Seven Key Steps for Creating a Performance-Driven Marketing Organization

By: Laura Patterson, President

Members of the leadership team expect marketing to generate value for their organization. Why? For many organizations, over 80% of their value is derived from intangibles. These intangibles, such as marketplace position and customer relationships, are often produced by marketing initiatives and result from marketing investments. Therefore, it’s no surprise that the leadership team’s expectations and pressure on Marketing will continue to rise. Generating value requires marketing to help the organization capture market share, increase customer lifetime value and grow customer equity. It is essential that Marketing maps out a clear direction and, as we say in Texas, ‘Get ’er done’.

‘Getting it done’ takes performance management. While Marketing Performance Management and measurement is not new, the current business climate has increased the emphasis on marketing accountability and analytics. Joan Ritter wrote in *The Technology Executive,*

> huge leaps in technology, together with the instant gratification of real-time campaign measurement in Internet marketing, have converged to bring the issue of marketing accountability to the front page of the business section.

Even improvements in the economy will not diminish the C-Suites’ focus on marketing accountability, effectiveness and measurement.

Many marketing organizations, however, are not getting ’er done. For over ten years we’ve conducted a marketing performance management and measurement (MPM) study. The most recent results reveal that over the past decade, Marketing hasn’t made much progress in regards to performance measurement and management. In fact, 10% of the 446 respondents assessed their marketing organizations as completely ineffective (10.3 percent) in measuring marketing performance, compared to 12.5 percent choosing completely effective. Three in four respondents rated their organization’s effectiveness in measuring marketing performance as only somewhat or marginally effective. These results are very similar in terms of responses to this same question in previous years. We have found that Best-in-Class marketers stand out. They are better with statistical significance in their ability to align marketing with business outcomes and clearly convey their impact and contribution to the organization.
7 Easy Steps That Start Your Journey

Wondering which way to go next? Here are 7 easy steps to get you heading in the right direction on your journey;

- **Alignment**: Establish direct-line-of-sight between Marketing initiatives and investments and business outcomes.
- **Metrics**: Create outcome-based metrics and maintain a metrics catalogue.
- **Data**: Leverage accurate, timely data. Develop a Data Dictionary and Data Source Inventory, store this information in an accessible format, and update it regularly.
- **Analytics**: Hone your analytics skills so you can gain insights from your data and build models.
- **Performance Setting & Tracking**: Commit to set outcome-based performance targets for every program and track results.
- **Dashboard**: Produce an actionable marketing dashboard that quickly and visually conveys your contribution to the organization and facilitates course adjustments.
- **Refine It & Start Over**: Keep in mind that continuous improvement takes a ’reiterative process’; a test and learn culture. What you do today will feed back into the process in the future. In this way we learn from each activity and adjust our future actions accordingly.

Where to start on your journey? The very first step is to address the challenges of alignment and accountability. Addressing these two gaps requires Marketing to clarify the strategic intent of all the investments it makes on behalf of the companies it serves. Marketing accountability requires marketing professionals to have data, analysis, and measurement skills. They must be fact-driven. Both of these may require a significant cultural shift and changes in the personnel roster.

Improving and refining what you do today will change your results tomorrow. If you are not satisfied with the way things are, then change them. Consistent gathering and evaluation of information will lead you to better decisions and better results. Isn’t that really what it is all about?

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