The criticality of CMO-CIO alignment

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Abstract   This year, chief marketing officers (CMOs) will spend more money on IT than chief information officers (CIOs). This rapid shift in responsibility is creating a growing divide between CIOs and CMOs over firms' IT investment decisions and actions, which is of increasing significance to firm performance. Understanding and managing this CIO-CMO divide is important in light of the magnitude of investment involved—global IT spending is estimated to exceed $4.1 trillion by 2018—and CEOs' belief that technology is a critical success factor for future firm performance. Heretofore, there has been little investigation regarding the unique relationship between the CMO and CIO. The research reported herein addresses this shortcoming by revealing the results of in-depth interviews with CMOs and CIOs across multiple industries. The results identify the nature and sources of conflict between the two roles as well as the management-related mechanisms to overcome them, revealing the need for CEOs to focus on managing four specific sources of CMO-CIO conflict: perspective, goals, accountability, and structural conflict. While the CEO has the power to create the management-related mechanisms that promote greater CMO-CIO alignment, we also detail steps that the functional leaders can take to put the mechanisms in place should the CEO fail to do so.
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1. The growing challenge of CMO-CIO alignment

Converting emerging technology opportunities and firm IT investment into customer demand growth is a central priority across industries (Gartner, 2015). This makes the chief marketing officer (CMO) and the chief information officer (CIO) relationship not just important but rather a strategic priority for most firms. Research suggests that firms that are better able to leverage technology to create superior customer experiences achieve higher levels of revenue growth (Harvard Business Review, 2015). This is more likely to occur when the firm's CMO and CIO are aligned in their efforts to generate greater returns from technology investments. For example,

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Chris McCann, president of 1-800-FLOWERS.COM, indicated in our interviews for this study that such an alignment has been critical in enabling the firm to become the world's leading florist and gift shop:

> Our ability to be leaders, far ahead of all competitors in adopting and leveraging cutting-edge technology and data, is a fundamental competitive advantage and has enabled our growth— and, more importantly, customer loyalty. This means that all of our marketing decisions are viewed through the technology lens. It's been this way since 1976 and requires clear synchronization between technology [CIO] and marketing [CMO].

Unfortunately, while the need for the CIO and CMO to work effectively together is critical, there is growing evidence that it often does not occur (Hartman, 2013):

> At a time when many executives say that improving digital reach will be a significant differentiator for their companies, our research shows that two of the most important digital leaders—the CMO and the CIO—do not trust each other, understand each other, or collaborate with each other.

Part of the growing challenge in managing firms' technology is the increasingly blurred lines of responsibility between the two functional leaders, as Gartner predicted that CMOs will spend more money on IT than their CIO counterparts by this year (Newbury et al., 2014). Such IT resource responsibility shifts from the CIO to the CMO require a high degree of coordination and cooperation between them if firms are to harness their IT investment's potential effectively and efficiently to enhance customer demand. Yet, only about half of marketing and technology leaders indicate they partner on technology-related strategies and only 54% believe the necessary leadership is in place to ensure that their technology-related strategies work (Leaver & Pattek, 2014). Consider the following consequences of CMO-CIO misalignment, as relayed by one of the participants in our study. A leading retailer's CMO described a situation in which a new e-commerce platform was needed. Despite the CMO being responsible for e-commerce, the CIO and CMO did not have an effective, aligned working relationship, and this resulted in the CMO's e-commerce team being largely excluded from decisions related to choosing the platform, and being only minimally consulted in designing the requirements and testing the new platform. As a result, the newly installed platform was deemed largely unusable by the CMO's e-commerce group and caused immediate business issues. Following tussles and disagreements between the CMO and CIO over the extent to which significant changes in the platform were required, the CEO stepped in and fired the CIO. Finding a replacement was both time-consuming and expensive. More importantly, the business disruption caused by a malfunctioning platform impacted sales, the customer experience, and loyalty.

With global IT spending estimated to exceed $4.1 trillion by 2018 and CEOs identifying technology as a critical success factor for firm performance (IBM, 2010), the cost of such CMO-CIO misalignment can be significant. As a result, understanding how to manage an increasingly difficult and problematic CMO-CIO relationship most effectively has become an important top management team (TMT) challenge for CEOs.

To help organizations better understand how to overcome CMO-CIO conflict[1] and build greater alignment[2] between these functional leaders, we researched the CMO-CIO relationship using a triangulation approach. First, we conducted 30 interviews with three different types of experts: CEOs, other C-level leaders in the TMT (e.g., CIOs, CMOs, CFOs), and subject-matter experts (e.g., IT practice leaders within executive recruiting firms who place CIOs). In aggregate, these different viewpoints provided insight from the person managing the TMT (CEO), the C-level functional leaders most involved in technology and marketing, and experts who work across firms and can therefore compare and contrast TMT practices. This triangulation methodology has been shown to provide a more balanced and holistic perspective and enables researchers to cross-check qualitative data (Maes, Rijsenbrij, Truijens, & Goedvolk, 2000). Based on insight from the interviews, we then drew on expert insights and knowledge using a set of criteria to identify CMO-CIO pairs believed to be exemplars of effective collaborations and conducted five CMO-CIO interviews within these firms. This approach generated dual perspectives on the topic, while

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[1] While there is generally no accepted definition of conflict in the literature, scholars conceive of two general approaches. A relevant approach in the context of a TMT pair is focused on phenomena associated with competitive intentions and behavior, such as deliberate interference with another individual (see Thomas, 1992).

[2] Alignment has many synonyms in the literature, including balance, coordination, fit, linkage, and harmony. In the context of this research, which is focused on two leaders (CIO and CMO) rather than the broader business-IT functional relationship, we narrow the focus of the alignment concept to pertain to the management mechanisms that consciously interrelate CIO and CMO role aspects in order to maximize the pair's contribution to firm performance.

holding the industry and firm constant. Finally, we conducted a survey across 207 CMOs to better understand one of the key issues identified in the qualitative research—the degree of accountability alignment.

While Gartner's (Newbury et al., 2014) prognostication suggests a shifting of responsibility from the CIO to the CMO, our research suggests that given the unique and disparate skills that each brings to overlapping business challenges, greater alignment is what is required between these two leaders. Regardless of who is responsible for what specific activities, our research indicates that what matters more is the aligned and collaborative nature of the CMO-CIO relationship. As Suzanne Kounkel, principal of Deloitte Digital, summarized:

> CMO-CIO relationships are strengthened when each executive shares an understanding of and respect for both roles and priorities and can speak each other's language—but don't try to significantly overlap skills and capabilities. CMOs are successful when they stay on top of emerging technologies and big data and analytics without building these within their function. CIOs continue to expand from simply running internal operations to understanding their impact on strategic business growth.

In the following, we describe what our research reveals about why CMO-CIO conflict exists, share insights from five firms that have more effective and productive CIO-CMO relationships—including a detailed example from Regal Entertainment Group—and outline steps CMOs and CIOs can take to bridge this growing and increasingly important divide.

2. Why CMO-CIO conflict exists

C-level leaders (e.g., CMO, CIO, CFO) generally have specific and unique training in their individual functions that, over time, creates a departmental orientation—"the difference in cognitive and emotional orientation among managers in different functional departments" (Lawrence & Lorsch, 1969, p. 11). Building on Simon's (1997) work on bounded rationality, upper echelons theorists argue that the background and experiences of these top leaders create the perceptual lens through which they view business challenges, as well as the tools and solutions they apply to solving such challenges (e.g., Dearborn & Simon, 1958; Hambrick & Mason, 1984). These differences in training and experience can occur across multiple dimensions—such as the types of goals prioritized, the time orientation of

decisions (e.g., short- or long-term), how tasks are understood and implemented, the type of information emphasized, expectations for outcomes—and can cause conflict with leaders of other functions who possess a different worldview (Homburg & Jensen, 2007).

In the context of the CMO and CIO, the relationship is often described as one of the most challenging interfunctional relationships within the firm, with a stark "Venus-Mars-like divide" between the two (Press, 2013). As one subject-matter expert interviewed suggested, this must change:

> The evolution that makes technology the underpinning of all things marketing has forced a day of reckoning. The CIO and CMO must, for the first time, work together . . . However, while the potential is there, these two functions do not have a great history of working together.

Part of the growing CMO-CIO conflict arises simply because of the high and increasing levels of firms' IT-related investments in both areas and the disagreements that can naturally arise over prioritizing these investments. Beyond this, our research suggests that conflict also occurs because of differences in role responsibilities between CMOs and CIOs. Most firms divide customer-related digital activities between IT and marketing, effectively splitting decision making between the two functional leaders. The CIO manages the technology that enables the collection, integration, security, and access to the firm's data; however, the CMO manages the marketing-related data analysis, interpretation, and program development. Thus, both leaders are responsible for different aspects of the firms' technology investments and actions, but each leader's decisions and actions in these areas of responsibility have important implications for the other.

As the rapid rise of digital marketing has led to an increase in CMO involvement in technology-related decisions (The Economist, 2013), the interdependence between the two functional leaders has grown, causing the need for greater coordination but increasing the potential for even more conflict. As explained by Anne Park-Hopkins, client partner in Korn/Ferry's Global Technology Markets, the potential for conflict is compounded by the fact that while activities may be assigned separately to the leaders, there is a "bleeding of responsibility as the CIO gets more involved in customer-facing activities and the CMO gets more involved in technology. The question is how to create better co-ownership to deal with growing ambiguity."

3. The four primary sources of CMO-CIO conflict

Our research indicates that there are four primary sources of CMO-CIO conflict that commonly prevent these two functional leaders from working in a unified manner. These sources relate to a divergence in perspectives, goals, accountability, and structure between CIOs and CMOs. While some sources of conflict are almost inevitable between leaders representing different functions, the sources identified in this research are currently unique to the CIO and CMO for three main reasons. First, they are based on a rapidly increasing level of interdependence between the two leaders that does not characterize either the CMO's or CIO's relationship with other functional executives. Second, the CMO-CIO conflict identified in our research is not being manifested at similar levels in other strategically and financially important functional leader relationships in the TMT. Third, the resolution of this conflict, beyond firm performance implications, has important TMT power implications because of the rising prominence of CIOs allied with the shift toward technology as a strategic endeavor and the rising prominence of CMOs behind a growing trend toward customer-centric firm strategies.

Thus, while the conflict framework uncovered in our research (elaborated below) may be a useful schema through which to evaluate many TMT relationships, the specific attributes within each type of conflict and the recommended management-related mechanisms to address the conflict are specific to the CIO-CMO relationship.

3.1. CMO-CIO technology perspective conflict

As Homburg and Jensen (2007) suggest, due to different training, priorities, and experience of employees and executives across functional departments, C-level functional leaders will develop differing ideologies, mindsets, and perspectives that can lead to cross-functional conflict. In the case of the CMO and CIO, perspective conflict occurs when each possesses a different viewpoint on technology development and implementation, largely informed by different educational backgrounds, training, and work experiences. This conflict often starts with each functional leader's perception of their role in relationship to technology development. For example, our interviews indicate that the CIO commonly believes he/she must ensure that the firm's systems and data are protected and error-free, placing a premium on accuracy and risk reduction. This is primarily an internally focused, within-firm perspective. In contrast, the CMO believes he/she needs to leverage technology to drive profitable growth, placing a premium on agility, speed, and business impact. This is primarily an external, market- and customer-focused perspective. The result is that when it comes to technology, CIOs commonly view CMOs as careless and too aggressive, while CMOs typically see their firms' CIOs and IT departments as being too slow, rigid, and process-oriented.

Our research indicates that two attributes are particularly important in understanding perspective-based conflict associated with firms' technology deployment. First, CMOs and CIOs often vary in the scope of perspective they take on the business; the CMO is typically more enterprise-oriented and the CIO is more function-oriented. An executive recruiter from one of the world's largest recruiting firms elaborated:

> CMOs have had to have an enterprise-wide perspective for some time, but CIOs haven't. Many CIOs don't have the training or experience to lead broadly. The difference in the way the two functional leaders understand and approach the business causes conflict.

As a result, Larry Bowden, the vice president of portals and web experience at IBM, suggested that the next generation of CIOs must be business leaders rather than operational managers: "Many CIOs come up through the software or hardware side of the business and lack general business skills."

Second, in line with upper echelons theory (e.g., Hambrick & Mason, 1984), our research indicates that a key source of tension between the CMO and CIO is a difference in their time orientation. Specifically, are both the CMO and CIO planning—and organized—for both the short term and long term? Because of historical norms in each function, the CMO is typically more focused on quarterly performance and the CIO is more likely to be focused on long-term projects. Given these typical differences, it is essential that the two functional leaders are also in alignment from a time horizon perspective. Quincy Allen, chief strategy officer for Unisys, indicated that the internally-oriented, long-term technology roadmap created by the CIO and the short-term, market-oriented "move-the-needle" emphasis of the CMO conflict with the development of a shared CIO-CMO roadmap. For example, the CIO of a Fortune 500 firm we interviewed noted that the CMO is primarily focused on short-term, demand-related activities while his (the CIO's) team is focused disproportionately on big, internal integration projects: "The CMO and I have just started realizing that I need a plan to handle

simpler, smaller projects on a faster timeline, and he needs a team that can think beyond six months."

3.2. CMO-CIO technology goal conflict

Because TMT leaders have responsibility for different activities within the firm, interfunctional conflict can occur when their goals are not aligned (Dougherty, 1992; Griffin & Hauser, 1992). In the CMO-CIO context, conflicts concerning technology goals occur when each is trying to achieve different objectives regarding the firm's technology investments and actions. For example, many CIOs we interviewed believe that a significant driver of tension is that CMOs do not have—but should have—goals that support the acquisition, integration, and usage of technology. In contrast, many CMOs indicate that CIOs should have—but do not have—growth-oriented goals that are linked to the activation of technology's potential. Jay Henderson, strategy program director for IBM, noted:

> You can almost immediately tell whether the CIO and CMO have similar goals when you start discussing technology requirements. If the vision that the CIO and CMO have for the project is different, and therefore the requirements are different, the likelihood of success is lower because the two leaders—and their organizations—aren't on the same page.

Both CMOs and CIOs suggested that such goal misalignment drives conflict. One CIO indicated that "we butt heads when we miss opportunities to align. When we [CIO and CMO] develop the priorities together and meet regularly to ensure we are in lock-step, there are few issues." Another common issue expressed by CIOs was the CMOs' lack of concern regarding the risks associated with managing and integrating data and implementing technology changes; the CIOs indicated that marketing's lack of understanding regarding risk management can impact goal-setting. As one respondent indicated:

> CMOs aren't always realistic about what IT can do . . . I look at IT as a three-legged stool: one leg is scope, one leg is cost, and one leg is timing . . . and I can't get all three done at once. We [IT] are successful if we can get two of these accomplished. CMOs often fail because they expect it all to be done perfectly. In my experience, many [CMOs] don't seem to understand that there are trade-offs.

Meanwhile many CMOs noted that CIOs' IT goals tend to be tied to operational excellence (i.e., no systems failures, customer information protection,

investment reduction) rather than business growth. As an example, a CMO working in a service-related firm commented that:

> [M]y primary goal is to drive revenue . . . I've been given more control over the IT budget, but I don't have control over the people who implement projects. This is a problem because I think my [CIO] counterpart focuses primarily on ensuring perfect implementation. His predecessor was fired because of a flawed implementation . . . projects take too long and so we [marketing] are creating work-arounds . . . going to outside vendors to get things done quickly.

Thus, our research indicates that absent specific efforts to create stronger goal alignment, CIOs are often focused on internal project implementation that minimizes risk, while CMOs are focused on market-oriented growth, often without sufficiently considering the risks involved. As Robert Huth, the former CEO of David's Bridal, noted:

> A synergistic relationship requires that the CEO makes sure that the CMO and CIO have overlapping goals, especially when it comes to achieving firm growth. Oftentimes the CMO and CIO have different goals, which creates opposition rather than collaboration. Ideally, both are focused on achieving growth in the most efficient way possible to maximize success.

Two insights from our research are noteworthy in this regard. First, technology goal alignment is central to creating a common understanding of not only where the CMO and CIO need to work together (since obviously not all CMO and CIO work overlaps) but also for motivating effort that incentivizes the two functional leaders to work collaboratively on the appropriate projects. However, less than half of all marketing executives indicated that they are able to even communicate their firm's IT priorities—let alone share goals with the CIO (Rooney, 2013). For example, Joe Tripodi, the executive vice president and chief marketing and commercialization officer for Coca-Cola, suggested: "The CIO-CMO alignment starts at the very beginning. Do they have the same goals? Goals emanate from strategy and are a strong indicator of whether the two are aligned." Further, a large retailer's CIO stated that:

> When project success requires leadership by both the CIO and CMO, it is important that both have shared and intersecting goals. For example, if the CMO has goals related to increasing

traffic and same store comps and the CIO has goals focused on privacy, the two will clash. One wants to move fast and doesn't understand the risk. The other will focus on privacy risk without understanding the cost of moving slowly . . . The best way to ensure we work together is to have the same goals with respect to traffic, comps, and privacy.

Second, the technology goals must be specific and related to activities that both the CIO and CMO believe they can directly impact. Mark Daprato, the CMO from SHOP.CA, and Gary Black, the firm's CIO, shared in separate discussions that each knew what the other's goals were and were able to describe the areas in which these goals overlapped and the areas where they did not. Daprato and Black specifically work on their annual plans together: "Alignment is central to a strong relationship and it doesn't happen when the two leaders are on islands operating in their own silos" (Daprato). Black suggested that "[w]hile all people talk about collaboration, we really live it. We develop roadmaps, plans, and priorities together."

3.3. CIO-CMO technology accountability conflict

While goals concern objectives that executives are expected to achieve, accountability is the degree to which the CIO and CMO are formally evaluated and share responsibility for the results associated with technology deployment actually achieved (Dunn & Legge, 2001). Our research suggests that CIOs and CMOs are rarely held accountable through performance reviews, measures, or compensation for the specific activities upon which the two functional leaders collaboratively work.

Complicating the accountability alignment issue is that the predominant performance indicator measures used among those we interviewed were generic indicators of firm-level financial performance (such as EPS, ROIC, revenue) that are difficult to link back to aspects of individual-level executive decisions and actions. Typically, from the board to the CEO to the TMT, firm governance is centered on ensuring that managers' incentives and actions are in line with shareholders' interests. Our research suggests that in practice this usually results in CEO attempts to create alignment by holding the rest of the TMT accountable for the same financial goals that CEOs themselves are responsible for. The result is a vertical accountability alignment system. To illustrate this further, of the CMOs in our survey who shared measures with other C-suite executives, 66% were held accountable for the same measures as the CEO, effectively creating vertical accountability alignment. Only 34% were also held accountable for metrics shared with CIOs and/or other TMT members, indicating rather widespread failure to align TMT members horizontally on accountability measures.

When individual functional leaders within the TMT are not held accountable for the specific and shared results that they are responsible for delivering, the cost is not only conflict but often poor performance. Yvonne Genovese from Gartner (2015) commented that:

The number of CIOs and CMOs who are not held accountable for discreet, ownable, and shared results is unfortunately high. There are more specific measures that the CIO and CMO can be held accountable for—website performance, new customer service technology development, customer acquisition, and conversion. The reality is that both technology and marketing strategy enable the success or failure of these programs. Both of the functions should be held accountable.

In contrast, in our interviews, the CIO and CMO from an online and brick-and-mortar retailer specializing in outdoor recreation apparel and gear had a very clear and detailed understanding of how each was measured. The CMO indicated that:

[T]he CIO and I have a symbiotic relationship. We are both held accountable for bringing development successfully in-house by a specific date, which is critical for accomplishing high-quality and fast market-based improvements, and for achieving growth targets. We also are responsible for driving lead generation and conversion, neither of which is possible without technology that is capable of dynamically adapting to market needs. I don't succeed unless he does and vice versa.

The CIO further elaborated:

[B]oth the CMO and I are measured on concrete objectives, such as bringing development in-house, as well as on subjective criteria, like the degree to which we get along with one another. The CEO measures our performance and our bonus is tied to performance on the concrete and the subjective measures.

Thomas Linemayr, CEO of Lindt USA, a manufacturer and retailer of fine confectionary, was among the few we interviewed who had created an accountability system that ensures the CMO and CIO have shared measures with each other as well as with the CEO. Linemayr described a disciplined review

system for his CMO and CIO (as well as other TMT members) that incorporates a bonus payout based on the firm's sales and profit performance (50% of the bonus) and on individual performance measures (50% of the bonus) created to ensure overlap between the two functional leaders. He suggested that:

> [T]he failure to communicate your expectations and then provide regular and specific feedback regarding performance is one of the biggest weaknesses of leaders. They get so wrapped up in doing the work that they fail to set up the goals and accountability system that will motivate and reward the right behavior. On top of it, it's not easy.

3.4. CIO-CMO structural conflict

Hierarchical status differences between peers can not only cause direct conflict, but can lead to feelings of workplace victimization that creates exacerbated cross-functional strain (Aquino, 2000). In the context of the CMO and CIO, structural conflict occurs when they do not sit in parallel positions within a firm's hierarchical structure of reporting relationships. In many firms, the CIO reports to the CFO or COO and the CMO reports to the CEO. Such reporting structures can lead to different status and power within the firm, hindering the development of an effective CIO-CMO partnership. For example, Gene Morphis, chairman of Big Diamonds and former CFO for Francesca's Collections and CVS, suggested:

> It's helpful to have both the CIO and CMO reporting to the same individual for alignment purposes. There is a greater chance that positional equality will force collaboration, which sometimes doesn't occur when one is hierarchically more powerful than the other.

Further, the head of IT for a manufacturing firm noted:

> I wouldn't take a CIO position if I had to report to the CFO. If the CEO wants IT to impact enterprise growth, you have to invest in IT. When IT reports to the CFO, they tend to cut projects and quality. In such cases, IT is managed as a cost center rather than a conduit through which growth can happen . . . this often leads to conflict.

Finally, Mark Polansky, senior client partner at Korn/Ferry International and leader of Korn/Ferry's Global IT Center of Expertise, commented:

> When C-level leaders have different ranks (i.e., SVP versus VP) or different reporting structures

(i.e., one reporting to the CEO and another not), there is an increased likelihood that it will impact the informal power structure. This can unintentionally drive conflict.

4. Management-related mechanisms to achieve CMO-CIO alignment

While each of the four sources of conflict can cause problems between the CMO-CIO, our research suggests that overcoming the conflict requires systemic management-led mechanisms put in place to address all sources of conflict (see Figure 1). For example, if the CIO and CMO are structurally aligned (i.e., both report to the CEO) but do not have synchronized goals, important elements of conflict remain obstacles in achieving CMO-CIO alignment. In this case, it is possible that having the CMO and the CIO in structurally equivalent positions (i.e., same hierarchical title and reporting relationship) but without aligned perspective, goals, and accountability could actually lead to greater levels of conflict as the two functional leaders fight over decision-making authority regarding overlapping projects with competing goals and accountability. As such, solving one source of conflict while ignoring others can actually lead to more—rather than fewer—problems. In addition, while it is not possible in qualitative research such as ours to causally identify relationships, the research interviews suggest that differences in perspective may be particularly related to the ability to understand and manage CMO-CIO conflict. Absent an understanding that the two sides have very different perspectives—which can often be an underlying cause of other symptoms of conflict—it can be hard for even a CEO to overcome these differences through goals, accountability, or even structural changes. To illustrate the criticality of creating management-related solutions across all of the sources of conflict, see Table 1 for the concrete steps taken at Regal Entertainment Group.

During the research interviews, a consistent theme arose regarding why some CMO-CIO pairs overcome such inherent sources of conflict to achieve alignment—specifically, the role of the CEO in ensuring a shared and aligned perspective, synchronizing goals and accountability, and creating an equal position within the firm's hierarchy. However, while it is ideal that the CEO align the CIO and CMO through perspective, goals, accountability, and structure, the research also suggests that this usually does not occur. Our research identified common reasons for this: (1) CEOs are too busy and prioritize other actions (board meetings,

strategic relationships, analyst calls, strategic plans, project implementation) over the relatively detailed, hard work of thinking through more seemingly mundane issues such as TMT goals and measures; (2) many CEOs seem to believe that basic management concepts such as individual-specific accountability do not apply at the C-level (e.g., nearly half of CMOs did not have annual reviews); and (3) CEOs often focus on the individual characteristics of their CMO and CIO (i.e., if you have the right people in place, everything will work out fine) and do not always recognize the cause-and-effect impact between a failure to create appropriate alignment mechanisms and their frequent disappointment in these C-level leaders. As one executive recruiter noted:
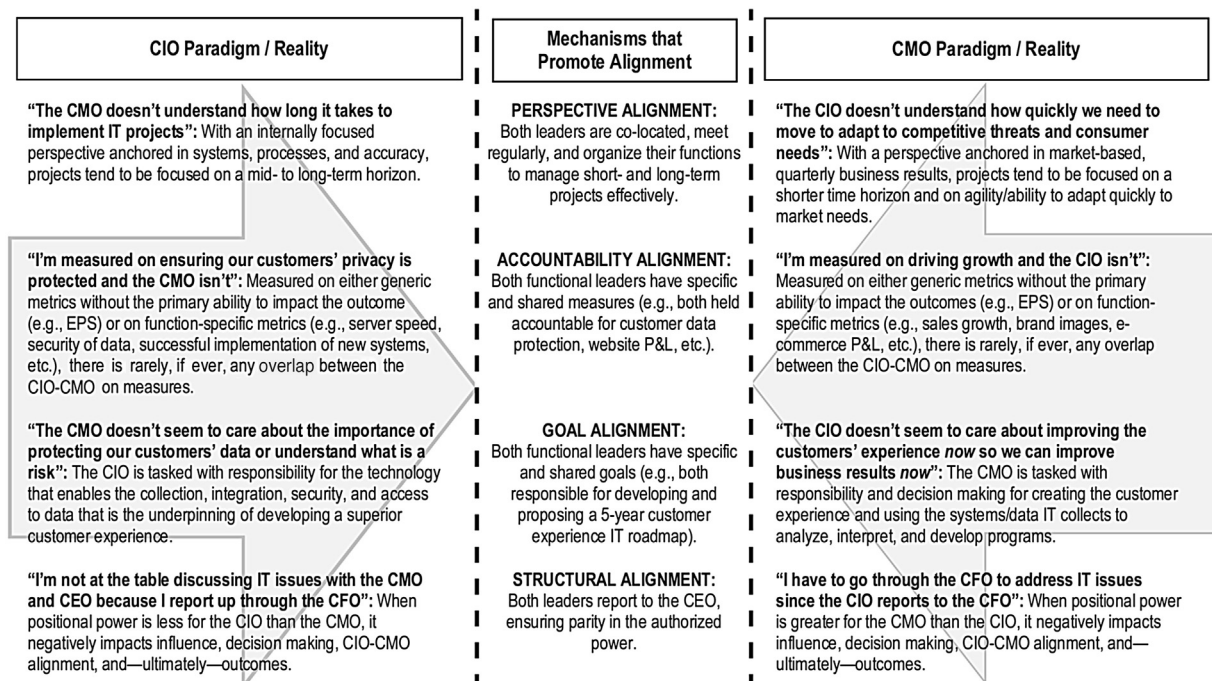
> Despite the importance of effectively managing the CMO and CIO, it isn't surprising that CEOs have lagged addressing their role in the issue. The most common approach CEOs employ to solve the problem is simply to replace the CMO and/or CIO . . . this is because many CEOs are often ill-equipped—either because of time constraints or skill deficits—to take the steps necessary to force integration.

Thus, the reality in many firms is that it often falls on the CIO and CMO to work together to lead the development of the mechanisms that can enable a stronger, more successful partnership. However, our research indicates that while possible, absent CEO action this also rarely occurs. Rather, CMOs and CIOs often end up dealing with symptomatic problems caused by conflicts between them on a 'firefighting' basis rather than collaborating to focus on the underlying causes of the conflict. Similar to CEOs, both the CMO and the CIO are also busy with day-to-day activities, causing administrative alignment considerations (e.g., goals and accountability) to go by the wayside, even if these are potential solutions to the underlying cause of observed problems. In addition, many simply fail to think about doing it together ("I have been so busy . . . haven't thought about working with the CIO to create our own goals and set up a meeting to align the CEO"). Our research also suggests that many CMOs and CIOs may not have the 'leading up' skills that are required to take actions proactively to build alignment and sell the need to the CEO.

Nonetheless, our research reveals that such actions are not only possible, but in the face of CEO inaction, may be essential to ensure the success of firms' IT-related investments. Four particular actions that CMOs and CIOs can take to overcome the sources of conflict and drive better alignment suggested by our research are detailed below.

Figure 1.   Examples of sources of CIO-CMO conflict and mechanisms that promote alignment

Table 1.   Regal Entertainment Group example

Mechanisms Aiding Alignment	Specific Examples of Actions Employed
Perspective Alignment	• The CIO invited the CMO to an off-site IT strategy meeting, prior to the CMO's starting on the job. The benefits included: (1) sending a signal to the CMO that his opinion was wanted and respected, (2) increasing transparency between the two leaders that enhanced understanding, and (3) increasing the CMO's understanding of IT's challenges. • The CIO is a trained engineer and the CMO is a trained marketer; both understand and appreciate the unique challenges of the other department and are able to show compassion while helping work to solve problems. • Both leaders hold a joint "scrum" meeting (stand-up meeting in the hallway) where the IT and marketing teams talk about key projects. These meetings are designed to facilitate communication, create a shared understanding, motivate and hold people accountable for progress, and create positive esprit de corps. This helps ensure that the functional leaders hear from junior employees in both departments, facilitating a multi-level understanding. • The CMO created a role on his team for an IT project manager to help facilitate two-way understanding, communication, and management of marketing-IT projects.
Accountability Alignment	• Both the CIO and CMO are measured on overall customer experience and company growth/innovation through strategic leadership. • They are also measured on specific projects including: the successful relaunch of Regal Crown Club Loyalty Program, the development and implementation of key digital assets (new mobile app, native ticketing), and the introduction and successful promotion of new forms of payment (Apple Pay, Google Wallet, Samsung Pay). • Both leaders present overlapping project updates, progress, and results to the leadership team (defined as SVPs and above of each function) as well as the CEO and COO jointly. This helps reinforce joint accountability on project performance. • The CIO and CMO have regularly scheduled joint meetings with the CEO (and others as needed) to review progress on joint projects. • Both the CIO and CMO are accountable for loyalty, with membership increasing 18.3% versus the prior year (after implementing enhancements to the POS system, data warehousing, and email processing systems) and customer engagement at record levels. Digital traffic increased 41% since launching a new site and mobile commerce increased 261%. Both the CIO and CMO shared in the success of the collaborative work.

Goal Alignment	• Prior to the CMO's hiring, the CEO set expectations during the CMO's interview that a primary goal would be for the CMO to work effectively with the CIO. This was a part of the interview process and was signaled as a priority.
	• The CIO was also told by the CEO that the CIO-CMO relationship must be a priority given the importance to the future of the business.
	• Both the CIO and CMO have specific goals related to the customer experience and revenue generation coming directly from IT-marketing activities. A shared goal was to strengthen the overall loyalty program, which required that both prioritized enhancing the POS system, data warehousing, and email processing systems.
	• As an example of the degree of goal alignment, the following quotes (Regal Entertainment Group, 2014) appeared in short sections describing the two functions in the 2014 Annual Report to Shareholders.
	   ○ Under the Information Technology Systems section, it states: "IT is focused on the customer experience . . . and other revenue-generating opportunities."
	   ○ Under the Marketing and Advertising section, it states: "[W]e seek to enhance the customer experience . . . and generate additional revenue."

Structure Alignment	• To align structural leadership, all key meetings include both the CEO and COO

4.1. Seek opportunities to facilitate and strengthen an enterprise-wide and shared perspective

If the individuals in the CMO and CIO seats think and behave like functional specialists within a parochial paradigm, there is little that can be done to create an aligned relationship. Anne Park-Hopkins from Korn/Ferry International indicated that who the CEO hires to fill these roles is critical. As Andrew Brunger, the head of global customer strategy, user experience, and design for Citibank, suggested:

Broad business understanding means that the CMO has a strong understanding of technology and that the CIO has a strong understanding of

how marketing can drive growth. For this to occur, both the CIO and CMO need to be able to communicate why their functional needs are important to the business, which often requires that the leaders have experience beyond their functional training.

However, even under conditions where the CMOs and CIOs do not have extensive experience in one another's functional areas, they can nonetheless work together to create a shared perspective through best practices such as co-location, regular CEO-CMO-CIO alignment meetings, and regular IT-marketing team meetings. In one example at one of our interview sites, the firm's CMO and CIO set up regular CEO-CMO-CIO meetings wherein the CMO-CIO jointly developed the agenda and led the CEO through progress, issues, and decisions. The CMO and CIO indicated that this process, which they jointly implemented, not only sped up implementation but helped drive broader firm-level alignment because the CEO could support the direction in meetings where the CIO and CMO were not present.

4.2. Take a leadership role to create goal and accountability alignment

An important objective with regard to creating stronger accountability and goal alignment is that of ensuring there is sufficient overlap with regard to technology-enabled marketing activities. Whether it is implementing a new e-commerce platform or adding features to an existing CRM system to better capture customer behavior, mission-critical projects require alignment of goals and measures between the CMO and CIO. In those instances where the CEO has not created alignment, CMOs and CIOs can take leadership roles by defining and proposing shared goals and measures against which both will be held accountable. Mark Polansky, head of the CIO/IT Officers Practice at Korn/Ferry International, indicated that CEOs appreciate such leading up moves, especially when coupled with strong rationale regarding how the proposal should lead to superior firm performance. Polansky has had unique insight into the CEO-CIO relationship, having been responsible for assisting hundreds of firms in finding and hiring CIOs who will best meet the needs of the CEO and firm.

4.3. Create a clear vision

One critical way in which CMOs and CIOs can partner together to lead other TMT members is by articulating a vision centered on leveraging technology to create value for the company through satisfying

customers. As Paul Graangard, CEO and president of Allen Edmonds Shoe Corporation, indicated:

> Creating a clear vision of the importance of technology and marketing in helping drive our turnaround was central to the CMO and CIO being able to work together. It seems so simple, but people need to rally around a vision—not just of where the firm is going but specifically how technology and marketing will get us there.

While this vision is often created by the CEO, Ken Comee, the CEO of Badgeville, a gamification platform for customer loyalty and employee productivity, indicated that:

> [There] is no reason why the CMO or CIO can't lead articulation of a vision that connects technology with customer satisfaction and ultimately, firm value. Many CEOs have too much on their plates and any thought-leadership coming out of the TMT is often not just helpful, but expected.

4.4. Work to create equal status

Ideally, the CEO should ensure that the CMO and CIO are located symmetrically within the hierarchical structure of the firm by having the same status and reporting structure. As the CIO from a leading retailer indicated:

> The more the CEO can make the level, the titles, the reporting structure, the involvement in key strategic meetings, and the involvement in board meetings the same, the better the likelihood the two will be aligned. This is a key question I now ask when I'm interviewing for a position. If technology is the key enabler for marketing, we have to be on parity footing.

But this is often not the case. There are two steps that CMOs and CIOs can take to change this: (1) negotiate equal status as a condition of taking a job at a new firm, and (2) negotiate equal status during discussions of promotion to the CMO/CIO roles within the current firm. If unable to negotiate equal status, however, CMOs and CIOs can work around the structure by creating regular meetings together and demonstrating value that can result in behaviors that are consistent with equal status.

In sum, the actions identified above—through the best practices of CMOs and CIOs revealed in our research—indicate the importance of the functional leaders stepping up and creating the alignment mechanisms needed to ensure that the pair can perform as effectively as possible. This research

also indicates that some firms (either those with alert CEOs or the engaged CMO/CIO pairs) are quicker at both seeing the need for action in managing the CMO-CIO relationship and figuring out what kind of management action is appropriate. Interestingly, this does not appear to be simply a case of these firms having greater CMO-CIO conflict and therefore a more obvious need for action. Our interviews also did not suggest any obvious common contingencies among these firms in terms of particular industries, firm strategy types, etc. Rather, our interviews suggest that the most consistent factor across companies was the identification by the CEO (either on his/her own or through prioritization by the board) that CMO-CIO alignment was a strategic priority for the firm. When this occurred, the CEO engaged more frequently and elevated the pair through TMT meetings and board meetings. For example, one CMO-CIO pair indicated that the CEO required the two to deliver a joint board presentation. Specifically, the CEO requested that the CMO and CIO codevelop both the framing for IT investment (including how it related to serving customers better) and a 3-year marketing technology roadmap, and then codeliver the presentation. Both the CMO and CIO acknowledged that by being forced to articulate the vision, strategic plan, progress, and impact for an integrated IT-marketing plan, not only did they become more aligned but they developed a stronger partnership. They also noted that feedback from the board was that it was the best meeting that they had attended, largely because it was the first one that had an integrated and aligned dual-function-based presentation.

5. Balanced structure, better results

CMOs and CIOs are rapidly being thrust into a new world, where integration between the two roles is of critical strategic importance to the entire firm. However, the relationship is clearly becoming not only more critical but also increasingly problematic in many firms. This research uncovers the sources of CMO-CIO relationship problems, revealing four common and important sources of conflict: perspective, goals, accountability, and structure. Yet, while many of the causes of conflict we identify are able to be resolved, the research also shows that many CEOs have yet to recognize and act on this. In addition, absent CEO action, many CMOs and CIOs do not know how to address these problems themselves. This research provides guidance for executives and identifies management-led mechanisms that can help resolve much of the CIO-CMO relationship conflict revealed.

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