

ALIGNMENT POWERED BY METRICS INITIATIVE

THE SITUATION

ING Group is one of the largest integrated financial services organizations in the world with more than \$937 billion of assets under management as of December 2007 and is #10 on Forbes "Global 2000" list (2007). ING offers its clients a comprehensive array of financial products and services, including life insurance, fixed and variable annuities, defined contribution retirement plans, and mutual funds.

ING distributes its products through independent broker/dealers, brokerage firms, banks and insurance agents. ING also has the largest independent broker/dealer network in the financial services industry with approximately 10,500 registered representatives.

In early 2007, ING began a marketing investment optimization project aimed at establishing a framework and discipline for evaluating marketing investments across the entire ING enterprise. Specifically, it sought to better understand the role/impact of various marketing levers on consumer and producer audiences, audiences, to better connect marketing spend to the desired business outcomes and to provide ING leadership with an improved ability to budget/invest

marketing resources against the activities with the highest associated return.

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After several months attempting to complete this work at the enterprise level, the organization decided to complete a pilot optimization project against one of ING's various lines of business. The unit chosen for this pilot is the Retail Annuities business located in West Chester, Pennsylvania. ING's Retail Annuities business is based in West Chester, PA, employs 1,500 people and had 2007 sales of \$10.4 billion. Both Fixed and Variable Annuity products are sold by some 120 wholesalers to financial advisors/ reps in the independent, wire-house and bank channels with the variable annuity business accounting for 86% of the business mix.

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THE NEED

In 2007, the Retail Annuity business invested millions of dollars to market its products. A key question is whether the organization is optimally allocating these funds.

The organization wanted to create a set of metrics the ING Retail Annuities' marketing organization could use to monitor the ongoing effectiveness of its marketing efforts. "We had begun to track numerous amounts of data," said Jason Horenci, Head of Segment Marketing for the Retail Annuity Group. "But we weren't sure we were measuring what mattered most to the organization. We needed a set of metrics that the leadership, sales and marketing teams would all agree measured marketing's contribution and impact to the business."

THE DECISION

The Retail Annuity Group asked several companies to respond to a formal request for proposal. Upon completion of the project the ING Retail Annuities Group would have a set of proposed metrics that could be used to monitor the ongoing effectiveness of its marketing efforts. After reviewing the submitted proposal, VisionEdge Marketing (VEM) was selected.

VEM has been helping companies tackle the challenge of measuring marketing for business results since 1999. "We chose VisionEdge Marketing because they demonstrated the background and knowledge and successful prior experience that suggested they could help us develop the right set of metrics and achieve our goal," said Horenci. "They had successfully completed similar projects and we had prior experience that gave us confidence in their approach."

THE PROCESS

In five months the organization was able to go from a limited set of metrics to a set of metrics accepted by all the key stakeholders. The process resulted in a set of initial outcome-based, operational, and activity-based metrics that align marketing with key business initiatives.

"VEM's methodology provided an approach to measuring marketing accountability and enabled us to build a framework to help quickly establish

appropriate metrics, and a method to gain greater insight into how to capture and report our performance against these metrics," added Horenci. The project consisted of three phases that followed VEM's MetStrat™ methodology. MetStrat is a methodology designed for quickly aligning marketing initiatives with business goals, and measuring the performance of these initiatives in ways that are relevant to executive management, marketing, and other key constituents, such as sales. The methodology is ideally suited for companies wanting to engage in a collaborative effort regarding their metrics initiative.

The three phases generally associated with this methodology include:

1. Assessment
2. Blueprint and Validation and 2008 Marketing Plan Alignment
3. Implementation

Before a set of metrics can be defined and a dashboard created, it is important to understand where the organization is today in terms of metrics and its capabilities as well as the expectations of the leadership team. During the assessment phase the current marketing plan was reviewed in terms of its measurability, marketing metrics, and linkage between metrics and business outcomes. In addition, a number of one-on-one interviews with key executives were held to gain greater insight into how they expect marketing to impact the business

goals and their current perspective on marketing's contribution and capabilities.

Upon review of the assessment, the key findings were used to hone in the specific business outcomes the leadership team expected the marketing organization to impact and to measure. These outcomes then provided the foundation for the next phase: Metrics Blueprint and Validation and Marketing Plan Alignment.

A key part of this phase was a mapping session. Approximately 20 individuals from across marketing, sales, product, and finance collaborated during a facilitated session to define the initial set of outcome, operational, and activity based metrics and key performance indicators. The map that results from the session visually links the business outcomes to marketing objectives, strategies and tactics. A set of metrics are then posited for each layer of the map.

The map and metrics are then vetted with the leadership team. Upon completion of the vetting, a pro-forma dashboard using historical data was created to validate the metrics and dashboard. The purpose of the pro-forma is to ensure the needed data can be gathered and that there truly is a relationship between the metrics and business outcomes. Upon approval of the pro-forma a metrics catalogue and specification was created, which identifies the data sources and define the initial calculations for the metrics.

Once these two are completed, the group used real time data to create its first dashboard.

"This project has been a great way to bring marketing, sales, product development and finance together around common goals."

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THE RESULTS

Six marketing initiatives were identified to support the organization's sales, market share and earnings outcomes. These initiatives included retention, penetration, productivity, asset management, new producers and efficiency. Measurable marketing objectives were created for each initiative. Marketing levers/indicators were identified for each and these became the source of the metrics. Performance targets were established objective and indicator.

For example, performance targets were created for engagement, conversion ratios and time-to-conversion the three drivers and key performance indicators identified for

achieving the specified number of new producers. Kits to sales, order value, and on-time delivery were identified as key performance indicators that drive producer productivity and performance targets were set for each.

"We've moved beyond measuring marketing activities, such as seminar attendees," said Horenci. "We now have measurable objectives that link our work more directly to the business with clear performance indicators and targets. Our ability to perform against the indicators and targets within the payback parameters give us for the first time a way to measure our contribution in terms that are meaningful to our executive team. We are currently in the process of socializing the metrics and dashboard and integrating the methodology into our annual marketing planning that will ensure the plan focuses on the right outcomes."

ABOUT VISIONEDGE MARKETING

VisionEdge Marketing (www.visionedgemarketing.com) is a data-driven metrics-based strategic and product marketing consulting firm recognized as a trusted authority in the area of marketing performance management.

The company excels at helping companies strengthen their competitive advantage, accelerate their ability to acquire, keep, and grow profitable customers, and measure Marketing's contribution to business goals. Founded in 1999, VisionEdge Marketing is located in Austin, Texas.

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