KVADRANT
CONSULTING

Marketing operating model

How to design and build a future-fit engine for growth, collaboration, and productivity

Kvadrant Consulting
Whitepaper
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About Kvadrant Consulting

In B2B, the way customers are buying is changing.

From being mostly in-person to including a blend of digital and physical touch points and more stakeholders.

This shift has massive ramifications for the way companies should structure and run their sales & marketing functions.

At Kvadrant Consulting, we help companies navigate this complexity, make the right choices, and configure their sales & marketing engine to generate profitable organic growth.

Being deeply specialized and senior-driven, we help companies within domains such as commercial strategy, value propositions, organizational design, product launches, sales & marketing operating model design, lead generation engines, capability building, sales enablement, and advanced analytics.

We also write books for commercial executives on how sales and marketing succeed today – below you can find our main publications:

About the author

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A new BtB marketing paradigm calls for a new way of operating marketing organizations

Driven by changing buying behaviour and the opportunities offered by technology we have seen an immense evolution of BtB marketing. However, while marketing is evolving, the operating model that many organizations rely on to get work done remains incapable of seizing the possibilities offered by the digital era. This era includes several key shifts:

1. We have transitioned from a **slow "launch funnel" to a rapid test-and-learn approach**, prioritizing speed to market and responsiveness to feedback. This involves early testing of concepts and adapting quickly based on market conditions.

2. We've moved from **time-bound campaigns to an 'always-on' campaign structure**. This doesn't mean a lack of creativity but aligns more closely with how customers are buying, with many companies opting for continuous revenue programs over sporadic campaigns.

3. Marketing has shifted **from mass marketing to more personalized strategies** based on individual behavior and preferences. With advancements like generative AI, we anticipate further developments in this area.

4. The perception of marketing has changed **from being seen as cost to being viewed as an investment with measurable ROI.** While challenging, progress is being made in this area.

5. Marketing is evolving from **indirectly influencing revenue to directly owning it** through e-commerce and self-service platforms.

However, many organizations still adhere to an outdated operating playbook. This includes slow development processes, lengthy campaign cycles with rigid workflows, and frequent handovers between teams, leading to a loss of knowledge and slow time-to-market. Lastly, resources are often trapped in organizational silos, distant from execution and value creation.

> *We believe it is time to radically transform how we structure and run our marketing organizations to capture the potential offered by this new era. This viewpoint dives into some of the key themes that define future-fit marketing operating models.*

A primer on Marketing Operating Model (MoM)

If you're operating in a low-complexity environment, like a company with a single product and a small team, a sophisticated MOM may not seem necessary. It's in environments where teams are dispersed across different regions and managing a variety of products, a robust MOM acts as a guiding framework on "how to get work done" by answering questions like:

- What is marketing's role within the organization?
- How does marketing collaborate with adjacent functions such as product, sales/revenue, IT PMO, etc.?
- Is marketing centralized or decentralized, and why?
- What is the geographical scope of marketing operations?
- Which activities should we outsource?
- How should we structure the marketing department?
- How do we define and measure success?

In its most basic form, **a MoM serves as a blueprint for how resources are organized and operated to get critical work done.** The essence of a MoM lies in its ability to bridge the gap between strategy and operations, guiding the creation of value.

It's a framework that provides guidance, bespoke to the unique challenges, and needs of each organization. It's particularly vital in environments where there are extensive interactions across the business and a reliance on interdependencies.

A MoM is not a one-size-fits-all solution, a strategy, or a set of static tactics. It's a living, evolving entity within an organization, providing a necessary scaffold to manage complexity and enhance marketing effectiveness and efficiency.
While no marketing operating model is the same, we see three themes that we would highlight as almost universally relevant for most Global BtB companies:

#1 Changing how we organize and work

#2 Getting global & local right

#3 Turning marketing technology into an advantage

Within each of these themes, we have gathered some practical levers that provide inspiration for any updates to your MoM.

Fig 1: *Components of a robust MoM*

Structure	Process	People	Technology
Organizational logic	Annual planning & budget process	Sales & marketing SLAs	IT collaboration model
Centralization vs decentralization	Product commercialization	Roles and responsibilities	Tech stack roles & responsibilities
Governance	Collaboration forums	Development talent	Attribution & measurement
Local & global split	Sales & marketing SLAs	Compensation & bonus plans	Auditing & quality control

1 Transforming how we organize and work

A major obstacle in unlocking the potential of digital marketing is that many marketing organizations are configured as support functions, tasked to churn out materials and campaigns developed through slow and inflexible processes. Breaking away from this pattern often requires a change in organizing principles and ways of working.

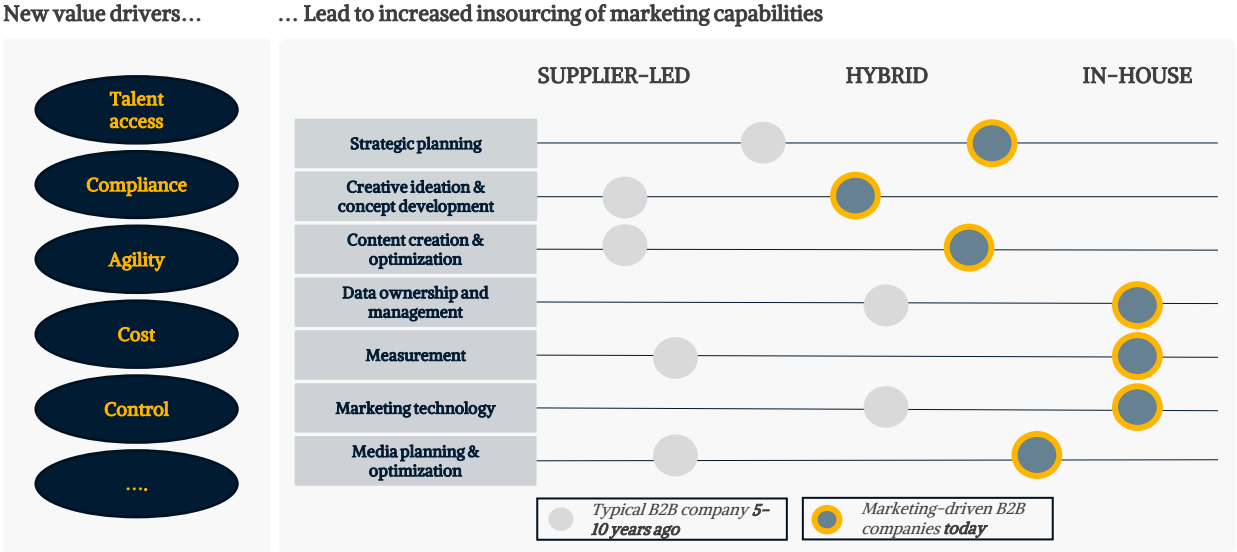
1.1 Digitalization of marketing creates a need for new capabilities and more insourcing.

The common issues we are seeing are largely due to the digitalization of marketing. The challenges we're facing in the digitalization of marketing are significant. Despite the potential and promises of digital marketing, we are encountering numerous obstacles in execution. There's a metaphorical 'gravel in the machinery,' so to speak. The capabilities required in marketing have drastically evolved over the past 20 years. Previously, mastery in three areas sufficed: strategic planning, creativity, and media (primarily offline). It was a more static exercise, often outsourced to media agencies.

Now, in a complex modern B2B marketing organization, the demands have expanded. We need a broader range of new, specialized, and technical capabilities to fulfil the promise of digitalization. Marketing has transformed from a simpler sales support function to a sophisticated entity, integral to delivering on the new marketing mandate. This evolution requires new capabilities and fosters significant interdependencies among team members.

A notable shift is the increasing trend towards insourcing. Tasks traditionally were outsourced to agencies are now being brought in-house. Key areas being insourced include dynamic content creation, data ownership and management, impact measurement, governing and maintaining marketing technologies, and media planning and optimization.

Fig 2: *Supplier-led, Hybrid and In-house marketing capabilities*



This evolution also mandates a reshaping relationship with agencies. The traditional supplier–client dynamic is no longer effective. Agencies need to be integrated more closely within organizations, and treated as partners rather than mere suppliers:

1. **Shift from hourly rates to skill-based fees** tied to successful outcomes.
2. **Enable full agency access** to squad activities for alignment and understanding.
3. **Cultivate a culture of equal partnership**, avoiding "us vs. them" dynamics by integrating agency members into squads.
4. **Establish a shared data view** accessible to all team members, both internal and external
5. **Streamline communication by bypassing account managers** and facilitate direct real-time contact with team members executing the work

> *Agencies should not function as more providers in a linear process. Instead, they must transition into collaborative partners, working together with client teams to drive outcomes.*

1.2 Moving away from the factory line to multidisciplinary teams

Marketing organizations are also reorganizing from what we term 'B2B marketing 2.0' to 'B2B marketing 3.0.'

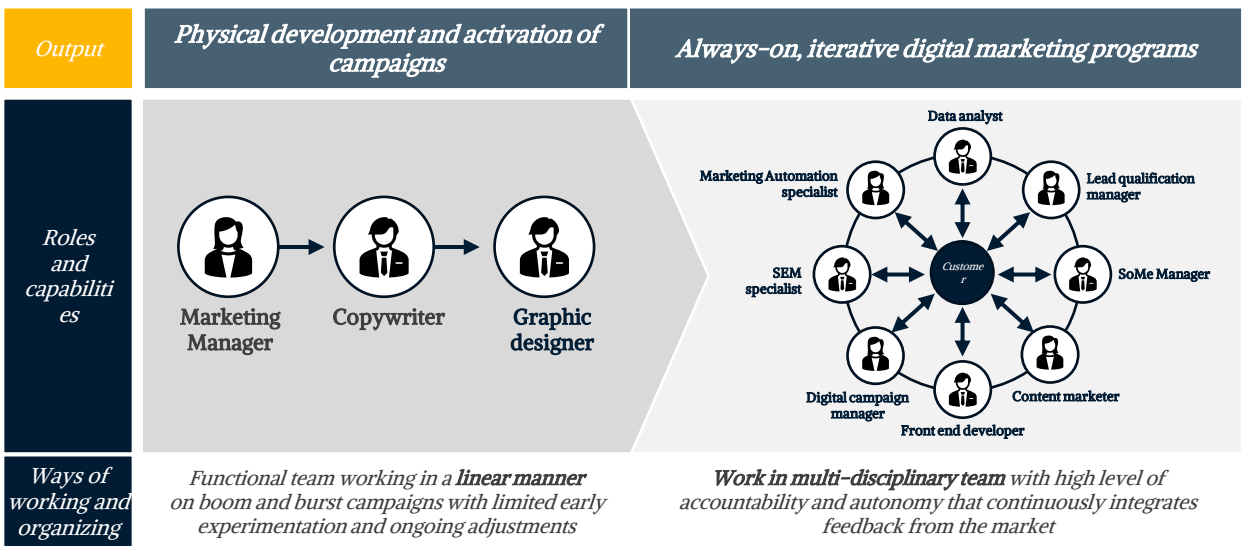
In the 2.0 era, digital marketing was emerging, and the marketing organization was built around a handful of functional disciplines like communications, product marketing, creative development, and digital marketing.

However, as workflows are changing and as there is a need for even more specialized resources, more organizations are now setting up multi-disciplinary teams.

This model is inspired by agile methodology and is built on the following principles:

- **Built more creative, data, and technical capabilities**
- **Move specialist resources as close to where they create value** to avoid sitting in isolated organizational islands.
- **Form accountable multi-disciplinary teams** combining business, creative, and IT that are empowered and autonomous with the mindset of "we build it, we own it". Could be organized into segments, funnel stages, etc.
- Rigorously apply testing & experimentation in all marketing activities
- Establish **communities of passion** fostering excellence, career paths, and knowledge sharing within functional disciplines.

Fig 3. *Shifting from working linearly to work in multi-disciplinary teams*



2 Getting global and local right

The problem of local/global (mis)alignment is not new. It has been around for ages, yet it has further accelerated in strength as global teams have grown and influence. Some of the symptoms of poor collaboration and alignment are:

1. No strategic alignment between global and local teams – local marketing organization operating like shadow corporate marketing functions.
2. Difficulties in sharing knowledge and best practices between the teams, and in leveraging local expertise effectively.
3. Challenges in establishing efficient feedback loops and decision-making processes that include both global and local perspectives.
4. Conflicts arise over the distribution of resources and prioritization of markets
5. Different teams use different tools and adhere to different processes, which makes it very difficult for stakeholders who work with these teams to collaborate efficiently.

To address some of these symptoms often necessitates marketing leaders to rethink organization, processes, and leadership practices.

2.1 – Organization: striking the right balance between centralization & decentralization

The debate of centralization versus decentralization in marketing operating models (MOMs) is at the forefront of every marketing leader's mind. This topic requires attention due to its significant implications on organizational efficiency, strategic alignment, and the potential for waste reduction.

As digital marketing requires specialized skills, organizations often establish centres of excellence within a centralized structure to manage these complexities effectively.

However, the decision to centralize or decentralize isn't straightforward. It depends on various factors like the industry's nature, customer types, market dynamics, and the balance between online and offline marketing. The choice between a global or local operating model should inform several decisions:

- **Which capabilities should be placed in the global organization versus the local organization.**
- **The structural setup of the organizations.**
- **Where budgets sit, and how planning processes are managed.**

2.1.1 Configuring Local Marketing Organizations

Most local marketing organizations operate without a clear mandate and capability map – they are often mutations formed based on the whims of the local general manager. A more consistent blueprint – or several archetypical blueprints – for local marketing organizations can help avoid organizational bloating, overlaps in capabilities, and improve collaboration with global teams. Examples of such blueprints:

1. **In major markets** local marketing teams often operate as a "full stack", relying minimally on global support.

2. **Mid-sized markets**, contributing to about 70–80% of revenue, local marketing teams usually comprise marketing managers and a few specialists, such as digital marketing experts. These teams rely heavily on global support for planning and campaigns.

3. **Smaller markets**, like distributor markets or those in developing countries, may need simpler marketing playbooks, potentially requiring just a few marketing coordinators to utilize global assets and resources effectively.

Despite the best of intentions, few companies are entirely deliberate in terms of which capabilities to place decentrally and which to place centrally.

A basic framework like the one below can help facilitate the discussion and provide guidance to subsequent decisions on where to place certain capabilities

Fig 4. Degree of decentralization and centralization

	Forces in favor of decentralization	Forces in favor of centralization
Market	Diversity in customer needs	Uniformity in customer needs
Products	Different products sold in majority of markets	Similar products sold in majority of markets
Account types	Local accounts/partners (small & few accounts)	Global accounts/partners (large & few accounts)
Marketing focus (ideal)	Offline marketing (local advertisements, physical events, sponsorships, localized brand etc.)	Online marketing (social media, search engines, websites, global brand etc.)
Marketing technology dependency	Little use of marketing technology	High tech sophistication (CRM, Mktg automation, CMS, tracking etc.)

2.2 – Process: Getting marketing planning right from local to global and back

Another significant challenge, which may seem straightforward but is still a struggle for many organizations, is establishing and implementing an effective marketing planning cycle.

Why is a proper marketing planning cycle important?

- It fosters collaboration among various teams, recognizing and integrating different interdependencies and capabilities.
- It serves as the bedrock for strategic alignment. Achieving this alignment can streamline downstream activities such as campaign execution, audience targeting, and prioritization of tactics and channels, all flowing from strategic plans.

How can this be done effectively? Consider this simple framework:

Phase 1: Input to central marketing plan

- This involves collaboration with the business, considering the diversity of products and brands which adds to the complexity.
- The plan should reflect a backward look into what's crucial from a corporate strategy and product level perspective.

Phase 2: Development of central marketing plan

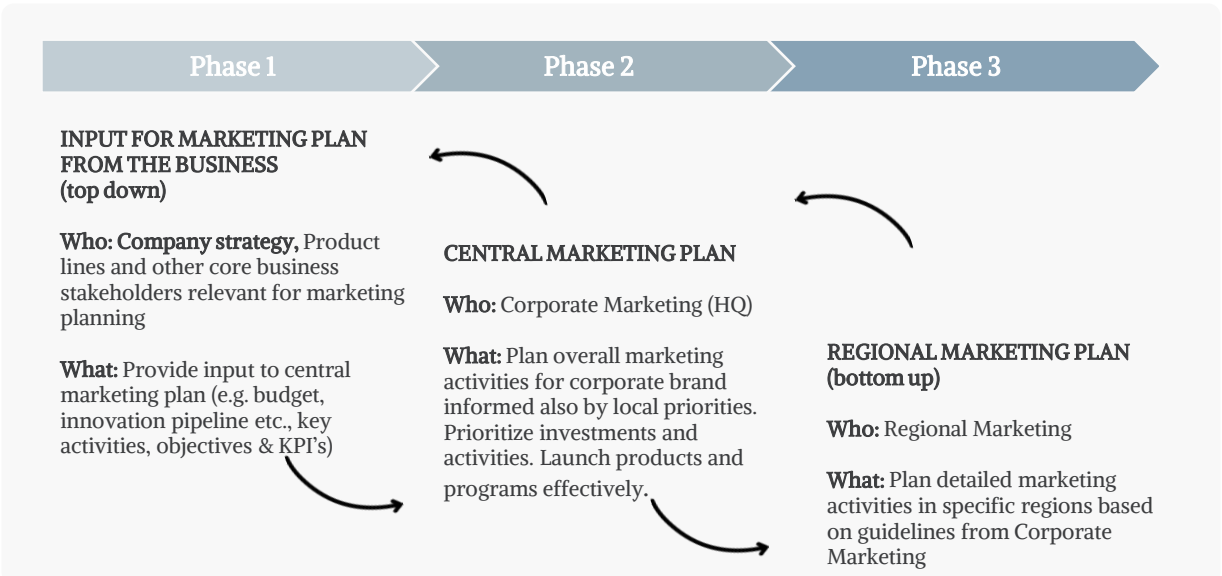
- This phase focuses on planning overall marketing activities relevant at a global level., informed by local priorities.
- It involves prioritizing investments and which major programs and products to prioritize.

Phase 3: Regional marketing plan

- Here, regional marketing teams develop detailed marketing activities specific to their regions, guided by the corporate plan and guardrails.

Recommendation:
When it comes to getting this in place our (hard-earned) experience is that SIMPLE and USED beats SOPHISTICATED and PARTLY USED

Fig 5. Ideal Planning Approach



2.3 Leadership: Fixing the (broken) dotted line

A significant issue in many organizations is the ambiguous 'dotted line' relationship between global marketing leaders and regional marketing leaders, often perceived as a broken line that comes with several challenges:

Regional marketers tend to prioritize directives from their local GM or sales leader, as they are the most immediate authority figures. Consequently, directives from the global team can become an afterthought, leading to misalignment with global strategies.

This situation is frustrating for **global marketing teams** who strive to ensure that their efforts are effectively utilized and that there is a consistent global alignment in marketing efforts.

Such a dynamic puts a strain on working relationships within the organization.

2.3.1 Divide the leadership responsibilities: Introducing the Helix Organization

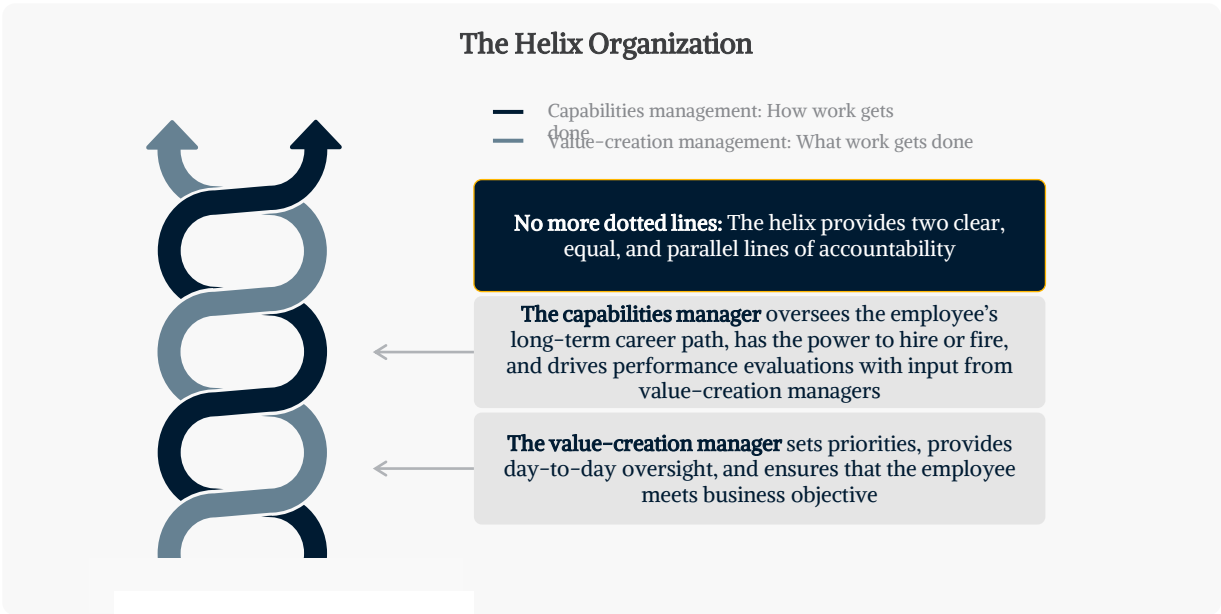
To address these issues, a potential solution is to restructure the leadership responsibilities among local marketers. This approach can be implemented through what is known as a 'helix organization,' where the leadership responsibilities of local managers are divided. In this context, the local marketing leader's role becomes a point of focus.

A key problem is that local sales managers, while adept at managing short-term priorities and aligning sales and marketing efforts, often lack a deep understanding of effective marketing strategies. Consequently, they are not ideal as capability leaders or coaches for marketing leaders. To resolve this challenge, it is suggested to split the leadership of marketing into two distinct roles:

- **A central capability Leader:** This role focus on enhancing functional excellence, guiding marketers in career development, and ensuring effective collaboration within the marketing organization. This leader have the authority to make key decisions, including hiring and firing, and have a clear understanding of what constitutes good marketing. A CMO could be an ideal candidate for this role.
- **A Local day-to-day Leader:** This role involves day-to-day frontline activities, typically suited for the local sales leader. Responsibilities are setting priorities such as focusing on specific market segments, choosing which activities to focus on and choosing events to participate in.

Under this proposed structure, the development and functional excellence of marketing would primarily reside with the global CMO, ensuring more cohesive and strategically aligned marketing effort across the organization.

Fig 6. The Helix Organization, McKinsey & Company, 2019



3 Building a technology and data advantage

While data has been highlighted as the “new oil” for years, and that recent advancements in marketing technology are taking the marketing discipline into a new era, many marketing organizations still struggle to realize these promises:

- 87% of marketers consider data their organization’s most underutilized asset. Not only that, but just 38% of marketers have a high level of confidence in data.
- Martech utilization rates have decreased substantially, dropping from 58% in 2020 to 42% in 2022 and a staggering 75% of CMOs are facing pressure to reduce their technology spending.

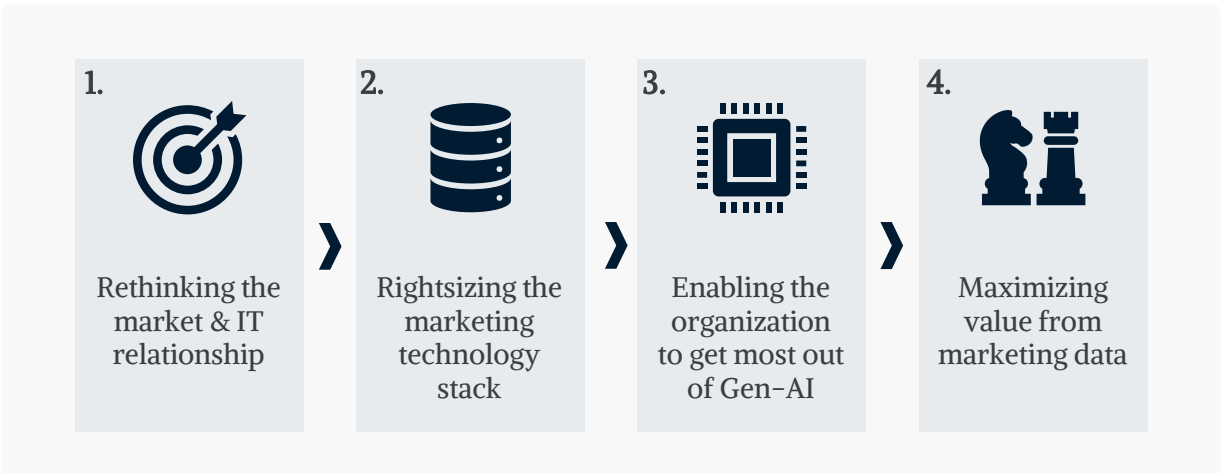
Yet despite these broken promises your marketing technology and data investment can be a superpower for any marketing team. We have outlined four principles that we believe shape the next era that we have dubbed “pragmatic martech”.

3.1 – Rethinking the marketing / IT relationship

The traditional collaboration model between marketing and IT, which often involves a ticket-based system where requests can languish in queues, is proving inadequate for today's rapidly evolving technology landscape. This model might suffice for stable, less dynamic technologies like ERP systems, databases, etc., but it falls short for "fast tech" that necessitates real-time updates and ongoing experimentation.

Consequently, front-runners in the industry are integrating IT resources, such as full-stack developers & CRM architects, directly into marketing teams to enable agility and rapid response to change needs. However, this integration poses significant challenges to the conventional division and collaborative models between IT and marketing departments.

Fig 7. The four principles of Pragmatic Martech



Therefore, companies must rethink their marketing and IT relationship and integration, which has several implications for the business:

1. **Redefining roles:** There will be a shift in roles, with its professionals taking on more proactive, creative, and strategic roles within marketing teams.
2. **Cultural integration:** Both departments must work on integrating their cultures, values, and working styles to foster a collaborative environment.
3. **Agile methodologies:** Adoption of agile methodologies will be key, enabling teams to iterate quickly and adapt to changes in real-time.
4. **Upskilling:** Marketing professionals may need to upskill to understand the technical aspects of their work better.
5. **Governance and oversight:** As it resources move into marketing, clear governance structures must be established to manage risk, data security, and compliance.
6. **Technology investment:** Investment in technology that supports collaboration and real-time updates, such as collaborative software and DevOps tools, will become increasingly important.
7. **Service level agreements (SLAs):** SLAs between marketing may need to be revisited to ensure they reflect the needs of fast-moving tech environments.

3.2 Rightsizing the Marketing Technology Stack

The tendency to overspend on excessively sophisticated and costly technology has led to a growing backlash in the marketing industry, a reaction fueled by justified concerns.

Companies are confronting the reality of poor returns and unfulfilled promises from their technology investments and vendors. The root cause of these issues often lies in unclear use cases and a deficit of the necessary skills and resources, particularly in the markets where this technology is meant to be deployed. Additionally, companies have been persuaded by vendors to purchase technology that is too advanced for their actual needs. Consequently, this has some implications:

1. **Strategic reassessment:** There is a pressing need for companies to reassess their technology strategies, focusing on the actual needs and potential use cases before making purchases.
2. **Skill development:** Organizations must invest in training and development to equip their marketing teams with the skills required to utilize technology effectively.
2. **Resource allocation:** Companies need to allocate their resources wisely, ensuring they have the capacity to support the technology they invest in.
3. **Vendor scrutiny:** A more rigorous evaluation of vendors and their claims is essential to prevent being swayed by sales pitches that don't align with actual business needs.
4. **Value evaluation:** Regularly evaluate the value that each technology brings to the company, being ready to scale back or change direction if the returns do not justify the investment.

> *To quote Toni Holstein from Growblock "if you aren't executing the processes today, albeit poorly, there is no need to buy the tech". We should not buy the technology and then go looking for a process to apply it to – which has been the case with too many martech purchases the last decade*

3.3 – Enabling the organization to get the most out of Gen-AI

The introduction of advanced technologies like General AI (GenAI) cannot be approached as a mere plug-and-play addition to existing processes and organizational structures. The integration of Gen-AI necessitates a re-evaluation of current processes, capabilities, and structures to maximize the value added from the integration. This could potentially have implications:

1. **Process reengineering**: Businesses may need to reengineer processes to fully leverage Gen-AI capabilities, making them more data-driven and agile.
2. **Centers of excellence:** Establishing ai centers of excellence could centralize expertise and best practices, fostering a culture of continuous learning and innovation.
3. **Talent management:** The demand for AI expertise could lead to a reshuffling of talent, emphasizing the need for skills in machine learning, data analysis, and AI ethics.
4. **Training and development:** Upskilling existing staff to work effectively with GEN-AI will be critical, as will the development of new roles that did not previously exist.
5. **Workforce planning:** Companies will have to evaluate how ai affects manpower needs and whether it leads to job displacement or transformation.
6. **Governance and ethics:** Implementing Gen-AI will require strong governance frameworks to address ethical considerations, bias mitigation, and accountability.

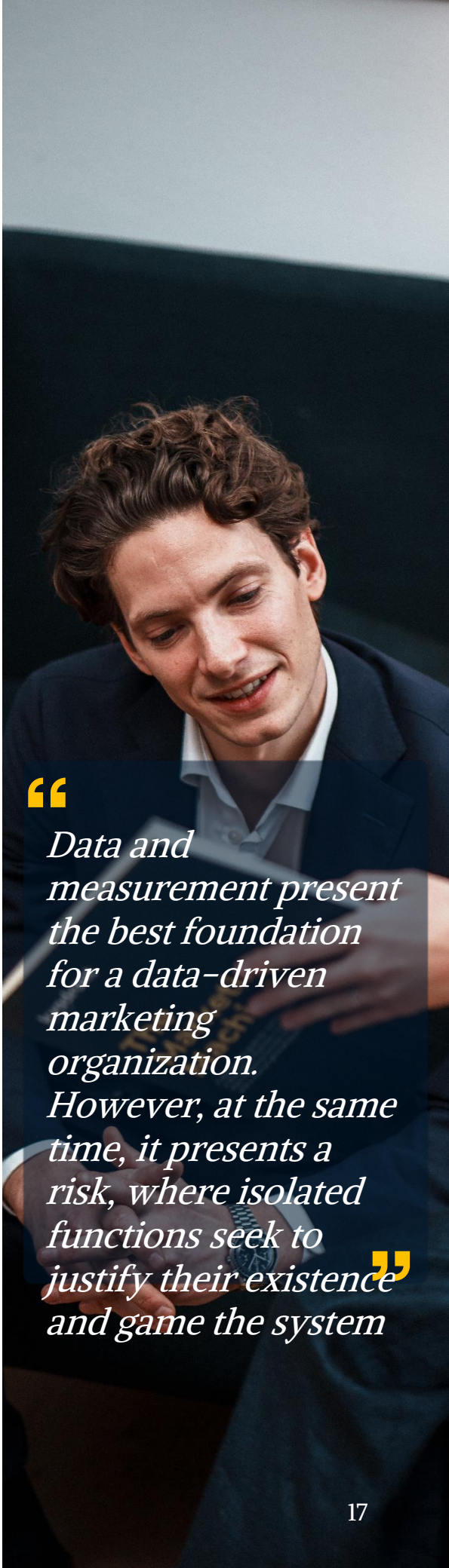
Fig 8. Our 4-step approach to unlocking your AI potential

*Read more about this in our whitepaper "**Putting AI to use in your commercial operations**"*

3.4 – Maximizing the value from marketing data

In an era where data is ubiquitously heralded as the new oil, marketing organizations are increasingly under pressure to not just collect vast amounts of data but to extract actionable insights and tangible value from it. The abundance of data generated from digital interactions presents a golden opportunity for marketers to understand customer behaviors, preferences, and trends at an unprecedented level. However, unlocking the full potential of marketing data requires a strategic approach that transcends traditional data collection and analysis methods, which has a myriad of implications:

1. **Data strategy and governance:** Establishing a clear data strategy and governance framework is crucial. This involves identifying key data sources, defining data collection methods, and ensuring data quality and privacy compliance. Few organizations have this in place.
2. **Build advanced analytics and machine learning capabilities:** Leveraging advanced analytics and machine learning techniques can transform raw data into predictive insights, enabling marketers to anticipate customer needs and personalize marketing efforts. These technologies can identify patterns and trends that are not immediately apparent.
3. **Set up cross-functional data teams:** Building cross-functional teams that include data scientists, analysts, and marketing professionals fosters a culture of data-driven decision-making. Such teams can bridge the gap between technical data analysis and strategic marketing initiatives, ensuring that insights are actionable and aligned with business objectives.
4. **Data literacy training:** Enhancing data literacy across the marketing department is essential. All team members should understand the basics of data analysis, interpretation, and the strategic implications of data insights. This shared knowledge base empowers teams to make informed decisions quickly.



“Data and measurement present the best foundation for a data-driven marketing organization. However, at the same time, it presents a risk, where isolated functions seek to justify their existence and game the system”

Five principles on how to get started with a MoM transformation

Designing and implementing a new marketing operating model can be a heavy lift. A lift that requires immense change at a structural level but also for the individuals withing the marketing organisation. The following principles can help marketing leader navigate this intricate exercise:

1

Treat it like an ongoing process, not a finite project
While initial efforts can be project-based to establish a baseline, set design criteria, and identify improvements, it's crucial to test each component for real-world applicability. A common misstep in operating model transformations is failing to implement theoretically right, but practically wrong ideas that are stuck in Power Point decks.

2

Engage frontline workers in the design phase
Bypassing the involvement of those who execute the model daily, often resulting from top-down planning supported by external consultants, risks creating an impractical or outright rejected model. Securing their input from the start is vital for successful implementation and acceptance.

3

Focus on building connective tissue between different teams
Prioritize both formal and informal interactions in the model's design that encourage organic connections across different areas of the organization. These informal networks can be as impactful as formalized structures and processes within each functional or geographical unit.

4

Get early agreement on the north star for the future operating model
Set design criteria and objectives at the outset, involving senior leadership to address critical decisions (e.g., the extent of decentralization, governance). Losing focus on these initial guidelines can lead to a design that strays from its intended objectives and fails to meet the organization's needs. This north star can be used to pressure test all subsequent design considerations and decisions.

5

Make change management a top priority
Implementing a new Operating Model entails a lot of change – some will embrace it; some will fight it. Ensure that change management is carefully considered and clearly backed into how you design and run the program.

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Any further questions? Reach out to:

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