



Bridging the Gap: A Way to Manage Performance Pressure

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In today's environment, marketing teams are under increased pressure to manage smarter, act more like a business, and improve and report performance. And they're expected to do this while every aspect of marketing is under scrutiny and budgets are at risk. This intense pressure to perform is forcing many marketing organizations to explore how to do a better job of optimizing their resources and maximizing their results.

A Matter of Metrics

Even though most marketers know we're under the gun to measure and manage performance, the ANA's 2007 marketing accountability study revealed that despite enormous efforts, 42% of marketers remain dissatisfied with ROI measurements and metrics. What's the hold-up? It may have something to do with our creative roots and the types of metrics marketing tends to lean toward.

For example, often when marketers speak about metrics, they're really talking about measuring activities and efficiency rather than effectiveness and impact. For example, a common marketing metric, cost-per-lead, frames the results not in terms of revenue or growth, but as a cost. This approach to metrics and analytics is actually a recipe for a lower marketing budget. It doesn't tell management anything about the contribution marketing is making to revenue, which is marketing's primary responsibility—generating profitable revenue.

Michael Caccavale wrote in [Sales & Marketing Management](#) this past June that, "In general, marketers are good at managing their marketing systems in-house on a day-to-day basis. But the skill sets used to create these reports and analyses are different than those needed to assess the information in a database to make decisions about how to track customer behavior and attack the marketplace. While company marketing departments have plenty of talented 'creative' types, they may lack the 'left-brain' analytics."

The drive for more performance measurement and management in marketing is no surprise. Our cousins in sales have always been performance-driven and held accountable to a revenue number. The sales organization is seen as a revenue driver because it operates in terms of producing positive numbers. Yet, in order for marketing to align with sales and impact business as a revenue driver in its own right, marketing also needs to measure itself based on positive numbers and revenue. The more we can tie marketing to revenue, the more we can demonstrate effectiveness and value—and the more the budgeting discussion is about how much money we need to allocate in order for marketing to hit its numbers so that the sales, product and other teams can hit theirs.

Implementing the Right Tools and Culture

To manage and measure performance, marketing organizations and personnel need metrics, systems, tools, processes, new skills and a culture of accountability. These are a completely different set of skills from what marketing has relied on years past when our primary focus was to develop creative to drive interest and awareness. But our budgets and future survival depend on our ability to add these metrics, data, analytics, processes and systems capabilities to our skills mix. While many of us know this, the

challenge is the implementation.

As a result, many organizations are creating a "marketing operations" function to bring these capabilities to life and transform marketing into a performance-driven organization. According to IDC, many companies are adding marketing operations managers to their organizations. And even more companies are starting to make the investment in marketing operations. Over one-third of the respondents in the MarketingProfs/Forrester Research "2008 B2B Marketing Trends in Strategies and Spending" indicated that they plan to increase their investment and over half plan to keep it the same.

Essentially, marketing operations is defined as an operational discipline that leverages processes, technology, guidance and metrics to help run the marketing function as a fully-accountable business. As a result, by definition, marketing operations people tend to be more data, analytically and process inclined. By adding a dedicated marketing operations focus, organizations can leverage process, technology, guidance and metrics to run the marketing function as a profit center and a fully accountable business.

The Marketing Operations Roadmap

You're convinced and you've already established a marketing operations function, or you are going to? Terrific! Then it probably makes sense for you to be sure your marketing organization is applying best practices. Our research at VisionEdge Marketing suggests there are five best practices a marketing operations function can utilize to help marketing become a performance-driven organization. These are:

1. Data
2. Metrics and Measurement
3. Processes
4. Systems and Tools
5. Reporting Results

To facilitate the adoption of these best practices and to fulfill its role the marketing organization should create a strategy roadmap. To create the roadmap you will need to complete a strategic assessment that most likely includes conducting an executive stakeholder analysis, creating a business case, and identify the business outcomes marketing is expected to impact. Once this step is complete you will be able to assess your skills, systems, process and tools gaps, and develop your plan to close these gaps. The road map will need to identify what infrastructure, data, analytics capabilities, performance setting and measurement, data collection and analysis, and reporting processes will be needed. The roadmap can serve as an important vehicle for highlighting skills and training requirements and culture and change management.

As part of the roadmap, you should establish and secure agreement on the marketing operations charter, scope, role and responsibilities. Remember, while marketing operations will set up metrics to measure marketing's performance, there will also need to be metrics to measure the marketing operations' impact and contribution too.

As long as we live in a dynamic competitive environment, marketing will always be under pressure. However, by establishing marketing operations whether as a function and/or a discipline, developing a strategy roadmap to run marketing as an accountable business, and incorporating the best practices, marketing leadership and personnel can relieve some of pressure.