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Creating the Marketing Executive of the Future Using Key Deming Principles

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Abstract

The academic literature is robust in terms of how organizations can improve its innovation, sales and new product development processes as well as its marketing management program. Yet very little has been written on the methods in which organizations can cultivate and develop future marketing leaders. With this as a background, the purpose of this research is twofold. It will first link the overlap that exists between the Deming Philosophy of Management with specific marketing management frameworks within the literature. It will then analyze principles within *Deming's 14 Points* and how essential they are in creating future marketing executives. The goal of this exploratory study is to illustrate the importance of the Deming Philosophy of Management when creating the marketing executive of the future.

Introduction

The marketing management function is critical to the success of any organization. Marketing, by definition, is the strategy in which organizations can identify and meet human and social needs profitably. (Kotler and Keller, 2006). Marketing encompasses all aspects associated with the 4 Ps of Marketing (Product, Price, Promotion and Place) and thus must not only be cross functional in nature but must also be central within the overall corporate strategy of an organization.

This concept of marketing management and its importance within the success of an organization is not new. For example, David

Packard, one of the founders of the Hewlett-Packard Company, once stated “Marketing is too important to be left to just the Marketing Department.” Furthermore, even dating back to the 1960s, there were various examples that support this thinking. In 1963, a *News Front* article declared “the Marketing Executive” as the new key figure in industry and also stated “You must develop Marketing Manpower who can and will carry the marketing program to a successful and profitable conclusion.” (*News Front*, 1963, p. 33). In 1967, *The Marketing Executive of the Future* was published (AMACOM Press) and within the text the author stated “Marketing will experience continuing and accelerating change in the years ahead.... There will be a critical need for more sophisticated and more knowledgeable marketing executives.” (Montana, 1967, p. 7).

Even a former Vice President of Marketing at Honeywell Incorporated, during this time period, stated the following:

The marketing management function is becoming so significant in American business life today that a good marketing man should be involved in many of the significant decisions made by the corporation. I think marketing is going to become increasingly more scientific, more computer oriented and generally more vital to the profit success of any enterprise.

(Buell, 1966, p. 284)

Overall, while the importance of the marketing management function for organizational success and prosperity has been documented for some time, little has been written on how to professionally develop this “new key figure in industry.” *The Marketing Executive of the Future* (1967) was the first and only text of its kind in preparing and developing future marketing executives with little follow up.

With this as a background, the purpose of this research is twofold. It will first discuss select theories of Deming and its overlap that exists within the marketing management frameworks. It will also then analyze select principles within *Deming's 14 Points* and how essential these frameworks are in creating the marketing executive of the future. It is the general belief and hypothesis of this exploratory study that the Deming

Approach to Management can not only be extremely useful within the marketing management function but can also be effective in creating future marketing leaders.

Literature Review

It should be noted that there is nothing significant in the literature that connects the Deming Philosophy of Management to that of marketing executives. What is present within the research is the marketing executive (i.e. Chief Marketing Officer) and this professional's decreased power within the corporate structure. This phenomenon runs contrary to the notion that the marketing executive is the "new key figure in industry."

More specifically, it has been stated that "Marketing has lost its seat at the table." (Webster, Malter, and Ganesan, 2003). In order to regain influence within the corporate hierarchy and the strategic direction of an organization, it has been noted that marketing must link, in a more effective way, the marketing activities with the firm's overall performance. In addition, marketing must take on an expanded role of innovation beyond new product development to that of "new business development" and must be able to build brands in commoditized markets. (Webster, Malter, and Ganesan, 2003).

Furthermore, top management teams have been increasingly excluding the "Chief Marketing Officer" among its ranks. (Pravin and Mahajan, 2008). Research indicates within multiple industries that the background of the CEO as well as the CMO in innovation, differentiation, branding and diversification will dictate whether this executive will "have a seat at the table." (Pravin and Mahajan, 2008).

It has also been indicated that the Chief Marketing Officer is losing his/her leverage in that organizations are becoming more market focused without necessarily the CMO's imprint. (Lucio and Nocci, 2009). Results from a longitudinal case study reveal that there exists noticeable increases in "marketing power" within an organization without significant increases with "CMO power." (Lucio and Nocci, 2009).

In addition, questions regarding the role of the marketing function have also arisen. Research indicates that the role and status of the CMO and marketing departments, especially within manufacturing firms, can be quite varied from organization to organization. (Piercy, 1986). Such a phenomenon leaves a scattered imprint on the importance of the CMO function within an organization. (Piercy, 1986).

Lastly, increased challenges for the CMO and other executives have been identified especially with the increase of “product silos” and “country silos”. (Aiker, 2008). All organizations contain a collection of silos. While most organizations are proud of their “decentralized structure”, such autonomy can create a serious handicap to innovation and productivity. (Aiker, 2008). As a result, to reduce the natural silos that develop within an organization, executives, including marketing executives, must be able to change the cultural behavior that is imbedded in its structure. (Aiker, 2008).

Overall, there exists multiple challenges for the marketing executive of the future both internally within the organization as well as externally within the market as presented in Table I (Appendix I). This research will illustrate how the Deming perspective can potentially add value to key marketing personnel within any institution which can inevitably potentially increase their “seats at the table”.

Why Utilize Deming for this Study?

The purpose of why Deming was selected for this study, as opposed to other “management gurus”, is as follows. It is the general belief that the Deming Philosophy of Management primarily focused on the management of “manufacturing operations” to improve quality within an organization. This is a potential reason why Deming is not actively referred to within marketing and in the education/preparation of future marketing executives.

Dr. Deming operated a worldwide consulting practice for over forty (40) years and he is best known for his work in Japan on the management of quality where his teaching “dramatically altered the economy of Japan.” (Deming, 1994, pp. XIV). However his clients range from beyond the manufacturing operations/function to that of “service organizations” and they included the following sample industries: telephone companies; railways; carriers of motor freight; consumer researchers; consensus methodologists; hospitals; legal firms; government agencies; and research organizations in universities and industry. (Deming, 1994, pp. XIII).

With this as a background, one of the goals of this study was to illustrate how all executives, including marketing executives, could learn from the Deming framework. More specifically, one does not have to work in a manufacturing area or be a manufacturing organization to learn and gain insight from Deming’s work. With the exponential increases of services within the economy, it may bode well for all executives,

including marketing executives, to see what lessons can be learned from W. Edwards Deming. This is the reason why Deming was selected for this study.

Deming's Overlap within Select Marketing Management Frameworks

Much of Deming's philosophy focuses on increasing overall quality while simultaneously reducing costs. By incorporating such a philosophy of continual improvement to a system, an organization can, in the big picture, reduce waste, rework, staff attrition and litigation costs while improving customer loyalty. (Deming, 1994). There exists much overlap between Deming's general philosophy and the general definition, as stated previously, that exists for marketing which focuses on identifying and meeting human and social needs profitably. Both viewpoints are to not only meet the needs of the customer in a cost effective way but to also develop loyalty.

A second example where there exists overlap between Deming's views and the marketing management principles can be seen with the definition of a customer. To Deming, the customer is "a rapid learner, compares one product to another, one source with another... a satisfied customer may switch. Why not?" (Deming, 1994, p. 8). The same holds true in how the marketing management frameworks now views the customer. The information economy has developed a customer that is more shrewd and sophisticated than ever before. With information on products and services just a "click away", customer have mastered the art of "comparing one product with another, one source with another." (Schmitt, 2003). Organizations are now scrambling to discover new methods to win the customer over. While many are not utilizing a quality approach, there exists overlap with the general viewpoint of the customer.

A third example that illustrates the overlap that exists between both frameworks can be seen with innovation. Deming has stated that "It is good to introduce, by innovation a new product that will do the job better.... The moral is that it is necessary to innovate, to predict the needs of the customer, give him more. He that innovates and is lucky will take the market." (Deming, 1994, pp. 9-10).

The marketing management principles are similar. Innovation is the key to organizational growth and prosperity. Innovation can take the form of product innovation, service innovation, experiential innovation and pricing innovation. (Kotler and Keller, 2004). While most organizations

who are not market leaders simply focus on new product extensions to its current customer base since it is more risk averse as opposed to new-to-world innovations to an entirely new segment, there does exist overlap on the importance of innovation among both frameworks.

The fourth and final example of how the Deming Approach to Management overlaps with the marketing management frameworks can be seen with the importance of management/leadership and its impact on an organization. Deming had mentioned that “management is the problem” and this problem “is at the top.” He had also mentioned that we are “living under the tyranny of the prevailing style of management.” (Deming, 2004, p. 49). Overall, if an organization is going to make significant strategic change, the leadership of an organization is responsible for such change and it must be a top down approach.

The same can be stated for the marketing management principle. The marketing management program is so important for an organization that it must be a top down approach to the firm’s central strategy. (Kotler and Keller, 2004). Whether it be pricing, branding, new product development, innovation, segmentation or promotion each link must be central within an organization’s strategy. For example, if an organization would like to become a sales organization, it must declare “sales” as its primary focus. (O’Hara, 2004). If an organization would like to become more innovative, perhaps a “Declaration of Innovation”, from the top, is in order. (Kuczmariski, 2005). Overall, if an organization wants to achieve significant progress within a specific area, both the Deming Approach and the marketing management frameworks both agree that it is a leadership/management issue and its direction must come from the top.

In closing, this section illustrates select strategic similarities that exist between Deming’s views and the marketing management frameworks. More specifically, similarities can be seen with the role of the organization, the definition of the customer, the importance of innovation and the impact top level management can have on an institution. The next section of this research will analyze select principles within *Deming’s 14 Points* and how these principles can be instrumental in developing the marketing executive of the future.

The Marketing Executive of the Future and Deming’s Select 14 Points

As stated previously, the marketing concept is critical for the strategic growth and prosperity of all organizations and little has been researched

in developing the marketing executive of the future. With this as a background, this next section will link select principles from *Deming's 14 Points* and will illustrate the importance of these principles for the professional development of marketing executives.

More specifically, four (4) out of *Deming's 14 Points* will be analyzed. The reason why only four (4) of *Deming's 14 Points* are selected is because these are overarching points that can be potentially translated to the marketing management function and the general strategy of an organization. These points are also less technical in nature which leads to its potential applicability within the development of the marketing executive of the future. Table I (Appendix I) outlines the challenges faced by marketing executives and how the Deming Philosophy of Management can provide great insight to this “new key figure in industry.”

The first principle that will be analyzed is the importance of driving out fear so everyone can work effectively with each other in the company. (Deming, 1986, pp.23-24). Nowhere is this concept more important than in the innovation and new product development areas of an organization. In general, organizations can be their own worst enemy when it comes to corporate innovation. The innovation process is time consuming and CEOs and other corporate leaders are generally unwilling to engage in a true innovation process in that earnings must be reported every ninety (90) days. (Kuczmarski, 2005). Therefore, most organizations lack an “innovative mindset” in that true innovation requires “out of the box” thinking that can sometimes result in failure. As a result, organizational leaders are unwilling to risk failure on new-to-world product innovations to an entirely new segment. What generally occurs within new product development and innovation are merely “product extensions” to an already established customer base. (Kuczmarski, 2005).

The marketing executive of the future must therefore become adept at driving out fear within an organization in order to instill the required corporate innovative mindset. This mindset must be a top down approach and this future marketing executive must be skillful at obtaining top leadership “buy-in” that failure is part of the true innovation process. The Deming Principle is very applicable to the role of the marketing executive specifically when discussing innovation and new product development.

The second Deming Principle that can easily be linked to the marketing executive can be seen with breaking down the barriers between departments. (Deming, 1986, pp. 23-24). Deming mentioned that professionals in research, sales, design and production must work

collaboratively to foresee, in advance, potential problems with the product or service in question.

Again, nowhere is this principle more important than for the marketing executive. Marketing, as stated previously, by virtue of its breadth, scope and complexity, must be central within the overall corporate strategy of an institution. An example of this type of thinking can fall within the strategy and tactics of pricing. Since pricing falls within the marketing management function, one can ask if this very important strategic initiative be left in a silo? The answer to this question is no as pricing must be cross functional in nature. Professionals in sales, marketing, finance, accounting, operations and the legal department, for example, should all be involved in the pricing strategy as each employee could not only add something useful to the discussion but each brings in a needed perspective that should be considered. (Nagle and Holden, 2002). This simple example illustrates the importance of breaking down the barriers and silos within an organization. The marketing executive of the future must be able to bring areas together during strategic discussions concerning “product”, “promotion”, “price” and “place.” Departments must operate cross functionally and the marketing executive of the future must be able to make this happen. In addition, such a principle is critically needed when breaking down organizational silos (product and geographical) that exists among all institutions.

The third Deming Principle that can be linked and helpful to the marketing executive of the future can be seen with instituting a vigorous education and self-improvement program for all employees. (Deming, 1986, pp. 23-24). In 1967, *The Marketing Executive of the Future* was published and one of the key takeaways from that study was that even though the marketing management function is critical, very few organizations have an established education development program for this key executive. (Montana, 1967). While organizations do allot funds for training and development, many times these budgets are the first to be slashed in weak or unknown markets. (Petit, 2009). In addition, it has been noted that even present day marketing executives still do not have an organized professional development and educational plan in place for this very important role. Overall, as marketing continues to evolve during this technological and information age, it is imperative that all marketing professionals engage in a “vigorous education and self-improvement program” for their strategic role within their organization.

The final select Deming Principle which would be very useful to the development of the marketing executive can be seen with creating a constancy of purpose to improving a product and/or service. (Deming, 1986, pp. 23-24). There is much overlap between this principle and that of breaking down barriers between departments. Overall, whether one works in sales or customer service or receivables or any other unit within an organization, these individuals must know not only their important role but also their impact on the key stakeholder—the customer. Once these professionals know and understand the key role they play with the customer, they will take more pride in their work as a result of this understanding. With this said, it is very important that the marketing executive of the future is an effective communicator in allowing each individual to understand the role that they play with the customer. If the customer is of primary importance, then the marketing executive of the future must ensure that all employees within the marketing management function and beyond understand this premise. Developing this constancy of purpose, among all employees, in improving a product and/or service, is certainly a needed skill for this executive.

Next Steps

The goal of this exploratory research was to illustrate not only the importance of the marketing management function within organizations but to also see what executives, and more specifically marketing executives, can learn from W. Edwards Deming. This exploratory research has hopefully started a dialogue on the connectivity of Deming's philosophies with that of the marketing management function. In addition, other questions can potentially emerge from this research on general strategies in creating future marketing executives and these questions can be seen below.

For example, what differentiates the Marketing Executive of the Future from other executives within an organization? As indicated within this study, the Marketing Executive of the Future must be able to drive out fear within an organization, must be able to breakdown organizational barriers, instill a constancy of purpose among all units as well as continually develop one's knowledge base and functional craft. The Marketing Executive of the Future is, in essence, a key leader and manager within an organization. There are thus many similar skills needed (i.e. leadership and people skills) between the marketing executives and other key executives within an organization.

The second question that has emerged is should the Marketing Executive of the Future become more knowledgeable in the area of Finance? In the past, Chief Marketing Officers commonly became CEOs within an organization. This is not the case any longer as it seems CFOs are now being groomed for the CEO position. Given these executives are critical within an organization, wouldn't it make sense for this executive to be more adept in Finance?

Lastly, with the information economy upon us with more commoditized products existing, how should the Marketing Executive of the Future be prepared in creating products and services with a sustainable competitive advantage? It seems as if this challenge is more difficult than ever before with this strategic onus falling on the marketing executive.

Overall, these are some questions that have emerged from this research that can potentially be explored within future study.

Conclusion

In closing, the Deming Approach to Management has many key recommendations that can be useful for marketing executives. This exploratory study analyzed select Deming recommendations and their subsequent importance and applicability for the marketing executive. Overall, there needs to be more research conducted on how to effectively develop marketing executives and the connectivity of Deming's philosophies for the development of this executive in the future.

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APPENDIX I

TABLE I
Challenges Facing Marketing Executives

Challenges	Reasons	How the Deming Philosophy Can Add Value
	Not Linking Marketing Activities to Bottom Line	Driving Out Organizational Fear for Innovation and New Product Development Purposes
Loss of Power within Corporate Hierarchy	Narrow View of Innovation to Solely New Product Development	Breaking Down Departmental Barriers among all Functional Units (i.e. determination of Price and organizational silos)
Questions on Role of Marketing	Limited Perceived Role with New Business Development	
Organizational Constraints – Product / Geographic Silos	Organizations More Market Focused Without Marketing Influence	Vigorous Education and Self-Improvement System
	Existence of Product and Geographical Silos as Organizational Handicaps	Creating a Constancy of Purpose for Quality, Customer Focus and Growth

Note: The following table illustrates the challenges that exist for marketing executives and how the Deming Philosophy of Management can be instrumental in addressing those challenges.