Hire and retain the right CMO while building a high-performing marketing organization. Experiences from over 100 CEOs provide insights on how today’s CMO is measured and compensated, as well as how forward-thinking CMOs are leveraging technology and organizing their departments.
## Contents

*Introduction*  
3

*About the 2017 CMO Survey*  
4

*CMO Capabilities*  
6

*CMO Compensation & Performance Measurement*  
8

*CMO Organization*  
12

*CMO Investments*  
16

*Conclusion – Pulling it all Together*  
20

*About Credera*  
21

*Appendix – Findings by Company Size*  
22
Introduction

Competition for top marketing talent continues to heat up. The demand for digitally savvy chief marketing officers (CMOs) is growing as mobile device usage and ecommerce hit record highs in 2016. At the same time, average CMO tenure is down for the first time in a decade, driven primarily by those leaving the workforce—nearly 10,000 baby boomers retire each day. It’s no secret that the digital revolution is upon us; however, many don’t realize how it is changing the landscape for marketing talent before our very eyes.

As companies try to source top performing CMOs, many wonder what they must pay to attract and retain them over the long haul. This task can be further complicated by the lack of reliable information on CMO compensation, particularly in small and medium sized companies. Large, public companies are generally required to disclose executive compensation information. By contrast, small and medium companies are often privately held and inclined to refrain from publishing information about CMO or executive compensation. Similarly, large, public companies tend to be more forthcoming with their marketing strategies and how they are planning to invest in technology to meet their customer’s needs.

With this in mind, Credera conducted the 2017 CMO Survey to help companies more easily understand the information required to identify, recruit, and retain top CMO talent. We also gathered information about how marketing departments are being organized and where CMOs are investing in technology to stay ahead of the digital curve.

We hope the information in this report will help you:

- Navigate the challenges associated with sourcing a successful CMO, including avoiding overpayment and the “bait and switch”
- Optimally structure your marketing organization to serve your internal and external customers
- Identify where organizations are finding the most value in their marketing and technology investments

<table>
<thead>
<tr>
<th>Benefits of Hiring the Right CMO:</th>
<th>Costs of Hiring the Wrong CMO:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong leadership</td>
<td>Executive disunity</td>
</tr>
<tr>
<td>Clear vision and goals</td>
<td>Recruiting time investment</td>
</tr>
<tr>
<td>Executive chemistry and unity</td>
<td>Learning curve / onboarding costs</td>
</tr>
<tr>
<td>Making the right investments in marketing and technology</td>
<td>Making the wrong investments in marketing and technology</td>
</tr>
<tr>
<td>Longevity and continuity</td>
<td>Employee churn</td>
</tr>
<tr>
<td>Positive employee morale</td>
<td>Negative employee morale</td>
</tr>
</tbody>
</table>
About the 2017 CMO Survey

The 2017 CMO Survey was completed by over 100 chief executive officers (CEOs) in the United States representing a broad range of industries, including business services, technology & media, retail, consumer & industrial products, and many others.
The CEO respondents to the 2017 CMO Survey represented:

- A broad range of company sizes, including smaller companies with $100 million in revenue to larger companies with more than $2 billion in revenue.
- A wide span in number of employees, from smaller companies with fewer than 300 employees to larger companies with more than 5,000 employees.
- Companies with a range of CMO tenure, some with less than one year to those with more than seven years at their current company.
- Companies with a diverse group of CMOs: 55% men and 45% women.

**CMO TENURE (SURVEY RESPONDENTS)**

- More than 7 years: 15%
- 5-7 years: 17%
- 3-4 years: 28%
- 1-2 years: 23%
- Less than 1 year: 17%
“Hire someone who understands marketing technology. Traditional marketing communications people and folks with ad agency backgrounds are not sufficient to drive growth in today’s markets”
– CEO Respondent to the 2017 CMO Survey

In our day and age, marketing professionals are asked to do more than ever before. Traditional promotional activities like advertising, product marketing, branding, and public relations remain important marketing capabilities. However, a fresh wave of digital technologies is bringing new capabilities like mobile commerce, social media, customer experience, and innovation into the marketing portfolio.

Clearly the digital era is well underway. Digital is bringing us closer to realizing the Internet of Things; the number of digital devices worldwide has more than doubled since 2013, and is expected to nearly double again by 2019. More devices means more time spent online, which in turn means more interactions between customers and businesses. This shift from individual touchpoints to regular connection before, during, and after purchase cycles means customer experience is quickly becoming the core focus of a company’s brand, with significant implications for marketing.
If companies are promoting their brand in the digital world, then marketing needs to be comfortable with digital technologies. In 2016, CMO’s spent just 6% less on technology than CIO’s. In this new model, the CMO needs to serve as the organization’s glue between technology and the business to deliver experiences that resonate with customers. While marketing leaders do not necessarily have to be technologists, they must be comfortable with emerging and existing technology. This willingness to engage and learn about technology, regardless of background, is critical to success as a CMO.

So, what does this mean? What capabilities does a CMO need to have to be successful in the Digital Age? The responsibilities of the CMO are changing, but they remain split between traditional brand advertising activities and newer digital capabilities. This presents CEO’s with a thorny problem – what skills need to be emphasized when finding the right CMO?

As revealed in the 2017 CMO Survey, traditional marketing capabilities like branding, advertising, and product marketing are still significant, with over two-thirds of CMO’s remaining responsible for these capabilities.

More recent capabilities from the past decade like social media marketing and mobile marketing are now commonplace in marketing departments, owned by over half of CMO’s. And as companies grow in their focus on customer centricity, newer or evolving capabilities such as innovation, customer experience, and loyalty are gaining attention.

There are three primary and distinct roles that CMO’s must play to deliver value to their business:

- **Technical Ambassador:** The growing role of digital technology in marketing efforts means CMO’s must be comfortable enough with technology to serve as the glue between the CEO and CIO.
- **Customer Centricity Expert:** Despite a rapidly changing technical landscape, understanding the customer remains the foundation of successful marketing. Cutting edge initiatives are superfluous if they ignore the Customer Experience.
- **Amateur Data Scientist:** Modern businesses have access to a treasure trove of customer information through new tools and increased touchpoints. CMO’s must navigate this data to determine the difference between noise something more important.

---

2 Statista, Internet of Things (IoT): number of connected devices worldwide from 2012 to 2020.
3 http://gartnerformarketers.com/CMOspend
“Pay well for the top people.”
“Do not be afraid to overpay for someone that you have confidence in.”
– CEO Respondent to the 2017 CMO Survey

We all know the feeling. The interview is, well was, going well. You quickly find a groove, flying through previous experiences and referrals and diving right into the fun topics and projects. You discuss new technologies covered in TechCrunch and their collision course with your industry or potential partnerships that would make your competition scramble to keep up. But then, in a fleeting moment, it all comes crashing down. So, what happened? One word – compensation.

Sorting through CMO candidates to find one with the right skills and experience who matches your culture is a draining, time-consuming process. Hitting a major impasse when you think you have found a good candidate can be doubly frustrating. To help with this issue we’ve asked CEO’s how they are compensating their CMO’s.

According to the 2017 CMO Survey, compensation for CMO’s varies based on company size and CMO performance. Accounting for these differences and tailoring compensation to your expectations will help you find, and more importantly, hire and retain, a successful CMO.
To simplify the CMO compensation data for easier consumption, we grouped the survey respondent data using the above company size profiles. The 2017 CMO survey demonstrates a strong relationship between company size and total CMO compensation.

Average annual total compensation for CMO’s in medium companies is $350,000, with an average base salary of $250,000 making up 70% of total compensation. The average bonus is 20% of annual salary. Stock compensation is the same for medium companies as for small companies, at $50,000.

Average annual total compensation for CMO’s at small companies is $230,000, with 65% or $150,000 of the total in base salary. A 20% annual bonus over salary and an additional $50,000 in stock compose the remaining compensation.

<table>
<thead>
<tr>
<th>COMPANY SIZE PROFILES</th>
<th>SMALL COMPANY</th>
<th>MEDIUM COMPANY</th>
<th>LARGE COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>Under $50M</td>
<td>$50M to $500M</td>
<td>Over $500M</td>
</tr>
<tr>
<td>HEADCOUNT</td>
<td>Under 300 employees</td>
<td>300 to 500 employees</td>
<td>Over 500 employees</td>
</tr>
</tbody>
</table>

CMO COMPENSATION

- **Small**: Average annual total compensation is $230,000, with $150,000 in base salary, $50,000 in bonus, and $50,000 in stock.
- **Medium**: Average annual total compensation is $350,000, with $250,000 in base salary, $50,000 in bonus, and $50,000 in stock.
- **Large**: Average annual total compensation is $400,000, with $350,000 in base salary, $105,000 in bonus, and $250,000 in stock.
CMO compensation at larger companies follows a different pattern. Average annual total compensation for CMO’s in large companies is $705,000. The base salary is $350,000 and makes up under half of total CMO compensation, with stock composing over 35% or $250,000 of annual compensation. Large companies are more likely to offer stock in compensation than small and medium sized companies, and the value of that stock is also greater. On average, CMO’s at large companies also receive a 30% annual bonus, valued at $105,000.

**A strong marketing department led by a high-performing CMO and marketing team will drive revenue that far exceeds the cost of the CMO’s compensation.**

In summary, survey respondents from larger companies indicated a greater CMO pay package across the board for salary, bonus, and stock than those in smaller companies. It is critical to note that CMO compensation is only one indicator of CMO value. A strong marketing department led by a high-performing CMO and marketing team will drive revenue that far exceeds the cost of the CMO’s compensation.

A CMO who has the proper skills, understands their role, and fits in the company culture is a valuable member of the organization.

While compensation information provides a valuable baseline for negotiation, it does not tell the whole story. CEO’s do not want just any CMO, they want a CMO who will help bring their vision to life. This means tying performance metrics to compensation.

So, what are the top performance metrics for CMOs? Company, individual, team, and functional performance are common metrics used to evaluate CMO performance – each was used by over 50% of companies surveyed in the 2017 CMO Survey. Of these, individual and company performance were the top two most common performance metrics identified – each used by approximately 70% of survey respondents.
Despite the variation in usage across these four CMO performance metrics, it’s important to take a balanced approach when designing how to measure CMO performance. Why? If too much emphasis is placed on individual performance, for example, then team dynamics and morale can suffer as a result. Or if company performance is held as the main performance metric, a CMO could be over-compensated in a year with significant industry growth.

Creating well-defined CMO performance metrics tied to compensation is important. However, making sure that CMO metrics are prioritized as part of a balanced approach can be even more critical to ensure proper marketing alignment with your organization.
“It is important to hire someone with a broad base of knowledge who is willing to hire those under him or her with greater depth of specialized knowledge and experience”

– CEO Respondent to the 2017 CMO Survey

While capabilities and investments guide what the marketing department does, the people who make up that department ultimately determine how effective those activities are. It is one thing to invest in a new capability that could revolutionize your relationship with your customers, but it is something else entirely to grow and mature that capability to make it market leading and differentiating.

According to a recent 2016 CMO Survey from Duke University, average marketing headcount is expected to grow by about 5% over the next 12 months, roughly in line with historical growth trends. With marketing budgets, particularly in digital, growing at a faster pace than headcount, decisions on where to allocate headcount are even more pivotal.
The wide breadth of responsibilities under the CMO further complicates this challenge. Twenty percent of CEO’s surveyed believe their CMO does not grasp key marketing trends. How then should the overstretched executive support their investments through decisions on organizational alignment and headcount allocation? First, some background.

According to the 2017 CMO Survey, CMO’s average between 5 and 7 direct reports, with 40% of our CMO’s managing 4 or fewer direct reports. CMO’s, however, manage more than just their direct reports. The latest Duke CMO Survey also finds that the lead marketer manages a total of 16 indirect reports, including these 5-7 direct reports. Add on responsibilities related to cross-department collaboration, and it is easy to see how CMO’s are as busy as they have ever been.

Given the number of capabilities that now fall under marketing, the CMO must use their Director and VP-level direct reports to supplement their own skills and experiences. A CMO with a traditional marketing background must build new capabilities in customer experience or innovation by empowering a senior leader with skills in that area. Likewise, a data-driven CMO focused on optimizing digital channels can empower a trusted direct report to manage public relations or advertising. Just because the CMO is ultimately responsible for each of these efforts does not mean they need to be the expert in each of them.

Six rules of thumb for resource allocation:

While there is no silver bullet to align resources with capabilities and investments, there are a few rules of thumb to help allocate resources and prioritize headcount additions:

- **CMO’s with skill or experience gaps in certain areas can augment their expertise** by hiring leaders with relevant experience to guide these areas.

- **New or stalled capabilities will get more visibility and traction** if they are placed under the ownership of a cross-functional team of senior leaders.

- **Emerging capabilities should be evaluated using appropriate maturity models** to see where improvement opportunities exist and greater resources or skills are needed.

- **Consider developing Centers of Excellence (COE’s)** that help develop and share leading practices throughout your organization.

- **Look for candidates who are excited to learn and apply new skills** – rapid changes in marketing means they may have to support new or unfamiliar capabilities.

- **Do not be afraid to utilize contractors or business services partners** to fill temporary gaps or needs while the organization adjusts to enable a more permanent answer.
“Be very clear on the vision and direction of the company”
“The CMO must be invested in and aligned with the company’s strategy and customer positioning”
– CEO Respondent to the 2017 CMO Survey

Follow the money. The general principle applies in businesses just as it does in investigative journalism. If you want to see how a company might change over time, look at where it invests its capital. The investments made by a marketing organization tells us what is important now and what will be important down the road.

In the 2017 CMO Survey, we asked CEO’s to identify their top three areas of investment and critical technologies for the next three years; their responses reflect an emphasis on getting to know customers to improve the effectiveness of marketing efforts.
Each of the top three investment areas identified by CEO’s in our survey relates to fostering improved customer understanding. Marketing and branding effectiveness, understanding the customer/customer insights, and target customer identification/segmentation were each identified as a top three investment area by over one-third of respondents. While marketing & branding effectiveness is not directly associated with customer insights, this area is used as a foundation to optimize marketing efforts.

This finding fits with what marketers in industries all over the world are trying to do.

No matter the specific capabilities owned by the CMO, the most important tool in the marketing arsenal is in-depth understanding of the customer.

Knowing what delights and frustrates customers is the foundation of great customer experience. Knowing what customers want to buy and when is central to optimizing commerce channels. And finally, knowing your customers’ values and lifestyles is critical to developing brand equity and loyalty, as well as being able to personalize your offers and messaging. Beyond customer understanding almost 30% of respondents identified product and services innovation as a top investment area, and almost 20% identified customer experience as a top area. However, that trend does not hold for all newer capabilities.

Customer loyalty and personalization are significant pieces of the marketing puzzle, frequently referenced in lists of top marketing trends, but are only identified as top investment areas by about 10% of the 2017 CMO Survey population. This result implies that many CEO’s see personalization and loyalty less as independent areas and more as desired outcomes of effective marketing. Brands that market to the right customers, at the right times, through the right channels recognize customers on an individual level and in turn generate a more loyal customer base.

Marketing technologies identified as critical to success over the next three years also share an emphasis on fostering deeper engagement with customers.

---


6. [https://www.entrepreneur.com/article/284525](https://www.entrepreneur.com/article/284525)
Five marketing technologies were identified as critical to success by over 20% of 2017 CMO Survey respondents, and three of them directly relate to building customer understanding. Social data / social listening, CRM, and data / information management each support building a comprehensive view of customers, while the other two “top-five” technologies, marketing analytics and reporting and ecommerce / digital, each use this customer knowledge to improve the effectiveness of marketing efforts through insight-building and targeting.

Several of these critical technologies relate to the modernization of a foundational element of marketing – campaign creation. Whether campaigns are focused on traditional channels, newer digital channels, or a mixture of both, the need to quickly and accurately develop persuasive communication targeted at specific customers is not going anywhere. New digital campaign management tools serve to optimize these campaigns through automation and improved targeting, especially in digital channels. Email content management, content creation tools, campaign management, marketing suite / MRM tools, and digital asset management were each identified by between 10% and 20% of respondents as critical technologies, underscoring the continued importance of the marketing campaign in the digital era.

**Marketing organizations remain focused on the customer.**

What else are these investments telling us about marketing organizations? For starters, marketing organizations remain focused on the customer. Even new capabilities like social that are seeing significant investment are used to better understand and communicate with the customer. Trendy areas like innovation and customer experience are still not viewed as primary focal points. Companies that are behind the curve in digital and customer experience have an opportunity to cover lost ground quickly through major investment, but they will have a harder time achieving competitive advantage in social media and customer insight.
As we’ve discussed, finding the right CMO has great rewards but can be a daunting challenge. If done right, it can be a boost to your business and help drive future growth. However, if done poorly, your organization could pay the price for years with suboptimal investments, employee churn, poor morale, and organizational health issues.

As with any great challenge, finding the right CMO for your company is more manageable when it is divided into smaller parts. Here are a few quick tips that build on the insights from the 2017 CMO Survey:

- Identify a CMO with a balance of traditional marketing skills and expertise in the key capabilities that your organization needs to grow most (e.g., digital, innovation, customer experience, etc.).
- Be ready to competitively compensate a CMO across the three layers of compensation (salary, bonus, stock) when you identify a candidate who has the right skills and is a cultural fit.
- Evaluate CMO performance across the factors that drive your business and link performance to compensation.
- Structure your marketing organization’s people engine to evolve and build new capabilities over time.
- Be willing to make investments in marketing and technology capabilities that help position your company for the future, even if they are required over multiple years.

The digital revolution is well underway. This transformation will bring change to marketing for years to come, which creates unique opportunities. We hope this report helps you to find the right CMO for your organization and better positions your marketing organization for the future.
Credera is a full-service management consulting, user experience design, and technology solutions firm.

We work with Fortune 500 companies, medium-sized businesses, government organizations and clients across a broad range of industries, and we give them the experience and perspective to solve today’s toughest business and technology challenges. Credera delivers solutions to clients across North America. Founded in 1999, we currently have office locations in Dallas (headquarters), Houston, and Denver.

FIRM HIGHLIGHTS

Credera is a privately held company that has been profitable in every quarter of existence. Credera carries zero debt and has no outside ownership. With over 270 professionals on staff, Credera possess a unique combination of deep technical expertise with extensive business backgrounds. Our business acumen and process oriented approach to technology solutions separates us from our competitors.

About the Authors

Gabe Knapp, Principal
Gabe Knapp is a Principal with Credera and has over 20 years of experience in consulting and industry, spanning various industries including high technology, consumer and industrial products, financial services, hospitality, retail, and energy. Knapp specializes in customer and marketing strategy, digital strategy, customer experience, and customer loyalty. Prior to joining Credera, Knapp worked for Deloitte Consulting/Monitor Group in their strategy practice serving Fortune 500 clients. Knapp holds a bachelor’s degree in business administration from Trinity University in San Antonio and an MBA from Harvard Business School.

Ben Grotta, Consultant
Ben is a Consultant at Credera in the Management Consulting practice. During his time at Credera, Ben has primarily served as a digital analyst, partnering with clients to create valuable, personalized experiences across customer-facing channels. Ben is passionate about helping clients untangle the intricacies of the modern digital media ecosystem. His other areas of focus include customer and marketing strategy, brand management, strategic communications and organization design. Before joining Credera, Ben held a position at PulsePoint Group, an Austin-based consulting firm that specializes in brand strategy and crisis communications. Ben holds a BS in Public Relations from the Moody College of Communication at the University of Texas.

Lauren Graham, Consultant
Lauren is a Consultant in the Management Consulting Practice at Credera. She graduated Cum Laude from Vanderbilt University with a B.S. in Human and Organizational Development and a minor in Corporate Strategy. Her work at Credera has centered around Organizational Change Management and Project Management for companies going through major software implementations and integrations. Her previous work experience includes agency-side interactive and online marketing for clients ranging in size from startups to Fortune 500 organizations.

Matt Levy, Managing Director
Matt is the co-founder of Credera, managing director and board member. In 1998, when Matt helped start Credera, he dreamed of working with a group of leaders he both admired and respected. Matt focuses on growing Credera and enjoys working with entrepreneurial leaders who are considering their company’s next major growth step. Matt’s emphasis is in organizational health and culture, marketing and technology. Matt leads Credera’s marketing efforts and is an active investor and director in several other companies. Matt graduated from Texas Tech University in 1996 and is a member of the Lone Star YPO chapter and Watermark Community Church in Dallas.
Appendix – Findings by Company Size

As we connect the dots on key insights from the 2017 CMO Survey, we begin to see a picture emerging that shows how CMO compensation and their capabilities and investments are different by company size. As you think about your company, the breakout below is meant to help illustrate the differences by company size so you can focus on the insights that most closely relate to your specific needs:

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>SMALL COMPANY</th>
<th>MEDIUM COMPANY</th>
<th>LARGE COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $50M</td>
<td>$50M to $500M</td>
<td>Over $500M</td>
<td></td>
</tr>
<tr>
<td>Under 300 employees</td>
<td>300 to 500 employees</td>
<td>Over 500 employees</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HEADCOUNTER</th>
<th>SMALL COMPANY</th>
<th>MEDIUM COMPANY</th>
<th>LARGE COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CMO Salary: $150,000 or less</td>
<td>2. CMO Salary: $150,000 to $250,000</td>
<td>3. CMO Salary: $250,000 to $350,000</td>
<td></td>
</tr>
<tr>
<td>2. CMO Bonus: 10% to 20%</td>
<td>3. CMO Bonus: 10% to 20%</td>
<td>4. CMO Bonus: 20% to 30%</td>
<td></td>
</tr>
<tr>
<td>3. Stock: Less than $50,000</td>
<td>4. Stock: Less than $50,000</td>
<td>5. Stock: $150,000 to $250,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOP MARKETING CAPABILITIES OWNED BY CMOs</th>
<th>SMALL COMPANY</th>
<th>MEDIUM COMPANY</th>
<th>LARGE COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Digital / eCommerce</td>
<td>2. Social Media Marketing</td>
<td>2. Digital Marketing / eCommerce</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOP INVESTMENTS MADE BY CMOs</th>
<th>SMALL COMPANY</th>
<th>MEDIUM COMPANY</th>
<th>LARGE COMPANY</th>
</tr>
</thead>
</table>
WE KEEP OUR PROMISES

Our clients hire us to own their toughest challenges. They retain us because we keep our promises.

GET IN TOUCH
Has this paper been helpful? Need additional information on our services? Please reach out and let us know how we can help:
findoutmore@credera.com