



Making Every Investment Count: The Measure of Marketing



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Program Objectives

This interactive session is designed to:

1. Explore why measuring marketing is important in today's business climate
2. Identify what marketing needs to measure
3. Introduce best practices for creating a performance-driven marketing organization
4. Provide a metrics framework
5. Explore the role of dashboards

My Personal Goals

The Business Climate is Challenging

- Tough economic environment
- Constant change
- Tougher buyers
- More competition
- Increasing complexity
- Reduced business investment

The Challenges My Company Is Facing:

Intensified Pressure



What Grade Would Your CEO Give Marketing?

Disconnect in Perception of Marketing's Impact and Value Persists

- <20% of C-Suite give Mktg an "A" vs. nearly 50% of CMOs/VPs
- Sales executives assessment of marketing's performance were more than 3X as critical than marketing on quality and quantity and qualified leads

It's Affecting the Revenue Engine

Impacts

- the number of opportunities in the pipeline
- the average deal size
- the win rate and
- the sales cycle

Why Companies Invest in Marketing

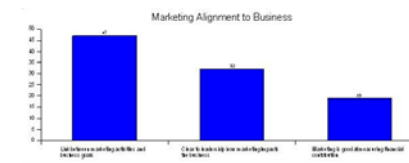
- Understand the market and customers
- Develop and execute a strategy to create preference and consideration that enables the organization to
 - Acquire more of something
 - Acquire it faster
 - Acquire it cheaper
- What we measure and the metrics we report need to demonstrate we are "getting the job done"

What Metrics Do We Track?

Our Metrics are Missing the Mark

Top 10 Metrics Expected to Track	Expected and Do	Expected and Do Not
Overall marketing ROI	27%	72%
ROI from individual campaigns	44%	55%
Activity response rate	54%	45%
Rate of growth	56%	43%
Market share	40%	57%
Customer satisfaction	57%	40%
Revenue from new products	57%	40%
Cost per lead	33%	63%
Rate of customer acquisition	33%	63%
Lead to customer conversion rate	43%	53%

Not a Clear Link between Marketing and the Business



Marketers Still Lack MPM Proficiency

Compounded by A Sea of Metrics

Marketing's Purpose:

Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

AMA Defines Marketing

“Marketing is much broader than selling, it encompasses the entire business...seen from the customer’s point of view.”

“The purpose of a business is to create a customer.”

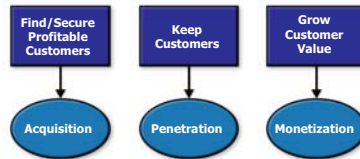
Peter Drucker

Marketing’s Three Jobs When it Comes To Customers

- Find Profitable Customers/Consumers
 - The process of acquisition
- Keep Profitable Customers/Consumers
 - The process of retention
- Grow Profitable Customers/Consumer
 - The process of increasing the value of your customer franchise and brand

“Marketing has the main responsibility for achieving profitable revenue growth”
 Phil Kotler, 1999

Marketing’s Relationship to the Business



- | | | |
|---------------------|-------------------------------|--|
| Acquisition | Market Share | <ul style="list-style-type: none"> • Enjoy Economies of Scale |
| Penetration | Lifetime Value | <ul style="list-style-type: none"> • Maintain Greater Profitability • Higher referral rate • Less cost to serve |
| Monetization | Brand/ Customer Equity | <ul style="list-style-type: none"> • Less vulnerable to competition • Better success rate • Higher prices |

Digging Out – Requires a Transformation to A Performance Driven Marketing Organization

A performance-driven organization has a set of measurable performance standards, a pointed focus on outcomes, and clear lines of accountability - all of which are important if a marketing organization wants to prove its value.

Performance Management

the process of measuring progress toward achieving key outcomes and objectives in order to optimize individual, group or organizational performance.

“Marketing must improve its value to justify its existence as a centralized function”
 – Elana Anderson, principal analyst, Forrester Research

5 Characteristics of a Performance-Driven Marketing Organization

1. Established clear standards of performance and metrics
2. Aligned resources, policies, and practices
3. Results tracked and reported against performance standards
4. Data is used to drive continuous improvement and to hold the entire system accountable for performance.
5. Analytics are used to facilitate fact-based decision making

Four Hurdles Best-In-Class Marketers Overcome

1. Measurement Competence
2. Analytics and Skills
3. Strategic Metrics
4. Tools and Processes

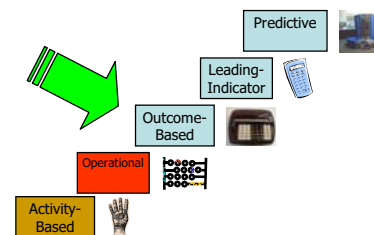
- What are your takeaways so far?
- When it comes to Marketing, what are you measuring?
- What aren't you measuring?
- What should you be measuring?

What Can We Do?

1. Metrics and Measurement
2. Data and Analytics
3. Systems and Tools
4. Formal Processes
5. Culture of Accountability

1. Define Metrics and Performance Targets
2. Adopt a Framework
3. Keep Metrics Focused on our Job - Customers

VEM's Metrics Framework

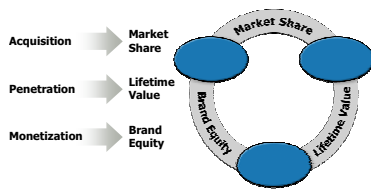


What Are Your Organization's Key Business Outcomes for each of these?



Market Share Lifetime Value Equity

Create Marketing Objectives That Connect Marketing Investments and Metrics to the Business:



Link Business Outcomes and Marketing Objectives

For each of your organization's outcomes how will success be measured?

How is marketing expected to impact these outcomes?

How will marketing's contribution be measured?

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Data - The Foundation of Continuous Improvement

- **Identify** the systems and tools that source this data.
- **Install** and use a data management system
- **Get** the best data possible and use it in a pre-defined, unbiased way
- **Create** a data inventory and identify the gaps

Analytics – The Ability to Drive Actionable Insights from Data

1. Data is the basis of analytics
2. Analytics - Critical to facilitating better and faster fact-based decisions
3. Analytics make it possible to link the results of marketing programs to customer consideration, preference, loyalty, share of wallet and the financial results these outcomes produce.

Linking Marketing to Business Outcomes

1. Identify all key business outcomes; select those that marketing can impact
2. Define the initiatives marketing will drive to achieve the business outcomes
3. Establish the quantifiable measurable objectives to support each initiative
4. Develop the strategies for each marketing function that will drive the objective
5. Clarify each activity/tactic for each member of the team

Re-Skill and Re-Tool

1. Process is Key to Marketing Accountability
2. Impact of Culture on Performance
3. Accountability by its very nature means Reporting

Do You Have a Process For?

- ✓ Program performance target setting
- ✓ Data collection and analysis
- ✓ Metrics and measurement
- ✓ Reporting and dashboard development

Do you have a dashboard?

On a scale of 1-20, 20 being absolutely, 1 being are you kidding

Does your dashboard

1. show how marketing is moving the needle?
2. help assess what is and isn't working?
3. foster decision making – is actionable?
4. provide a unified view into marketing's value?
5. enable better alignment between marketing and the business?

- What's your score out of 100?
- Which question is holding you back?

Dashboard Blueprinting

A good dashboard

- Shows how marketing is moving the needle
- Helps assess what is and isn't working
- Enables better decisions – is actionable
- Provides a unified view into marketing's value
- Enables better alignment between marketing and the business
- Translates complex measures into a meaningful and coherent set of information

"To address short- and long-term objectives, some firms have developed marketing dashboards that define key metrics and give a unified view into the effectiveness of their marketing."

Taddy Hall, ARF

How Could You Illustrate Marketing's Impact on these areas on Your Executive Dashboard?

- Customer Acquisition and Retention
- Customer Advocacy and Value (LTV, Margin, Loyalty, Share of Wallet)
- Customer Equity
- Product Innovation and Adoption
- Competitive Positioning/Market Value Index (share of preference, rate of growth)

Do You Have a Culture of Accountability?

The Rewards of a Performance Driven Marketing Organization

- Better insight into customers – what they want and what messages will resonate
- Greater message continuity
- More effective allocation of resources
- Fewer underperformers on the sales team
- Higher win rates
- Improved customer acquisition and retention
- Stronger customer loyalty and equity
- Greater customer share of wallet

Envision Your Dashboard



Getting Started

1. Conduct a metrics audit to identify process and data gaps
2. Determine the crucial skills marketers need and provide training
3. Move beyond leads as an outcome-based metric
4. Make sure there is a performance target for every effort
5. Engage the CEO
6. Make Finance AND Sales allies
7. Develop a marketing dashboard that clearly links marketing to the business
8. Identify systems and tools to help automate marketing processes and improve the performance and reporting capabilities of your organization

What Will I do When I Return to the Office?

About VisionEdge Marketing

Founded in June 1999 and headquartered in Austin, Texas, VisionEdge Marketing is a data-driven metrics-focused strategic and product marketing firm that helps B2B companies strengthen their competitive advantage for the purpose of acquiring, keeping and growing a profitable customer base. Customers leverage VEM's consulting and learning services practices to significantly increase their probability of success. For ten years, VEM has worked with over 100 companies, many of them long-standing customers to address market segmentation and sizing, demand generation plans, customer segmentation, positioning, messaging, market research, measuring marketing performance and team development. Our customers appreciate that we deliver metrics-based, customer-centric strategies and best practices, have battle-tested methodologies and people that deliver results cost-effectively. Laura Patterson serves as the president of the company and brings over 30 years of experience to a team of nearly twelve. The company's three books *Gone Fishin'*, *Measure What Matters*, and *Metrics in Action* have been well received by the professional marketing community.

Why VisionEdge Marketing

- VEM has completed similar projects for scores of companies.
- Battle-tested methodologies deliver results cost-effectively.
- VEM's engagement methodologies are highly collaborative to encourage customer involvement in the process and ensure that the final outcomes are true team efforts.
- VEM is known for its metrics-based philosophy that tightly links marketing initiatives to business goals and enhances our customer's ability to monitor, measure and manage the marketing function.
- The engagement team consists of seasoned b2b marketing professionals who have experience working with companies targeting developers and in organizations comprised of developers. No junior people.

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