



The Three Ps of Marketing Operations

by Laura Patterson

Marketing performance measurement and management (MPM) remains among the top-three priorities for chief marketing officers and VPs of marketing, CEOs, COOs, and CFOs, according to the ninth annual MPM study from VisionEdge Marketing.

The findings reveal that Marketing as a function knows what it needs to do and has established mechanisms for MPM, but many organizations remain challenged by the lack of the following: systems and issues associated with data collection, key performance-management processes, well-defined metrics, and reporting systems.

Those challenges create a cascade effect that impedes Marketing from what it ought to do (effectiveness). So when Marketing instead focuses on what can be done, it may not be working on the things that would enable it to adequately contribute to the business, hence reducing marketing return on investment.

A solid MPM practice optimizes marketing activities, thereby making measurement more relevant and allocating marketing resources more appropriately.

One step that goes a long way toward enabling MPM is to operationalize Marketing. Creating a marketing-operations function ties analysis with performance management.

For Marketing to fully achieve MPM maturity—or even take it to the next level—the role of, and skills within, the marketing-operations function at a minimum needs to address three Ps: planning, process, and performance management.

Marketing Operations Defined

Adding dedicated resources to a marketing organization by creating a marketing-operations role is essential to improving effectiveness and efficiency. Marketing-operations personnel specialize in performance management, which includes data, analytics and measurement, financial management, strategic planning, marketing-resource management, and marketing-skills assessment and development.

As the role has evolved, it has come to encompass several responsibilities, including these:

1. Defining and managing systems and tools
2. Developing and implementing metrics, infrastructure, and business processes
3. Establishing and communicating best-practices
4. Managing the overall marketing budget and budgeting process
5. Identifying and deploying technology to support performance measurement and reporting

A marketing-operations function creates a competency center that is committed to supporting performance management.

It is the marketing-operations function that focuses on how Marketing should be supporting the business and developing and implementing the processes, systems, tools, and skills development necessary to link Marketing to business outcomes, track and report results, and suggest improvement.

Marketing operations builds the processes and manages the systems needed to implement MPM.

The State of Marketing Operations

Although many organizations recognize the importance of Marketing Operations, the 2010 annual MPM study found a decline in the number of people being assigned to the function.

For example, in the 2009 MPM study, 80% of respondents indicated a marketing-operations function consisting of a team or dedicated person. Only 66% of respondents in the 2010 study indicated that they had a marketing-operations function at all.

An additional 5% indicated they were creating a marketing-operations function. And a little more than one-third of respondents reported having no plans to create a separate marketing-operations role or seeing any need for the function.

The 2009 study found that the marketing-operations function was underused; that was a recurring theme in the 2010 study. A key takeaway: Marketing Operations is not being used to its full potential; it is not playing a broader, more strategic role by helping to examine and address how to best facilitate performance management.

The results from this year's study suggest that although improvements related to analytics have been made, efforts have concentrated more on budget management, market research, and data management than on performance measurement and management.

Moving forward, marketing organizations should build capabilities with their operational staff that better support MPM as a whole rather than simply focusing on analysis.

Getting Value From Marketing Operations

Research suggests that linking marketing objectives, programs, activities, and results to the business and creating and executing consistently on MPM practices remain challenges for most marketing organizations. That is to be expected, considering where most marketing organizations are with regard to their maturity in employing MPM.

Even though Marketing has improved its ability to manage metrics, its ability to manage performance remains elusive:

- Less than 15% of respondents now rate Marketing as being completely effective, compared with 30% in 2009.
- Most respondents (78%) indicated that they are only somewhat or marginally effective.

- The ineffective proportion increased slightly, from 8% in 2009 to just more than 10% in 2010.

That decline indicates that any gains in communicating value to the business that Marketing has been able to make are at risk.

A primary reason Marketing is not as effective and efficient as it could be is the lack of adequate metrics, which would improve marketing performance. Many executives and marketing professionals remain dissatisfied with data analytics, measurement, and process skills within the marketing discipline.

Why? Because, for many organizations, Marketing still lacks the systems, practices, and capabilities to measure what matters.

In 2009, 19% of marketers indicated that Marketing doesn't leverage MPM best-practices. Less than one-fifth of respondents were satisfied with their MPM practices.

In general, study participants are not satisfied with Marketing's processes and ability to set performance targets, develop metrics, and measure—the areas where a marketing-operations function can make a difference.

Putting the Three Ps Into Practice

The following three Ps—process, performance management, and planning—provide a foundation on which to build a marketing-operations function.

1. Process

The American Marketing Association defines marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." Key to the definition is the reference to a set of processes.

A performance-driven marketing organization needs 10 essential processes:

1. Market intelligence and customer insight

2. Planning
3. Budgeting
4. Market asset development and management
5. Performance measurement, management, and reporting
6. Metrics and performance target-setting and benchmarking
7. Auditing
8. Data management and collection
9. Professional-development processes
10. Infrastructure management

The best-in-class marketing-operations functions should focus on developing, managing, and optimizing those processes to enable the marketing organization to improve performance.

2. Performance management

MPM is the process of analyzing and improving both the efficiency and effectiveness of marketing through a framework of metrics that monitors Marketing's contribution to business goals.

Although it is the responsibility of every marketing professional to engage in performance management, Marketing Operations plays a pivotal role.

It is the marketing-operations function that governs the process and provides the data, analysis, systems, and tools that enable Marketing to link its initiatives to the business and then monitor and report on performance through a marketing dashboard.

Properly developed and deployed dashboards give the performance-driven marketing organization an advantage over competitors that are still operating with little or no essential data, analytics, or performance standards.

3. Planning

The point of any marketing plan is to identify the initiatives, strategies, tactics, and activities that the marketing organization will deploy to help the organization succeed.

Therefore, a key part of the marketing planning process is to have a clear road map to demonstrate how Marketing is moving the needle for the organization. That requires clearly linking Marketing's objectives, strategies, programs, and tactics back to business outcomes.

Doing so requires the marketing-operations function to interface with the organization's finance, sales, service, product, and management players; that interaction is vital to capturing the business outcomes, clarifying which ones Marketing is expected to influence, and defining the corresponding key performance indicators (KPIs).

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Marketing organizations that have dedicated resources for the marketing-operations function ensure that the rest of the marketing organization adopts and implements performance-management best-practices to positively affect their organization's business outcomes.

They enable Marketing to become a performance-driven team and provide the processes, performance management, and planning skills, tools, and systems that empower Marketing to demonstrate value and be more effective and efficient.

By creating or expanding the marketing-operations role and skill set to include performance-targeting skills, process and technology optimization, and strategic capabilities to drive change, Marketing can reach the next step in its performance-management journey.

The bottom line: Marketing Operations facilitates a much better return on marketing investments.

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