Robert Shaw has a PhD in nuclear physics, an MSc in Operational Research and is currently a Visiting Professor at a number of institutions, including Cass Business School, London.

He is a leading authority on Value Based Marketing and Customer Relationship Management and in addition to his academic research programme, runs his own consultancy company after a number of years as head of Andersen Consulting’s marketing practice.

He is a sought-after public speaker in this area, and has numerous published articles in refereed journals. He has written over ten books and reports, including the seminal text *Database Marketing* in 1987; a report on Marketing Accountability for the *Financial Times* in 1997; a best-selling book *Improving Marketing Effectiveness* for Economist Books in 1998; and a Good Practice Guideline for the ICAEW: Controlling Marketing in 2002.

You originally qualified as a Nuclear Physicist. What was it that first attracted you to the world of business and helped to shape the thoughts and views you hold today?

Robert Shaw:

I have always been interested in using mathematics to extend my understanding of the world. I moved out of nuclear particle physics into business, in the early 1970s, because no great discoveries were occurring and I wanted to make a discovery. My friend, Mike Green, had just invented “string theory” but we didn’t realize it would have a profound impact at that time.

In the first ten years of my business career I was very fortunate with opportunities to apply maths to many business problems - pricing and promotions, forecasting, planning, logistics. The lesson was that many business problems are better solved using maths than guesswork and luck, which is how most people solve their business problems.

Then in my second decade, I was also fortunate with opportunities to build huge customer databases for BT, BA and Barclays. The lessons this time were about using computers as business tools, and also project management in marketing. At that time I decided to publish a book, called *Database Marketing*, which started a fad that lasted for about five years.

In the current decade, I’ve become interested in proving the payback from marketing. Maths offers some great tools for this. I’ve discovered that many marketing problems are solvable with a bit of calculation. It’s also been a puzzle that many marketing professionals resist these modern techniques and are rooted in the past.

Lately I’m facilitating a project to find common ground between procurement, marketing (clients) and agencies. The procurement of advertising in particular is a very hot topic, and agencies are in crisis. We’re looking for a rational framework for agency management, to replace the old commission system. I’m working closely with three professional associations, the Institute of Practitioners in Advertising, the Chartered Institute of Procurement and Supply and the Incorporated Society of British Advertisers.

Another issue that is also occupying my time is compliance. New accounting standards have been introduced (the Accounting Standards Board OFR Standard 2005) that will change the way marketing is disclosed to shareholders. A new era of honesty and openness is upon us, and it has caught the marketing community unprepared.

Can you tell us about the Value Based Marketing Forum and the work that you do?

Robert Shaw:
In 1998 I decided that more research was needed to really understand what marketing professionals were doing to make themselves more accountable and what tools and systems they used. About 20 firms contributed research funds, on a syndicated basis. We meet 4 times annually and share research and personal experiences. My latest book, *Marketing Payback* (FT Prentice Hall 2005) is the fruit of this work.

You are recognized as a leading authority on Value Based Marketing and Customer Relationship Management. Can you elaborate on the importance of these facets of marketing for today's businesses?

Robert Shaw:

My experience of database marketing in the 1980s showed me that there was a need for processes and management disciplines to support the computers used to record customer data. My book, *Database Marketing*, had chapters on marketing accountability and process management. When the ideas of *Database Marketing* were resurrected by Siebel and others in the mid 1990s, it was apparent that they hadn't taken the earlier lessons into account and were presenting the computer as a panacea. I worked with a number of companies on implementing a fully formed CRM, going beyond the pure computer view of the discipline. But it’s hard to get your voice heard when there are thousands of computer consultants shouting about their software as the CRM panacea. So I witnessed some disastrous CRM implementations. Today, sadly, CRM's reputation is tarnished because of the over-selling of the software firms.

You spent many years as head of Andersen Consulting's marketing practice. What were the particular challenges you faced in this role?

Robert Shaw:

I joined Andersen because they were wanting to strengthen their marketing practice, but I didn’t realize that they equated "marketing" with "order processing systems" and I nearly left after a few months of computer projects. What made the difference for me was the database projects. I started building systems for customer data that were bigger and more complex than anything that had ever been built before. That was very exciting. But it was a constant battle inside Andersen, to get recognition for innovation - they were a very conservative firm.

I eventually got a budget to construct an integrated marketing system, as a pilot, linking 30 different techniques into one huge integrated system. There were planning systems, analysis, geodemographics, GIS, scoring, telemarketing, field sales laptops, and many more. It was quite amazing and goes far beyond anything that Siebel introduced 10 years later. My second book, *Integrated Marketing and Selling*, described this integrated solution, and has been plundered by all the CRM gurus many years later.

Your new book *Marketing Payback* has already been praised by marketing legend Philip Kotler and it tackles issues of bottom-line accountability for the marketing function. How important is accountability and measurement of marketing success in today's business climate?

Robert Shaw:

Accountability is marketing’s biggest issue today, without doubt. I have interviewed many marketing directors who tell me it’s their main headache. Partly it’s perception - marketers are perceived as “expensive, unaccountable and slippery”. It’s also reality - marketers have failed to implement the systems and processes they need.

“Accountability is marketing's biggest issue today, without doubt. I have interviewed many marketing directors who tell me it's their main headache.”

I often compare marketing today with supply-chain fifteen years ago. In those days, the warehouse manager and the distribution manager would wear overalls, be greasy and sweaty and their means of getting things done was to shout rude words at their staff. Today, those managers are gone, replaced by numerate, polished, analytical people. Yet marketing is still in the era of management by shouting (at agencies and other departments), and their innumeracy is a big issue. But there are signs of change.

How would you assess the impact of the Internet on marketing theory and practice today?

Robert Shaw:
The impact of the Internet on communications is growing and it will be huge once Broadband takes off as an entertainment medium. It is also eroding many traditional shopping channels, such as bookshops. As regards marketing theory, it is having to evolve to accommodate the Internet, but the impact is less profound than the issue of accountability.

In her interview with Management First, marketing metrics expert Laura Patterson states that organizations wanting to be more 'strategic' in approach need to "create a culture beyond this month's or quarter's sales goals." Would you say that the mentality to which she refers is a fair comment on the approach to marketing in many organizations?

Robert Shaw:

I'd agree that short-term thinking is a big problem and it focuses attention on the wrong things. Markets evolve over long periods and managers often overlook these long-term shifts while focusing on the little details. Another mentality that is problematic is cost-focus. The accounts contain one item for revenue and dozens of cost-lines, so naturally managers pay more attention to costs. We need to transform our accounting by giving managers much better analysis of their revenue streams and the sources of revenue streams.

You are a sought-after public speaker in Europe, the USA and the Far East. Do you find that your ideas and proposals are universally applicable? In other words, are the challenges faced by today's marketing professionals "global" challenges?

Robert Shaw:

Yes these are generally global. However, in less developed countries, basic business infrastructure is higher priority than marketing. For instance, Iran still does not accept credit cards, so even the most basic transactions are complex. Until these priorities are addressed, marketing is less of a priority.

Your 1987 book Database Marketing has been seen by many as the 1980s' defining piece of work on DM. Why is it that the term "database marketing" is little heard of today?

Robert Shaw:

Managers are fad-surfers. They discard ideas long before they've extracted their full potential, and jump on the next bandwagon. I found that five years after the book was published, dozens of "experts" on database marketing appeared. In fact most of the so-called experts were loud fools, whose ideas on database marketing went no further than chapter one of the book. Most people didn't read the book, or only the first two chapters. As a consequence, few companies implemented the full ideas, and the results were disappointing. Then almost ten years later, CRM appeared, covering much the same topics as database marketing. Again the fad surfers rode along and then jumped.

Finally, what article or book has had the most profound effect on your professional outlook, and why?

Robert Shaw:

I have found Marketing Mistakes by Robert F Hartley (Wiley) deeply thought-provoking. It contains detailed, 30-page studies of some great disasters. What's profoundly interesting is that it is necessary to spend 20-30 pages to analyze and learn from a disaster. You cannot condense the real marketing issues to a few PowerPoint slides. It's a terrific antidote for today's sound-bite culture, and a book that every marketing professional should read.