

I N S I D E T H E M I N D S

Goals for Successful Marketing Executives

*Leading CMOs on Knowing Your Customer,
Creating a Vision, and Establishing and Setting
Companywide Goals*



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Know the Consumer, Know Your Customer's Strategy, and Motivate Your Team

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Being Successful

An executive in any position must possess leadership qualities in order to maintain long-term success. Integrity and honesty are essential. It is also critically important for a marketing executive to be in touch with the market and their customers. Therefore, the ability to listen to internal employees, customers, and consumers is a key ingredient to understanding marketing trends and activities. A marketing executive must be able to actively seek information externally regarding general markets, trends, and events through both formal and informal communication.

Creating the Vision

When creating a leadership plan or a new vision for the company, it is important to create a vision people can see. They need to be able to translate it into something that is visual and tangible. In fact, creating a visual people can aspire to, and then creating specific guiding principles to reach those goals, are the keys to success. The principles should be easily understood by every employee and easily applied to the day-to-day work within the company. The principles should be constantly communicated to employees, and the employees should be rewarded when they put those principles to use.

Changing the Vision

We have a long-term vision for our company that is set by our chief executive officer and owner. Our vision is to have a 25 percent share of the global construction toy category. We often compare our long-term vision to climbing Mount Everest. There will be hard times, easy times, setbacks, and accomplishments, but the ultimate goal always stays the same: to reach the summit. Just as the summit does not change, our vision will not change, but our journey may change along the way. We don't look at the vision or our leadership plan as short term. We may change our path and we may change our tactics and strategies, but our vision will remain the same over the long term.

The Goal-Setting Process

Our goals are centered on three corporate guiding principles:

1. Product productivity (SKU productivity)
2. Customer-centricity
3. Operational efficiency

SKU productivity is the most important principle, because it is our measure of financial success. It helps us understand if we are achieving our long-term vision of gaining market share. We measure the productivity of every SKU based on the metrics our retail customers have set forth.

Being customer-centric is woven into the fiber of every aspect of our company. We have two customers: the consumer or child who actually plays with and uses the product, and the retailer who is the gatekeeper of what products are put on the shelf. Everything we do is centered on making it easier for those two customers to do business with our company. Every K'NEX experience must be a successful and rewarding experience for the child and a successful and seamless transaction for our retailers. Therefore, we spend a lot of time on product development to make sure there is a value proposition in every product we design.

Operational efficiency focuses on cutting through the clutter and changing the way we operate in order to be as efficient as possible from both a systems and a logistics standpoint.

Checks and Balances

We use checks and balances on a daily basis to make sure our goals are being met. Our system of centering our corporate goals around three fundamental areas makes it easy for us to keep track of them. Every employee can easily determine if he or she is doing the right thing by determining if it will help us gain market share, satisfy customers, or improve operational efficiency. This allows every employee at every level in the company to use checks and balances to improve decision-making.

Useful Advice

I share three pieces of advice with my team members on a regular basis. The first is to articulate the objective of a project or task so all team members are clear about the goals. It is easy to get caught up in the details of a particular project or task and lose track of the original goal or objective. The second is to prioritize the projects. When many tasks are undertaken on a daily basis, the priority of the projects becomes muddled. Every week, I meet with my staff to prioritize all of our current projects. This ensures that projects remain aligned with the company and individuals do not become so consumed with the details that they lose sight of the big picture. The third piece of advice is to reach out for resources. Marketers must remain aware of all the internal and external resources available to them, such as media agencies, research firms, and personal networks, in order to effectively make decisions and complete their projects.

The Role of Mentors

I have been very fortunate to have had several mentors during my career who have made a significant impact on me. It is critical that everyone have mentors they can reach out to for guidance and direction. I have received a wealth of information and advice from all of my mentors. In fact, through them, I learned it is “attitude before aptitude.” I use this phrase when evaluating employees, hiring new people, and motivating my team. It means a positive attitude, combined with focus, energy, and enthusiasm, will result in great accomplishments. Aptitude is obviously important, but skill sets can often be developed or reapplied to other functions if the correct attitude is in place, whereas a poor attitude can make aptitude irrelevant.

Difficult Situations

One of the most challenging situations for marketers today is the same challenge they faced fifty years ago, which is finding ways to reach their consumer. Once upon a time, there were three television stations, so a company could reach 80 percent of households by advertising on those channels. Now there are hundreds of television stations, plus the Internet, e-mail, voicemail, and text messaging. Communication has become much

more diverse and complex. It has become more critical than ever to understand everything possible about the consumer and their behaviors in order to develop the best plan to reach them and open a dialogue. The toy business has its own challenges in terms of marketing. Specifically, our entire customer base changes every five to seven years as children grow up, so we are forced to invest a great deal of time and resources to research. We focus our energies on kids who are really into building, and we put a lot of effort into developing ways to reach that core consumer.

Keeping an Edge

I keep my edge as a marketing executive by networking. I am active in the Toy Industry Association and in women's leadership programs. I also surround myself with outrageously talented people so I can learn and grow from them. Reaching out to external resources such as agencies or research firms is another way I keep on top of what is happening within the industry. And of course, I do a lot of reading: books, articles, trade publications, newspapers, and so on.

The Changing Role of Marketing

In the past it was possible to focus marketing efforts on an isolated market, but now the world has become a global marketplace. Marketers are forced to think about ways to customize their products and marketing and merchandising efforts to a global market. The global market has implications to pricing and packaging that will continue to challenge marketing strategies. Also, as technology communications continue to change, finding effective and efficient ways to reach the consumer will become even more challenging. Future marketing executives will need to understand more about general management principles than they have in the past. They will need to be acutely attuned to the supply chain, including direct import programs, pricing strategies, lead times, and a variety of financial business models, in addition to understanding traditional marketing practices. As the global market grows, a good marketer will have to understand every part of the process from manufacturing all the way through product delivery.

Three Golden Rules

There are three golden rules of being a marketing executive. The first is to know the consumer. In the toy business, an adult may purchase the product, but a child is the one who uses it, so the marketer must really understand everything about the child and develop products that exceed their expectations. The second rule is to know your customer's strategy. For us, the retailer is the gatekeeper to the consumer. We have to develop relationships with them in order to gain product placement and reach the consumer. The third rule is to motivate the team. A good marketing executive should surround himself or herself with the absolute best and most talented group of people possible. Such a group will constantly challenge each other and challenge management to come up with the most creative solutions. These people should be rewarded well and often in order to keep them motivated.

Establishing Year-to-Year Goals

We set year-to-year goals beginning with our corporate goals. About 90 percent of departmental goals and individual goals are tied to our three organizational corporate goals of product (SKU) productivity, customer-centricity, and operational efficiency. The other 10 percent are personal development goals individualized for each employee. Every individual is given four specific goals they need to achieve, one tied to each of the corporate goals and then a personal development goal. Goals are reviewed informally on a regular basis through ongoing feedback and interaction, and on a more formal basis through a mid-year and end-of-year review. Our employees live and breathe our goals every day. They do not simply take them out of a drawer twice a year. We have managed to incorporate our goals into the very fabric of our culture by focusing on those three essential corporate goals. Every employee can easily align themselves to the company goals, departmental goals, and personal goals because they all revolve around the same three principles.

Tracking Progress

We measure our progress against the competition in terms of product (SKU) productivity and market share. This allows us to determine if we are meeting our goals by gaining share from our competition in the construction category. There is also industry data that helps us remain objective about whether we are achieving our share goals. We also use traditional SMART (specific, measurable, accountable, responsible, and time-sensitive) goals, and we make sure every individual has goals that can be measured against these metrics. In fact, every six months we sit down with every employee to measure where they are in the process, make sure their goals are on track, and make note of any goals that were changed. We encourage people to offer feedback throughout the entire year, not just at the formal review time. If they are not offering or receiving feedback, this can be a red flag that there may be a communication breakdown.

Integrating Goals

All year-to-year goals in the marketing department are integrated with the overall business goals. The business planning cycle starts several months prior to the beginning of the new year. Once the corporate goals have been established, we break them into very specific and tangible measurable marketing goals that center on SKU productivity, customer focus, and sales planning. We also try to find ways to be more efficient in the ways we operate, communicate, and distribute information.

Incentive Programs

We are a small, family-owned business with a number of different incentive programs in place. One is an annual bonus program based on the ability of the corporation to meet its financial target. It is also based on the individual's achievement of their goals. In addition to that program, we have ongoing awards. For example, we have the "Way-to-Go Award," which can be given by one employee to another based on their ability to go above and beyond on a particular task or project. There is also the "K'NEXtra Effort Award." This is awarded quarterly by our president, and it is given to individuals or a group of individuals who completed a large

task or project or developed a cost-saving or revenue-generating measure. Department discretionary funds can be used to plan fun days to reward a department for a job well done. Also, being a family-owned company, we create unique incentives for our employees such as half-day Fridays and picnics in the summer, Halloween parties, and monthly birthday parties to celebrate those employees with a birthday in a given month. We also celebrate family events such as babies and weddings.

Failure to Succeed

The best way to achieve year-to-year goals is by having the leadership at the top of the organization foster an environment where clear and attainable goals can be reached. If the leadership has poor vision, poor direction, or a lack of clarity, it will be impossible to steer the company toward success. The corporate strategy and goals need to be clear and specific, and everyone needs to be marching to the same tune. All goals, even individual goals, should be intricately tied to the company's success.

Best Practices

A best practice for effectively establishing year-to-year goals is to create specific, measurable, and time-sensitive goals. Another best practice is to make sure everyone within the company is held accountable for achieving their specific, individual goals as well as the overarching corporate goals. The best practice I have witnessed is when companies create a 360-degree feedback program that invites feedback from a large number of people for each individual. A more accurate and fair assessment can be gained by asking everyone who has worked directly with that individual rather than focusing on the opinion of a manager, which may be biased.

Determining Return on Investment

It can be dangerous to establish year-to-year goals based entirely on return on investment. While return on investment is critical, it is only one factor and can often be looked at in isolation and not in the context of the bigger picture. For example, if there is an opportunity to open a new channel or capitalize on manufacturing efficiencies that would help support corporate

initiatives, but the return on investment standards are not met, the decision might be made to pass up the opportunity. This puts specific return on investment measurements in conflict with bigger corporate goals and strategies. In our company, we use SKU productivity and customer focus to guide our thinking and balance this with an acceptable return on investment.

Communicating Information

We communicate information about year-to-year goals to our team and the employee population by starting the year with a company meeting. During the initial company meeting, we will praise the successes from the year prior, detail plans for the upcoming year, and focus on three or four specific goals that will cascade through the entire organization. We also set very specific departmental goals at the executive level with feedback throughout the leadership team to make sure all of the goals are linked and do not conflict. Employees are then asked to establish their own goals that are linked to the corporate goals. A series of quarterly meetings is held throughout the year to discuss achievements and try to work around problems. Employees are much more accountable and empowered to accomplish goals they set themselves than goals that were simply handed to them.

Diane Adams is senior vice president of global sales and marketing for K'NEX Industries Inc. Ms. Adams's background includes twenty years of progressive experience in sales and marketing positions, rising through the ranks in 3M/Lanier Business Systems, Avery Dennison Corporation, and Binney and Smith Inc. prior to joining K'NEX in May of 2002.

At Avery Dennison, her positions included market development manager, marketing/merchandising manager, and national account manager. At Binney and Smith, she was a national account manager before taking a position as vice president of global licensing.

Ms. Adams joined K'NEX in 2002 to oversee national account management and was promoted to director of sales, vice president of sales, and then to her most recent position of

vice president of sales and marketing. She brings her strengths in strategy development, global brand management, and maximizing sales opportunities through increasing consumer demand for the company's products.

Dedication: *To my husband Craig and daughters Christine and Nicole for their support, to my mentors for their advice and guidance, and to the marketing staff at K'NEX for their dedication and enthusiasm.*



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