



TURNINGPOINT TALENT QUARTERLY REPORT

Q1 2015- Marketing Compensation & Hiring Trends



Executive Hiring Summary

– San Diego, Orange County and Los Angeles

Today's most valuable currency is lead generation and customer acquisition. From high tech to healthcare, transportation to travel and consumer products to creative arts, senior executives are searching for innovative ways to attract new customers, while retaining current ones. Social media, big data, analytics, branding, SEO and SEM, these are the tools of the trade for every business attempting to crack the "customer acquisition and engagement" code. As a result, business leaders are relying more and more on the marketing department to drive compelling and "sticky" branding, promotional and revenue-generating campaigns.

According to a January 2015 Wall Street Journal report, a recent analysis by Economic Modeling Specialists International and CareerBuilder demonstrates this increased reliance on marketing professionals. The article dissects the disconnect between the number of open marketing jobs, and the number of new marketing hires, highlighting that the average number of monthly marketing job postings is 35,000, while the average number of monthly hires for marketing executives is just over 12,000 – a ratio of almost 3:1. Said a different way, there are three open positions for every marketing professional that is changing jobs.

The biggest challenge, however, is not simply the availability of marketing talent. Rather, it is the disconnect between the expectations of CEOs or hiring managers looking to hire mid and senior level marketing talent, and the commensurate expertise and compensation of these professionals, at various levels of their career. This issue is especially acute among small to mid-sized private businesses.

Marketing Evolves

Prior to the Great Recession of 2007, the typical marketing department in a mid-large company, consisted of a VP Marketing or CMO, Product Marketing leaders, Brand Leaders, Marketing Managers, Graphic Designers and Marketing Specialists or Coordinators (and in some very large companies, a Public Relations and Communications leader). While eCommerce had already staked its claim 5-7 years earlier, digital marketing, social media and mobile were only beginning to emerge as the future of marketing (the first iPhone wasn't released until June, 2007). Accordingly, very few companies had dedicated any full time resources to these areas. During the recession, many companies cut back dramatically, leaving behind a marketing function that was either largely outsourced, downsized by as much as 75%, or in the case of many small companies, consolidated into a 1-person team reporting directly to the CEO or Owner.

As the economy was emerging from the recession – circa late 2009/2010 - the focus on digital, social media and mobile began to take hold. Marketing departments no longer relied solely on banner ads and eyeballs to gauge their success. Instead, they added the quantity and quality of "Likes", "Followers" and "Shares" to their tracking. As the ad spend on digital and social accelerated further, mobile usage also entered the foray as smart phones became more ubiquitous. In fact, Forrester estimates that 2016 will see digital advertising overtake TV, and 66% of the growth in digital ad spending over the next five years will be driven by mobile. As the landscape evolved, and the economy began to show signs of a sustained recovery in late 2012 and 2013, business leaders began to review the makeup of their marketing teams. Companies of all sizes began rehiring, replacing some of the positions that had been eliminated 5 years earlier. As the Wall Street Journal article points out, over the past few years, the supply/demand equation began to shift for many skilled jobs. The number of openings has reached nearly 5 million, the most since 2001, according to the Bureau of Labor Statistics. Furthermore, the pace of job growth over the past three months was the fastest in 17 years.

Today's Landscape

According to its March, 2014 SMBeat publication, TriNet identified sales and marketing as the fastest growing job categories, coming out of the recession. Between 2010 and early 2014, the average annual growth for these jobs was 25%. In our Executive Search practice, we have seen a dramatic increase in the number of marketing searches over the past 12 months, more than tripling our volume in the first two months of 2015 compared to the same period last year.

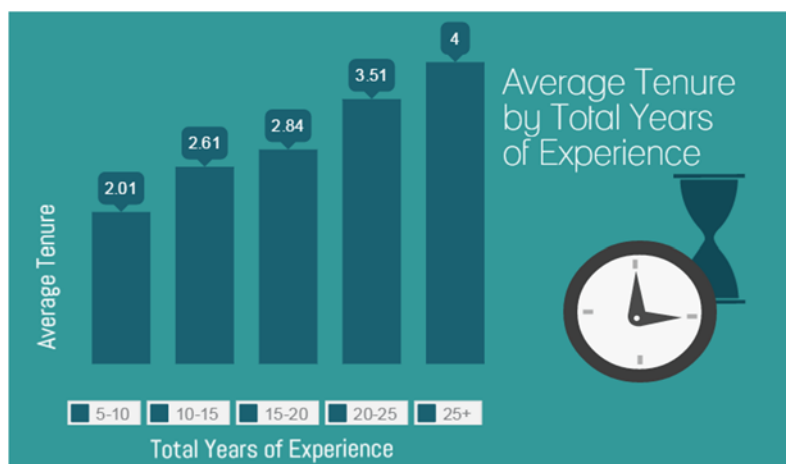
Title	Industry	Revenues	Level of Experience	Salary & Bonus
Director of Marketing	Construction Services	\$15m	10+ years	\$110k + 25%
Marketing Manager	Technology - Services	\$3m	8-15 years	\$90k + 15%
Global Sales & Marketing Manager	Technology - Hardware	\$5m	10+ years	\$120k + 10%
Marketing Manager	Luxury Consumer Products	\$25m	8-12 years	\$90k + 10%
Director Business Intelligence	Consumer	\$300m	10-15 years	\$150k + 25%
Marketing Director	Restaurant/Retail	\$3.5m	5-10 years	\$90k + 10%

Many medium to large organizations – those with revenues above \$250m - are hiring specialized roles such as Social Media Manager, Director of Digital Media, Director of Business Intelligence or Lead Generation Manager. These positions typically report up through a VP Marketing or Chief Marketing Officer, who, in turn, reports to the President or CEO. For smaller companies, the expansion is in the form of Marketing Directors or Managers (these broad based generalists are typically reporting directly to the CEO or Founder), whose responsibilities cross many disciplines including social media, digital, event planning, branding, analytics and above all else, lead generation and customer acquisition.

Local Trends

Between January and mid-February, 2015, our firm conducted an extensive analysis of marketing talent. Focusing on San Diego and Orange County and leveraging our comprehensive database, we reviewed over 400 marketing candidates, cross-referencing their resumes with their LinkedIn profiles to verify their titles and tenures. It is widely known that these regions are comprised primarily of small to mid-sized companies, many of them privately owned or family operated. While this unique landscape creates a bias toward smaller companies with revenues below \$250m, the analysis revealed several interesting trends in salaries, average tenures and titles.

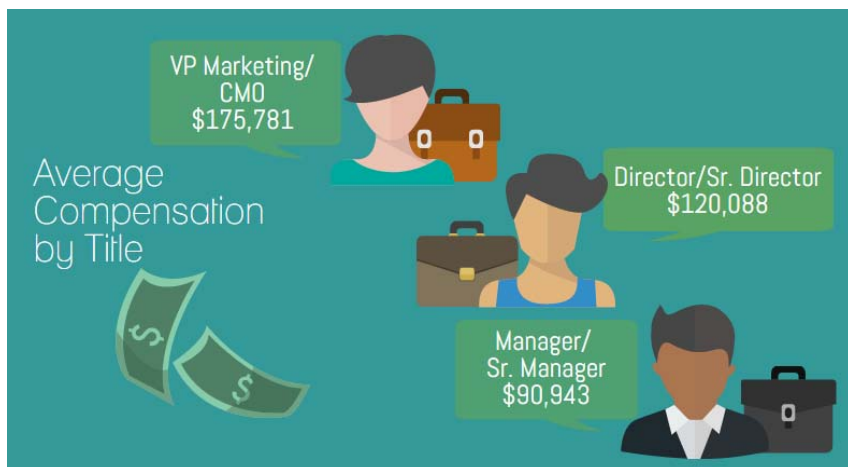
Similar to our [2014 Q4 Report](#), a professional's average tenure per job increased as they spent more time in the job market. For every five additional years of experience, their average tenure increased by a minimum of 9% and as much as 30%. In fact, professionals with 5-10 years of total experience changed



jobs twice as much as their counterparts with 25 or more years of experience. In our research, we found that a very small percentage of marketing professionals had reached the highest rank of VP or CMO. After 10 years of experience, 15% of our sample had reached Director level, while 41% had already become a Manager. After 15 years, 38% had reached the Director level and only 10% had earned the VP or CMO title. Even at the 20 year mark, only 18% had reached VP or CMO level, relegating this prestigious title to only a few, very big- picture, highly strategic and sophisticated professionals.



We then looked at compensation levels by total tenure and by title. Because many companies have not hired marketing professionals for 5-7 years, one of the biggest challenges being faced by employers, is the alignment of job title, breadth of responsibility and compensation.



While the average salary of a VP/CMO is just over \$175,000, this is largely due to the unique landscape of San Diego and Orange County. For every Qualcomm, Provide Commerce, Sony, Disney and Allergan that is paying their CMO in excess of \$350,000, there are tens of thousands of small companies, employing highly effective VPs of Marketing who are earning a base salary of \$150k - \$200k. When we focused solely on the companies in our sample

with revenues above \$500m, the average salary of their top marketing professional, usually holding the title of CMO or VP, was closer to \$300,000.

As business growth accelerates, the war for high caliber marketing talent will only get worse. According to the 2015 HireRight Employment Screening Benchmark Report, 76% of hiring executives predict they will increase their workforce size. As companies invest more of their revenues back into their business, enhancing their brands, strengthening their market share, and dissecting the behaviors of their customers to create a more personal experience, they will require a new breed of marketing professional. Likewise, CEOs must realize that today's true marketing leaders are not strict tacticians, with expertise in event marketing, website design, or even direct marketing. Rather, marketing professionals are strategists, with creative, multi-channel, highly adaptive mindsets, and a foundation in data and analytics. The time is right to align deliverables with expectations.

Company Information

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Case Studies

Scenario 1

A \$22m software development firm is looking to hire a Marketing Director for the first time. The new Director will be charged with building and managing a team of 2-4 professionals, developing the company's social media strategy, tracking all inbound leads, and rebranding the organization to better reflect their customers' needs. Reporting to the CEO, the Director will need to have experience working with a board, developing and implementing strategic initiatives and hiring outside resources. The CEO drafts a job description that calls for five to seven years of experience, with a salary range of \$64,500-\$86,800. Four months goes by without a hire, and the CEO is surprised by the lack of qualified talent.

Scenario 2

While it may seem counterintuitive, the same issue exists for positions that include too few strategic responsibilities, yet the title indicates the need for a high level executive. A 15-year old, \$82m high tech manufacturer is looking to hire a VP of Marketing. The Founder/CEO is targeting candidates with 15 years of experience, who are willing to serve as a department of one, creating *and* executing the firm's entire marketing plan and running their social media campaign. The VP will also be expected to build a new website and manage the company's adword campaign with a target base salary of \$110,000. If a VP role will not allow the new hire to manage or build a sizable team, conceptualize the firm's overall brand and go-to market positioning, leverage a customized marketing automation tool, or identify opportunities to incorporate big data analytics, it will be extremely difficult to find a sophisticated, seasoned professional willing to accept the role.

Issues and Solution

It's very rare for a 5-year marketing professional to have had experience building and managing a team from scratch, creating a new marketing strategy and implementing a new branding campaign. While the salary range in **Scenario 1** is in line with the number of years called for in the job spec (5-10 year candidates earn an average of \$75,452), the breadth of responsibilities is misaligned with the profile of a 5-7 year professional. Only 15% of 5-10 yr. candidates reached Director level, and even fewer candidates at this level had experience building and managing a team from scratch. In **Scenario 2**, expecting a VP of Marketing to build the website manage the company's LinkedIn company page, while serving as a sole contributor, is underutilizing the executive's unique and highly refined expertise. It will be very difficult for the CEO to attract the right candidate for this role, and even if one is found, the likelihood of retaining this professional is very small.

Therefore, in both scenarios, the salary range *and* job duties are inconsistent with the required experience and business acumen. The CEO must decide to either adjust the compensation and experience level to accurately reflect the deliverables of each role, or alter the mix of strategic and tactical responsibilities, to be more in line with the level of experience offered by the candidate pool.

Additional Insights

Key Factors to Consider when Hiring Marketing Talent

Strategic:

- The number of direct reports (will the position be a “1-man shop” or will there be other resources and staff to leverage)
- The need to establish or simply manage a marketing strategy (is it a “build it” or “maintain it” scenario)
- The revenues, growth and complexity of the business (e.g. regional, domestic, global or multi-brand business)
- The % of time the new hire will be spending on tactical vs. strategic initiatives (e.g. managing an existing staff or hiring and training a completely new team)
- A focus on traditional marketing vs. digital
- The current state of the brand and product positioning
- The relevance of industry experience and current makeup of the department

Tactical/Logistical:

- The level of flexibility in the position (i.e. can the Director work from home 1 day/week)
- The availability of marketing automation tools such as Hubspot, Marketo or Infusionsoft
- The existence of metrics to track the volume, quality and outcome of leads
- The expected growth in volume, sources and quality of lead flow
- The department’s budget
- The relationship between marketing and sales
- The expected growth in volume, sources and quality of lead flow
- The current product development pipeline

Key Factors that Impact Marketing Compensation

- Number of Direct Reports – 20%-25% impact
- Budget size – Budgets in excess of \$10m and \$20m will increase salary by 15% and 20% respectively
- Overall size of the business – Revenues and locations
- Experience with analytics – 10%-15% impact
- Experience building/rebuilding a department – 15%-20% impact
- Expectation to build and implement a marketing strategy – 20%-30% impact
- Turning around or launching a new brand – 20% impact
- Selection and implementation of a new CRM or marketing automation software – 10% impact

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