Measure for the C-suite

Executives seek better metrics to justify marketing budgets

By Christopher Hosford

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Are marketers measuring what their chief executives want them to measure? Is the attention of the marketing suite monopolized by the minutiae of click-throughs, downloads, touch points and impressions to the exclusion of that one, key metric expected of them: company growth?

The answer, according to a new survey by consultancy VisionEdge Marketing, is yes.

“Marketers are not measuring value,” said VisionEdge President Laura Patterson. “Most companies have high expectations that marketing will bring in new business, but many haven't done a good job here. Marketers aren't measuring things that are tied to business outcomes.”

Responses to the poll—conducted via e-mail and paper surveys in March 2008 that produced 210 respondents—included both marketers and sales executives (56%) and C-suite executives (19%).

“The C-suite is increasingly becoming aware that if it's spending up to 20% of revenue on marketing, someone should ask the question, "What are we getting for our money?'” said marketing consultant James W. Obermayer, executive director of the Sales Lead Management Association. He agrees that marketing in general isn't measuring what the C-suite wants.

“Now just about all of the automated campaign management products are heading toward the goal of profitability, which is rising out of sales force automation,” he said. “You need a marketing plan that says, if you spend a dollar, here's what you'll get in return in prospects and closing rates.”

FOCUSING ON ESSENTIALS

In developing his own marketing efforts for BearingPoint, a management and technology consulting company, Paul Dunay tries to focus on the essentials.

“Web hits month over month, unique visits, podcast downloads ... those are nice, but that's not how to prove your value as a marketer,” said Dunay, BearingPoint's global director of integrated marketing. He said that BearingPoint relies on a lead-management system that carefully measures particular responses to certain campaigns.

“I might send an e-mail that was opened, and then something was downloaded,” he said. “When I see, for example, 46% or 59% download rates, I'll say, "Holy cow, what did we say that was right?' Most of the time it was the title.” He ties the value of all this activity back to how much business he's generated.

Satmetrix is a company that focuses on this sort of essential business objective. The 10-year-old firm started out as a simple survey business but has since forged a relationship with customer loyalty expert Fred Reichheld, developing a proprietary technology that measures up-selling and cross-selling potential based on Reichheld's ultimate question: “Would you as a customer recommend us to someone else?”

COMPLEX TOUCH POINTS

Deborah Eastman, Satmetrix's chief marketing officer, said the company's products are an automated means to measure what the C-suite wants marketing to measure: growth and profitability. The automated approach is important, she said, because of the multiple touch points and complexities that characterize the typical b-to-b sale.

But business growth, she added, doesn't come from recommendations; rather, recommenders are themselves prime candidates for added revenue and profits.

“Those marketers who get it see themselves as agents of growth, not makers of brochures,” she said.

According to Obermayer, the building blocks of all this must include understanding company goals for margins and mandated quotas levels, as well as gaining cooperation from sales and IT, among many other challenges. It can be a hard job; cooperation may not be forthcoming from all sectors.

“But if the boss tells you to measure certain things, you have to figure out how to do that,” he said. “Marketing creates wealth, but marketers have to prove it.” M