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18/09/2008 - BRAND LEARNING helps ICI (AkzoNobel) Build Marketing Excellence

An extract from September 2008 issue of Market Leader covering the case study of the winner of both the Grand Prix and the Marketing Capabilities awards in The Marketing Society Awards for Excellence 2008 - jointly submitted by Brand Learning and ICI (AkzoNobel)



ICI paints (now AkzoNobel) has traditionally been a product-driven paints manufacturing company, and has grown organically through a strong brand presence in a limited number of markets and through various local acquisitions.

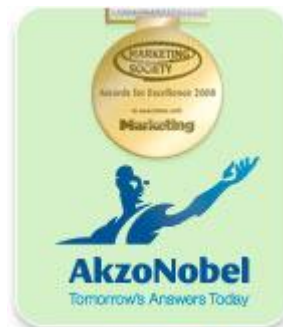
In 2003, the business was slowing down with the share of our leading paints brand, Dulux, declining in several key markets. At this stage, it was not clear where future growth could come from.

In 2004, a newly appointed CEO, David Hamill, outlined an ambitious growth agenda for the company to grow sales revenue by at least 4% per annum over the next three years, with an incrementally higher rate of profit than rate of sales. This was a stretching goal and required reorientating the company to become a more brand-led, customer-centric organisation.

By December 2007, ICI was the global leader in decorative paints, having achieved a sales revenue compound annual growth rate (CAGR) in excess of 5% between 2004 and 2007, compared to an average 3% CAGR over the previous three years. Brand share also grew in many key markets.

DIY Paint Market Share – UK

How did we achieve this? Central to our success has been a global marketing capability initiative that was supported and endorsed by a committed marketing leadership team. The initiative started with the set-up of the 'Advance Marketing Academy' to develop and execute the capability transformational programme, and has led to several work streams that addressed some key strategic challenges, such as developing a focused portfolio strategy and identifying master brand positionings.



This article outlines how building marketing capabilities across the organisation with the support of Brand Learning has helped transform the business and achieve our stretching commercial goals, while simultaneously developing our marketers.

The Challenge in 2003

In 2003, ICI Paints was a product-driven paints manufacturing business characterised by low rates of growth that depended as much on category growth in key markets as on the performance of our brands.

While some of our brands had carved out powerful and distinct positions in their marketplaces, many more were poorly differentiated. The lack of a brand portfolio



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strategy meant that the available resources were spread too thinly, with many brands inadequately supported.

Marketing tools and processes were applied with varying degrees of skill around the world. Some pockets of excellence existed, but with limited transfer of best practice they remained isolated success stories.

At the heart of the issue was the lack of both a common strategic marketing framework that would provide focus and clarity of direction, and a capability agenda that would drive the performance of the marketing function.

With a number of leading brands starting to lose share, the business was looking increasingly vulnerable to any decline in the decorative paint markets worldwide.

The Strategic Ambition

With the arrival of a new CEO, David Hamill, in 2004 came the recognition that Marketing needed to step up and play a more strategic role in transforming the business into a brand-led, customer-centric organisation that could achieve sales revenue growth of at least 4% per annum.

A new marketing vision was articulated, to 'lead the business in delivering sustainable, profitable top-line growth through developing world-class marketing capabilities and performance globally'.

The marketing function aimed to be a source of competitive advantage for the company. For this ambition to be realised we needed to create fewer, bigger, stronger brands with wider distribution, an aspiration that, in turn, relied on a more capable, professional, accountable and engaged marketing function.

With a clearly articulated ambition and stretching business objectives, we set out to develop a transformational marketing capability agenda that involved:

- reorientating the organisation for the future
- developing the ICI way of marketing
- planning the marketing capability change initiative
- tackling key strategic business issues
- driving operational marketing excellence

Reorientating the Organisation for the Future

David Hamill recognised that having a strong marketing leadership team would be critical for shaping a winning marketing strategy and delivering the business's objectives.

He appointed Kerris Bright as CMO, who created a marketing leadership team that comprised both the regional marketing heads from the six operating business units and a number of functional leaders in key marketing disciplines (insight, innovation, etc).

This powerful team formed the first marketing governance body for key strategic decisions as well as the marketing capability initiative that was to follow. They aimed to ensure that best practice would be co-developed, deployed and refreshed across the organisation.

Thereafter the 'Advance Marketing Academy' was established to plan, develop and execute the marketing capability transformation programme. Working in conjunction with the marketing leadership team to ensure alignment of key



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stakeholders, the Academy was also supported by regional programme coordinators who could ensure global applicability of a common ICI way of marketing.

Brand Learning was appointed as our specialist marketing capability consultancy partner to ensure that ICI were tapping into external best practice and expertise.

Planning a Marketing Capability Change Initiative

Our central challenge was to deliver a step-change in marketing capability to drive the performance of the business with marketing as a key source of competitive advantage. Only then would the ICI marketing community be able to deliver the strategic direction and executional excellence required to revitalise business performance.

The first task was to create a common marketing capability framework that would define the key skill areas that were required for marketing excellence.

This was translated into a robust process capability audit tool (PCAT), which both articulated what world-class marketing processes looked like and enabled the development of a shared vision for excellence.

This tool allowed ICI to score our performance on a ten-step maturity scale against world-class performance in a number of key elements. When the self-assessments were undertaken for the first time in 2004–05, they produced an aggregated average level of just 3/10.

While disappointing, this low base was not altogether surprising and it enabled ICI to set an ambitious goal to raise the score to 7/10 by 2010.

Crucially, the PCAT has enabled ICI to prioritise the capability gaps within the marketing function; a key implication of the first audit was the recognition that we urgently needed to address relative weaknesses in strategic marketing skills such as insight, market strategy and planning, and brand equity development. These skill areas became the first areas of focus in the capability programme that ensued.

Having identified the key capability gaps using PCAT, the Academy needed to plan a means of addressing them in a way that clearly linked to business priorities. With the input and endorsement of the Marketing Leadership team, we developed a Marketing Capability Programme strategy and plan.

The key elements of this were as follows:

- Modules focused on strategic marketing capabilities in the first phase (2004–5) and operational marketing capabilities in the second phase (2006–7).
- A live-action learning approach to apply learning to real business issues. This required senior marketers to both acquire and apply the skills to develop a brand portfolio strategy for their market via a series of facilitated workshops.
- Tailored content to build senior 'leadership' skills as well as middle and junior 'professional' skills.
- Tailored content to reflect B2B and B2C business needs.



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- The development and deployment of ICI trainers to embed the ICI way of marketing.
- The creation of 'Advance Lite programmes' for general managers and other functions to foster a customer-centric culture within the organisation.

Developing the ICI Way of Marketing

In order to provide a common language for marketers within ICI, and also to embed an integrated, 'best practice' way of working throughout the company, we began the development of the ICI way of marketing.

This sought to combine best practice from within the organisation with external world-class marketing thinking. A simple set of processes and tools was developed, with active involvement from senior marketers and leading practitioners to ensure their engagement and commitment. Delivering the programme to the organisation started with high-impact leadership workshops designed to engage and align the marketing directors across the world. This was quickly followed by an extensive roll-out plan to the professional level.

The roll-out was also supported online with a toolkit that provided easy access to the latest thinking.

Tackling Key Strategic Business Issues

A critical factor in the success of the programme was its use to directly address the burning strategic issues facing the business through the creation of, and alignment to, a common language and common thinking framework.

The most urgent priority was the development of a global brand portfolio strategy for each of our six operating regions.

A live action learning programme was developed to fast-track capability building for key teams. The teams learned about the associated tools and processes (from the creation of a need state segmentation to the development of market maps and implementation plans) and then applied them to their own region.

Over a period of six months, each region was able to determine which brands it needed to build and how these should be positioned in the marketplace.

This process enabled ICI to begin focusing the portfolio to concentrate resources behind building fewer, more powerful brands.

For example, in Poland, the media budget, which had been shared previously across both Dulux and the locally acquired brands Pillak and Ekonowinka, is now concentrated entirely behind Dulux.

By early 2006, brand positionings had been developed for all master brands within the ICI portfolio.

The use of a common tool – the brand vision pyramid – to express these positionings enabled us to identify key areas of overlap, both in how a master brand such as Dulux was positioned in different areas of the world, and also among other brands that were targeting the same segments.



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The Brand Pyramid

ICI began creating synergistic positionings for Dulux and other leading brands in order to fuel higher levels of growth and to realise other associated cost benefits across the marketing mix.

Driving Operational Marketing Excellence

Having improved strategic marketing capabilities in order to develop brand portfolio strategies, the next priority was to successfully translate the positionings of the master brands across the marketing mix.

The PCAT revealed that brand communication and activation was a key area of focus, in particular the creation of big ideas that would be brought to life through integrated media plans.

In the UK ICI developed an award-winning integrated campaign 'We Know the Colours That Go', which was translated across multiple channels (e.g. TV, online, and PR). This campaign resulted in the highest ever level of people spontaneously recalling a Dulux ad, and also dramatically improved the brand's health.

As an example, the proportion of people claiming that 'Dulux is an expert at putting colours together' increased by 21% in one year alone.

Moreover, given that the core end-user insight behind the campaign held true in other parts of the world, ICI have been able to roll out this campaign to other markets, like Ireland and Poland.

The Results have been Impressive

The impact of this marketing transformation on ICI's business performance has been very significant.

The company has achieved the stretching commercial targets set in 2004, achieving a revenue growth of over 5% per annum, while increasing the profit to sales ratio.

The latest PCAT results in 2007 demonstrate that ICI are making strong progress towards the vision for 2010. Although there is still work to be done there have been significant improvements in the discipline and rigour of ICI's marketing activities.

A further significant benefit of the initiative has been a positive impact on recruitment, motivation and retention in ICI's marketing community. It has not just been brands and business that have grown, but also people.

For example, in Asia, 44% of our marketing vacancies were filled internally in 2007 compared to 0% in 2005. In the annual UK survey to assess employee engagement, the grand mean score for the 90-strong marketing community improved significantly from 3.59 to 3.87 between 2006 and 2007.

In Summary

Some of the key lessons from the experience are as follows:



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- Investment in marketing capabilities has a significant impact on marketing and business performance.
- The leadership of the company must be fully involved to drive through the necessary changes in behaviour.
- Things don't happen overnight – a sustained commitment to change over the long term is needed.
- Linking learning to real life business issues can 'turbo-charge' performance on-the-job.
- Focusing on fewer, stronger brands can transform business performance.
- A specialist capability development partner adds significant value.

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