

# CFOs Are From Mars & CMOs Are From Venus



Finance takes marketing budget to make quarterly numbers.

A

Yes

B

Never

# Vision:

## “Marketing Not Carpeting”

### Problem:

Finance doesn't always see marketing as an investment

Marketing doesn't know the finance metrics and how to connect them to finance

*I want you to know the language, the mindset and the tools of finance to deliver the vision*

# ||| Connecting Marketing to Finance is Essential

## #1

...challenge reported in a survey of 300+ US marketing leaders was: “demonstrating the impact of marketing actions on financial outcomes.”

## 65%

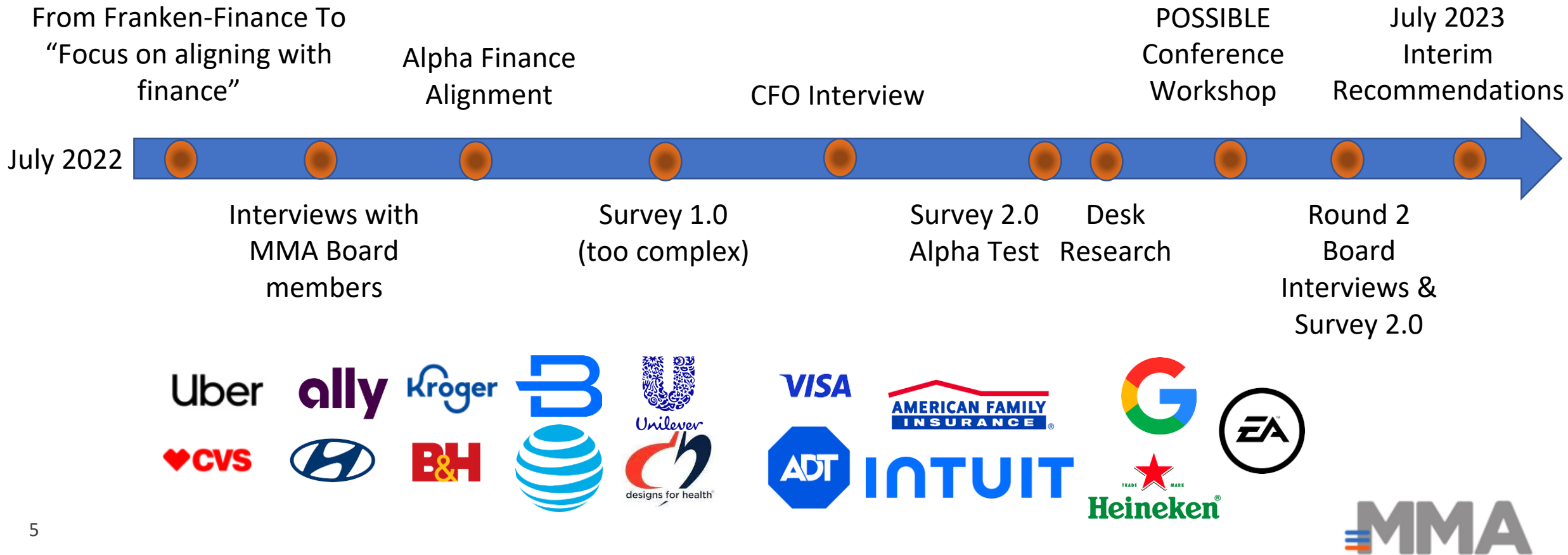
...of marketers reported that they DO NOT use an integrated marketing team where marketing and finance experts work together

## 50%

...of CMOs faced pressure from non-marketing leaders to focus on short-run effects of marketing spending instead of long-run effects

# Timeline Solving The CFO / CMO Connection

Mid-point in a two-year journey of discovery





Let's take a quick quiz ....

Which group will produce more conversions today?

A

1,000 current  
customers

B

1,000 people that  
have never  
purchased from you  
before

Which will lead to more purchases today?

A

A brand message  
with a deal offer  
(discount or other  
inducement)

B

A brand  
message without  
any deal offer



Which will produce more conversions today?

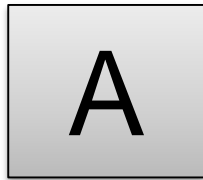
A

Lower funnel media  
advertisement  
(e.g. paid search)

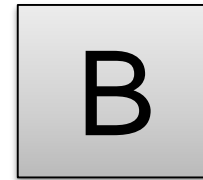
B

Upper funnel media  
advertisement  
(e.g. linear TV)

Do you have more than 3% customer churn in your business?



Yes



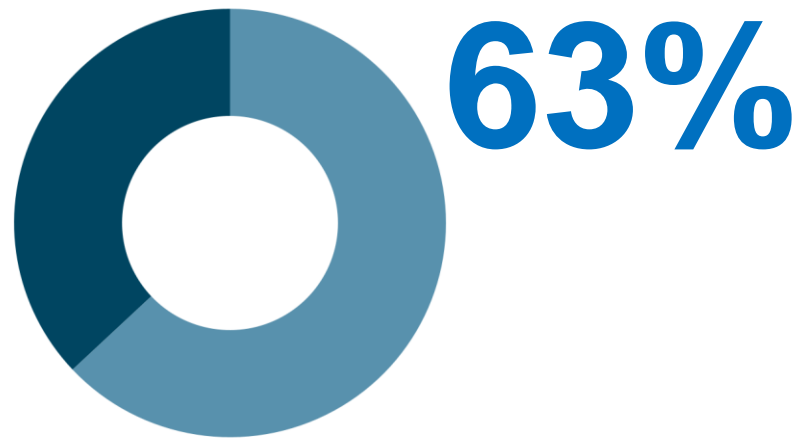
No



## Avoid The Short Term ROI Trap

# ||| Survey Results

Measures short-term ROI (not longer-term)



*What is the primary basis for your ROI calculation?*

**31%**

Counting, Last Touch, Rules or Judgement

Source: Survey and Interviews with MMA Board Member CMOs (n=17)

***Marketers: Adopt longer term KPIs & LTV***

# Short Term Often Hurts Long Term



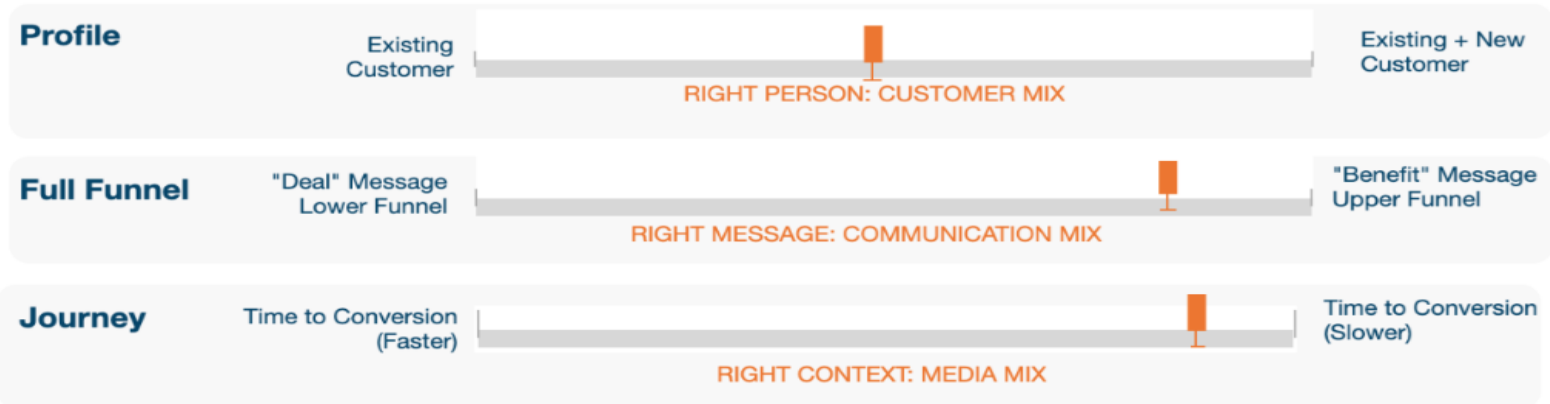
Data from MMA's Brand as Performance Study with Ally Bank (July 2023)

# Finding 1:

## Marketing Needs Longer Term KPIs & Analytics



# A balanced marketing plan performs better over the longer-term

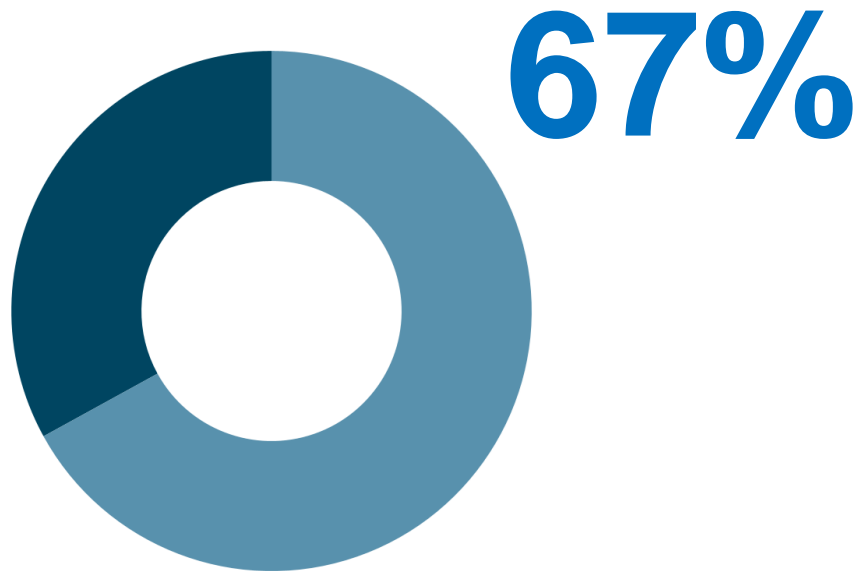


Requires customer level analysis (MMM doesn't do this)

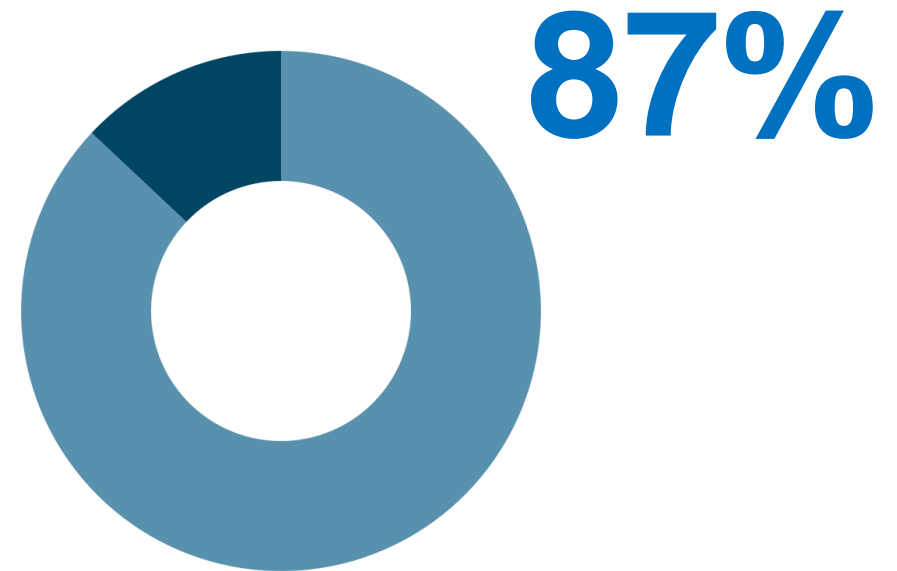
## *Marketers: Need Person Level Analytics*

# ||| Survey Results

Don't have LTV measure CFO agrees with (or don't have LTV measure at all)



Don't Know the LTV/CAC Ratio



Source: Survey and Interviews with MMA Board Member CMOs (n=17)



# Finding 2:

## Marketing Needs To Learn Finance Metrics & Ratios

# ||| Raise Your Hand If You Know All The Terms

- DCF
- NPV
- LTV
- CAC
- EBITDA
- GM
- EV

# || CFOs are from Mars; CMOs are from Venus

## CMO

List of typical metrics used to track “success”

- Brand awareness
- Incremental Sales
- Net Promoter Score (NPS)
- Lifetime Value (LTV)



## CFO

List of typical metrics used to track “success”

- Revenue growth
- EBITDA
- Stock return
- LTV/CAC
- Enterprise Value (EV)

***What is the one “magic number” on this list that sets the bar for when finance will come for your budget?***

# Why Finance Comes For Your Budget

Enterprise Value: \$25.0B

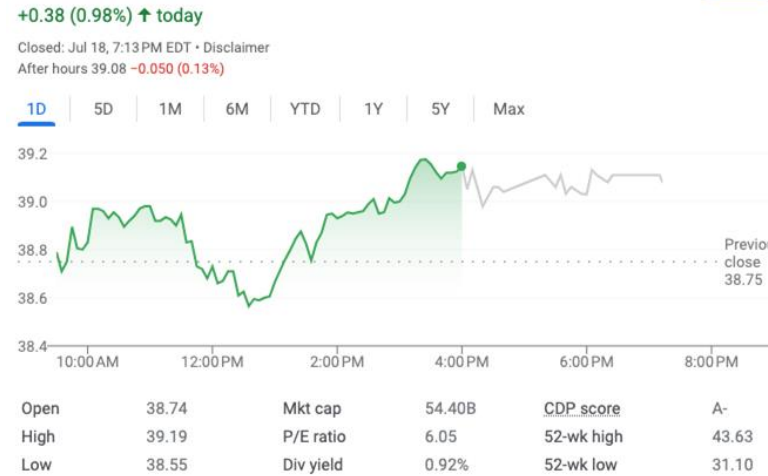
EBITDA:

EBITDA Ratio:

Paid Media:

Enterprise Value

Taking Marketing Budget \$5B



General Motors Company	NYSE:GM	8.1x
Toyota Motor Corporation	NYSE:TM	8.8x
Ford Motor Company	NYSE:F	11.4x

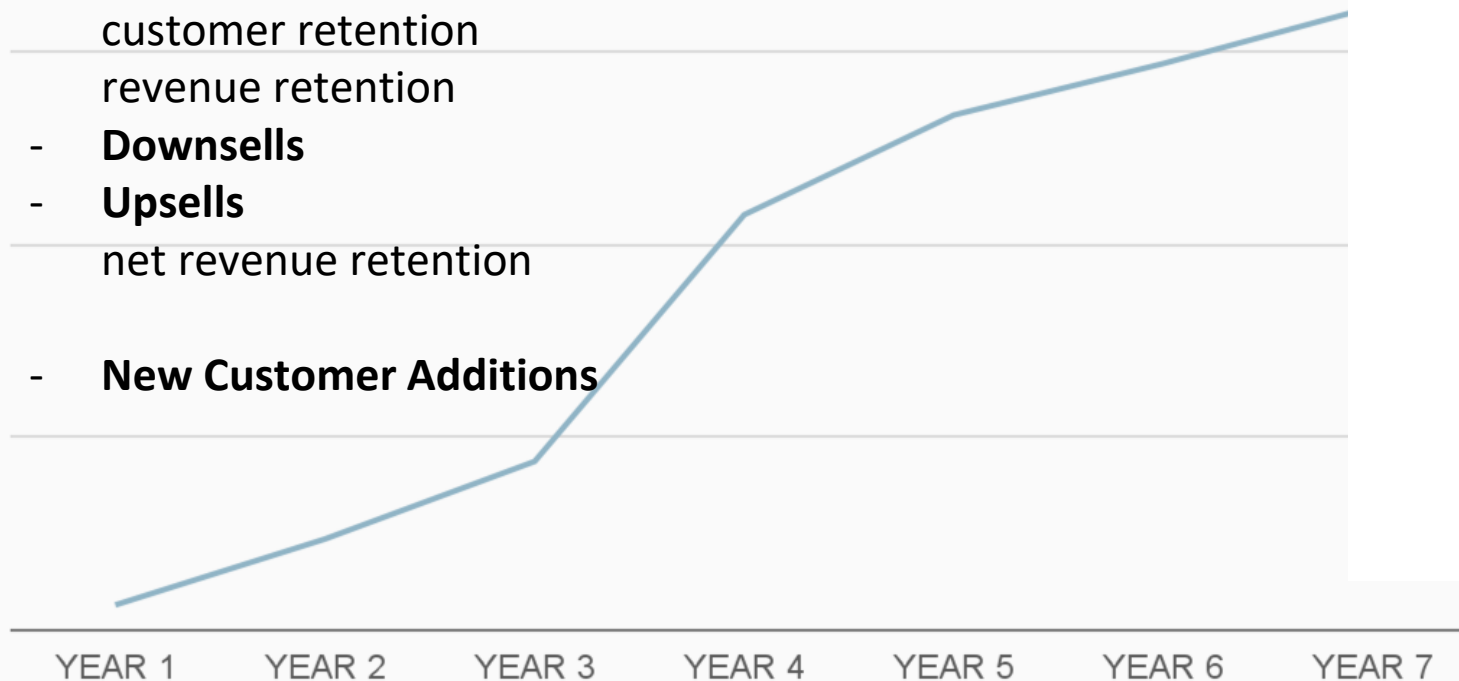
- **LTV is how a CFO figures out if your “ROI” (LTV/CAC). LTV is Revenue DCF \* Gross Margin LTV/CAC benchmark is 3:1.**
- **Contribution margin (revenue less variable costs) is another way CFOs weigh your value.**  
 “Theoretically, as long as contribution margin is greater than incremental marketing costs per unit sold, you would invest in more advertising as long as there is available market demand.”  
 - Ron Codd, CFO & Board of Director

# How Do You Show MARKETING is More Valuable?

## LTV, NPV, and CAC

From YoY customer file, calculate

- **Churn**  
customer retention  
revenue retention
- **Downsells**
- **Upsells**  
net revenue retention
- **New Customer Additions**

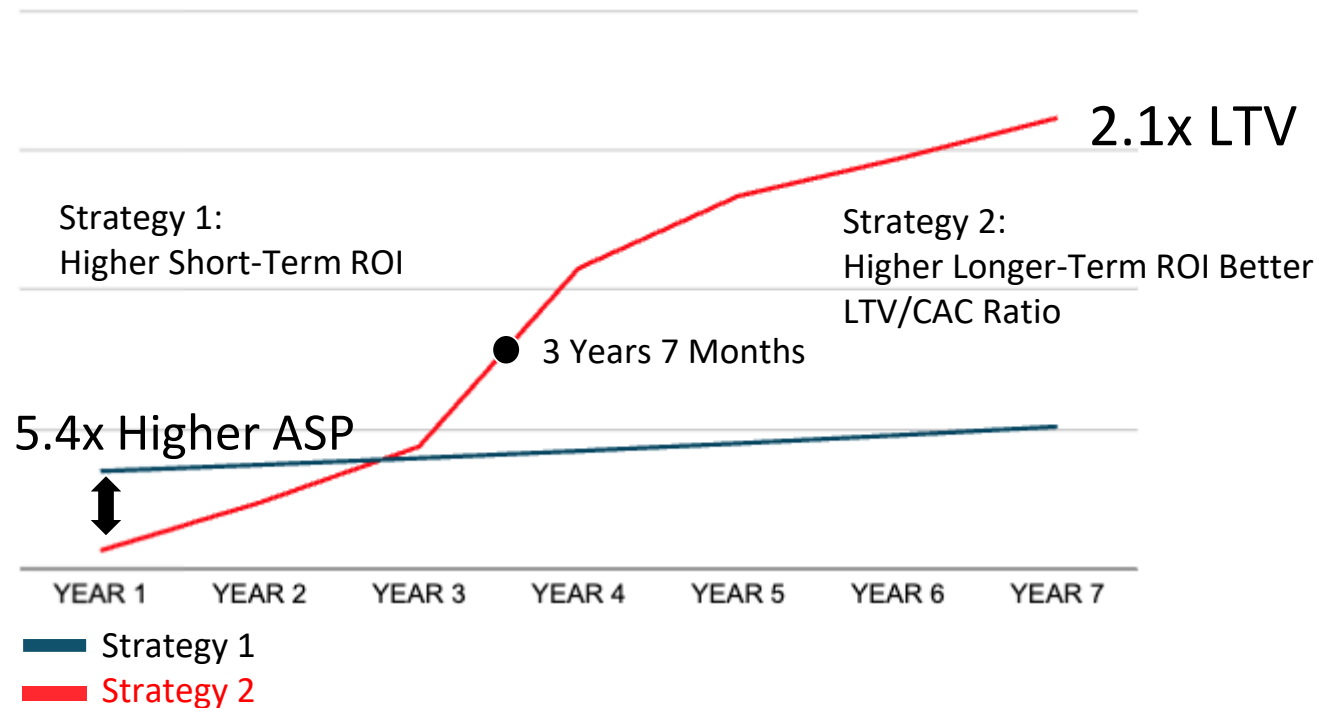


### Strategically...

- Can you change LTV
  - Reduce churn (win back)
  - Increase upsell
- What is contribution of POEM?
- How will AI increase marketing productivity?

# ||| LTV Is A Starting Pointing - Strategy Follows

## Case Study 1

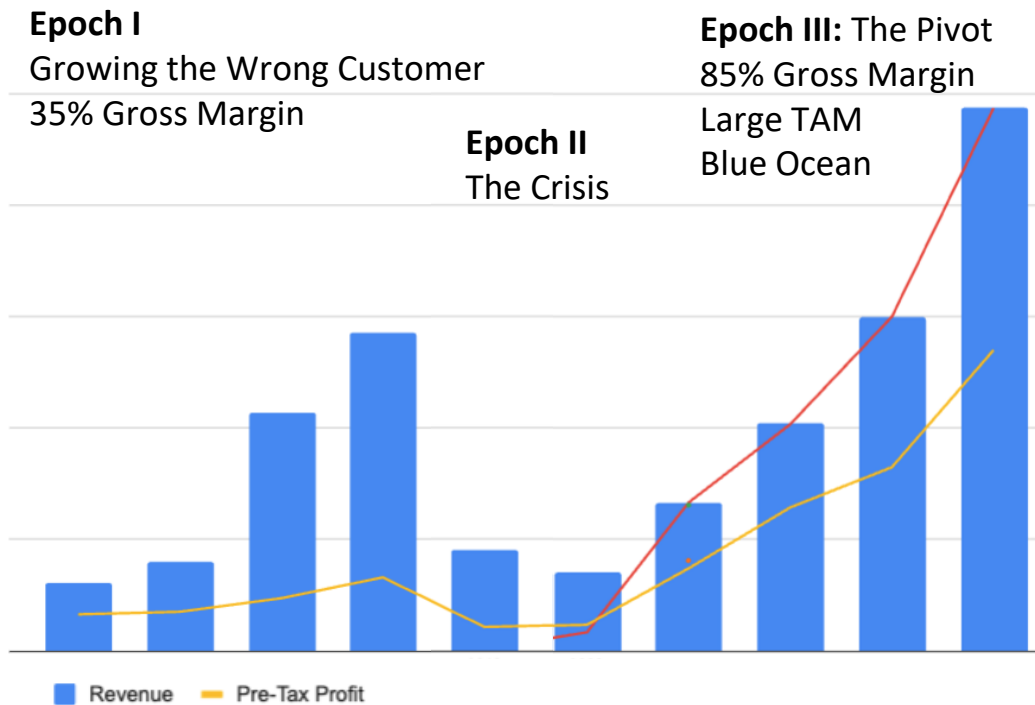


### Strategically...

- Do you implement longer-term customer cohort experiments?
- Do you have leading indicators of LTV?
- Is your CFO bought into the leading indicators of LTV?

# ||| LTV Is A Starting Pointing - Strategy Follows

## Case Study 2

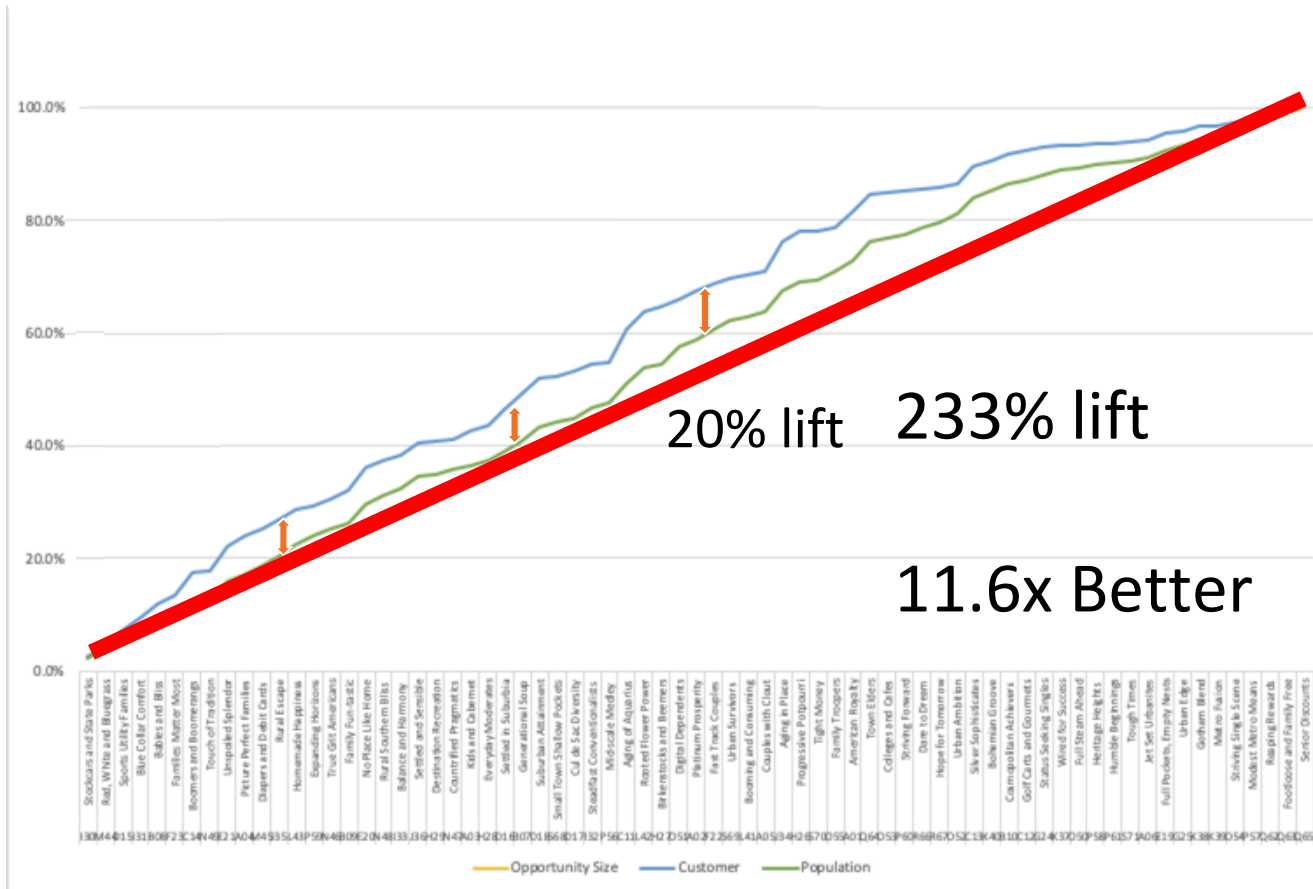


### Strategically...

- Are you in the right market in the longer-run?
- Are you attracting the right customers?

# LTV Is A Starting Pointing

## Case Study 3: Targeting For Customers



### Strategically...

- Are you analyzing Customer, LTV, Reach & Targeting Strategy
- Moveable Middles (Swing Vote, Persuadables)
- Customer Journey (from Reach to Conversion to LTV)



# Finding 3:

## Marketing Needs To Learn Finance Mindset



# LTV Is A Starting Pointing: What is Your *Love Language*

*Branding*

*Customer Experience*

**MAXIMUM  
MULTI-YEAR  
RETURNS**

# Strategies For Engaging with CFO Personas



**Strategy Oriented**  
(curious, questioning,  
thinks they can do  
marketing)



Align on true north metrics  
and develop shared roadmap  
of tools and ownership



**Control Oriented**  
(Marketing Skeptic,  
Earnings Engineer)



**Battle?**  
Win them over?

**Budget Focused**  
(Permissive)  
“If we’ve on budget,  
we’re all good.”

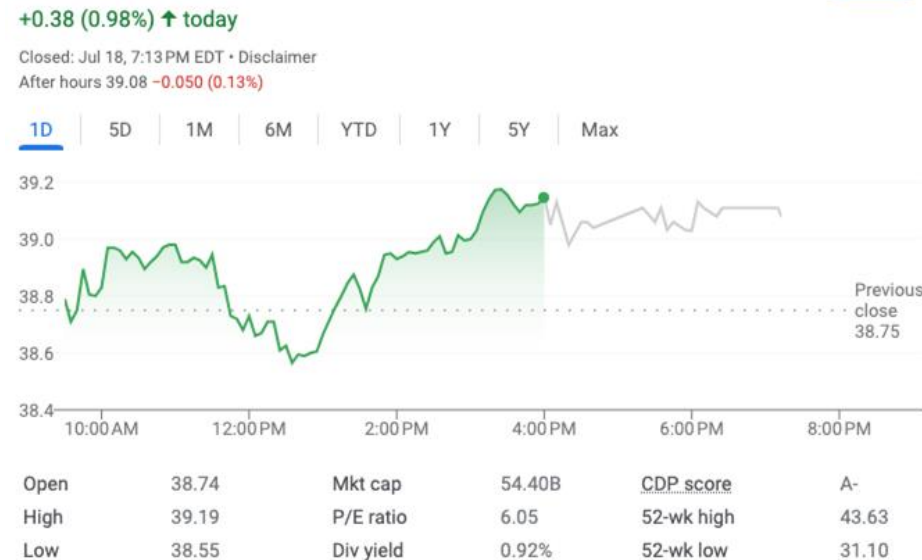


**Enabler?**

# || Mindset: Value Drivers

## Value Is What The Stock Market Says It is

CFOs & CEOs live and die by quarterly numbers



*Recurring revenue is highly valued by the street.*

*Customer acquisition cost and customer LTV are critical metrics in this day and age.*

- *Ron Codd, CFO & Board of Director*

# Next Steps on the Journey



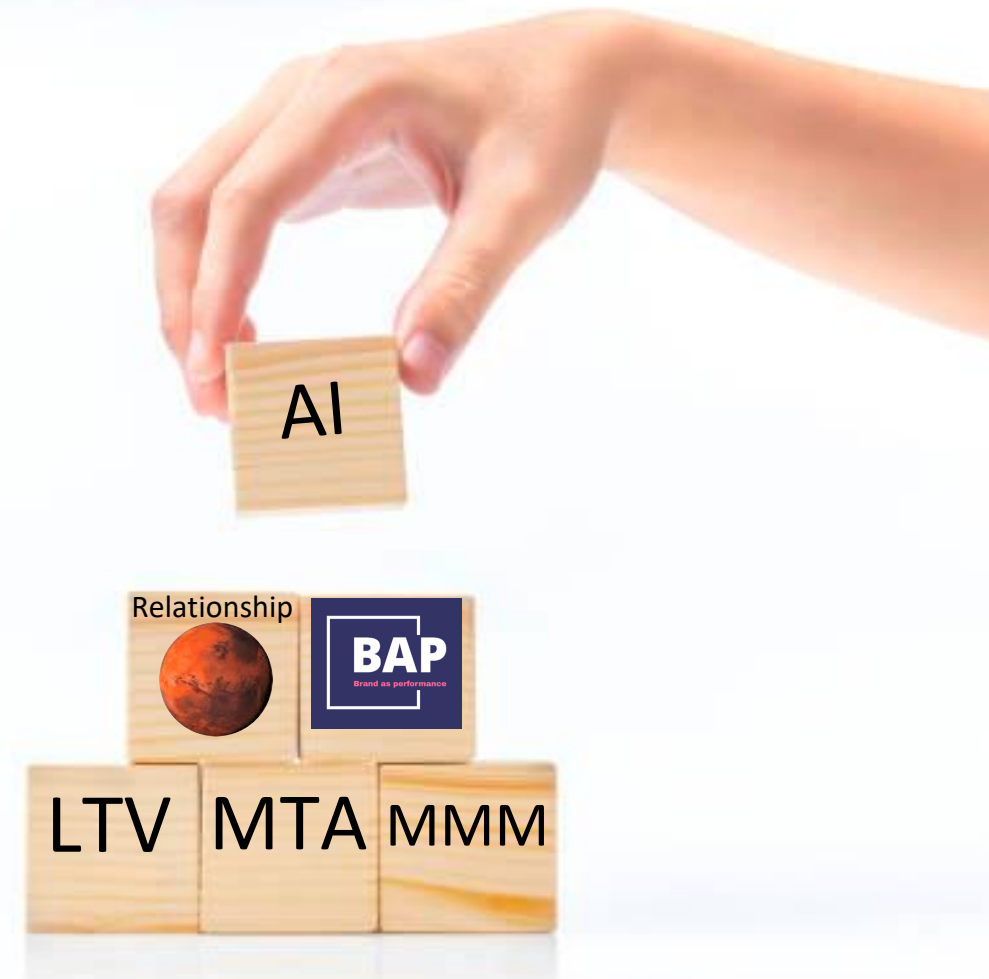
# ||| Is Your Foundation In Place?

**1.**  
Marketers need LTV,  
MTA and MMM as  
foundational

**2.**  
ROI is not the be all-end all.  
It is a short-term trap. LTV  
with longer term KPIs are  
more helpful

**3.**  
LTV is a starting  
point. CMO customer  
strategy is essential

**4.**  
Build a bridge to CFO by  
joining LTV & marginal  
returns for value growth.  
Engage them on your LTV  
strategy





**5. Build the relationship.**

CFOs may be from Mars and CMOs from Venus, but planets can align

**INTERESTED IN LEARNING MORE?**

**MMA**

**CMO & CEO  
SUMMIT**  
ARCHITECT THE FUTURE

**Help us crack to code on  
CMO/CFO alignment**

We are looking for CMO and CFO  
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