



Performance Management for Marketers

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As early as the 1940s, business leaders began developing processes to enable and evaluate how employees contribute to the success of the organization. These processes became the foundation for what we refer to as performance management. With the increased pressure on business leaders to be more personally accountable for the performance and conduct of their organizations, the emphasis on performance management has trickled down and across the organization, which includes marketing.

Performance management focuses on optimizing individual or group performance in order to achieve the organization's key initiatives and objectives -- and it includes the metrics and the data, measurement, alignment and analytical processes, methodologies, capabilities and systems needed to manage the performance of an organization. A sound marketing performance management process is essential for enabling marketing professionals to demonstrate and communicate the impact of marketing on -- and contribution to -- the organization.

Lately, we've been hearing many colleagues use three performance management terms interchangeably: marketing effectiveness, marketing accountability and marketing measurement. While these three terms are complementary, they are also distinct from one another. Each serves an important role in the performance management process.

Here is one way to understand the nuances surrounding these terms and help you use them in your performance management journey.

1. Marketing accountability is a broad concept that reflects the ability of marketing to explain the basis for its actions. Accountability implies reporting, while marketing dashboards serve as its vehicle. Accountability has a computational aspect and covers a range of marketing capabilities, processes, and metrics. There are a number of possible marketing metric categories.
2. One such metrics category is marketing effectiveness, which measures the ability of marketing to produce a specific result. Another common and separate metric category is marketing efficiency. Being able to actually measure marketing effectiveness takes marketing measurement.

3. Marketing measurement is the act or process of measuring. Marketing measurement is essential to being able to perform marketing accountability.

These three terms are related, but not interchangeable. Each is an important aspect of marketing performance management. The whole point of performance management, marketing accountability and marketing measurement is to help marketing optimize its performance and achieve meaningful business results. The best way to approach marketing performance management, accountability and measurement is to see it as a continuous, process -- one that can be repeated -- which is designed to help you measure, analyze and learn so that you can make more informed decisions and successfully produce more and better predictable business outcomes.

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