufacturers' websites; 2) peer references and recommendations; 3) sales consultants; and 4) content.

Implementing marketing automation: Many companies have already implemented marketing automation. In some respects we're late to the game and playing a bit of catch-up. That said, we also feel we made a highly informed decision. We chose to use an offering from Marketo, and it's already helping us change the way we market. In
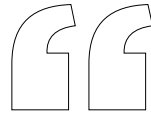
> ## " All of Mitel's strategic planning is now based on voice of the customer and market data.

the past we would use, and likely would have exhausted, our customer database. Marketo allows us to augment customer contacts with various databases and every response will go into Marketo, a process that allows us to nurture these contacts over the short, medium, and long term without exhausting them. The technology also enables us to implement lead-nurturing programs and serve up relevant content that corresponds with where customers are at in their buying journey.

We've integrated Marketo with Salesforce and will be able to begin to report on closed-loop results in the next few months. Granted it will be spotty at first, but this will be a major step toward marketing nirvana (i.e., closed-loop marketing).

Of course, support technology is one of several changes working in concert; combined, these changes have greatly improved our lead generation results in the past six months. We've increased our qualified leads 100-fold, and this doesn't reflect the major increases we expect as a result of recent investments in digital. This is an important improvement because leads represent the key ingredient of revenue growth. Our challenge moving forward will switch to lead volume and quality.

Conducting Net Promoter Score (NPS) research: All of the activities discussed above could be considered attempts to "look good," as opposed to truly "doing good," without the results or benchmarks required to measure our effectiveness. That's why we conduct NPS research. We recently completed an NPS evaluation of our partner channel, and we're in the process of conducting NPS research on our customer channels (that, of course, is the most important score and one I intend to share in my entry next month). We received a 62 NPS for our channel

partners, through which roughly 80% of our business is generated; that compares favorably to our industry average benchmark of a 50 NPS.

YEAR-OVER-YEAR GROWTH

So, how well are we doing? As I mentioned at the beginning of this entry, we have three strategic objectives: grow our core business, grow our contact center business, and accelerate the growth of our cloud offerings. Four months into our new fiscal year I'm happy to report that we're posting year-over- year growth in all three of these strategic focus areas.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- Year-over-year growth in our three strategic focus areas

- Analyzing the results of our Net Promoter Score for our channel partners

- Identifying priorities for marketing investment allocating based on the customer decisionmaking process

- Increasing our organic search results by 30% based on using words and phrases our customers use in our marketing communications and content.

- Achieving a 100-fold increase in qualified leads

- Working with members of our user group to gain their insights at the beginning of our product developement process, and throughout the entire process

- Implementing Marketo and integrating it with Salesforce as a part of an initial step toward creating closed-loop marketing capabilities

TIME'S UP! THE (ZERO) MOMENT OF TRUTH ARRIVES

MONTH 12: BE WHEREVER CUSTOMERS ARE WHEN THEY BEGIN THEIR BUYING JOURNEY.

A year ago I asked readers to imagine stepping into a new company as CMO and taking 30 days to produce a plan to transform the organization's marketing function.

Today, after 12 months of updating readers on the realities of our progress on this transformational journey, I'm imagining what it will take to leapfrog over the competition in the not-so-distant future.

When I took this position last year I understood that the journey would require a phased approach. It was my intent to go through three phases. Phase one involves cleaning up and rightsizing while implementing the right focus and strategy. Phase two is catching up with the market and the competition, and phase three is leapfrogging the competition. Most of my previous 11 entries detail our progress (which remains a work in progress) cleaning up and catching up.

In this final entry I want to jump ahead to leapfrogging after I report on our most recent progress competing at the Zero Moment of Truth (ZMOT).

WINNING AT THE ZERO MOMENT OF TRUTH

A current marketing initiative that we've been focused on in the past month centers on winning at the ZMOT.

This phrase, coined by Google VP, U.S. Sales and Service Jim Lecinski in his e-books on the topic, translates to being visible when customers begin their buying journey by seeking knowledge.

That sounds straightforward enough, but this concept subtly flips conventional marketing thinking on its head. Why? Because competing and winning at this point in the customer's journey requires—gasp!—non-branded marketing (and non-branded thinking, too). That's exactly what pulled me to Lecinski's approach, which aligns closely with the outside-in thinking we've worked hard to adopt as a prevailing mind-set in our marketing function and throughout Mitel.

This represents a sea change in the way most marketing professionals think, a perspective best described as inside-out thinking: We will call our product X and then educate potential buyers on its value, in our own language. Winning at the ZMOT requires outside-in thinking—stepping into the mind of potential buyers and seeing the world and their challenges through their eyes. Executing this shift in perspective requires knowledge of the key words and phrases customers use—and I can assure you that they don't think or speak in industry, product, or company jargon.

We know this because we conducted detailed voice-of-the-customer (VOC) research to understand the specific words and phrases that our customers use at the onset of their buying journey. This research showed us that we were using many inside-out words and phrases that rarely appeared in online search requests.

Our research taught us what key words and phrases customers actually use at different stages of their buying journey. That knowledge has enabled Mitel to speak to and address specific needs depending on where buyers are in their purchase process. Moreover, it's helping us to not only appear at the ZMOT, but also begin to win at those moments.

We now use a lexicon of key customer terms and phrases to more effectively target our investments in both organic and paid search. We also pepper these terms in our sales and marketing content to improve our placement in organic searches. So far we've enjoyed a 30% increase in organic search performance in terms of the amount of our content that is selected, evaluated, and ranked by search engines.

That said, winning at ZMOT will be short-lived if we don't develop relevant content to support the direction we've laid out for these knowledge-seeking buyers.

Our customers enter a phrase or term into a search engine with the anticipation that it will

Customers and partners could get expert insight at Mitel's Business Partner Conference.

take them to content to do one thing: make them smarter. To that end, we've invested significant time, effort, and money in content development and in the selection and use of syndicated content. In the past few months we've produced 20 pieces of new, customer-driven content as part of our strategic initiatives to accelerate the growth of our cloud business. Not only have we made sure that this content is relevant, we're also investing in making sure that it's visible.

Content is king in the world of digital. Although we're nowhere near assuming the throne in this area just yet, we're no longer paupers either; and more progress will be made in the next six months.

CLEAN UP, CATCH UP, AND LEAP FROG

When I joined Mitel, one of my roles as CMO was to transform the marketing function. I had to assess the current situation, set a clear path, and begin the journey of transformation. The first step was to clean up.

Clean up translates to getting the right functional structure, processes, people, and technology in place. We focused heavily on these cleanup activities in the past year by eliminating waste and dynamically allocating resources to focus on growth.

One of my top objectives was to get the right people in the right positions with clear roles and responsibilities. We've made strong headway on this count, although there's still room for improvement. I'd grade us a "C" in this area at the

moment; we still have a number of positions that we need to fill, and we want to do a better job ensuring that all of the key internal constituents understand their roles and responsibilities.

Improving our clean-up grades will enable us to catch up to larger competitors. Winning the ZMOT is a prime example of how we intend to catch up. Leapfrogging—surpassing the rest of the field to become the undisputed market champion—ultimately will happen when we focus on our customers, culture, and people.

Although we're not finished cleaning or catching up, we've already started to improve in a couple of areas.

FORWARD MOMENTUM

The first is providing a better and more holistic customer experience across the complete buyer's journey. This journey begins with "find" and "learn," and continues to the purchase and use of Mitel products and services. Enabling the customer experience in this way requires a cultural shift to the outside-in thinking (i.e. the customer perspective) that we continue to cultivate.

One way we're doing so is by taking insights from the voice of the customer to develop customer personas and map the buyer's journey, which is becoming our selling process. This requires us to shift our mind-set from "Let me send you to…" to "I can help you with that." We also have invested considerable time expanding our user group, whose membership has increased 350% in the past nine months. And this group is now integral to our innovation strategy and VOC testing in many areas.

The second way we intend to leapfrog is by ensuring that everyone in the company adopts a growth mind-set. This is complex but valuable work; it involves making sure that our team demonstrates beliefs and behaviors that encourage growth thinking.

A growth mind-set inspires people to view

> **People with growth mind-sets tend to view life and work as a journey of learning.**

and manage their skills and abilities as malleable; they can strengthen, adapt, and augment their skills according to different and changing strategic needs. People with growth mind-sets tend to view life and work as a journey of learning; this perspective helps them embrace uncertainty as they seek new experiences and broaden their repertoire.

Growth-minded employees also seek to understand customers and succeed more often in new situations, mainly because they understand the value of placing small bets quickly and the learning benefits of "failing fast."

At this point in my Mitel tenure I'm proud to report that we're well on the way to success thanks in large part to our willingness to fail fast—and learn from those actions. My biggest concern remains the same as ever: people.

I'm constantly asking whether we have the right talent in place (and if not, why?), whether my top talent is being overtaxed or stretched too thin, and, finally, are they delivering the right results and growth.

A year-plus into my CMO tenure at Mitel the answers are affirmative, according to the most important measures, like growth and value. Our share price has roughly doubled in the past 12 months. And when, five years down the road, we leap to new levels of success—by, say, micro-segmentation that enables us to deliver relevant and personalized content as part of a holistic brand experience that allows customers to buy where they want, how they want, and when they want—I expect that our value will be even higher according to those who we've placed at the center of our business: customers.

MOVING ON

Before I close this final entry, I would like to thank readers for their feedback, which was empathetic and, occasionally, wisely inquired, "What the heck were you thinking?" When Ginger Conlon asked me if I would consider writing a monthly diary, I was intrigued and decided to take a leap of faith. It would be either one of my best or most naïve decisions; there would certainly be no middle ground.

I can assure you that the past 12 months of diary entries have been an accurate record of our journey into the unknown; it has been an authentic record, warts and all, of one year in the life of a CMO. I trust that you took away something from one of my entries that's helped you make your marketing more relevant.

PROGRESS REPORT
In the past 30 days, our team has focused on:

- Implementing a Winning at the Zero Moment of Truth marketing initiative

- Achieving a 30% increase in organic search performance in terms of the amount of our content that is selected and ranked by search engines

- Producing 20 pieces of new, customer-driven content as part of a strategic initiative to accelerate the growth of Mitel's cloud business

- Collaborating with our customer user group, whose membership has increased 350% in the past nine months

- Continuing the marketing function's rigorous focus on measures that truly matter, including Mitel's share price, which has roughly doubled in the past 12 months

ALWAYS:
PASSIONATE ABOUT CUSTOMERS

ETHERINGTON REVEALS HOW HE TURNS HIS PASSION FOR CUSTOMER CENTRICITY INTO BUSINESS VALUE.

As illustrated in the previous pages of "Diary of a CMO," Mitel Chief Marketing Officer Martyn Etherington is all about the customer. Over the course of his first year as CMO of Mitel, he completely reorganized the marketing operations to take an outside-in approach and put the customer at the center of its strategy. In our inaugural "CMO Confidential" Q&A, Etherington delves deeper into his passion for customers, how he strives to manifest it in practice, and what challenges and successes he encounters as a result.

Describe your marketing passion.
I can describe it in three words: customer, customer, and customer.

Why are customers so meaningful to you?
As the late, great Peter Drucker put it, "The purpose of business is to create and keep customers." One could make that statement more contemporary by inserting the word "profitably" before "create and keep."

When did you become aware of your passion for customer centricity?
It occurred when I was in college, while reading two of Peter Drucker's books: The Practice of Management and The Effective Executive: The Definitive Guide to Getting the Right Things Done. Drucker writes that business has only two functions: "marketing and innovation." Drucker distilled complex notions into simple statements that hit you like a lightning bolt. I coupled Drucker's thinking with the great marketer David Ogilvy, who was a pioneer in running his entire business centered on the customer. I still love to study the fathers of modern business thinking. Although the technologies and mediums have changed, underlying business and marketing principles really have not. We can gain so much knowledge about today and the future by learning from these past masters.

How does your desire for customer centricity influence your daily routine?
Throughout any given day I constantly think, "Would our customers value this? What am I, and what is my team, doing to help create and keep customers? Do we know who our customers are? Do we know what they value? Do we know where they are, and how they're influenced? In search-engine terms do we know the words and phrases our customers use?" Putting the customer at the center of our business provides me with a daily agenda and it helps me create my to-do lists, as well as my not-to-do lists. To borrow from Ogilvy, "There is one answer to every marketing problem: run a test with your customers." The voice of the customer, in the form of data or fact, trumps our internal points of view every time.

How do you spread the gospel of customer centricity?
It takes a sustained and varied communications effort, but one that ultimately has to succeed beyond the CMO's rhetoric. For example, the theme of our mid-2013 flagship Business Partner Conference was centered on a book by Forrester Research's Kerry Bodine and Harley Manning called Outside-In: The Power   of Putting the Customer at the Center of Your Business. We wove the book's theme throughout an event that attracted more than 1,100 business partners, industry analysts, media people, and, of course, customers. Our marketing function subsequently used that event as a launch pad to continuously bang the drum that the customer is at the center of our business.

What other forms has your drumming taken in that time?
We've taken dozens of concrete actions, including working with our customer user group to help us validate product innovations at the front end

of the innovation process. This makes it easier for customers to contact us by condensing six contact centers to one, reducing our toll-free numbers from more than 100 down to a handful, and redesigning our website based entirely on VoC input. We've developed three distinct customer personas to help us develop and target more relevant content, and much more. In the past month alone we sustained our customer-centricity drum-banging by signing up more than 400 employees and 500 sales partners to attend webinars titled "Outside-In: Putting the Customer at the Center of Our Business."

What are the primary steps in transforming your passion for customers into tangible value, and how is that effort faring?
Creating and tracking customer value is number one. We know we can, and will continue to, improve our customer Net Promoter Score by improving our customer experience, period. Next, we look at business value, which is about top-line growth: How are we creating and keeping more customers? Then we look at both business and shareholder value: Are we creating and keeping customers in a profitable way? These are the three value drivers that matter: customer satisfaction, top-line growth, and bottom-line growth. On that count, we've done well in the past year. Our share price has increased from $2.50 to $9.50. Now it comes down to sustained execution, which is always the most difficult part.

What leadership levers have you pulled to transform your passion into this type of value?
Lead by example; do as you say; and recognize, reward, and promote customer champions. But you have to do so in a consistent way. You shouldn't jump on every new fad, whether it's Big Data or social media. Any approach you consider needs to enable the marketing function and the company to create and keep customers. If

any process, technology, or idea doesn't achieve that, we should question why we're considering investing in it.

What is one formidable customer-centricity challenge you encountered that might surprise many people?
Language. We realized that we needed to change the organizational mind-set from inside-out thinking to outside-in thinking—the latter approach being the way we look at the world through our customers' eyes. We realized that our everyday vocabulary played a pivotal role in making this mind-set shift work. When communicating with customers, we learned that we needed to stop using words like "us," "ours," and "we," and to start using words such as "you," "yours," and "enable." A word like "leader"—as in, "we are a market leader"—also means nothing to customers who are understandably more concerned with their own market position and challenges than our company and our products.

How does this passion for customer centricity play to your strengths, and play into your weaknesses?
I love simplicity in all its forms. And how much simpler can the purpose of business be defined apart from "creating and keeping customers?" I constantly pursue the attainment of this type of simplicity in everything I do, although I know I have a long way to go. I try to think like a customer and use this as a gauge, or compass, with my teams. However, sometimes a singular, resolute vision can introduce blind spots. For example, in my singular pursuit of our customer during the past year I at times overlooked the importance of our channel partners. Although customers should always come first, the channel is critical to us and I'm doing a better job of trying to maintain a healthy balance. I credit many people on my team serving as my conscience by constantly reminding me of the importance of our channel.

Did you discover any other surprising success secrets along your customer-centricity journey so far?
We quickly discovered that we needed to make sure the customer is at the heart of our key performance indicators. We also discovered that it was valuable to change the structure of our monthly Mitel leadership meetings. Rather than starting those sessions by discussing internal issues and initiatives, we now invest the first hour of those meetings—or however long it takes—discussing customers' hot-button issues. We discuss a problem, its root cause, and what counter-measures we have in place to resolve the problem. Also, the appointment of a vice president of customer quality has helped put the customer at the center of our business by ensuring that our customer-problem list is the shortest it's been in living memory.

4 CUSTOMER-CENTRICITY ENABLERS

1. **Enhance the customer experience through initiatives that improve the ease of purchasing from Mitel and provide the opportunity for customers to collaborate in such areas as product development**

2. **Measuring the progress and success of those customer experience initiatives, as well as customer satisfaction in terms of products and service, via Net Promoter Score**

3. **Creating business value via top-line growth by profitably creating and keeping more customers**

4. **Measuring business-value creation via customer satisfaction, and top- and bottom-line growth**

ABOUT THE AUTHORS

MARTYN ETHERINGTON
As CMO, Etherington is responsible for Mitel's corporate marketing strategy and programs globally. Prior to joining he served as Tektronix Vice President Marketing, providing leadership for all Tektronix marketing and business operations worldwide. Etherington has also served in leadership roles at IBM, Sequent Computer Systems, and Digital Equipment Corporation. He is currently a board member for the Chief Marketing Officer Council and Chair's the Business Advisory Council at Portland State University School of Business.

ERIC KRELL
Freelance journalist Eric Krell has produced diverse content for everything from *HR Magazine* to NPR. Based in Austin, TX, Krell likes to look behind the curtain, examining what marketing people don't talk about when they talk about marketing, because that's often when they most clearly express the qualities that make them the talented marketing people they are.

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