Tune Your Marketing Organization for Peak Performance
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The Delta Organization and Leadership LLC (Oliver Wyman Group) identified 11 key roles of the corporate leadership team. These roles fall into four primary categories.

* Vision and Strategy
  - Shaping corporate strategic direction
  - Establishing organizational structure and operating systems to ensure achievement of strategic direction
  - Translating corporate vision and strategy into organizational policies, directives, and procedures

* Performance Management
  - Setting and reviewing corporate management performance targets
  - Managing operations of company in ways consistent with strategic goals and performance targets
  - Ensuring that core business processes are in place and working effectively

* Ambassador and Spokesperson
  - Setting the tone and direction for relations with key external constituencies
  - Serving as principal external representative of the company
  - Keeper of the Corporate Image
  - Serving as the internal spokesperson for corporate messages

* Talent Management and Development
  - Managing functional staff, such as human resources, legal, public relations, and finance
  - Developing and leading senior management

While some of these roles receive more attention than others, the rubber hits the road when it comes to achieving performance targets. This is why performance management is so important to the CEO and leadership team. Without performance management, the organization will not understand how success is measured. Essentially performance management is "the process of measuring progress toward achieving key outcomes and objectives in order to optimize individual, group or organizational
performance.” Many organizations have been able to apply the concept of performance management to various parts of a business for quite some time such comes as manufacturing, logistics, sales and product development. The time is right to be use performance management to make sure your marketing organization is tuned for peak performance.

Numerous studies suggest that one of the biggest disconnects in how marketing performance should be measured. Without closing this gap, marketing may be measuring all sorts of things none of which may be linked to the priorities of the business. Given the current environment, this is a good time for you, the CEO to expect more performance management from the marketing organization.

What will this mean for your marketing organization? It will mean that your marketing leadership in partnership with the corporate leadership team and the marketing organization will need to develop a set of measurable performance standards, a pointed focus on outcomes, and clear lines of accountability. This transformation depends on marketing becoming proficient in three areas: data, analytics, and metrics. Each of these is actually highly related to one another with data being the foundation for the other two. You cannot define the data and analytics you need without knowing the metrics; and you cannot leverage the metrics without data and analytics. Each drives the other.

As the CEO or member of the leadership team, you know how important data and the ability to draw actionable insights from the data are to making fact-based strategic decisions. As your company attempts to deal with increasing market pressure and competition, it is imperative that you can depend on your marketing organization for relevant and timely data about the market, customers, competition, and about which marketing investments are and are not effective and efficient. To insure you have this data, you will need marketers in your organization who are competent and proficient at data, analytics and metrics. Marketers with these skill sets will be in the best position to improve business performance and demonstrate value.

Even with these people on board, their success hinges on two things. The first is understanding the organization’s priorities and business outcomes, and the second is establishing the right metrics that demonstrate the link between marketing performance and the business outcomes.

As the CEO it is imperative that you are able to articulate the business outcomes and clarify the role you expect marketing to play to achieve these outcomes. It is essential for marketing to establish performance targets to know what outcomes you expect them to impact and how you want this impact and their contribution measured in financial, operational and comparative (how you stack up against the competition for example) terms. You should expect marketing to invest in individual activities, tactics, programs and campaigns that lead to better short term results and to make long term investments for the future that will help with new product development, geographic expansion, and customer penetration.

Once the business outcomes are defined and the performance targets established, you will know what data marketing and the rest of the organization will need in regards to the market, customers, competition and your own company. For most companies today, the challenge isn’t data. Rather the challenge is generating insights and meaning from the data. This is the realm of analytics. By applying analytics to the data, the necessary insights can be gleaned that will facilitate better and faster fact-based decisions. One of the most valuable applications of data and analytics is in leveraging metrics. Every part of your organization including the marketing organization needs performance metrics that enable continuous improvement as the organization strives to achieve and set new performance standards.
The performance targets will enable your marketing organization to develop an effective set of performance metrics and identify the associated data and analysis needed to determine where the marketing organization should focus to maximize quantifiable results. This may not seem too difficult, but it is easy for the marketing organization to fall into the trap of measuring marketing activities and tactics, such as response rates, impressions and number of participants in an event. This is not the kind of information the CEO needs to understand the impact marketing is having on the business. So it is important that you ask marketing to select, monitor and report on metrics that link marketing investments and initiatives to business outcomes such as those related to customer acquisition, retention, and product adoption.

For most marketing organizations, there a just a few key metrics required to measure and manage performance. One way to select the best performance metrics for marketing is to define how to quantify three things: marketing effectiveness, marketing success and marketing impact on the business outcomes. Once you have these defined you will know what you will need to measure and to determine whether the marketing initiatives are working. Remember the marketing metrics need to directly demonstrate marketing’s effectiveness, efficiency and financial value against the business outcomes. It will be up to you as the CEO to help balance the internal operational efficiencies with external performance goals. While operational efficiencies examine how efficiently people, facilities and capital are being used, it is the external performance goals that truly matter because these help us measure and assess how effective marketing is at producing the desired results and impacting the business outcomes.

It’s probably become apparent that each of the core metrics will need a set of underlying measures that can be used to help diagnose how well things are going, identify emerging issues, and enable continuous improvement. This is where data and analytics play an important role in the performance measurement and management process.

While every company is different and therefore the metrics may be different, we can use a typical example to illustrate these concepts. Perhaps like many companies you want to increase your market share, that is, the number of customers you serve compared to your competitors. Using this as a business outcome, four key metrics can be created: number or percentage of customers acquired, the rate these customers are acquired, the cost to acquire these customers, and the average order value. Marketing is responsible for identifying prospective customers and then moving these opportunities through the awareness, interest, consideration, preference, and purchase intention stages of the buying process. So an example of a marketing metric directly related to customer acquisition might be the percentage of qualified opportunities that convert to customers at a specific minimum order value.

As you can see, data and analytics will be necessary to determine what this percentage and minimum order value should be. And now that you know the outcome and have established the marketing metrics, you can define the data and analytics. Data your company will need to track as part of this metric might include (but are not limited to):

* The number of qualified opportunities as a percentage of qualified opportunities forecasted
* Preference for your company and its offers compared to preference for competitors

Analytics you may need to perform might include (but is not limited to) the typical conversion ratios and leakage between the pipeline stages and the effectiveness and efficiency of various tactics for each pipeline stage. Your organization will also need data and analytics to determine the ROI of the programs that were executed in order to achieve the performance target, the impact of the performance target on
the business outcomes (market share and revenue) etc. Based on the results and analysis, you can decide what to keep doing, what to change, etc. We are using the metrics, data, and associated analysis to measure and manage marketing performance.

Hopefully this example provides some insight into what the CEO should expect when it comes to measuring and managing marketing performance. As your expectations for marketing performance increase, it will be necessary to have the data, analytics and metrics in place to support this level of performance measurement and management. This may require the leadership team to be willing to address technology, processes and skills so that the marketing organization can effectively leverage data, analytics and metrics.