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# Efficiency Is Good, But Effectiveness Is Better

## Lean-and-Mean Operation Is Pointless Without Growing Sales

by Stef Gans

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Michael Fassnacht raised some valid points in his July 9 column, "True Efficiency Requires More than Cutting Costs: Marketers Need to Determine Where They're Wasting Time, Money, Resources." I am CEO of a global marketing consultancy, EffectiveBrands, that works with leading marketers at companies such as Unilever, Starbucks, GlaxoSmithKline and Lloyd's Banking Group. My partners and I are all former marketers with experience at various global corporations including P&G, Mars and Novartis. We know, firsthand, the pressure marketing chiefs face to streamline their operations and somehow squeeze a bigger bang from every buck they spend. Mr. Fassnacht rightly points out that everyone is under pressure these days to cut costs and the initial focus of cuts is usually on reducing expenses in the marketing/media budget, headcount and nonessential expenses by some percentage.

Mr. Fassnacht argues that while those actions will accomplish short-term savings, marketers should closely examine their organizations' structure and processes, with particular emphasis on production, ideas and strategy, and client management, and assess what they do well and what they might have others do for them, or eliminate altogether.

Such an analysis may well yield additional cost reductions, but I believe as a solution to help companies emerge from the current economic crisis as a winner, it is simply not enough. Lean-and-mean operations are worthless unless sales and market share are growing. To be strong in the future, marketers must value effectiveness — that is, the ability to create awareness and consideration of, then preference for, a company's products or services quickly, with the greatest possible impact on the target audience — as much as efficiency, or, operating leanly and without excess operational costs. It's logical and sensible, sure. But it is tough to implement. In my experience working in and with global marketing organizations, I've found that efficiency is almost always gained at the expense of effectiveness.

Why? Lost capabilities due to staff cuts and talent attrition are one reason. Another, more insidious cause is the sheer challenge of organizing, building and training global marketing teams that are able to successfully exploit a brand's global scale and simultaneously execute relevant programs locally. Results of proprietary, ongoing research by our firm, dubbed the Leading Global Brands study, show that less than 20% of the 2,000-plus marketer respondents said they believe that collaboration between their global and local marketing teams is effective.

Questions that keep our clients up at night include: How to instill local ownership of global initiatives? How to bundle resources to innovate in a bigger, bolder way? How to build and maintain consistency of my brand around the globe? How to get my people focused externally rather than operating in silos while jockeying for budget and influence? These days, in addition to finding solutions to those questions, global marketing executives must demonstrate the all-important return on investment of their programs, lest their finance-department colleagues view marketing programs as "soft" and without tangible benefit, and therefore targeted to be cut.

Marketing effectiveness can be measured and tracked. Various tools can be deployed, broadly classified into three areas: diagnostic measures of organizational effectiveness; business-agility metrics that measure, for example, speed to market; and individual competency measures that are linked to corporate human-resources development plans, appraisal and reward schemes. These identify gaps and track progress against targets. Of course, the precise effectiveness measures will and probably should differ from one industry to the next. What's most important is that marketers stand up to be counted, so that over time, they can point to their marketing effectiveness as a true competitive advantage.

Mr. Fassnacht's observation that the recession will continue to dramatically change marketing and offer opportunities for companies to evolve and improve is correct. But to survive, companies must use this time to pull back from the highly visible displays of corporate stature and invest in themselves, to deepen internal marketing capability and improve organizational effectiveness across regions or around the world.

**ABOUT THE AUTHOR**
**Stef Gans** joined EffectiveBrands in 2005 after 15 years at Unilever in Europe and the United States. He began his career at the consumer packaged goods company in finance and then moved into marketing. He held several senior management roles, leaving as marketing VP in the European Ice Cream business. A graduate of the University of Amsterdam, he has a master's degree in econometrics. He leads the EffectiveBrands' strategy globally and is based in the firm's New York office.