Q&A with Diane Gulyas (DuPont)

DuPont is organized into five business “platforms” (think: divisions): Agriculture & Nutrition, Electronic & Communication Technologies, Safety & Protection, Performance Materials, and Coatings & Color Technologies. Divided amongst the platforms are approximately 20 business units, each with approximately $1 to $2 billion in sales behind well-known brands like Kevlar®, Corian®, and Tyvek®.

Even though the company had done some inspired marketing over the decades, recent history had seen the sale of some big brands like Lycra®, Antron®, and Stainmaster®. With those brands went many of the people who comprised the company’s well of marketing and brand management experience. Now facing the maturation of several key business units, DuPont needed to redefine and rejuvenate the role of marketing to help this historically prolific R&D company bring its innovations to market in an era of hyper-competition.

Two years ago, DuPont CEO Charles Holliday tapped Diane Gulyas, a 27-year company vet who’d held positions in chemical engineering, sales, marketing, and general management, for the role of chief marketing and sales officer. With some trepidation, she left behind her P&L job as a platform group vice president and set about to restore the marketing function to a leading role in the company.

MarketingNPV (MNPV): When you sat down with your CEO to talk about the objectives for this new role, what did you wind up agreeing upon?

Diane Gulyas: From the start we recognized that competition and commoditization were emerging as a result of the rise in purchasing power and expertise. Purchasing organizations are much more sophisticated groups of people than when I was selling back in the early to mid ‘80s. Unfortunately, great science doesn’t sell itself like it used to, so we need a better sales/marketing interface. Today, we have 8,000 people in sales and marketing and we need to arm them with the skills and capabilities they need to compete effectively and resist the forces of commoditization. In short, we knew we would need to do something fundamentally different if we wanted to maintain healthy sales and margins growth over time.

MNPV: Sounds like a pretty big agenda.

Gulyas: So big that when I looked at it, I realized it might just be one of the biggest challenges in the company. It’s about restoring luster to our brands, building key skills and processes, incorporating Six Sigma — there were so many aspects to it that it was difficult to determine what to do first. Ultimately, we developed a four-pronged plan of attack.

The first element was price. We are constantly subject to raw material cost increases, but we hadn't tried to take a price increase in two to 10 years, depending upon the product. So we had to get our arms around pricing practices and lay a foundation for margin preservation.

The second prong was customer segmentation. Our segmentation tended to be by size — "big" customers, "medium" customers, "little" customers. Occasionally, there might have been a segmentation built on functional use of products, such as "people who use Kevlar for ropes and cables" vs. "people who use Kevlar for life protection vests." But we didn't have a discipline of developing sound needs-based segmentation. That had to get fixed.

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Third, which accompanies segmentation, we needed to begin considering profitability by customers, by product. We know we'll need to improve our allocation of resources toward potential and stop thinking of customers in terms of today's revenue. We're not there yet, but we've put better systems in place to help our businesses understand their worlds at this level.

The fourth prong is people. We call our staff development program the "3 C's" for competencies, compensation, and career planning. We developed a framework of 11 key competencies we thought we'd need for success — everything from negotiation skills to sales management coaching. We knew we had to elevate the capability of our organization on these skills quickly if we were going to compete successfully.

MNPV: Were these experiential observations or were they analytically derived?

Gulyas: Broadly observed. We put together a team representing the sales, marketing, finance, and technical departments and worked with external facilitators. Most of the people involved had 10 to 20 years of field experience and a strong basis for understanding what was needed. We're aggressively rolling it out now. In the past year, we've touched almost half of all the sales and half of all the marketing people with some form of competency-building training. And we're piloting a variety of compensation programs that are very new for us. Many of our businesses have long sales cycles, but we had to find some kind of real-time compensation structure to motivate the right behaviors and results.

We're already seeing topline growth faster than expected and faster than market benchmarks. Importantly, we made sure these pilot programs were extendable by modeling the impact on all 20 SBUs in advance so that if we chose to, we could roll out quickly.

The last "C," career planning, is still a work in progress. At DuPont, most people pass through sales on their way to some other job. We're looking at defining career paths in sales and marketing that allow people to advance in those disciplines too.

MNPV: How is marketing structured? Are there marketing people reporting to each SBU who somehow matrix into a corporate marketing group?

Gulyas: Like most B2Bs, we have a central marketing group focusing on defining and leveraging best practices. This helps us put in place a common framework for operating. What we learn about pricing strategy, for example, we share across businesses, since by and large the SBUs face similar problems and challenges. The role of the corporate marketing group is to develop what I'd call a point of view. Without a point of view about what it is you ought to be doing, you'd have 20 different strategies, 20 different consultants, 20 different opinions. The waste would be incredible and would undermine our ability to leverage our scale where possible.

The trick is to approach this with a common vocabulary and decision framework. We're trying to use the same methodologies in every business unit so people can transfer from one to another as necessary and immediately understand the pricing structures, segmentation, etc. We've also streamlined our branding. A year ago, if you picked up a trade magazine you might find three different ads from three SBUs in the same journal, none of which would have the same logo. We spend more than $200 million dollars in marcomm every year but weren't getting synergy because we had 20 independent decision makers deciding how and when and where they were going to spend the money. So we've developed a more centralized branding approach to create leverage from all the many impressions cross-product buyers might get from our multiple campaigns.

MNPV: So in this new era of smart centralization and cross-business buyers, who owns the customer relationship? Sales? Marketing? SBUs?

Gulyas: (Laughs) We've been working on that too. We're looking at having a common DuPont focus to our top 200 accounts. I'm very careful about how I describe these 200 accounts because they aren't necessarily the 200 largest accounts we have today. They're the 200 accounts we believe we could grow from large to very large by having a coordinated and consistent DuPont presence across SBUs. We piloted a smaller effort on 20 accounts that actually worked quite well, and now we're expanding it. We've got so much to offer these customers. Not just the power of our product offerings today, but the stuff that's back in the R&D pipeline. Packaging that value is easier when you've got a singular contact point for each account who really understands the potential opportunity. We're still in the process of figuring out the expansion of the program — how we staff it, who supports each account, etc.

MNPV: What's your approach to measuring the effectiveness and efficiency of the marketing that you're doing?

Gulyas: First of all, we're a science and engineering culture and we love designed experiments. That's why we're so interested in measurement; process control is something we actually enjoy. We're not trying to measure just to rationalize. Around here, they don't ask the head of R&D to justify every dollar to make sure that every expense will pay back in 2007, 2010, 2015, etc. We know that, in the aggregate, R&D drives value creation for the company. It's in our DNA. With respect to marketing, there is similarly a fundamental belief amongst the operating committee that we're doing the right things. Nevertheless, we have an obligation to see that our investments are smart and our effectiveness and efficiency are continuously improving.

Of course, some elements are easier to measure than others. For instance, we use BAV to measure the evolution of our brand assets. We do it by country, and compare trends over time to the activity we've undertaken there. It's very quantitative. With the sales compensation pilots, we wanted them set up to measure the level of sales conversion we were getting from the pilot, so we picked three businesses that would give us a better read on it in terms of revenues and margins and associate behavior.

We're also pleased with the progress we're making in price improvement. Our financial systems suggest revenue derived from pricing changes has clearly outpaced our raw material cost increases by a substantial amount. With some of the other softer ones like training in sales manager coaching, we hit our targets for the percentage of managers trained worldwide. We don't know exactly to what degree the coaching has resulted in incremental profits though. That's pretty hard to measure.

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Part of the role of the centralized marketing group is to build a measurement framework that can guide the activities of each of the SBUs. So, for example, we are in the process of setting guidelines that each SBU marketing organization must have no more than four key metrics and no fewer than three; one will be a measure of team effectiveness, one will be about profit contribution, and one a measure of value proposition appeal to customers. By the way, that's exactly how we deployed Six Sigma six years ago. We let the business units determine just how many Black Belts they wanted, when they wanted training, which projects they would focus on, etc. Instead of micromanaging it, we just made it clear that people were going to be rewarded for getting the most out of the program. That approach works in DuPont. Our development of marketing-measurement platforms will likely follow a similar path.

MNPV: Sounds like a “flexible framework” of sorts.

Gulyas: I think that’s accurate. In corporate marketing, we measure the brand dimensions, the impact of the corporate initiatives, and the overall pricing progress — which we track by SBU, by product group, and by region. Beyond that, corporate marketing outlines for the businesses what kinds of things they might find useful to measure and how they might do it. But the businesses make the final decisions and choose their own metrics.

MNPV: That approach usually scores high on flexibility and engagement across business units, but tends to inhibit a true customer-level view of the business, doesn’t it?

Gulyas: Yes, to some degree. That’s why we’re piloting our approach in a very manual sort of way with those top 20 customers and expanding slowly to the top 200. We’re measuring sales pipeline progression and topline growth, and working hard to get it down to a customer-profitability level. That’s challenging when you’re talking about companies who have already been good DuPont customers for 50 years in some cases, and we’re trying to expand those relationships. We’re trying to evolve our capabilities and our process.

MNPV: What about customer satisfaction? Where does that fit in?

Gulyas: I can’t say I’m happy with where we are on satisfaction measurement. I keep searching for someone who’s doing it well in B2B to use as a benchmark. We haven’t found the answer yet. I suspect we need to improve our customer segmentation strategies a bit more before we can really focus on the relevant dimensions of satisfaction and concentrate our efforts on those.

MNPV: Do you think B2B companies ask as much from their marketing organizations in terms of financial accountability as B2C companies do?

Gulyas: Maybe not. But it’s coming. And fast. We’re trying to get out in front of it and use measurement as a means of refocusing and reinvigorating our marketing capabilities. That’s the job of corporate marketing in B2B today: Changing the meaning of “marketing” from just “marcomm” to its broader role in identifying and pursuing new opportunities with customers, markets, and products.