



The Ins and Outs of Developing a Customer-centric Measurable Marketing Plan

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Peter Drucker is attributed with saying “that creating a customer is the purpose of a business.” Ted Levitt, author of Marketing Imagination, writes, “The role of marketing is to create and keep customers.” So marketing plays a pivotal role in an organization’s success. It is Marketing’s responsibility to develop a roadmap or plan for how to go about creating and keeping customers.

Sadly many firms take a cavalier approach to their marketing budget and planning. For example, we see some firms essentially open up a new excel spreadsheet, review the upcoming year’s calendar, and then copy and paste the current year’s tactics into the new spreadsheet, adjusting some costs and dates, and presto, they have their marketing budget and plan. The current economic environment when every investment needs to count demands a more thoughtful approach.

The marketing plan is the critical vehicle for charting your organizations’ course of action for generating revenue. And more importantly it is a valuable accountability vehicle. The pressure for marketing organizations to justify their spending, prove their contribution of programs to the organization, and demonstrate value is only increasing. A study last year by Forbes Insight found that being able to measure marketing is “not taking a backseat” and that proving “how budgets are used remains a strong priority.”

A measurement and metrics based marketing plan is the foundation for improving marketing accountability. The marketing plan should provide insight into how marketing will measure its effectiveness and value. Performance targets for programs should be set at the outset, reflected in the plan and aligned to the marketing metrics and objectives.

Three initial steps can help guide your organization’s marketing planning and budgeting efforts:

1. Set clear business outcomes
2. Expect aligned and measurable marketing objectives
3. Insist on measurement and reporting

Set Clear Business Outcomes

Clear business outcomes are the secret ingredient for helping marketing be more successful and better aligned with the organization. Business outcomes are what the organization needs to achieve in order to declare success. They are the results that ultimately need to be produced. Business outcomes need to be quantified so it's clear what change is required. Since Marketing doesn't market to buckets of revenue, marketing organizations that work from a revenue target are operating blind when it comes to business outcomes. What the marketing organization needs to know is:

- how many "customer deals" does the organization need;
- how many of these deals will come from existing customers buying existing products;
- how many of these deals will come from existing customers buying new products; and
- how many of these deals will come from new customers and where these new customers are located, in the same verticals and geographies we've always done business with or new verticals and geographies.

Once the business outcomes are defined, the next thing Marketing needs is specificity as to Marketing is expected to affect these business outcomes and how their value, contribution and/or impact will be measured.

Keep in mind that the business outcomes are how the organization will measure success at the end of the time horizon. They are specific and quantifiable, for example, X% of tier one existing customers will adopt WIDGET X resulting in \$ of revenue; or acquire X number of net new customers in ABC segment to increase market share by Y%. Marketing is expected to contribute 100% to X% of tier one existing customers' product adoption of WIDGET X. Marketing is expected to contribute 100% of the net new customer qualified opportunities in ABC segment.

Expect Aligned and Measurable Marketing Objectives

Once the outcomes are clear, marketing should develop measurable marketing objectives that are directly aligned to the business outcomes. Measurable marketing objectives articulate what Marketing, specifically, will strive to achieve to move the business closer to reaching the business outcomes.

These objectives should be framed in terms of customers to reflect Marketing's three core responsibilities: finding, retaining and growing the value of customers. These responsibilities directly relate to what most organizations are trying to improve as a result of revenue and sales: increased market share, customer lifetime value, and customer/brand equity, respectively.

The marketing objectives state what Marketing will do to move the needle. The objectives should be measurable and time-bound, for example, increase preference for ABC product among top share determiners in XYZ markets from A-B by end of 2Q or generate X number of qualified leads within 6 months of product launch at \$Y/lead.

Insist on Measurement and Reporting

The issues of alignment and accountability are inextricably linked. Without alignment between Marketing and the business, it's impossible to quantify the value Marketing is providing to the business, let alone focus on the right metrics to establish progress toward helping the organization achieve its goals. And without the ability to demonstrate value, the budgeting process becomes a game of guesswork because there is no link between expenditures and desired results.

The aforementioned Forbes Insights report confirmed our own studies that while “marketers note the importance of measurement,” and while this is “pressure from senior executives to implement measurement strategies”, just 56% of the study participants indicate they have a good system in place for communicating the impact of marketing investments back to the C-Suite. Marketing needs to embrace measurement and the data and analytics required to measure its contribution and value.

Metrics serve as a barometer of our progress. By constantly measuring actual performance against the metrics, you can determine whether a course change is required. Metrics and feedback processes are essential elements of a marketing plan. Evaluation of the plan at key intervals should be part of the plan to determine if Marketing is meeting the objectives and performance targets outlined in the plan.

Avoid Ready, Fire, Aim

If Marketing has done its homework regarding the competition, customers and the market, grounded and aligned the marketing plan with the business outcomes and focused the plan implementation on delivering what customers value, your organization is well situated to successfully leverage your marketing resources and avoid a ready, fire, aim scenario.

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