MARKETER REPRESENTATION AT THE BOARD LEVEL CAN DRIVE GROWTH.

SO WHY ARE THEY UNDER REPRESENTED?

Marketing at the board level is stark: Only 2.6% of board members have any marketing experience and less than 0.5% of Fortune 1000 board seats are held by active marketing leaders. Kimberly Whitler, a former CMO and current academic, hopes that new research can help marketers grow their influence at the board level.

BY HAL CONICK
o Kim, you don’t understand: Never, ever should a marketer be on a board.”

Kimberly Whitler remembers having to keep herself from shaking with anger when she heard this response. The comment came from a European businessman she was interviewing, she says, a man who had sat on many boards over the years, mostly in manufacturing. She found his opinion dogmatic and short-sighted. “It just didn’t make sense to me,” she says.

Whitler calmed herself. “Help me understand,” she remembers saying, “what is it that makes you think that marketers are never valuable on the board.”

“Well, marketing is largely luck,” he responded. “And it’s not strategic.” Whitler asked what functions were strategic, to which he replied, “Operations.”

Whitler says that she nearly fell out of her chair—operations is strategic but marketing isn’t?, she thought. Instead of telling him that he was wrong, she kept listening and realized that the way he thought made sense: The boards he had served on likely marginalized marketing, shunning it as a waste of time and money, never treating it as a strategic function or giving it a chance to drive growth. How could he think that marketers should be on boards if he’s never worked with a good marketer?

Whitler—who earned her Ph.D. in marketing in 2014 after two decades as a high-level marketing practitioner and now works as an assistant professor of marketing at the University of Virginia’s Darden School of Business—wanted to explore what effect marketers could have on boards. After eight years of research and writing, Whitler and two colleagues—Ryan Krause and Donald Lehmann—published their paper, titled “When and How Board Members with Marketing Experience Facilitate Firm Growth,” in the September 2018 issue of the Journal of Marketing.

Numbers in the paper show a stark reality: Although 16% of boards have at least one member with high-level marketing experience, a survey of board members showed that only 4% believe that marketing experience is important. Ninety percent of boards with a marketer have only one; 9% have two and less than 1% have three marketers. They found no boards had more than three marketers.

But there’s room for hope: Whitler, Krause and Lehmann analyzed 64,086 biographies of board members who sat on Standard & Poor’s 1500 firms between 2007 and 2012, searching for those with marketing experience. They found that firms with at least one experienced marketer on the board had revenue increases of 5.78 percentage points compared with firms with no marketers on board. The researchers found evidence suggesting that boards with experienced marketers are positively associated with future business growth, but say that this relationship is “highly contingent.” For example, growth is stronger when the firm’s economic circumstances demand marketing expertise—namely, when the company’s market share is weak and its industry is experiencing weak growth. What does it take to make a board pay attention to marketing? Perhaps a single marketer, the paper says, but “[the marketer’s] ability to do so depends on the extent to which they can influence the board and the extent to which the board can influence the [top management team].” The lack of marketers on boards “impairs firms’ ability to tackle demand-side problems, even though boards and CEOs consider growth generation among their most challenging problems,” the paper says. This is a contradiction, the authors write, which suggests that boards can’t see the connection between their inability to address growth challenges and their lack of marketing experience.

Marketing News spoke with Whitler about her research, board-level aversion to marketing expertise and how marketers can win more influence in the years ahead. This interview has been edited for clarity and length.
MARKETING NEWS: Why has so little research been done on how marketing influences the board?

WHITLER: Management believes that it’s a marketing issue and marketing has historically said upper echelon stuff—governance, boards—is the realm of management. I’m hopeful that some of the work that’s been done at the CMO level—like the work Frank Germann, Peter Ebbes and Rajdeep Grewal have been done on why the CMO matters—makes an impact on the firm. There’s hope, energy and excitement for marketing to weigh in and potentially even lead the marketing conversation in the upper echelons of the firm.

MN: Why do boards seem averse to marketing expertise?

WHITLER: There has been research done on management that demonstrates that board members are susceptible to in-group bias, just like the rest of us are. In this case, the in-group bias is functional. If you have a board of all finance people, they all use the same language, they’re all trained in a similar way and all see the firm in a similar way. When given a choice, they’d love to hire more finance folks.

That collides with something else that happened: In 2002, the U.S. passed the Sarbanes-Oxley Act after the implosion of Enron, WorldCom and others. It’s a regulation that mandated all boards must have financial experts and it held boards more accountable for firm performance. After that regulation passed, boards structured themselves differently. There are fewer board members—part of the reason is that the requirements of board members went up and it was tougher to get sitting CEOs on the board. Also, the average size of boards tended to go down. You’re now being mandated to have a finance expert on the board because of the need to monitor the firm’s performance. There was this rapid shift toward pushing for more regulatory-type experts on the board—finance, accounting, maybe legal in some cases, but a lot of finance experts. So now you have a shrinking average board and more of one function and one mindset. What happens on any team when you start getting a dominant group? Is it possible that you might look for more people like yourself?

Now the mindset of the board chiefs changes and their desire to bring in marketers lessens. This is all a hypothesis—I’m still pulling together pieces of information. But over time, we’ve had regulatory and marketplace changes that have driven structure and composition changes. Then on top of that, we know Mets have a growth mindset and an external mindset, while finance is a more inwardly focused, throughput-oriented function. They have different orientations and they’re oftentimes pitted against each other.
that in-group bias exists at the board level. These are problems.

MN: One section of your paper says that this bias against marketers is most likely to be held by CFOs. How can marketers change that bias?

WHITLER: Marketers and finance people come from very different thought worlds. In managerial research, it’s well recorded that there’s been some conflict between the two functions. Finance tends to manage the purse strings, but marketers are trying to engineer growth. Engineering growth oftentimes requires investment, so they think differently. Marketers have a growth mindset and an external mindset, while finance is a more inwardly focused, throughput-oriented function. They have different orientations and they’re oftentimes pitted against each other.

The nature of these two has to be in balance for the company to work well. You need both sides—it’s the yin and yang. I would suggest that you want both functions to look for the value in the other. But if I’m talking to a marketing community, the onus is on us to help. We’re in charge of changing consumers’ minds. If you have an obstacle inside the company where a function doesn’t value you, we should have an expertise in being able to affect that belief.

MN: In 2018, Spencer Stuart reported that a large number of CMOs were changing jobs; some CMOs changed companies, some lost jobs. Are companies—perhaps even marketers themselves—still confused about what, exactly, a high-level marketer does and how they should be measured?

WHITLER: Yes. Over the course of the last eight or nine years, I’ve conducted 500 or 600 interviews—I’ve talked to CMOs, CEOs and executive recruiters. Nobody really understands the variance in the marketing function.

I’ll give you an example: I was talking to a marketer who graduated from a top MBA program. He worked at a large beverage company before taking a promotion to work at a tech company. I know from my research that those marketing roles are totally different. At the beverage company, he led strategy for the brand; he was in the driver’s seat. In tech, marketing follows. He had moved from one type of marketing role that was a leadership, strategic role to one where marketing was not valued nearly as much. It was more of a support staff for
the engineers. After all my interviews, I knew that would be a horrible shift. I asked him, “Knowing what you now know, would you have taken the job at the tech firm?” He said, “Absolutely not.”

The problem is that he did not know of the variance in roles. All he knows is levels: He knows that a director is senior to a brand manager and so he’s looking at a very blue-chip tech company going, gosh, everybody thinks this is a great company! Well, it is—for engineers; not as much for marketers. All he evaluated was brand name is good, level is better and money is better. That’s the degree of his assessment and he jumped. Now, his training is not a great fit and the job is not what he thought it would be.

**MN:** If marketers don’t even know their roles, how can CEOs or the board know?

**WHITLER:** CEOs are not experts in CMO roles. I’ve interviewed folks who have had five, six or seven different CMO roles—they get it because they’ve lived through the pain. But somebody who’s had one or two CMO roles doesn’t know enough to figure it out.

**MN:** Do CMOs and marketers consider who is on the board when looking for a new company?

**WHITLER:** CMOs have not historically thought about the board. My hope is that our research will help them understand how who’s on the board can affect them. Just something as simple as: Are you invited to board meetings? Because if you have an advocate—a marketer—on the board, they’re more likely to want to hear from the CMO and the firm.

**MN:** Is increasing influence as simple as having one board member with marketing experience?

**WHITLER:** In our dataset of over 65,000 board member biographies, we don’t have much incidence of board members being marketers. Roughly 16% of boards have marketers, but it’s typically one person. We don’t have boards with six or seven marketers on them, so we don’t have a large sample. But I can give you a story of how the power of just one individual can change everything.

I spoke with a woman who is on the boards of multiple large companies. On one board, in an industry with monopoly-like power, she was the first marketer on the board. I asked her, “Do marketers matter? Help me understand what type of impact you have.” She said that when she got to the board, she was fascinated because her experience had been in industries where marketers were drivers of firms—she had that profit-and-loss marketing experience. For her to enter an industry where marketing has not historically been very important and many of the firms have monopoly power, she noticed that the thinking is quite different. During her first meetings, she just observed and said that the board didn’t talk about the consumer or the customer. Not once. She’s on other boards and she’s a very successful practitioner who had reached the C-level at large, respected companies—to sit through a board meeting and not hear anybody talk about the external consumer was somewhat shocking to her. She also asked about their digital strategy, because that was a hot topic at that point. After the board meeting, she was pulled aside and told that digital is a tactical discussion and they, at the board level, don’t deal with tactical discussions.

Now, three to four years later, digital transformation is a core strategy of the company. They talk about the consumer all the time and they even have somebody at the C-level who is in charge of consumer engagement. How did that happen? How does one voice change the strategic direction of the firm? I started probing, asking her questions, and she said, “I just started helping them see the future. They currently have a monopoly, but in the future they will not. I started showing them trend information data and where the industry is going. And then I simply asked questions.”

**MN:** Is one voice on the board enough to influence the top management team—CEOs, CFOs, CMOs?

**WHITLER:** One of the things that surprised me most when I did the interviews with the marketing board members is how engaged they were with the internal marketing apparatus of the firm. We’re taught, historically, that the board meets four times a year and has very little direct interaction with the management team. Obviously, they have a lot of interaction with the CEO and the CFO, but beyond that, not a whole lot. But several of the individuals I interviewed were asked to lead or serve on task forces. They have different terms, like ad-hoc committee task forces, but these are essentially special committees designed to help solve operational issues in the firm.

When this would happen, the marketing board member was working directly with the CMO and
with some marketing function to solve specific problems. One marketer, who worked with a very large fast-food company in the U.S., was on their board and saw that marketing in the firm was not doing well. The CEO-chairman asked the marketer on the board to lead a task force to look at marketing in the firm, including key partners like advertising agencies. That's a very engaged level of work with the management team. This individual brought in experts from New York ad agencies and other leading marketing companies and formed a group to counsel the internal marketing organization.

MN: Fast-food companies are struggling with a shrinking market right now, so it makes sense that they’d try that. But are stories like this out of the ordinary?

WHITLER: Today’s contemporary, progressive board is expected to improve business outcomes, one board member told me. Think about it this way: If you’re paying board members $250,000 per year and you’re paying to wine and dine them, the board could be a multimillion dollar investment. Don’t you expect an ROI? If all they’re there to do is to make sure that the books are accurate and to monitor the functioning of the management team, you’re not activating the full potential of the board. More progressive boards expect board members to have positive impact on business results.

In management literature, researchers think of boards as playing three different types of roles: a monitoring role, a social capital role and a human capital role. The social capital role is about the value of networks, meaning if I’m a board member on American Express and a board member of Procter & Gamble, I now have relationships in two different industries and experiences that I can bring to bear on each company. My knowledge as a board member on Procter & Gamble may help me make connections and my network may be able to help the performance of Amex and vice versa. A finance person can serve on the board and in a monitoring role, but they also have expertise potentially in M&A work and that expertise can be useful in helping the management team. These people have 40 to 50 years of experience—the human capital role can be critically important.

MN: How can marketers win more board-level influence?

WHITLER: The first thing is that they have to earn it. I spoke with a CMO of a large financial services firm and the CEO was clear: He wasn’t going to give her more authority, but he wanted her to have a bigger impact. The CEO invited the whole marketing function to step up. “I’m inviting you to play a more impactful role,” he told her. “I’m not giving you more territory but I’m inviting you to be more influential.” She said to her team, “Let’s engage in a different way: How do we think about the big problems of the company?” She listened differently to the CEO and the senior team. She looked at the big challenges and stepped into the gap. Rather than saying, “This isn’t my job, my job is X,” she said, “The company is having a problem in a certain area. Let me get my team to think about it and I’m going to come back to the table with some thoughts.” Her team wasn’t asked to think, but they started stepping up. I call this stepping into the gap. She told the CEO, “I know that this is not technically in my area, but marketing can lend a voice on this. I’m pretty sure what started happening is…” And the CEO said that he knew she was going to have a bigger impact.

How do you get more influence? The short answer is that you have to earn it. At one level, you can be invited to the table, but when you’re at the table, you actually have to have influence. How do you know if you’re in a position to grow your influence? How do you earn that right? Demonstrating the type of impact you can have, the way you work with your internal peers and help them achieve their goals are likely effective ways. There’s an opportunity to step into that gap. Over time, if we do a good job of that, we earn the right to be invited to more of those important conversations.

MN: And in most cases, I’m guessing that there will be no invitation. The CMO or marketing manager must take the initiative.

WHITLER: Yeah. As a former manager, a former CMO and a former GM, who did I always love to promote? The people who stepped into the gaps. There are a lot of people who wait for the ball to be thrown to them, but the problem is that balls are being dropped all around us. I look for the people to step up and say, “Hey, that ball didn’t come to me, but the ball’s being dropped and I’m going to step up and I’m going to pick up that ball.” That’s a signal that you’re ready to be promoted. Those tend to be very high-impact people. To earn the right,
you have to be competent. One of the things I often share with CMOs is that you want to constantly be developing and growing and improving your own capability. Invest in your own learning and growth. Most C-level marketers need to go back and at least take contemporary stats. When I was learning stats the first time, we had books; we didn’t have computers, we did everything manually. Today, you can quickly do conjoint or cluster or factor analysis—tasks that would have taken two hours to calculate manually. C-level marketers need to retool and to stay current with the digital transformation.

MN: What about marketers who want to get onto a board themselves?

WHITLER: Part of it is awareness of marketers’ positive impact. There are a couple of executive recruiters who use our research to share with boards when it might make sense to add a marketer. It’s not under all conditions, but if boards or companies are struggling with certain issues, there are times when it might be valuable to add a marketer. It’s good for them to have this empirical evidence of how marketers can have a positive influence.

Another part of it is that when marketers get on board, they have to be successful and effective. If you have only one marketer on a board—like the marketer on the board with monopoly-like power—you need to speak the board’s language. If she came to the company and didn’t speak the language of the board and wasn’t perceived to have a positive effect on board processes and outcomes, that wouldn’t be helpful. We want effective, successful marketers that will help grow the companies for marketers in the future to be in the boardroom. There has to be a positive experience for the board members who sit on multiple boards. They should be saying, “I have a marketer on this other board. They’ve really been helpful in addressing certain issues at the company and I think that type of expertise might be valuable on this board.” But if they don’t have a positive experience, that will not bode well for marketers.

I don’t think that all marketers are going to necessarily be good board members—not all marketers are equally skilled or are prepared to go on boards. Future research needs to help us understand what those skills are. Under what conditions are some marketers prepared to be successful at the board level? What type of training is required? We don’t know yet.