For today’s CMO, the expanding scope of marketing and a growing list of responsibilities are major challenges. Time, resources and teams are spread thin, requiring CMOs to focus on high-impact initiatives and also eliminate programs, platforms and partners that do not make material contributions.

Christopher Ross
VP Analyst
Overview

Key challenges

- With marketing’s ever-expanding footprint, CMOs and their teams are increasingly tasked with expansive cross-functional responsibilities, ranging from driving innovation to establishing customer engagement and loyalty.

- Many CMOs waste precious resources on marginal programs, platforms and partnerships that no longer serve the organization, and perpetuate based on momentum or other factors.

- Only 58% of marketing leaders report extracting full value from their martech stack capabilities. CMOs struggle to focus on the most effective programs and partner relationships, fragmenting resources and limiting their impact.

Recommendations

CMOs responsible for marketing leadership and strategy:

- Evaluate everything within your purview. Regularly review everything, even long-running initiatives, with a discerning eye to determine whether the continued investment in time and resources is justified.

- Adopt a “use it or lose it” mindset by cutting technologies that are either no longer in use or are underused. Invest in appropriate staffing and training for technologies you choose to continue using.

- Narrow the scope of your team’s work by clarifying and prioritizing what’s most worthy of investment. Not everything within the CMO charter is of equal importance.
Introduction

Given the current uncertain and volatile climate, CMOs are under increased pressure to make every investment and every resource count. The role of CMOs also includes being charged with an exhaustive and ever-growing list of priorities, a constant barrage of changes in consumer behaviors, and rapidly evolving technologies and environmental conditions. Delivering value means maintaining clarity and focus, despite the frenetic pace and complex conditions.

Attempts to cover such an expansive scope can leave CMOs with a large portfolio that includes programs, technologies and partners that no longer (or never did) deliver significant impact and yet remain a part of the marketing mix, draining precious resources and creating a drag on performance. This glut of marginal activities remains active even though they’re counterproductive activities that can be difficult to kill. CMOs may retain technologies based on sunk cost or continue a pet project of a senior stakeholder.

Marginal activities are created or tolerated because organizations lack the discipline to regularly put all programs, tools and partnerships on the table, and objectively review which are making a meaningful, positive impact and which are dead weight.

This research offers strategies for identifying and eliminating those marginal programs, platforms and partners so your organization can focus on investments with optimal marketing impact. Use it in concert with more tactical cost optimization resources for a holistic approach to budget optimization (see “Managing Marketing Budget Cuts — Use Gartner’s Cost Optimization Matrix to Achieve Optimal Budget ROI”).
Analysis

Pare down programs

It’s your responsibility as the CMO to make the most efficient use of marketing budgets by identifying and focusing investments on programs that deliver high-impact results. But, like many CMOs, you probably overlook the squandered resources hiding in plain sight under the cover of mediocre programs.

As a CMO, regularly put every program on the table, and ask yourself, “Is this program demonstrating a sizable enough impact to continue to justify the committed resources?”

Marginal programs may provide some positive return, which keeps them off the chopping block when it comes time to cut back or eliminate programs. A program that, on the surface, looks like a positive performer may, in fact, be consuming a disproportionate amount of resources or have significant opportunity cost. A large program volume can make it easier for this type of program to stay hidden and disguise the negative effect.

It takes courage to discontinue a program that is doing something positive for the business in favor of something with higher, but unproven, potential. As the CMO, it’s your job to prioritize programs with proven or potential high impact, or of significant strategic significance. Opportunity costs are very real and should be considered when managing a program portfolio. CMOs wield considerable budget authority, but they must use their power wisely.

Zero-based budgeting, an advanced budgeting technique used by only 4% of marketers, can be extremely helpful in surfacing a more complete view of programs. Using this technique will make it easier to identify and eliminate these underperformers (see “Use Zero-Based Budgeting Techniques to Improve Marketing Performance”).
Common indicators of marginal programs include (see Figure 1):

- **Misaligned** — Based on strategic shifts or other factors, programs may fall out of alignment with overall business or marketing strategies. Long-running programs may be especially susceptible to transforming into marginal activities that move, over time, from reliable workhorse initiatives to misalignment with new core strategies. Review all current programs to ensure a clear alignment with core business objectives (see “CMO Perspective: How to Connect Marketing Strategy to Execution”).

- **Failure to launch** — Some programs never realize their potential, showing early promise but never reaching escape velocity. The early enthusiasm for this type of program can persist past the point of reason, consuming resources beyond what makes sense for an up-and-coming program. Give new initiatives the proper time and resources to flourish in their early stages, but watch closely to ensure investments make sense relative to program expectations.

- **Forever mediocre** — Some CMOs apply a portfolio strategy to marketing initiatives, recognizing that some initiatives will have a disproportionately positive impact, some may be new or higher risk, and others will provide a positive, but potentially more muted, impact. Although the portfolio approach can be a sensible, holistic method, it can also unintentionally mask mediocre programs. Heavily scrutinize programs that have provided consistent but unremarkable results for resource consumption and opportunity cost to ensure the ongoing investment still makes sense.

- **Vanity project** — CMOs may be stuck with ill-advised pet projects initiated by various executives or others in the organization. These vanity projects have a way of living far beyond their useful purpose. Because these types of projects are often sponsored at high levels in the organization, they are often not subject to the same review and scrutiny as other programs. Given the lack of appetite for killing this type of marginal activity, these programs can sometimes live on long after the sponsoring executive has left the organization. Addressing vanity programs requires finesse, but should still be identified and eliminated when possible.
Figure 1. Characteristics of Marginal Programs

<table>
<thead>
<tr>
<th>Misaligned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs not in alignment with larger strategic objectives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Failure to Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program never achieved meaningful velocity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Forever Mediocre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program continues to deliver lackluster performance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vanity Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program exists primarily based on interests of internal sponsor</td>
</tr>
</tbody>
</table>

Source: Gartner
Start with a “use it or lose it” mindset for martech investments

According to Gartner’s CMO Spend Survey 2019-2020 (see “CMO Spend Survey 2019-2020: CMOs Double Down on Digital Channels and Analytics, but Fail to Plan for Tough Times Ahead”), marketing leaders invest nearly one-third of their overall marketing expense budgets in marketing technology. It is the single-largest area of investment when it comes to marketing resources and programs. A strong focus on martech is understandable in the quest to deliver integrated, value-creating experiences. Marketing technology can serve as a significant amplifier of marketing efforts, or become a point of friction, confusion or complexity.

Marketers are using less than two-thirds (58%) of the martech stack capabilities they have invested in (see “Marketing Technology Survey 2019: Marketers Boost Martech Efficacy Through Disciplined Planning and Collaboration With IT”). This dichotomy between strong investments and underutilization signals a huge resource drain as marketers invest in tools and add-on capabilities that are not fully utilized.

Adopt a “use it or lose it” mindset, and identify tools that are underused (or not used at all). Cut these tools completely from the martech stack or prioritize investments in people or other resources to fully use the capabilities. Idle martech is a waste of budget, as is unrealized potential. Put martech assets into motion or actively seek to eliminate them (see “Toolkit: Visualize and Communicate Your Marketing Technology Stack”).

Marketers are using less than two-thirds (58%) of the martech stack capabilities they have invested in

Cast an extremely critical eye on future technology investments, confirming there is a clear path to fully use the new capabilities. A technology roadmap that also includes the requisite human capital requirements is essential to ensure optimal martech planning and management (see “Build an Adaptable Marketing Technology Roadmap”).
Martech underperformers come in many shapes and forms (see Figure 2):

- **Limited users** — A potential sign of marginal martech is a tool or platform with a small number of users. Many legitimate examples of martech are not intended for wide usage. However, many just end up being used by a limited number of users relative to the potential audience who could benefit, or may be licensed, to use a particular platform. Assess actual staff engagement for existing martech to gather a clear picture of who is getting value from the tools.

- **Underutilized features** — Marketing organizations may fall short of using anywhere close to the full breadth of features within a marketing technology. Consider, for example, the firm that purchases a sophisticated marketing automation platform but uses the solution for nothing but simple email campaigns. Many examples exist for this kind of martech underutilization across all martech categories. Evaluate how much martech capability your team is using. If there are substantial gaps, then consider additional staffing, training or potentially eliminating the technology.

- **Feature duplication** — With the proliferation of martech and the many different solutions in use, it’s likely significant feature duplications exist within your martech stack. This often happens over time as new platforms are added and integrated, layering on net new capabilities, but frequently offering similar features as tools. Maintain clear visibility to the features within your martech stack, not just the platforms. Continuously evaluate where feature duplication could provide an opportunity for consolidation or upgrade of a capability.

- **Program alignment** — Marketing programs shift and evolve over time and may become misaligned with the technologies assigned to support them. Programs may disappear, be outsourced or be supported by a different set of martech solutions. Continuously evaluate how current marketing technology platforms align with the realities of active programs.
Figure 2. Characteristics of Marginal Programs

**Limited Users**  
Only a small number of individuals are trained to use technology

**Underutilized Features**  
Large number of features not being used or applied

**Feature Duplication**  
Program continues to deliver lackluster performance

**Program Alignment**  
Technology only supports limited number/low-value programs

Source: Gartner
Reevaluate your partner relationships

Marketing agencies, consultancies and other marketing service providers continue to play an essential role in supporting most marketing organizations. Even with many marketers building in-house agencies and other insource resource options, marketing service providers are still highly valued for their expertise and quality, and as a flexible marketing resource.

Many CMOs leverage a roster of agencies and consulting firms that provide support for different regions and specific capabilities, or they may be dedicated to specific products or business units. Successfully managing a roster of agencies can be difficult under any circumstance, requiring coordination of work, alignment of agency roles and deliverables, and effective communication between all entities involved. The quality of the work, and the communication and collaboration with and among partners should be continuously evaluated and managed.

Similar to the challenges of managing a portfolio of programs and platforms, it’s possible your partner portfolio may contain marginal partners, creating a burden on budgets and resources.
These characteristics can help you identify marginal partners (see Figure 3):

- **Difficult relationships** — Some partnerships, like some relationships, can be contentious. Across your agency roster, one or more agencies may tend to be more difficult partners. It may be an agency/client relationship where communication or deliverable quality is an issue, or it could be an agency involved in a disproportionate amount of conflict with other partners. Carefully watch and aggressively manage these disruptive partner relationships, given the potential negative impact on the organization and the work of other agency partners.

- **Easily consolidated** — New agencies may be brought into the fold by product teams, business units or other entities, and then remain in the mix long after their initial engagements. The scope of their assignments may change and ultimately be a duplication of work already being performed, or potentially done, by other partners. Be watchful for opportunities for easy consolidation where the skills and capabilities of an agency could easily be integrated into similar work being performed by another partner.

- **Low value-add** — Marketing service providers are valued as dynamic, flexible resources capable of providing specialized skills or additional staffing and capacity. In some cases, engagements designed for the short term don’t wind down even after an in-house team has been hired and trained. Be vigilant and proactive about ending short-term capacity engagements as soon as they are no longer required.

- **Minimal impact programs** — Marketing service providers deliver work across a continuum of projects ranging from large-scale business transformation to extremely tactical execution support. Within your agency roster, you may have firms working disproportionately on low-impact programs. Along with your efforts to review your program portfolio, seek patterns and opportunities to eliminate agencies disproportionately aligned to low-impact programs.
Figure 3. Characteristics of Marginal Programs

**Difficult Relationship**
High-friction relationship. Difficulties with communication, delivery, accountability.

**Easily Consolidated**
Partner capabilities could easily be shifted to other existing partner.

**Low Value-Add**
Partner providing only very basic, low-skill services.

**Low-Impact Programs**
Partner only working on low-impact, nonstrategic programs.

Source: Gartner
Gartner client? Check out other research on this topic:

**Recommended by the authors**
- Tackle Marketing Budget Challenges With Gartner Cost Optimization Tools and Research
- COVID-19’s Impact on Marketing Budgets: Manage Risk Through Cost Optimization
- Agency Cost Optimization the Right Way
- Beyond RFPs: How to Select the Right Vendor for Your Next Martech Solution
- How to Balance Your Insource/Outsource Marketing Talent Mix

**Recommended for you**
- CMOs’ Top-of-Mind Concerns for 2020
- Ignition Guide to Delivering Compelling Marketing Presentations
- A CMO Action Guide — How Leading Brands Outperform in Uncertain Times
- Marketing Leadership and Strategy Primer for 2020
- Survey Analysis: CMOs Investing in Innovation Cite the Most Return

**Not a client?**
Visit Become a Client.
About Gartner for Marketers

Gartner for Marketers provides the objective, expert advice and proven tools you need to seize the right opportunities with clarity and confidence and stay ahead of the trends that matter. Benchmark your performance with data-driven insights. Prioritize investments and areas of improvement. Execute your mission-critical priorities with speed and confidence.

Gartner, Inc. (NYSE: IT) is the world’s leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities today and build the successful organizations of tomorrow.

Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and an objective resource for more than 15,000 enterprises in more than 100 countries — across all major functions, in every industry and enterprise size.

To learn more, visit gartner.com/marketing.