

The CEO Perspective: **CEO Expectations from the Marketing Function**

– John Replogle, CEO and President, Burt’s Bees

As consultants, we at Max Brand Equity have the privilege of contributing to the success of many of the most respected business organizations in the world. In addition, we are provided the opportunity to see and experience ‘what works’ and ‘what doesn’t work’ in the marketplace across a broad range of industries and business models. We bring this breadth and depth of knowledge and experiences to each of our clients each and every day and, in doing so, we have the added opportunity of meeting and working closely with many of the best and the brightest CEOs and CMOs in business today.

This article is the first in a series which proactively solicits and shares the views of several successful CEOs and CMOs on important business topics, providing you, our readers, with varying and unique perspectives across a wide range of industries. For this inaugural issue, we are thrilled to have had the opportunity to speak with and solicit the views of John Replogle, CEO and President of Burt’s Bees, marketer of a line of unique ‘natural personal care’ products (<http://www.burtsbees.com>).

John Replogle was named Chief Executive Officer and President of Burt’s Bees on January 19, 2006. John previously spent three years at Unilever as General Manager, Skin Care, North America, also serving on the company’s Operating Executive Committee and Global Category Board.

Prior to Unilever, John spent eight years with Diageo, most recently as President of Guinness Bass Import Company and Managing Director of Guinness Great Britain after several earlier roles in Marketing, Sales and Strategy. John began his career as a consultant with the Boston Consulting Group.



John earned an MBA from Harvard, graduating with distinction, after a BA from Dartmouth College where he served as President of his class. John is married with four daughters and is an active volunteer with the humanitarian aid organization, Americares.

Burt’s Bees was founded in 1984, and is still a Privately owned company, selling products in 20,000 outlets in the US, Canada, Europe and Taiwan. AEA Investors purchased 80% of the company in 2004, and the company has continued to accelerate its growth.



We interviewed John just before Labor Day 2007, asking him to share his views about the role of the Marketing function in business

quity, Inc. 2275 Huntington Drive #142 San Marino CA 91108
626-284-6965
www.maxbrandequity.com

generally and specifically for his business as well as the expectations CEOs should have of the function.

“For Burt’s Bees, the company is the brand, and the brand is the company. As a result, it is fundamentally important the CMO has responsibility for company Strategy...so we reframed the role to be the head of both Marketing and Strategy. The primary responsibility is to be steward of the brand and think holistically about consumers, customers, and the community (both narrowly and broadly).”

For John Replege, the community is not only the community in which Burt’s Bees operates, but society at large. He went on to explain how the business model is centered around “the essence of the Brand”. Everything the company does, first and foremost, is driven by the desire to achieve “greater good” for the community. For example:

1. Products and packaging – natural, the highest form of health.
2. Responsibility on a humanitarian front – wellness.
3. Environment – sustainability.

He further explained this business model and approach emerged from the Marketing function and is based on the idea that \$ value is based on the quality of the output, not simply the quality of the input. Said differently, if you first take care of the product and the people, the profit will inevitably follow. Judging by the impressive growth and profit performance of Burt’s Bees, this unique business philosophy is a fundamental, driving principle in the company’s success formula.

“Today this is unique to a handful of new model entrepreneurs. It is creating a transformation of relationships between business and society – one of total sustainable growth. Currently, it is narrowly practiced. A few companies such as Patagonia, Timberland, and REI practice it. However, even Wal-Mart is moving in this direction, and more companies will. It is the job of the CEO to get ongoing organizational clarity and alignment. This is where Marketing has to play a major role. However, it is critical that the all employees in the company have the same bonus structure, and that it is tied to sustainability.”

“The DNA is in Burt’s Bees from its beginnings. As such, the expected *role* of Marketing is to unlock the DNA of the brand and to align it with the business strategy to build long-term sustainable growth. The *job* of the Marketing team is to orchestrate the execution of this strategy, but the tasks are highly cross-functional. For example, successfully executing this strategy involves Purchasing, Finance, Operations, Supply Chain, and the Director of Sustainability, but requires Marketing to step forward. Marketing is highly engaged in getting other functions to lead in the achievement of these goals.”

Clearly, Burt’s Bees is totally committed to this visionary philosophy as being best for society as well as its own business. Replege went on to share his admiration for others who have created and implemented their own versions of this unique business model, including Tom’s of Maine and The Saltwater Institute, which Tom Chappell founded to promote his concept of Values-Centered Leadership, and The Seven Intentions.

We see four important ‘success principles’ emerge from our discussion with John:

1. The Role of Marketing

The view and expectation of the Marketing function and its role is far more strategic within Burt’s Bees than it is in many companies today. Tactical elements of the job such as advertising and promotion are important but secondary drivers of ultimate success after the development of strategy and the orchestration and alignment of other functions with this strategy.

2. Managing the Brand

Burt’s Bees recognizes the Brand is a critical asset of the company which needs active and strategic management. Many in other companies will readily agree with this concept, but surprisingly few act on it as consciously and thoroughly. A brand’s value is built and maintained in the Customer’s mind at each and every Customer point of touch. In too many companies, Marketing is given responsibility for managing the brand, but without the tools and/or authority to manage it. To be sure, great package design and wonderful advertising can be enormously helpful in building the brand, but if pricing is misaligned, customer service is inept, channels of distribution poorly conceived, or product fails to meet expectations, then the brand is not actively and strategically managed.

3. Cross-functional Alignment of Objectives and Actions

Thirdly, the emphasis Burt’s Bees places on alignment of objectives is of huge importance. One of the most frequent problems we see in companies is that different functions often have incentives to conduct activities conflicting with one another. In the rush to motivate employees to perform at their specified function, the Law of Unintended Consequences ends up ruling when functions are institutionally set in conflict with each other. The creation of common incentive systems is a critical, enabling element of organizational and business success. And the expectation from Marketing within Burt’s Bees

4. Defining the Drivers of Profit

Virtually ALL of the most successful private entrepreneur-founded companies we’ve seen have very clearly articulated and executed commitments to quality and sustainability. Generating revenues and keeping costs low is the recipe for profitability, of course. But Burt’s Bees clearly goes well beyond these surface measures, operationally prioritizing and focusing on the quality of the company’s output in terms of its impact on well being, social responsibility, and sustainability for all its constituencies...and, in doing so, achieves impressive profit results.

Summary Conclusion

At Burt’s Bees, the Marketing function is expected to contribute both strategically and operationally to drive sustainable growth for the brand and the company. This unique view of the Marketing function’s role and responsibilities is, without a doubt, a major contributing factor to continuing success, for the company and, more broadly, society as a whole.