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More effective collaboration between marketing and finance professionals can add value, reduce waste, and lead to a highly evolved data strategy. **By Lucy Fisher**

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The idea of implementing a 'single customer view' to revolutionise marketing efforts is nothing new. Nor is the notion that companies need to 'treat their data as an asset'. But beyond the sound bites and industry jargon, few marketers can claim to be working in an organisation that is really doing this to its fullest capability.

Take the data that the finance or risk department holds. It can tell you, for instance, which customers are paying late, which can't really afford to pay, and which always pay on time. That's useful for marketers, as it can

enable them to target the most lucrative customers and prospects, and provide a useful flag as to those that are likely to cost more to service, or perhaps need to be avoided.

Yet finance and marketing professionals are often seen as different beasts; one specialising in facts and figures, the other in more 'fluffy' metrics such as customer advocacy and brand reach or awareness. With such caricatures and historical culture clashes so prevalent, perhaps it's hardly surprising that we don't often see these departments implementing – or even discussing – a truly collaborative approach.

According to Deborah Robertson, B2B

VIEWPOINT



Adam Leslie
Head of data
Callcredit Marketing
Solutions

When it comes to acquiring new customers, marketing often needs credit information from its colleagues in risk or finance. Yet it's very difficult to strike the right balance between the requirements of departments with differing objectives. Finance wants to protect the business from risky prospects; marketing wants to let in new customers. It is common to see frustrations on both sides.

What is needed is a flexible approach. Information on credit risk held within the marketing database tends to be more black and white than it could be. Within a large group of excluded customers you may find some excellent prospects, so taking less of a blanket approach can open up a real opportunity for competitive advantage.

For example, marketers will frequently make a decision as to whether or not to target an individual based upon a credit profile as of today's date. But considering a credit profile over time can lead to enhanced targeting given that people don't always behave in the same way, day in, day out.

Our latest offering, nGauge Profitability, also provides valuable 'share of wallet' information. Take, for instance, a mobile phone provider looking to win back previous customers. The ability to target those who are actively spending, say, £35 per month or more with competitors can be a far more profitable approach than targeting those who spend very little on their mobile phones.

More efficiently targeted marketing activity also helps to keep customer satisfaction levels up as brands spend less time promoting products customers don't want. You can prioritise efforts according to what the customer is most interested in.

We've spent a year aggregating all our data sources, incorporating the compliant usage of our live credit referencing database. Access to such data means that business departments can work more effectively together on a strategy to identify which customers to approach and what with.

This information can be game-changing. It's all about an informed approach – one which allows marketers to have a more in-depth conversation with their colleagues in risk or finance. No matter how good your transactional data is and your analysts are, you need solutions which are based upon more than predictions or assumptions.

nGauge Profitability is accurate because it is based on real events and real transactions across all providers – which should be music to the ears of the finance director.



► council member at the Institute of Direct Marketing (IDM), a healthy respect between colleagues in different departments matters – and involves individuals taking the time to understand what the other departments do.

"One of the things I find very difficult as a marketer is the fact that finance want to go through your budget, line by line. I have been known to ask finance directors whether I can ask how much they pay their auditors," says Robertson. She was helped by a course run by the Institute of Directors – Finance for Non-Finance Directors – that helped her to talk the language of the finance department, giving her a better understanding of their position, and enabling her to defend her own.

Unfortunately, few have gone this far, or are sufficiently enlightened to have taken the time to obtain a greater degree of awareness about how other departments in the same organisation operate. Yet a widespread lack of collaboration between departments such as marketing and finance is costing companies dearly in terms of missed opportunities.

It's a problem that applies across the board, according to Keith Jones, head of data strategy at Royal Mail. "Even today, I don't think companies are using their internal data as well as they could do," he says.

"And yet, in this day and age, we should be more careful. It's down to marketing to think through the whole business cycle and to take more responsibility. After all, it would be remiss

of marketing to continue to promote goods and services to customers when you can clearly see it will lead to bad debts."

Two of the key, and most common, obstacles to greater inter-departmental collaboration in a data sense are legacy systems and ingrained 'organisational silos'. These contribute, all too often, to a sore lack of collaborative approaches to customer data, says Bryan Foss, visiting professor of B2B marketing at Bristol Business School.

"I was talking to the debt collector at a bank the other day – he was saying that he didn't understand why employees are selling products to people who can't afford them. When devising a plan as to who you are going to market to, the debt collections people need to be involved. This doesn't happen as much as it should."

Organisational silos involve a lot of wasted effort and do nothing to facilitate that coveted end-to-end customer journey, one of marketing's latest holy grails. And all too frequently, the lack of collaboration and integration of data comes down to senior management not giving sufficient direction to encourage working across 'silo' departments: sometimes departments are in competition; sometimes even individuals in the same department are working at cross-purposes.

The potential financial impact of all this is huge. There are broadly two types of cost, explains Foss: the wasted administrative cost, where leads are not closed and money is not collected, and the risk issue, in terms of taking



It's about data holding you back versus data representing a strategic asset that is driving the business forward

Santander: Installed a single customer database six years ago, but brand and communications direct Keith Moor says this does not replace the physical aspect of departments working together

at Endsleigh, is refreshingly open about the current limitations of data management at the insurer, and says that he is currently working on a data warehousing project that will more truly reflect the needs of differing departments.

"Our existing data warehouse was fit for purpose at the time it was built, but it's now over 15 years old," he admits, estimating that a single data warehouse that can fulfil the requirements of product management, finance and marketing, and that the three departments can all access, is about six months off. "It will allow greater collaboration," he explains, "We've got a requirements workshop kicking off in a few weeks. But it's a bit like painting the Forth Bridge, as the environment for a data warehouse project never sits still."

Yet even those companies that do already enjoy a single customer view, a centralised data warehouse that different departments can access, say that it is important that departments talk to each other about the technology. No matter how advanced the systems, there is still a need for the human touch. Keith Moor, director of brand and communications at Santander, says that the bank has a single customer database that risk, finance, pricing and sales can all use, thanks to a 'massive' IT integration project that was undertaken six years ago, but he adds:

"The data is just the data. You have to set objectives. Having a single data source does mean there is less time spent compiling information, but it doesn't remove the necessary physical aspect of departments working together."

And, to reduce marketing waste, it is best to always look to improve data quality. "We have regular interactions with our customers, as a bank, which means there are regular opportunities to keep data clean, to ensure addresses are up-to-date and so on," says Moor. "Volumes used to be high, and response rates low, so profitability was compromised. If you improve modelling and analysis, you can run more cost-effective marketing programmes. And for that, you do need information, such as customer prompts, from other departments, such as sales, finance and IT."

So clearly, communication between departments such as marketing and finance can reduce waste for brands, which in these straightened times is more important than ever. Some companies have put steps in place to enable this, by setting up 'business intelligence' or 'knowledge management' units that sit above marketing and finance, points out Endsleigh's Norton. "We've just created a business intelligence team that will be driving the customer warehouse," he says. "The idea is that they will be able to communicate the impact on the wider business."

Clearly just throwing money at the problem isn't the answer. Technology can no doubt help to make our lives easier, but it doesn't remove the need to ensure that the right people and processes are in place: staff who are skilled at data analysis, and systems – perhaps mandatory – to foster a one-company approach.

"It's about data holding you back versus data representing a strategic asset that is driving the business forward. Strong, complete and segmented data enables powerful business decisions," says Claire Macland, European head of marketing at Avaya. This type of decision-making will do a lot more good for your business than any amount of industry jargon. ●

on bad customers. That type of cost could be 20 times what your customer would have brought you in revenue, he says. "Take the example of HBOS, which sold 100% mortgages without properly qualifying the right customers. This bad debt caused HBOS to be absorbed by Lloyds banking group."

Many companies are cagey, too, about how truly evolved their data strategy really is. Although, having said that, a one-company approach to data is no mean feat, so perhaps it's understandable that many marketing directors have to some extent buried their heads in the sand.

Richard Norton, customer marketing manager

best practice

Data-sharing between departments such as finance and marketing makes perfect sense, and the benefits of doing so should be very clear, according to Adrian Gregory, chair of the Institute of Direct Marketing (IDM)'s data council. "Maybe some companies are put off doing what they'd like to do because of a lack of understanding around the legalities," he says.

However, as James Milligan, solicitor and legal and public affairs adviser at the Direct Marketing Association (DMA) explains, the marketing customer database must have

permission to import the finance credit database. Much of this boils down to whether the privacy statement at the point of data collection is wide enough, he says.

"Data sharing can reduce duplication and enhance what you know about people," adds Mark Blayney Stuart, head of research at the Chartered Institute of Marketing (CIM). "It can be beneficial for the customer too – and, although the understanding of the law is not as good as it could be, the principles of the Data Protection Act aren't actually very complicated," he says.