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# Executive Summary

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“On the whole, we found that Canadian-based marketing leaders are less qualified and less experienced than their American counterparts.”

The goal of our current study was to examine and compare the quality of marketing leadership in Canadian and American tech companies. We looked at the qualifications of the most senior marketing officer at Canada’s top private venture capital-backed technology firms. Out of the 67 companies we examined, 47 had an identifiable marketing leader. We then compared this person’s qualifications with those of the top marketing officers of 47 U.S. “unicorns”, which are defined as private companies with valuations of \$1 billion or more.

On the whole, we found that Canadian-based marketing leaders are less qualified and less experienced than their American counterparts:

- Thirty-eight per cent of the leading Canadian firms had made the strategic decision to place their marketing functions in the U.S. The U.S.-based senior marketing leadership had a job title that featured the term “marketing” in 61 per cent of cases. In Canada, there was a senior marketing person only 35 per cent of the time. In the other 65 per cent of cases, the role was more junior or was included in another position.
- In the case of American firms, marketing leaders had a senior marketing title 90 per cent of the time. In only 10 per cent of the cases we examined was the marketing role part of another title. Compared to Canada, US companies are much clearer as to who is responsible for marketing. The role is more senior on average, and it is not combined with other roles in the company.
- In terms of educational background, there is a clear difference between the qualifications of Canadian and American technology marketers. Forty-eight per cent of Canadian marketing leaders on both sides of the border had no business degree. Ten out of these 23 individuals had a STEM degree (Science, Technology, Engineering, Mathematics) degree. Only two per cent had both a graduate and undergraduate degree in business. In comparison, 75 per cent of American marketing leaders had a business degree and 26 per cent had both a graduate and undergraduate degree in business or economics. There were five times as many business graduate degrees among U.S. marketing leaders as there are among Canadian marketing leaders.
- We also looked for experience at growing technology firms. We found that 83 per cent of U.S.-based marketers working for Canadian firms had prior experience with high-growth firms, while only 38 per cent of Canadian marketers had prior experience. Similar to the U.S.-based individuals working for Canadian firms, 85 per cent of U.S.-based marketing leaders had prior experience at a VC-backed high-growth firm or industry leader.
- In terms of international experience, our review of the foreign qualifications of Canadian marketing leaders shows that only 10 per cent of those based in Canada have U.S.-based experience, and 66 per cent have no international experience.

Another factor that is seldom mentioned in Canada is the domestic brain drain. This refers to situations where a foreign tech company such as Google hires Canadians in Canada. These foreign firms attract the best candidates through reputation, better wages and more aggressive recruitment. They get the best talent in the country and train them to do tasks that are not immediately applicable to Canadian tech startups. Thus, the marketing talent trained at certain foreign firms cannot leave directly to help a growing Canadian firm.

When Canadian tech companies are sold, the marketing function typically moves to the headquarters of the acquirer. Thus Canadian marketing personnel lose out on the opportunity get the experience of taking a company from start-up to a world-class company. As a result, there are very few people in Canada developing a base of experience that can help us address our marketing challenges

With foreign firms taking our best talent, and Canadian firms conducting marketing out of U.S. offices and being sold before they flourish, we have a severe problem. We are not developing a local talent base that will enable us to solve the marketing challenges our firms face. This has implications for public policy and the development of support programs aimed at accelerating the growth of Canadian companies.

# The Chief Marketing Officer (CMO) Role

We recently published two Impact Briefs on the subject of marketing and sales (M&S).

- In *Canadian Tech Tortoises*, our analysis showed that leading American technology firms have 40 per cent of their employees dedicated to M&S. This is significantly different from Canada, where even the best-funded firms only have 31 per cent of their employees in M&S roles. This results in a vicious cycle: fewer M&S employees means less M&S activity, which slows down the processes needed for customer traction and entry into the market.
- In *A Nation of Soft Sellers*, we showed that while mid-sized US software companies spend, on average, 34 per cent of their revenue on M&S, comparable Canadian firms only allocate 20 per cent of their budgets to those expenditures.

M&S is a crucial business function that is involved in gathering market intelligence, obtaining customer feedback, and developing a market strategy for a particular technology. Given the spending and employment patterns found in our previous research, we contend that, as a country, we do not have enough experience marketing our technology and we do not allocate sufficient funds to do it. This causes our best firms to grow more slowly than American technology leaders, and as a result, our firms do not attract late-stage capital. Without capital, our tech firms are sold when they are young; they do not grow to become world leaders, who in turn, spend more on research and development (R&D), take out more patents, and form the hubs of innovation ecosystems.

In this Brief, we hone in on the marketing function in tech companies. First, we must start with what we consider marketing and how it differentiates from sales and business development.

- Marketing includes such activities as market intelligence, product marketing or product management, media and communications, as well as aspects of lead generation.
- Sales includes customer development, new customer acquisition, and account management.
- Business development can be either a sales or marketing function, as it classically involves the development of relationships with non-customer companies who may be members of the supply chain. This is the classic partnership and channel strategy role.

Because of the importance of the marketing role, we have seen the emergence of executive positions of the Chief Marketing Officer (CMO) that is on par with the standard leadership roles in industry such as the Chief Technology Officer (CTO) or Chief Financial Officer (CFO).

To explore the quality of marketing leadership in the technology sector, we examined the professional backgrounds of people leading M&S efforts on both sides of the border.

## Canadian Marketing Leadership

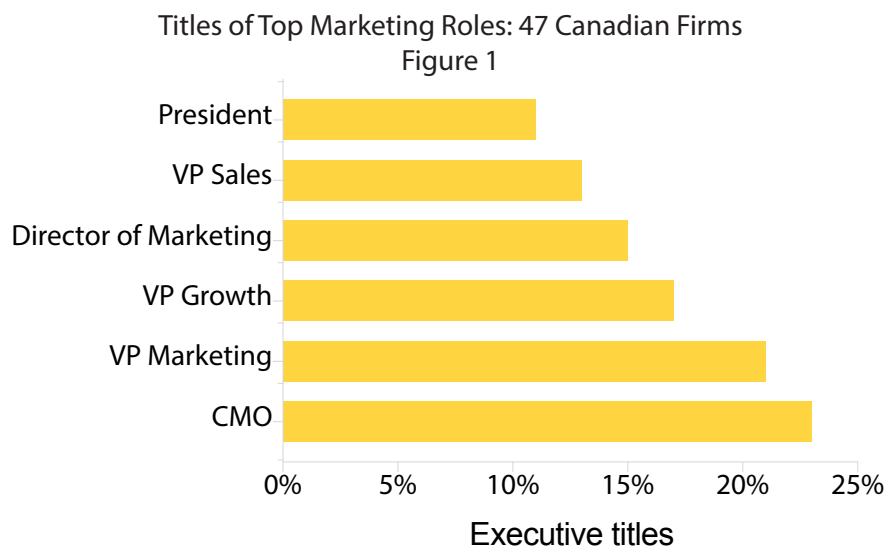
We first looked at the top venture capital (VC)-funded companies in Canada. These included firms that had raised between \$30 million and \$250 million in VC and private equity. The average amount raised was \$72 million and the average business age was 11 years. More established or non-technology companies were excluded from the study.

For the Canadian companies, we often had to read professionals' bios on company websites, searching for keywords such as 'marketing' or 'sales'. We looked for additional leadership positions using LinkedIn, Crunchbase, Data.com and Bloomberg; it was more difficult to find a senior marketing officer amongst Canadian companies. .

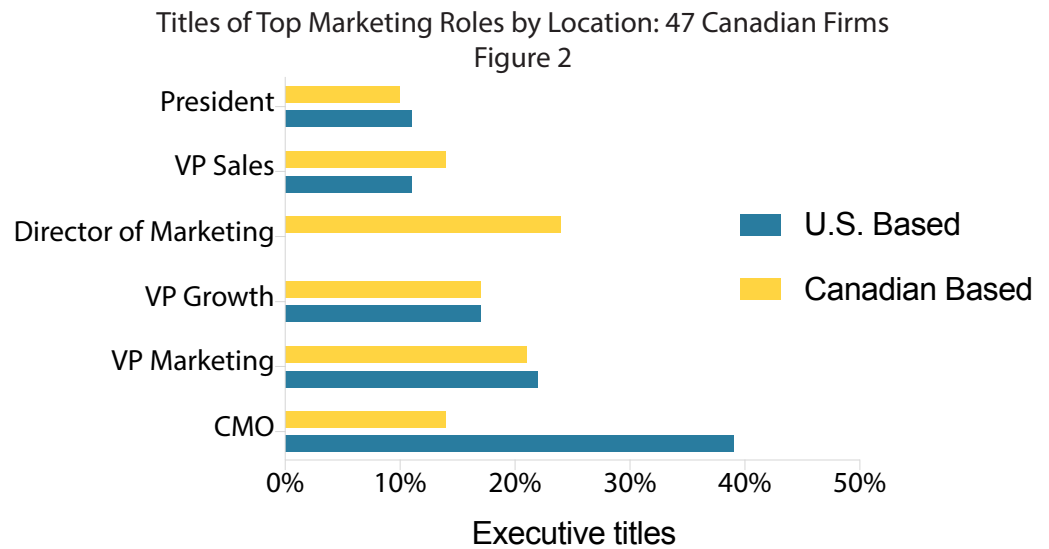
In order to find enough CMOs for a valid comparison with firms in the American tech sector, we looked at the management teams of 67 Canadian companies. We found senior marketing officers in 47 firms, with the others having no senior manager in a primarily marketing capacity. Thus, there is no senior management individually responsible for M&S in 30 per cent of the top venture financed Canadian tech companies.

Companies with no senior marketing officer were in life science industries such as pharmaceuticals and therapeutics, as well as in hardware, robotics and fintech. Given how important marketing is to the success of a technology startup, it is not clear how these companies can operate without a senior marketing person.

The job titles of individuals in top marketing roles varied extensively in our sample of 47 Canadian companies (Figure 1). Fifty-nine per cent of senior marketing officers had a title that included the term 'marketing' with 44 per cent of these at a level such as CMO or VP Marketing. However, in 41 per cent of cases, the marketing role was part of a wider set of responsibilities, such as within the job of President, VP Sales, or VP Growth or Revenue.



This study brought another interesting feature to light. Eighteen of the senior marketing officers at Canadian companies were actually based in the U.S. Thus, 38 per cent of leading Canadian firms had made the strategic decision to place their marketing functions south of the border and had hired locals in senior marketing roles. When looking at senior marketing job titles in the U.S. versus Canada, there is a distinct difference (Figure 2).



While the U.S.-based senior marketing leadership had a title that featured the keyword ‘marketing’ in 61 per cent of cases, it was part of another function in 39% of the companies. Amongst the leadership based in Canada, we identified a senior marketing officer only 35 per cent of the time, while in the other 65 per cent of cases the role was more junior or was added to the responsibility of another function.

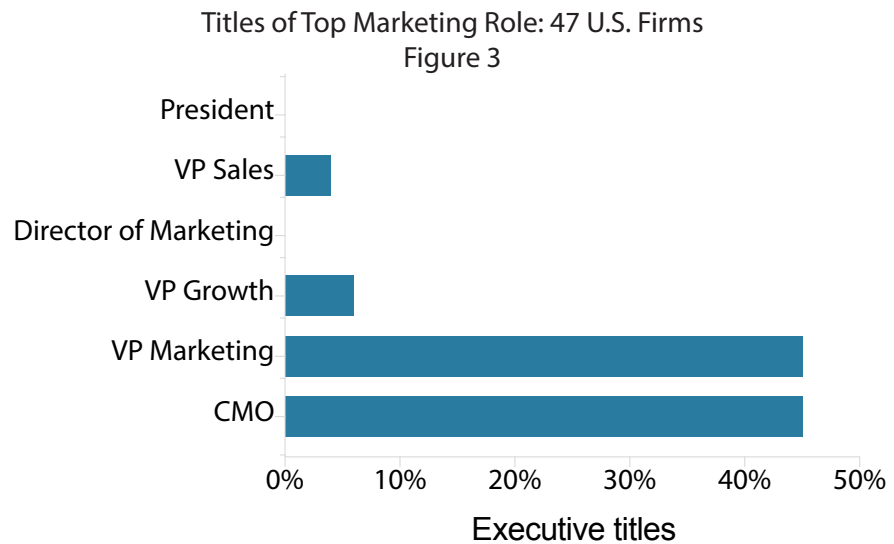
### U.S. Marketing Leadership

We compared these Canadian companies to a select group of 47 U.S. businesses that are likely to become key industry players on a global scale. They are all U.S.-based startup companies with valuations at or over \$1 billion, also known as “unicorns”. There are 97 companies in the U.S. matching this description, but the companies selected for our study are the smaller American unicorns. These companies have secured between \$45 million and \$295 million from private sources. The average amount raised was \$207 million, and the average age of firms was nine years.

As with any U.S.-to-Canada industry comparison, we have to be careful not to compare apples to oranges. Factors such as cross-industry differences, the relatively large size of American companies, and the small number of Canadian companies that exist as a basis for study tend to skew results. We agreed that instead of looking at this as an absolute comparison, we would use successful U.S. companies as benchmarks and examples of lessons to be learned for the Canadian innovation system.

Finding the individual responsible for marketing in Canadian companies was more difficult and time-consuming than it was for American Unicorns. In most U.S. cases, it simply required plugging “Company name, CMO” or “Company name, VP Marketing” into the web browser and then determining which of the generated names was the most current leader. This approach often worked for Narwhals (Canada’s financial velocity leaders) with American marketing leaders. The simple Google search mostly led to a frustrating research process for Canadian companies.

For U.S. companies, it was very clear who was the marketing lead; in fact, they had a senior marketing title 90 per cent of the time (Figure 3). In only 10 per cent of the cases we examined was the marketing role part of another title.



## Conclusion

Compared to Canada, the U.S. is clearer about who in its organizations is responsible for marketing. On average, the role is more senior and it is not combined with other roles in the company.

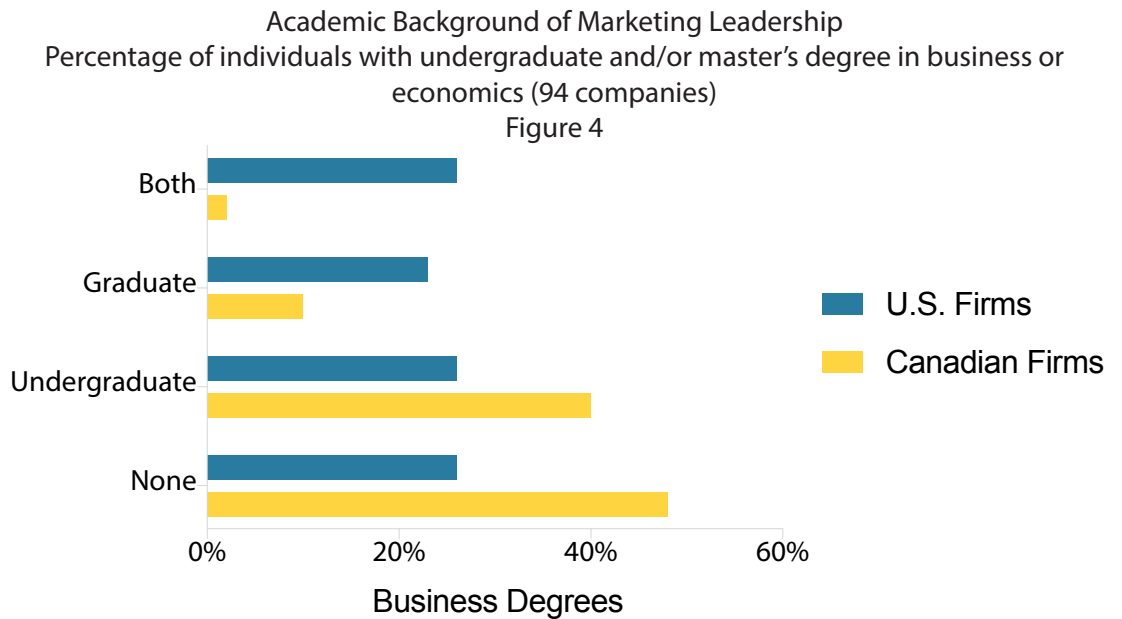


# Educational Background

To understand differences in the quality of senior marketing officers in Canada versus the U.S., we first looked at the educational background of the personnel holding these jobs with special attention to the nature of the undergraduate and master's degree.

## Canadian Marketing Leaders

Overall, we were surprised to find that so many Canadian marketing leaders on both sides of the border had no business degree at the undergraduate or master's degree-level (Figure 4). Ten out of 23 of these individuals had scientific and technical backgrounds with STEM-related degrees. In addition, we were surprised to find that only two per cent of them had both a graduate and undergraduate degree in business.



## U.S. Marketing Leaders

There is a clear difference between the educational qualifications of Canadian and American technology marketers. While one-quarter (25 per cent) of the Americans had no business degree, a similar number in this sample (26 per cent) had both a graduate and undergraduate degree in business or economics. Eighteen of the Americans had MBAs, including from Harvard and Stanford, while only five of the Canadians had MBAs.

Thus, there are five times as many graduate business degrees among U.S. marketing leaders as there are among Canadian leaders. It is not clear from our review whether there is little desire among Canadian MBAs to occupy top marketing roles at technology firms, or whether Canadian tech firms do not value the degree.

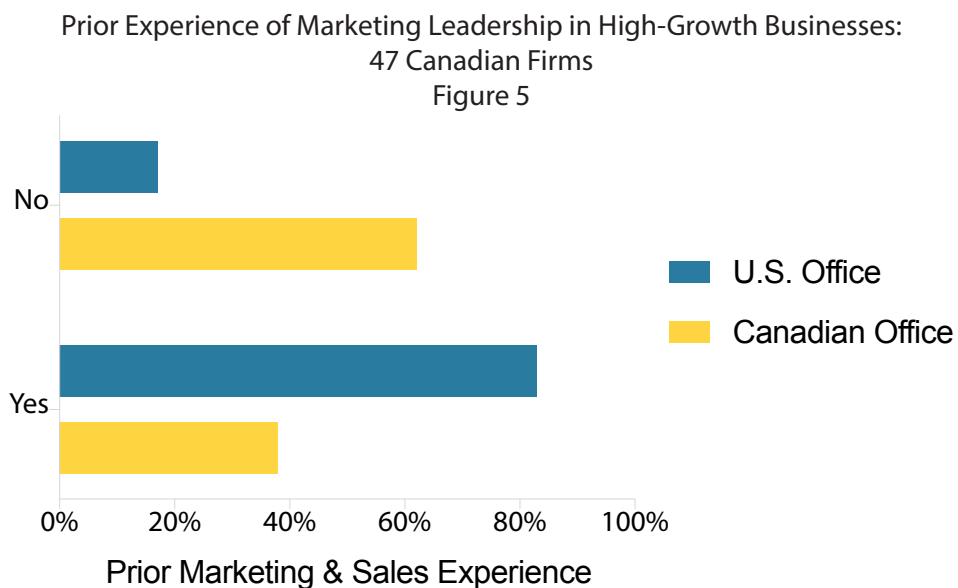
While a business degree is not essential for success in a marketing role, it is probably more beneficial than a technical or general arts degree. Prior job experience may be a higher indicator of success, and this is what we will discuss in the next section.

# Prior Job Experience

The next factor we looked at related to prior job experience. Our hypothesis was that prior experience at a quickly growing technology firm would provide a lead marketer with the necessary skills and knowledge that can be applied in their current position in another fast-paced environment.

## Canadian Marketing Leaders

Overall, 55 per cent of Canadian tech marketing leaders have prior work experience at a fast-growing VC-backed company or industry leader (Figure 5). However, that number breaks down dramatically when the employees based in the U.S. are compared with those leaders based in Canada. Eighty-three per cent of U.S.-based marketers working for Canadian firms have prior experience with high-growth firms, whereas only 38 per cent of those based in Canada do.

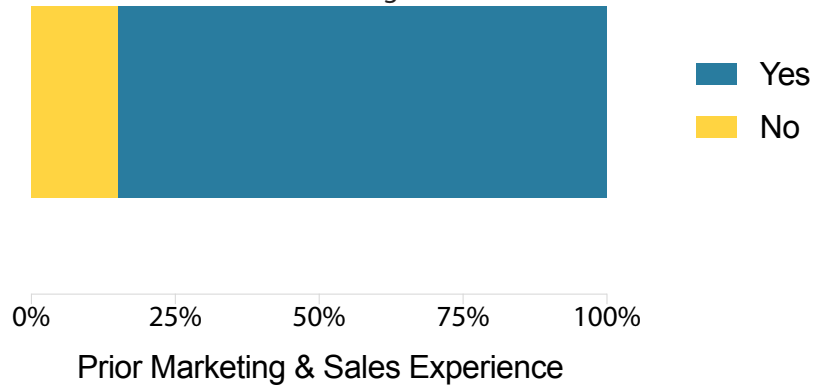


## U.S. Marketing Leaders

Similar to the U.S.-based individuals working for Canadian firms, 85 per cent of American marketing leaders have prior experience at a VC-backed high-growth firm or with an industry leader.

Prior Experience of Marketing Leadership in High-Growth Businesses:  
47 U.S. Firms

Figure 6



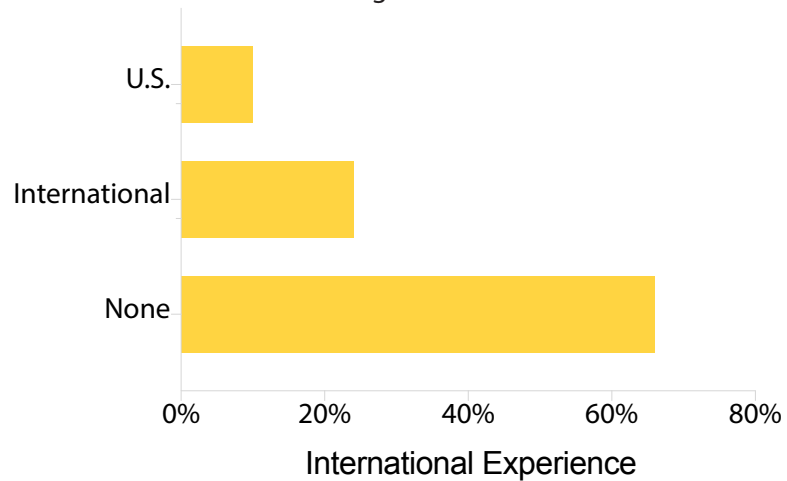
### International Experience

Another important aspect of the marketing role relates to direct experience selling in the market that the company serves. In many cases, the first and perhaps biggest market for Canadian technology firms is the U.S. Prior experience marketing in the U.S. would therefore be a valuable asset for any marketing leader. Of course, all American-based marketing leaders have that experience.

While Canadians do not always recognize it, American companies and individuals buy differently than Canadians. Companies in the U.S. operate at a different scale, with many more large corporations headquartered there. They have a different regulatory environment and competition is more intense than it is in Canada. Even culturally, although we watch the same TV shows, Americans are different from Canadians. Boasting experience in the American market and understanding these differences can be significant factors in accelerating the growth of a startup technology firm.

Hence, American firms have an advantage right out of the gate. They are located in their largest target market, and they have the market knowledge that Canadian firms need to acquire, either by hiring a person based in the U.S. or hiring someone in Canada with U.S.-based experience. Our review of the foreign qualifications of Canadian marketing leaders shows that only 10 per cent of Canadian-based marketing leaders have U.S.-based experience (Figure 7), and 66 per cent have no international experience.

International Experience of Top Marketing Leadership:  
47 Canadian Firms  
Figure 7



## Conclusions

This finding prompts a number of questions, including “Why are Canadian firms without a U.S. office not hiring individuals with prior relevant experience, particularly if they wish to pursue the U.S. market in the future?” or “Do they not place value on international experience?” Perhaps few such individuals are available in Canada. So, even Canadian firms with significant VC backing must either bring in an American to run their marketing efforts, or establish a U.S. office and hire someone with the right experience in that market. The data in this study show that Canadians are not successful at hiring Americans, or even ex-pat Canadians into Canadian-based marketing roles. Arguably if given the chance, a Canadian would prefer someone with more experience than someone with less. Imagine though that you were an American heading up marketing at a successful American firm in Silicon Valley. Why would you want to move to Toronto to run the marketing efforts at a Canadian firm? It would be like asking someone playing football for the San Francisco 49ers to come and play a season of ball for the Toronto Argonauts.

## Does Experience Matter?

We also wanted to understand whether U.S.-based experience or high-growth company experience really matters. To that end, we calculated the Financial Velocity for each of the firms in the study, relating it to the experience of the person we identified as the head of marketing. Financial velocity is defined as the amount of venture capital funding raised per year of a company’s existence. (As described in our report entitled *A Failure to Scale* released in January 2017). We did this only for Canadian firms so that no other variables would come into play.

Our findings suggest that it does not matter whether the firm employs a chief marketing officer with either U.S.-based experience, high-growth experience or both. The data clearly showed that firms that had CMOs with either or both types of experience had a higher financial velocity than those with no previous experience (Table 1).

Table 1.

Experience of the CMO	Number of firms	Average Financial Velocity (Millions USD Per Year)
Both U.S. and High-growth Experience	16	8.225
Either U.S. or High-growth Experience	16	8.731
No U.S. or High-growth Experience	17	5.276

Given the reality of the data, Canadian firms have no choice in this matter. If there are no Canadians available with either U.S.-based experience or high-growth experience, the only solution is to move the marketing function for a Canadian tech firm to the U.S.

# Other Factors

## The Brain Drain

Absent from this analysis and the general discourse on high-tech startups is the presence of U.S. firms in Canada. The press and tech community rejoice when a foreign firm decides to invest in Canada by setting up an office here. It suggests that we possess global talent, and we are pleased at the possibility of creating local jobs. In fact, we are so pleased that we grant SR&ED (Scientific Research and Experimental Development) tax credits to companies who employ Canadians in an R&D function. But should we be pleased?

Table 2 shows the total employment and marketing employment for three tech sectors. Since the data were obtained from LinkedIn, we recognize that these numbers depend on self-reporting and may therefore be incomplete. The marketing jobs include all employees on LinkedIn that are classified under Marketing, Product Management, and Media and Communications. This does not include individuals who report working in Business Development. It is evident that marketing jobs constitute a small fraction of Canada's total tech employment.

Table 2

Industry	Total Employment	Marketing Employment
Computer Software	199,600	8,166
Medical Devices	28,900	1,386
Pharmaceuticals	73,900	3,182
Total	302,400	12,734

Just as an example of the impact of foreign firms in Canada, we collected data for 11 large foreign tech companies operating in computer software, medical devices, and pharmaceuticals. Table 3 shows the total Canadian head count and the number of people in marketing roles at each firm.

Table 3.

Company	Total Employment	Marketing Employment
Google	970	108
Amazon	2,044	121
Microsoft	2,783	307
IBM	7,790	827
Apple	3,508	161
GE Healthcare	608	94
Abbott Labs	952	60
Medtronic	757	61
Roche	1,295	134
Merck	1,036	83
Pfizer	1,695	159
<b>Total</b>	<b>23,438</b>	<b>2,115</b>

These 11 foreign firms account for 17 per cent of the marketing employment in Canada. But the most critical issue is that they attract top Canadian talent. The perception associated with these jobs and their hiring approaches, particularly compensation levels and recruitment, contribute to the little-known domestic brain drain.

**Perception:** If you were a Canadian marketing expert, which type of firm would you rather join: a little-known Canadian company or a global giant? Which employer looks better on your resume: a company that is on par with Google, or a smaller business from the Narwhal List? The net effect is that Canadian marketers are probably more attracted to working for big-name foreign firms than for Canadian startups.

**Compensation levels:** According to one prominent recruiter who specializes in this field, American and other foreign firms are noted for paying higher salaries than Canadian firms, and much higher salaries than Canadian startups.

**Approach to recruitment:** The third factor is less apparent. According to this recruiter, foreign firms are more likely to use an external recruiter to identify and attract top talent. Canadian startups or even larger firms are more likely to use an in-house recruiter, perhaps someone early in his or her career without the breadth or depth of experience to find and attract the best talent.

This brain drain would not pose a significant problem if these foreign companies trained great Canadian talent who could later move on to work for Canadian startups. Often, there is a disconnect between the skills gained working for a foreign entity and the skills needed for Canadian companies. A marketing person working in a foreign entity is typically involved in what is often referred to as “translation” work; that is, translating strategies developed at the head office. It would be very rare for a Canadian-based marketing person working for a foreign company to be responsible for the conception and development of an entirely new product. Thus, Canadians at these firms do not get exposed to the levels of market intelligence, product marketing and campaign development. Marketing roles at offices of foreign firm typically revolve around business development and marketing communications, but in a tactical role that extends the strategy developed at the head office.

As a result of this brain drain, foreign firms get the best talent our country has to offer and then train them to perform on tasks that are not immediately applicable to Canadian tech startups. We must therefore question whether foreign hiring in Canada is actually a good thing in terms of marketing employment.

## Mergers and Acquisitions

According to CB Insights, Canada sits in the number four position worldwide for the number of mergers and acquisitions it generates among tech companies. As a country, we celebrate serial entrepreneurs, who in order to be afforded this status will have had to exit at least one of the companies they founded. Our report *A Failure to Scale* (January 2017) highlighted the lack of large-scale companies in Canada. When our companies are sold, the acquiring firm frequently leaves the development team in place, as the acquirer is likely to be buying a product, not market position. However, marketing decisions are normally moved to the parent company's head office, where all of the marketing talent resides.

The result of the early sale of companies is that very few Canadian tech marketers who remain in Canada get the experience of taking a company from a startup to a world-class company. Combined with the fact that successful Canadian tech firms very often move their marketing offices outside of Canada, there are very few people in Canada developing a base of experience that will help us address our marketing challenges.

Instead, we are acquiring a base of experience in corporate development. Canada is very good at selling companies but not good at developing talent to grow them. The lack of senior Canada-based marketing jobs means that the industry is not particularly attractive for new entrants. Where would a newly minted MBA want to work: in a small firm that will be sold before they get top-level experience, or in an industry such as banking, where one has the chance to develop world-class skills?

Between foreign firms taking our best talent and Canadian firms marketing out of U.S. offices and also being sold before they become world class, we have a severe problem. We are not developing a local talent base that will enable us to solve the marketing challenges our firms face.



## Implications for government policy

The question remains as to what solutions the government is considering for this marketing talent problem. The Advisory Council on Economic Growth's 2017 report entitled *Attracting The Talent Canada Needs Through Immigration* recognized this problem (without specifically mentioning marketing):

"...Canadian firms struggle to find the senior and specialized talent they say they need to scale their operations quickly and competitively. This talent gap is particularly acute for firms contributing to and investing in technology-based innovation and digital automation. Tech executives, for example, cite the lack of experienced business talent and key functional expertise as the largest obstacle for Canadian tech companies looking to expand."

The report recommended increasing economic immigration and facilitating the entry of senior and specialized talent.

Canada's most recent budget committed to supporting immigration programs that help attract top talent. Canada's Global Skills Strategy, announced in June, makes it easier to attract key talent by speeding up the application process. But we must ask, "Will this actually work?" Do we know that senior American marketing talent will move to Canada, and if so at what price? If marketing talent isn't interested in moving here, does it matter if the application process is shortened? What will it take to significantly improve the calibre of talent in this country, and how long will it take?

Perhaps the government should be looking at a Plan B. This might involve supporting Canadian companies in moving their marketing offices out of Canada earlier. If marketing is not something that Canada will ever excel at because we are not our own biggest target market, perhaps we must recognize that marketing belongs where the market is and develop plans to support this for our companies. But, regardless of the path chosen, we have to recognize that there is a clear need for a senior marketing executive in technology companies and hire or develop a talent base to meet this need.

# Methodology

Our study looked at employment patterns of Canadian and U.S. technology companies identified by CB Insights as having received funding from venture capitalists. Using that list as a base, we used LinkedIn and online data sets to identify the most senior marketing person at each firm, as well as that person's qualifications.

For the Canadian companies, we often had to look closely at professionals' bios on the website, searching for keywords such as 'marketing' or 'sales'. We looked for additional leadership positions using LinkedIn, Crunchbase, data.com and Bloomberg. In order to find enough CMOs for a valid comparison, we looked at the management teams of 67 Canadian companies. We could only find senior marketing people in 47 of these companies, with the other companies having no senior manager in a primarily marketing capacity.

We compared these Canadian companies to a select group of 47 U.S. businesses that are considered likely to become key industry players on a global scale. They are all U.S.-based startup companies with valuations at or over \$1 billion, also known as "Unicorns". There are 97 companies in the U.S. that match this description, but the companies selected for our study are the smaller American unicorns. These companies have secured between \$45 million and \$295 million from private sources. The average amount raised was \$207 million and the average age of firms was nine years.

To enhance transparency, we limited our data collection to public sources. We recognize that the data may therefore be incomplete or inaccurate.

This study was not intended to be academically rigorous, nor was it intended to be all-encompassing about the topic of marketing leadership in the tech industry. It was designed only to add to the conversation on innovation and highlight areas worthy of future research by looking at data available from public sources. We plan to continue exploring and developing research on the subject in future Impact Briefs.

# About the Impact Centre

## Science to Society

We generate impact through industry projects and partnerships, entrepreneurial companies, training and research.

We bridge the gap between the university and industry to accelerate the development of new or improved products and services based on physical technologies. We work with graduate students and researchers to help them commercialize their discoveries. We provide undergraduate education and training for students at all levels to ease their transition into future careers.

The Impact Centre conducts research on all aspects of innovation, from ideation and commercialization to government policy and broader themes such as the connection between science and international development. We study how companies of all sizes navigate the complex path between a discovery and its market and how their collective innovations add up to create a larger socioeconomic impact.

Our objective is to understand how we can improve our ability to create world-class technology companies, how governments, companies, and academia can identify and adopt best practices in technology commercialization.

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