
Unleashing The Power Of Marketing

When GE realized that its products would no longer sell themselves, it had to invent a formidable marketing function from scratch.

by Beth Comstock, Ranjay Gulati, and Stephen Liguori





Just ten years ago GE had no substantial marketing organization. For decades the company had been so confident in its technologies that it seemed to believe the products could market themselves. People designated as marketers were assigned to sales support (lead generation or trade shows, for example) and communications (advertising and promotional materials). In discussions about corporate strategy, marketing wasn't at the table. At best it was considered a support function; at worst it was overhead. In a few GE businesses, such as appliances and the former plastics unit, marketing was a viable contributor, but in most of the others brilliant minds were languishing in dead-end jobs.

Many internal skeptics did not see how marketing as a function could help GE grow its businesses. Take GE Aviation, the multibillion-dollar division that develops and manufactures jet engines for commercial and military aircraft. The commercial aviation industry is relatively simple: a handful of aircraft manufacturers, two GE competitors (Rolls-Royce and Pratt & Whitney), and about 300 airlines. "You could put the entire industry in a conference room—it's that compact," says Thomas Gentile, the vice president of engine services for GE Aviation and a former chief marketing officer at GE Capital. "So the challenge was: How could market research really help us? Because we could literally pick up the phone and call everyone in the industry who mattered and find out what was on their mind."

But things were changing. The businesses were maturing, and like other companies, GE was learning that it could not win simply by launching increasingly sophisticated technologies or by taking existing technologies to new markets. Some of our best-thought-out new offerings were fast becoming commodities. Even executives within a business like Aviation recognized that it was having trouble making sense of a rapidly changing industry. Fuel prices were volatile; demand was slowing; stronger regulatory oversight was around the corner. How to remain competitive and also prosper? "We didn't really

know how to translate what we knew about customers into the next growth idea,” Gentile admits.

GE’s solution was to focus on growth from within, across all businesses—a shift from the past, in which the top line was grown primarily by acquisition and the bottom line by seeking out efficiencies. The re-focus ushered in a strategy fueled by technology, innovation, global markets, and stronger customer ties. To succeed, GE would need a marketing engine that drove more-direct collaboration with customers and led to new markets—one rooted in standards as rigorous as those for functions such as finance and human resources. CEO Jeff Immelt issued a mandate that marketing should be a vital operating function across GE and an engine for organic growth.

Recognizing that marketing was vital to all GE units was one thing; implementing it was an entirely different matter. The marketing team took on the challenge of identifying and codifying from scratch the needed modern-day skills and communicating them in clear language. We had to define what success would look like and describe how we would

measure results. At the time, GE had no ready or consistent way of calibrating marketing efforts across units, markets, or business models, and we couldn’t find one in any textbooks. Perhaps most challenging, we had to identify and develop leadership capabilities in our team, whose track record was uneven at best. In the process of creating what we believed would be the definitive marketing function, we arrived at new ways of thinking about marketing skills and how to compose the ultimate marketing team.

The result was a marketing framework for the entire company along three dimensions: *principles* (creating a common language and standards), *people* (getting the right leaders in place), and *process* (including very specific measures for grading performance). This article focuses primarily on the people aspect, but the three are interdependent and all are critical. This is primarily a GE story, but its implications are relevant for marketing teams anywhere—and even for people in other functions, because it shows how a team can challenge expectations and perceived limitations.

The Key Parts of a Marketing Engine

When we set out to build a new marketing engine for GE, we realized that success would require three key factors: principles, people, and process. They give the marketing function—and the whole organization—a common language, rigor, and a tool kit for measuring success.

Principles

GE long ago created standard procedures and central reservoirs of expertise for functions like finance and HR, but marketing practices varied by product line, unit, or region. From late 2008 through mid-2009 we convened about 30 of our best marketers to develop a new standard for our function. We learned that regardless of industry or region, they were struggling with the same issues yet were virtually unaware of one another’s existence. So we assigned teams of like-minded subject-matter

experts to define the common issues and the skills we needed to master. They organized eight disciplines into two groups: go-to-market (such as segmentation) and commercial essentials (such as branding and communications). To our knowledge, no other company had pulled these disciplines into one framework along with detailed definitions of success. We set out to make sure that at least one business could be considered an expert in each category.

People

We found that successful marketers play four roles, some of them unusual in marketing: *Instigators* challenge the status quo and look for new and better ways of doing things. *Innovators* turn marketplace insights into untested products, services, or solutions. *Integrators* build bridges across silos and functions and between the company and the market. *Implementers* execute on ideas.

Process

Once we knew what we wanted from marketing, we developed metrics for evaluating our teams on the skills defined by our principles. How would we know we were making progress and delivering results? That question led us to a process we call the Maturity Evaluation (see page 97).

Idea in Brief

Not long ago, GE viewed its marketing department as a support function at best.

But beginning in 2003, the company's marketing leaders rigorously applied GE's process orientation and standards, doubled the size of their function, and created a new marketing framework for the entire company along three dimensions: principles, people, and process.

Recognizing that successful marketers fulfill four roles—instigator, innovator, integrator, and implementer—they specified the key skills needed to achieve their goals, took a hard look at where they were falling short, and systematically built new capabilities.

As a result, marketing at GE is now an engine for growth. It leads the way to more direct collaboration with customers, new product opportunities, and new markets.

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Not Just a Support Function

Our framework centered on giving marketing a revenue-generating role in its own right. If GE could no longer rely solely on technology breakthroughs for hefty margins, we'd have to find both innovative ways of serving customers based on investments we'd already made and also opportunities in new markets, new segments, or new products.

Marketing became the torchbearer for what was internally called "commercial innovation." GE already had a long and rich history as a technology innovator. Now its innovation expanded to include ideas grounded in customer needs and market trends. Marketers took their place alongside technologists and had a voice earlier in the process, to ensure that GE's offerings were differentiated and aimed at the right customer segments. As Immelt saw it, marketing would have a "line" role instead of its historical "staff" role at GE, and be held responsible for critical operating mechanisms such as pricing and quantifying value for customers. He has pushed GE's global growth with a mantra of "more products at more price points," meaning that GE must not only target high-end users but also apply "just what's needed technology" to better meet customer needs. (See "How GE Is Disrupting Itself," HBR October 2009).

The proof lay in a series of new cross-company initiatives. Imagination Breakthroughs—a portfolio of growth projects created in 2004 and designed to engage marketing and technology in ways that would create new value—is one. These projects get attention, funding, and time to develop, which has

been especially important in a slow economy, when future-oriented projects are often an easy target for cuts. GE's development of sodium batteries, born of the need for new battery technology to power hybrid locomotives and grown into a stand-alone business that serves telecom and other industries new to GE, was an Imagination Breakthrough. A GE Health-care offering that combined existing technologies for a new purpose—namely, allowing emergency responders to better distinguish between ischemic and hemorrhagic strokes and then direct patients to the right hospital for care—was another. The breakthroughs collectively generate \$2 billion in new revenue annually.

Ecomagination, GE's clean-technology initiative, was launched in 2005. It directs investment in R&D and product development tied to market trends and customer goals in the green and sustainability arena. Now a multitiered business plan, a point of view for the brand, and a purpose for GE's people, Ecomagination has delivered more than 90 new products and \$70 billion in revenue in its first five years. In all these initiatives marketing gets into the game at the start, from sizing "white space" opportunities to meshing previously unmet needs with new technologies to moving our brand in new directions.

What Makes a Marketing Leader?

The marketing leadership at GE had set an ambitious agenda, but no amount of ambition can make up for a poor marketing leader or a dearth of talent. So the team doubled its ranks, from 2,500 in 2003 to 5,000

Seeing Is Believing

To get people to take them seriously, GE's marketers designed an exhibit to communicate the value of their work. It demonstrated, for example, the variety of customer types and the "sea of sameness" among GE and its competitors.



CUSTOMER PERSONA



SEA OF SAMENESS

today. CMO positions were created at all GE's businesses and at the corporate level. These leaders were both tapped from within GE and hired from a number of consumer- and business-oriented companies. More than half of the internal leaders lacked formal marketing training. They had started with the company as engineers, salespeople, or Six Sigma leaders and been promoted because they were strong performers who spoke the same language and grew up in the same industries as their customers. They learned marketing on the job as best they could, given our limited experience. The outside hires were more classically trained; many had MBAs and most had years of proven success at more-sophisticated marketing organizations. We had templates for the roles and responsibilities of these marketers. We expected that the external people would elevate our capabilities, and the internally grown ones would connect the dots culturally. We set up training programs to make sure that over time, all of them could master our core principles. The marketers were only too happy to align themselves with GE's healthy growth during this period.

When the downturn came, in early 2008, we asked ourselves if marketing could perform in a world of slow to no growth. Did we have the skills necessary to drive value in tough times? Furthermore, after five years of investment and development, were we any good at marketing? How could we know we were delivering results?

To answer those questions, we conducted an assessment of the marketing team's skills and an audit of its contributions. (See the sidebar "Maturity Level: How We Measure Ourselves.") Despite the team's combined knowledge and capability, its impact and results were inconsistent. Why?

When we looked specifically at marketing leaders, whose skills had to be a priority if we were to make the function a true source of sustainable competitive advantage, we were all the more perplexed. The

problem was that the traditional frameworks we had studied didn't provide much guidance for identifying those skills. The frameworks do an excellent job of outlining marketing principles but not of translating them into action. It became evident that critical behaviors were (a) omitted from classical marketing training, and (b) often underappreciated by GE's operating leaders, in large part because those behaviors were sometimes at odds with the behaviors of other functions.

We would have to identify the requisite skills ourselves, by studying the people on the team who were excelling. We learned that four fundamental roles are needed to transform marketing into a strategic function: instigator, innovator, integrator, and implementer. We call them "marketer's DNA." Each role has become absolutely crucial at GE.

The Instigator

Marketing leaders need to think strategically and challenge the status quo, using their unique external vantage point to see what may not be apparent to others in the business. Sometimes this entails moving beyond preaching about marketing's merits to visualizing them through scenarios for business heads—perhaps marketing's most important role. Leaders must be willing to push change. But the hard truth is that any affection for change agents dissolves when people don't like what's being proposed. Perhaps that explains why, according to several surveys, CMOs last only 23 months, on average—just over half the tenure of other "C"-level positions.

According to Jean-Michel Cossery, the vice president and CMO of GE Healthcare, his division had traditionally acted as a "technology pusher." "We had a tendency to develop products because we could do it and not because they were wanted in the market," he says. That approach was unsustainable. After Congress enacted the Deficit Reduction Act of 2005, wiping \$13 billion out of medical-imaging reimburse-

ments virtually overnight, GE Healthcare had to explore new markets and offerings.

Cossery started an internal incubator fund that enlisted and sponsored a small skunkworks to scan the entire business landscape, as opposed to thinking only about a product or a P&L silo, and come up with marketing ideas that were either not on the business leaders' radar or considered elusive. For example, Cossery believed that the health care system existing in 2005 would not be able to meet the demands of an aging population that wanted to be independent and to stay out of hospitals. In combination with a growing number of chronic-care patients, this represented a potential \$10 billion market with huge commercial opportunity. But GE didn't have an offering for that market. Cossery's team connected with scientists from GE's informatics lab, which had been experimenting with sensing technology to track human activity—for example, that of patients in their homes. They created a “home of the future” at GE's R&D Center in Niskayuna, New York. The team built algorithms tied to patients' movements and even conducted tests in the homes of researchers' elderly parents.

Cossery's team ran into internal resistance because some viewed the project as too small for GE's target of hospitals and large physician practices. But ultimately, armed with research findings and product prototypes, marketing joined with product development to launch the QuietCare home sensing system. Home health is now a stand-alone business and a priority for GE Healthcare. It's still nascent, and enthusiasm for it isn't unanimous, but hospital clients have begun asking for home solutions to prevent readmittance. This past August GE announced a joint venture with Intel to speed the progress of home health-monitoring innovations.

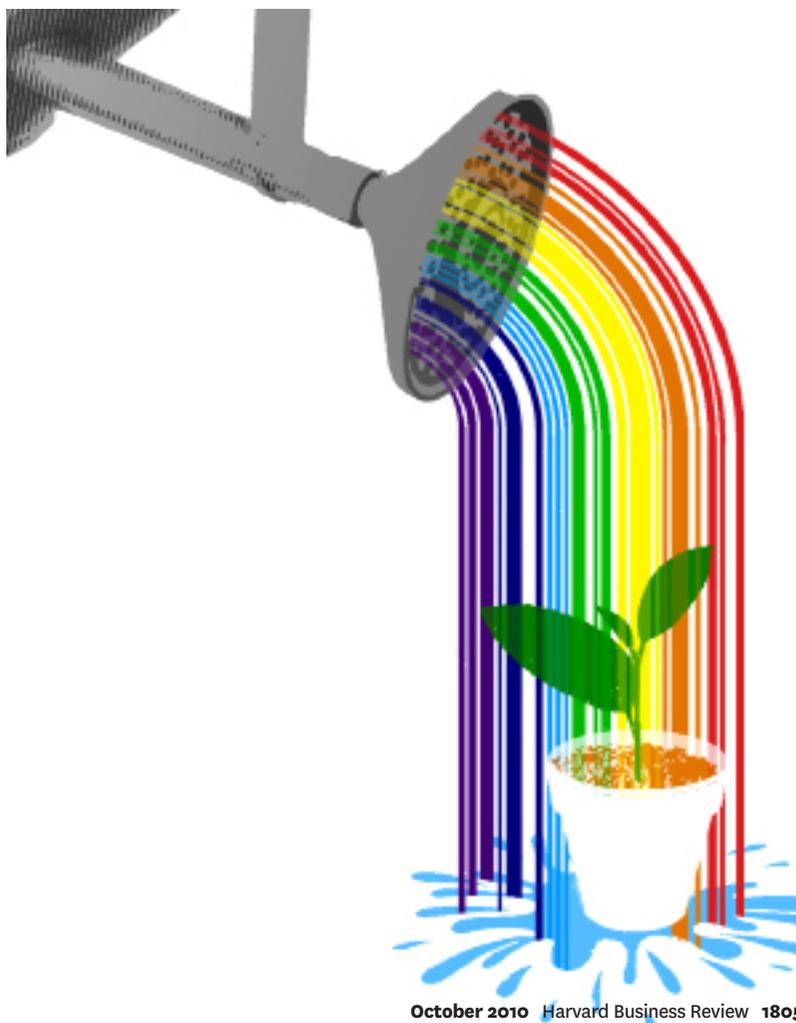
The Innovator

Relegated to a support function at much of GE, marketing had been limited to passively pushing information to those centrally responsible for innovation—typically R&D or engineering. The marketers might, for instance, recognize a customer trend and communicate it to the product R&D department. Or they might be called on to develop a creative advertising campaign for a new product. Other than that, marketing groups and CMOs had no consistently good grasp of how to shape the company's innovation agenda. We had to expand our thinking beyond product features and functionality to include pricing,

delivery, customer engagement, complicated risk-reward sharing, and new business models—all part of commercial innovation.

This was familiar territory for Lorraine Bolsinger, the president of systems of GE Aviation, who was its CMO in 2004, when she led the business into the very light jet space—think “air taxis” that carry four to six passengers to small regional airports. The idea of air taxis seemed crazy to most people at GE Aviation. Why did the business need to be in that market when it was doing well in the large commercial and military space? Keep in mind that engine develop-

The idea of air taxis seemed crazy to most people at GE Aviation. Marketing showed why it wasn't.



ment cycles can last a decade or more: Commitment to a new space is a big commitment to the future.

Bolsinger and her team nonetheless believed that this market was important to GE's future. The commercial airline industry had been steadily moving away from a hub-and-spoke system to a point-to-point system, led by the boom in regional jets. Why not go even smaller? It was tough to get people to listen at first, but Bolsinger brought in entrepreneurial air taxi operators who were smart and sophisticated and could explain how their business model differed from the traditional jet model. GE's engine-design expertise, greater than its competitors', could add significant value by lowering operating costs (burning less fuel) and increasing asset utilization (through better reliability and longer cycles), making the economics work for air taxi operators.

More recently the Aviation marketers realized that their business was selling engines on the basis of thrust and other quantitative metrics, whereas it could be selling on the basis of operational efficiency and resource productivity. That research-fed insight led, for example, to myEngines, which provides customers with real-time service updates for their aircraft engines: what repairs are required, how long they will take, how much they will cost, and so on. The information can be conveniently delivered to customers' smart phones or tablets.

The inspiration for myEngines came from Tim Swords, a marketing executive at GE Aviation, who thought of it as a Facebook for engines. He and his team introduced a pilot program to test applications with a small group of customers. The response was overwhelmingly positive, strengthening a business case that led to funding for full development. The application was commercially launched at the 2010 Farnborough International Air Show, with an announcement that its first customer, LAN Airlines of

Chile, had selected myEngines for its entire fleet of some 100 aircraft.

Innovative marketers use unique marketplace insights to come up with products, services, or solutions based on untested ideas. P&G and other consumer-facing companies take that broad view of innovation, but it has been slow to develop at traditionally business-focused companies like GE. The more an idea deviates from the status quo, the greater the market opportunity—and, of course, the larger the personal risk to whoever is pushing the idea. Marketing leaders need not only the courage to pursue bold initiatives but also the persistence and political skills to overcome naysayers. Before the business model and payback for myEngines were clear, Thomas Gentile recalls, “we had to fight tooth and nail to get the resources we needed.”

The Integrator

An integrator builds bridges across multiple organizational silos and functions to unite them on a single path. Sometimes he or she must act as a “translator,” making outside customer insights relevant and meaningful to those inside the organization. Marketing is uniquely positioned to do this, but when we began, the team was nowhere capable of that role. We realized that we would have to speak product language to R&D and customer language to the sales force—to unite customer-facing functions with the back of the organization and to enable the company to cross-sell bundled products. In other cases integration may simply mean bringing disparate groups in the organization together to collectively assess market dynamics.

Consider GE Capital. Perhaps no other GE business has gone through as much upheaval in the past two years. Previously, GE Capital had typically been a deal shop. “We had abundant liquidity and would try to find every deal that was out there,” recalls Lee Cooper, the vice president and CMO of GE Capital, Americas. But the global recession racked the industry in 2008. “We were looking at our business shrinking from about \$650 billion in assets down to about \$450 billion,” Cooper says.

So Cooper and Dan Henson, the CEO of GE Capital, Americas (and a former corporate CMO), set up a weekly “war room” in which the division's senior leaders would look at key metrics—margins, pricing, customer pipelines, and so on—of the different businesses and take quick action to address any issues that surfaced. Pre-crisis, the company had reviewed

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The Maturity Evaluation

How we measure ourselves

many portfolios in aggregate, checking on business and industry health indicators monthly or even quarterly. Speeding up the process allowed GE Capital to quickly reallocate resources when necessary. For instance, as losses mounted, it terminated sales efforts in certain industry sectors and redeployed the sales teams to healthier ones, netting billions of dollars of new assets.

More than 20 GE Capital executives participate weekly in the war room, including the heads of the business units, the CEO, the CMO, the CFO, the CIO, the general counsel, the head of operations, chief risk officers, the head of business development, and the head of HR. Things get done—they don't get stuck in committees or mired in analysis paralysis. In fact, the war room concept has been so successful that the individual business units now have their own mini-versions.

"At first the war room was a process, but it's since become more of a mentality for making commercial decisions and for instilling accountability," Cooper explains. "It's become part of our culture." Indeed, GE Capital plans to continue the practice even after the economy rebounds from the current downturn. "The danger is that when we get out of this recession, we don't manage our business with the discipline and rigor that is needed," he says. "But that would just put us in the position of not being able to respond to the next recession until it's too late."

The Implementer

All leaders must be able to execute, but marketing executives have to be particularly skillful in this area because they often don't have much organizational clout. At GE, if you don't run a P&L business, it's assumed that you probably don't have the influence to drive change. So marketing leaders have to build coalitions and persuade others, using functional expertise, insights, and teamwork rather than authority. They have to mobilize people and, quite simply, get things done. Marketers are too often painted as ideas people who don't stick around to see their ideas implemented or as wonks who prescribe heavy doses of theory. So if they want credibility, they have to deliver results.

Marketing leaders at GE Energy, the multibillion-dollar division that sells generators, gas and wind turbines, transformers, and other energy-related products and services, realized that its different P&L groups had no common methodology for assessing competitors from a big-picture perspective. "Everyone was taking a parochial view, from a particular

In the spring of 2010 every CMO at General Electric convened all his or her marketing teams (each has about 10) for what will become an annual self-evaluation that measures performance in eight major capability areas, each requiring specific skills with detailed definitions. For each capability we offer a description of what success looks like and how we measure it. The level of granularity and precision—we have a total of 35 skills and 140 definitions—makes it impossible to fake your way through.

The teams score their units' 35 skills from 1 (minimal) to 4 (recognized by industry peers as best in class) and review their assessments with business leaders to make sure they're realistic and relevant to unit goals. We then roll up the scores to the eight capability

areas. When the scores are aligned across the organization, the result is a summary map that clearly shows where we are falling short—and where we have pockets of strength. A business might discover, for instance, that its marketers are good at pricing but the weakest in the company on branding and communications. The value of a common language, rigor, and process across a previously highly subjective function cannot be overstated. Aviation, for instance, can compare notes with Healthcare. This is proving to be very engaging within and across business units.

We now have hundreds of completed self-audits, giving CMOs and CEOs a benchmark against which to measure improvement.

CAPABILITY AREAS

STRATEGY & INNOVATION

BRANDING & COMMUNICATIONS

SALES FORCE EFFECTIVENESS

NEW WORLD SKILLS

MARKET KNOWLEDGE

SEGMENTATION & TARGETING

VALUE CREATION & PRICING

COMMERCIAL ACTIVATION

SKILLS

Identify external trends and influences

Collect and manage knowledge and data

Analyze markets, competitors, and customers

Recommend strategic directions

DEFINITIONS

Understand the policy and regulatory environment, including planned or potential laws and regulations affecting the market

Assess the economic environment and the impact of, for example, recessions and financial crises on the global market

Understand and adapt to social changes that give rise to new customer needs, technologies, and products

Adjust to other influences shaping the business, such as associates, customers, and partners



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business unit or product standpoint,” recalls Mark Dudzinski, the CMO at GE Energy. They relied on internal perspectives and anecdotal input; competitive intelligence consisted largely of passing along articles containing information about rivals.

So marketing spearheaded the establishment of a Center of Excellence (COE) that would gather and disseminate key competitor information. The intent was to offer insightful analysis as well as original re-

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search. The center started by publishing a quarterly overview of each major competitor that included basics such as the competitor’s versus GE’s financial results, what analysts were saying, what the competitor’s executives were saying, and the competitor’s big wins. But the COE’s biggest contribution is its visualization of potential scenarios, which anticipate, for example, price moves, growth into new markets, product innovation, and acquisitions.

The COE not only reported but also analyzed and predicted. In one case it foresaw which companies would enter a certain segment of the power generation market and which wouldn’t, which helped GE craft its own strategy for that business. (For example, one analysis indicated that GE should not respond to a competitor’s low bids because its prices appeared unsustainable given its business model, which would not change because it was the competitor’s cash cow.) It also foresaw which companies would build new, larger gas turbines and which would not, affecting GE’s investment in new products. In another case the COE teamed with HR to analyze what kinds of talent competitors were hiring globally and then predict what products they were most likely developing. “We went from offering tactical advice—how to compete against a particular company, for instance—to providing more strategic industry information,” Dudzinski says.

As word of its early successes spread, the Center of Excellence was asked to consult on various projects. Its data and insights are now part of GE Energy’s weekly operating meetings, making marketing an integral component of the business’s decision making process.

A Path Forward

We’ve discussed the four components of marketer’s DNA as separate behaviors and actions, but any ambitious marketing effort requires that they be in concert. All four are essential, but a marketing leader who has them all is rare. Fortunately, the function doesn’t require such a person. One GE business has two CMOs with complementary areas of expertise: The first is exceptionally good at integrating with other functions, especially technology and sales, and at getting things done. The second peers around corners to decipher and analyze key trends and industry expectations.

That said, GE is quick to recognize and reward marketing leaders with the right DNA. We identify our top 50 up-and-coming marketers as “rock stars” and make their development a company priority. They receive additional coaching and career counseling, and GE includes them in planning the marketing function’s future.

For the first time, GE is illuminating marketing as a critical function—one for all seasons. This energizes our marketing community and prompts constructive dialogue with executive teams. We’re building an extensive system to circulate best practices and embed them in every business unit. We even started an internal social network called MarkNet—a real silo buster. More than two-thirds of our global team now blog and communicate across businesses, levels, and geographies. Our quarterly Marketing Council sets the stage for cross-business and intrabusiness projects and gives GE marketers around the world an easily understood language and framework.

GE’s marketing transformation is a work in progress. We continue to test new value propositions, to develop new customer-oriented metrics, and to explore opportunities for making digital connections with the marketplace. We have gained momentum through significant wins, but we have yet to achieve our true goal: “gold standard” marketing throughout the organization. The journey continues.

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Beth Comstock (bcomstock@ge.com) is the chief marketing officer and a senior vice president of General Electric. She is the first CMO at the corporate level in more than 20 years. **Ranjay Gulati** (rgulati@hbs.edu) is the Jaime and Josefina Chua Tiampo Professor at Harvard Business School and the author of *Reorganize for Resilience* (Harvard Business Review Press, 2010). He has supported GE’s leadership on marketing and strategy development over the past decade. **Stephen Liguori** (stephen.j.liguori@ge.com) is the executive director of global marketing at General Electric.