The Great Big Guide to

MARKETING PERFORMANCE MANAGEMENT

— PART 3 —

Monitoring & Measurement

TABLE OF CONTENTS

FOREWORD

IMAGINE A WORLD WITHOUT THE ABILITY TO LEARN FROM EACH OTHER'S EXPERIENCES, MISTAKES AND SUCCESSES. IMAGINE STARTING EVERY INITIATIVE – BIG OR SMALL – FROM SCRATCH WITHOUT THE BENEFIT OF INSTITUTIONAL KNOWLEDGE OR BEST PRACTICES. DESPITE YOUR BEST INSTINCTS, THE PATH TO SUCCESS WOULD BE FAR MORE DIFFICULT.

Thankfully, we have an exponentially increasing volume of such insights available to us, especially B2B sales and marketing. Tragically, too often these insights go unheeded or unsought. And in other cases, the insights you need are so decentralized it can be overly cumbersome to get everything you need, at the right time, to impact your efforts. This information can sometimes feel like the greatest library in the world with all the books on the floor.

As marketers, we struggle with this reality as deeply, if not more so than other roles. So, we tend to focus on activities and outbound best practices – content, demand generation, and campaigns. Yet there's one topic that can tie all of this together – **Marketing Performance Management (MPM)** – and it should be at the very top of your priority list for learning.

MPM helps solve the problems with dislocated data, misaligned teams, and inefficient processes. Your primary function as a Marketing leader is to get the most out of your resources while delivering maximum impact on your organization. You need visibility and control to make this happen. Without that, it becomes hard to have a conversation about performance, let alone lead it, which is where you want to be.

Thankfully you've found this eBook series. It's smartly organized by the folks at **Allocadia**, **Origami Logic**, **Response Capture** and **VisionEdge Marketing**. Each are leaders in their respective fields and thus well qualified to guide you. Read front to back or piecemeal. Find the content that speaks more directly to your current challenges and read that first, then take the time to read it all three parts and go back to re-read sections most important to your company, your marketing, and your performance.

Managing Marketing performance is critical in today's modern marketing environment. We're being asked to operate Marketing as a profit center, to drive revenue and own the customer experience, and to measure the real impact of our efforts. This guide can help you get there.

MATT HEINZ
PRESIDENT | HEINZ MARKETING INC.
WWW.HEINZMARKETING.COM

INTRODUCTION

We chose the title of this ebook series - *The Great Big Guide to Marketing Performance Management* - for two main reasons: first, it's a collection of 19 different stories spread across 3 parts, which is a direct result of the second reason; Marketing Performance Management (MPM) is a large and complex domain, as you're about to discover.

In **Part 3: Monitoring & Measurement**, you'll learn how to get a better handle on how you define and measure your marketing performance. This involves setting your goals and implementing the right processes and technologies to help you harvest the right data. Then to understand and prove the impact you're having on your company. Your top two goals as you embark on better monitoring and measurement should be streamlining the collection and presentation of performance data as well as using benchmarking to measure your performance against your previous results and your competitors. Invest the time now to streamline this process so you can act upon the results with maximum impact.

To keep everything in context, a brief reminder of what we mean by Marketing Performance and specifically, Marketing Performance Management (MPM).

Marketing Performance is the evaluation of marketing output compared to a defined and agreed-upon set of plans and objectives. Marketing Performance Management is simply the combination of processes and technologies used by an organization to create the plans and objectives, put them into action, measure the results and feed the next cycle through insights gained and wisdom achieved.

Think of MPM as the structure that guides performance-oriented marketing teams. There is no single MPM silver bullet, as much as there is no single marketing silver bullet. What you need will differ from your competitor based on your organization's goals, culture, and structure. And that will be different from another company in an entirely different sector.

The goal of *The Great Big Guide to Marketing Performance Management* is to highlight the key components of a mature MPM approach, against which you can compare your current capabilities and identify areas where you can improve. Our hope is you'll find at least one story that teaches you something now and store this series somewhere handy for you to refer to as you continue your journey to better marketing performance. If that happens, we will have succeeded.

Bróna O'Connor
Editor-in-Chief
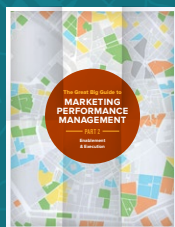
**Check out Part 1 & 2
of The Great Big Guide**

How the best marketers measure their impact on revenue.

SAM MELNICK
VP OF MARKETING

⎇ ALLOCADIA

As marketers, our world has become increasingly chaotic. We've more channels, more technologies, higher customer expectations and *more* data than ever before. With the abundance of data, deciphering what it actually means, and what we need to do next, is where the latest challenge arises.

Overcoming that challenge is no longer optional. Despite the crowded environment, we still need to monitor and measure our performance data to know where we need to invest next to have the greatest impact on our primary goal, driving revenue.

Unfortunately, only 21% of companies can measure Marketing's contribution to revenue, according to Allocadia's 2017 Marketing Performance Maturity Benchmark Survey.

Why some Marketers are struggling to demonstrate impact on revenue?

- **They're using outdated technology**

  80% of organizations are still using Excel in some way to track their impact on the business. 47% of organizations are not using any purpose-built technology at all when it comes to planning or investment management (core activities of MPM).

- **Their measurements are not actionable**

  Only 6% of marketers feel that their measurements help determine the next best marketing action.

- **They're not aligned with the business**

  50% of companies with flat or negative growth "often or always" align marketing performance goals to their company's objectives.

- **They haven't made Finance their ally**

  Although leading marketing organizations in our study are 3X more likely to align Marketing and Finance, only 14% of marketing organizations overall see Finance as a trusted strategic partner, and 28% either have no relationship with Finance or speak only when forced to.

- **Their data quality is holding them back**

  Only 8% of organizations surveyed have marketing, sales and finance data in one data warehouse that acts as a "single source of truth." and only 28% feel marketing's data is accounted for and well formatted (this includes that initial 8%).

- **They lack visibility into baseline metrics**

  Only 50% of organizations report having full visibility, or better, into baseline marketing metrics. 13% of those reported that they don't even know where all their data lives and can't run any reports. Ouch.

- **They use marketing technology inconsistently**

  Platform standardization and proper integration of marketing data across various technologies are critical to driving growth, especially in large and distributed marketing organizations that span geographies or divisions.

What are best marketers are doing?

While the industry still has much work to do to improve the adoption and maturity of MPM, there are organizations that are setting a standard for their peers and have a several shared characteristics that you can emulate;

☑ **They focus on core operational data; investments, returns, and strategic views of data like ROI.**

  The core components of MPM are plans, investments, and results. But to get to a true picture of Marketing ROI, you need to blend your marketing investment data with CRM data (eg. Salesforce) and ERP data (eg. Netsuite).

  That's what we call a single system of record. Our survey showed that high-growth organizations are leveraging MPM software 3.5 times more often than those with flat or negative growth. By having a true picture of Marketing ROI, you can make informed decisions about where to invest your next marketing dollar and what its impact will be.

☑ **They integrate technologies globally**

  One of the greatest challenges facing marketers is siloed data. Some marketing organizations are wasting hundreds of hours compiling spreadsheets in a bid to getting a single picture of their marketing performance.

  Consistent use of marketing technology (e.g. the same marketing automation platform rather than three different vendors across the organization) that's integrated with your core marketing technologies makes a big difference in the success of your global marketing performance.

  Our survey found that companies who consistently integrate technology across their entire marketing organization are 5 times as likely to see 25%+ revenue growth than those with flat or negative growth (57% vs. 13%).

☑ **They provide measurement that proves their value to the business and its goals.**

  Elite marketers don't just talk about the impact their marketing is having on the business, they show it. They leverage MPM software that produces smart, timely insights that demonstrate how their marketing activities are impacting revenue and how they're aligning to company objectives. Our survey found that high-growth businesses are nearly 2.5X more likely than underperforming organizations to

"What took us **850 hours previously**, is now much more automated. Now we can create the same market spend report in less than **50 hours** for our leadership team."

CHETHAN CHANDRA, BUSINESS OPERATIONS MARKETING & FINANCE | VMWARE

READ CASE STUDY HERE

TWEET THIS

have marketing and sales data that is always or often consistent and aligned to the company's overall objectives.

Using hard data to show your value to the organization not only brings confidence to leadership that Marketing is effectively driving towards the same goals but can also support your case when you make the request for more budget.

Why it matters

Today's CMO's are looking to earn their seat at the executive table, and timely, accurate insights into marketing performance is how they'll get there. They need powerful insights at their fingertips to elevate Marketing's position from a function to a strategic arm of the business.

Marketing leaders that succeed at this benefit from increased power, confidence and the trust of the entire company. Those who fall short risk remaining as a function focused on executing rather than driving the business forward together with leadership.

Take the proactive approach and learn from the best marketing organizations by focusing on centralizing and analyzing core operational data, integrating technologies globally to get a full picture of Marketing ROI and provide leadership with measurement that demonstrates Marketing impact on the business.

FURTHER READING:

Paving the way to trustworthy data

7

Collecting and interpreting marketing performance data

JEFF CHAMBERLAIN
DIRECTOR OF PRODUCT
MARKETING

Origami
logic

Modern marketing is the epitome of big data. Performance data spans metrics from traditional channels like TV and out-of-home advertising of course, but it also includes signals from web, email, social posts, paid search, banner advertising, and much more. There's new and emerging media like mobile and video to consider, each with a completely different set of signals to collect and interpret. Even just looking at social, there is an explosion of new platforms with different audiences and different types of interactions.

All of these channels and tactics bring with them a myriad of metrics that can vary widely across different vendors and publishers. Simply put, marketing is now a complex, daily battle and the number and variety of marketing channels, platforms, and data sources is exploding, along with the ways to track and measure performance data. It's no mystery why many marketers feel overwhelmed.

An additional challenge of bringing together marketing performance data lies in the presence of agencies and partners that execute campaigns. These third parties often provide summary reporting, but this removes brands from data ownership and a real-

time understanding of the details that marketers need to become the agile, data-driven organizations they aspire to be. Bottom line… getting your data in one place and mashed together to understand how your marketing tactics are performing is a tall order.

Many have tried Excel spreadsheets staffed by marketing analysts. Others have tried to build elaborate engines from BI tools designed to collect and mash the data. Both of these approaches are wrought with hidden costs and issues. The manual Excel approach introduces a lot of errors and collapses under the weight of the data volume and demands for analysis and presentation of the results. The BI solution appears to be the better approach but still requires someone to understand and architect a solution that combines data across channels. This usually presents too big of a challenge but definitely fails when faced with the demands for new data sources, new types of metrics and new report demands.

Fortunately solutions are emerging to overcome these pitfalls. There is a new generation of Marketing Performance Measurement solutions that have built-in connections to marketing data source APIs, have flexible data models that understand and accommodate the ever-changing landscape of marketing performance data and provide means for visualizing, reporting and alerting on marketing performance based on a deep understanding of marketing performance needs.
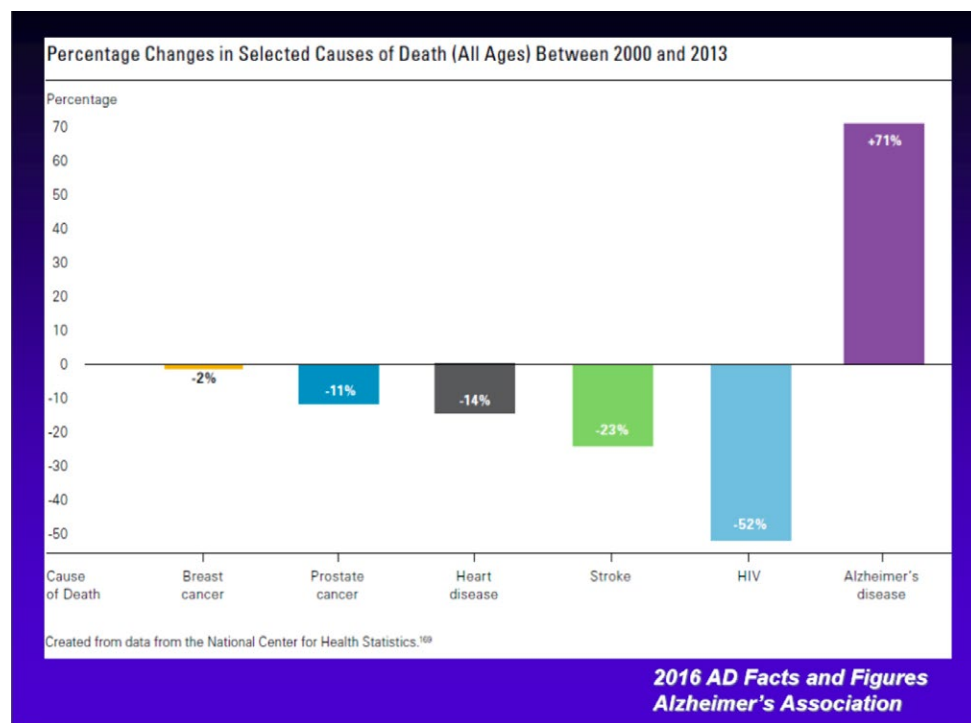
Interpreting historical data to predict success

PETER MATTHEWS
VP, OPERATIONAL
SOLUTIONS

RESPONSE ⟳ CAPTURE®

In today's business world, we rarely look back. In fact, we are constantly told to move forward, look ahead and stay on the path; we don't have the time to look back. Is this a fatal flaw in our approach? Is information from the past important for making smart business decisions for future planning? In short, yes.

Here are three areas that demonstrate the importance of looking at historical data. But not just looking at data, interpreting and using that data for our future's benefit.

Health

The 1976 Nurses' Health Study, an observational study, has advanced medicine, and preventive medicine for everyone. This Study, now in its 40th year produced many surprising observations. For example, when the study started in 1976, Alzheimer's Disease was not much on the radar. From what they found, it will be a ravaging killer with $236B health cost in 2016 and projected $1T by 2050. They also discovered that those people who kept their blood pressure low and exercised routinely could stave off the disease by years.

Percentage Changes in Selected Causes of Death (All Ages) Between 2000 and 2013

Breast cancer −2%; Prostate cancer −11%; Heart disease −14%; Stroke −23%; HIV −52%; Alzheimer's disease +71%

Created from data from the National Center for Health Statistics.[169]

2016 AD Facts and Figures Alzheimer's Association

Military

Operational research was critical in saving lives of Allied servicemen in WWII. The Center for Naval Analyses wanted to understand how to better protect bombers from enemy fire and were looking for areas to beef up the armor plating. For aviation, weight is a critical factor to be considered. More armor means more weight, means less bombs can be carried, more flights required and results in more deaths. The Center sent pictures to an operational research team (headed by Abraham Wald) of the damaged returning bombers. He was asked where best to put the armor based on the damage. The military assumed the solution was adding it to where the damage existed. Mr. Wald surmised that since the planes that did not return were missing from the study and the ones in the picture could return to base, armor the aircraft where damage didn't occur. The untouched areas were what got the crews home.

An eye-opening example of properly framing assumptions in analyzing historical data. This analysis went on to be one of the greatest factors in protecting aviation crewmembers.

Business

The number one skill that investment bankers consistently look to hire is intelligence in the areas of analytical abilities. They understand the talent to analyze and understand data effectively in a timely manner is the key to projecting successful future investments. They may even disregard a new-graduate's major as long as they demonstrated great analytical prowess.

During The Great Recession, Warren Buffett who is known for his studious assessment of his investments, bought into several companies. One of those was Goldman Sachs, a financially sound company in a chaotic time. He attained 10% return on his investments (WSJ.com) during a time when most were seeking survival. He does it by understanding the fundamental data within these companies' information, how they performed in the past and their current financial strength.

Predictive Analytics – Seeing the Future

"Predictive analytics encompasses a variety of statistical techniques from predictive modeling, machine learning, and data mining that analyze current and historical facts to make predictions about future or otherwise unknown events."

This market is predicted to be over $9B by 2020 and is shaping the way businesses better help their clients. Its basis is historical data analyzed to predict future behavior. It demonstrates the power of understanding what is in your history.

So how does one move forward?

The amount of data a company receives is at at a daunting rate (think USPS in December). Unearthing the right information is imperative. Fundamental steps include:

1. **Determine your company's top level goals & how they measure the performance**

2. **Work that back through your management all the way to your department**

3. **Verify that your KPIs are in alignment with the company's KPIs. If they're not, sit down with your manager and discuss them**

4. **Establish key assumptions about the business goals and what data is needed – (hint: great opportunity for a brainstorming session here!)**

5. **Pursue that data that both supports these goals AND invalidates them – locating that data that only supports it can lead to a false sense of security**

What to look for: The data itself, while key, is not as important as the *changes* in that data. You want to seek out the frequency, amplitude, speed & acceleration of the data. Plotting this information in graphical form will quickly show the company's performance. Once established, extrapolate that data out far enough to demonstrate what the future could be. Now automate for speed and scale.

Hints:

1. Continually go back and challenge the assumptions for they will change

2. This venture could take months depending on resources, tools and data quality – be patient and methodical

3. Seek data outside of the company for a broader perspective

Paving the way to trustworthy data

PETER MATTHEWS
VP, OPERATIONAL
SOLUTIONS

RESPONSE CAPTURE®

Assuming trusted data means high quality, we define quality of data as:

- Being from reliable sources – validated
- Appropriate for its intended purposes
- Consistently providing the right data for proper decision-making
- A company asset and not just data for data's sake
- Validating or invalidating assumptions or perceptions

Where Do You Stand?

If you are like most, you have a "pile" of data and somewhere in it lies valuable information to help you make decisions. Start by understanding if your company has a data strategy in place: how people are using it, whether or not it is a strategic asset or still finding its legs, and how reliable it is. Follow up by establishing a baseline of current data in use, its current technical state, processes to manage it, tools in place and who is using what portions of it.

What Do You Want It to Do?

To transform data into useful information that is readily available at the speed of your decision-making, one has to understand the knowledge needs, why and for what purposes.

Start smart! A surefire method is meeting with executive stakeholders and inquire as to what information they use to make decisions and how those needs flow down the company. From there, you can act with a laser-like focus on:

?   **What is important for your business to function**

?   **What is high-quality reliable in that data**

?   **What information is sketchy or not as reliable**

?   **What tactics support the needs, validates the conventions and makes it stronger**

?   **What format the presented information needs – information that can be readily manipulated, visually descriptive, static or dynamic**

?   **What is the velocity required for that information**

?   **How to get it to the point of predicting future trajectories**
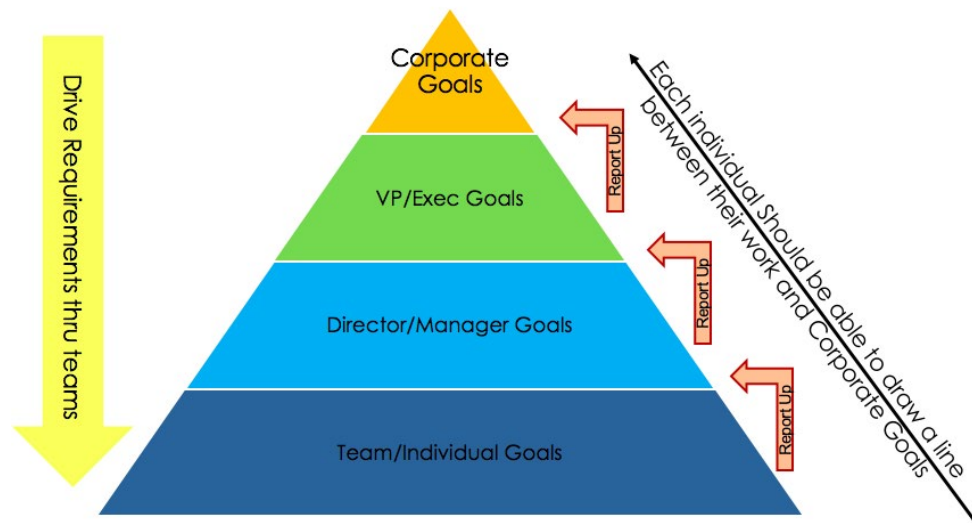
Conduct brainstorming sessions with stakeholders and peers. Set a tone of "what-could-be" in a perfect world. Prioritize into two categories; mission critical and what is useful in attaining agility. The results now become the basis for needs and requirements and provides a compelling big picture of how information spans across business units. Create mockups of how the portrayed information looks. Everyone will have different mental images of how they see it, and mockups put everyone on the same page, becoming the basis for business and technical designs.

Data Discovery

Next is determining the data's availability, where it resides, it's level of quality and how do you retrieve it for its envisioned use. If unavailable, develop processes to collect and harvest it. Keep in mind; data is from both outside and inside sources. Determine:

1. **How reliable is the source**

2. **If it is one place or needs to be collected from multiple sources**

3. **How data is organized**

4. **The data governance (managed structure)**

5. **The path required getting to its intended use**

6. **The effort and cost to gather it or develop it**

From this create a data map followed by a formal gap analysis of what is missing and a plan to locate it.

Boil, Sift, Sort, Filter, Distill, Massage, Convert...

The next challenge is getting through the raw data to make it useful. The approach is like eating an elephant - one "byte" at a time. Take it in manageable chunks and expand from there. At this point, science meets art. Like the Potter, the data is a mound of clay, continuously shaping it until it reveals the hidden treasures. It takes an expert eye with the right tools to peer inside the data and extract the stories it has to tell. Consider it like a challenging picture puzzle; you don't finish it in one shot, but rather purify enough to provide you a good picture to make smart choices. Don't fall into the 360 Degree Customer View fallacy. Read The 360 Degree Customer View Challenge.

To make this highly effective, it is the responsibility of marketing operations to own the tasks, if not the data itself, to maintain the integrity of the resulting information. The responsibility not only requires extracting the information but making sure the data going back into it is such that it perpetually adds value.

Wow, that's a lot of data! If the data is less than 1TB, It may be manageable with the common database tools, marketing systems and savvy business analysts. However, if the volume is of a size (>1PB & thousands of dimensions) where standard tools are unable to manage it and sorting through is not economically feasible, you will have to seek more extravagant solutions. If so, consider:

- Investing in data science
- Seeking data engineering talents
- Exploring systems that have the abilities to do probability models, machine learning, statistical learning, data mining, data engineering, pattern recognition and learning, visualization and predictive analytics

Note: Take into account there are no technology silver bullets, and it still requires human talents.

Time

When you have the information setup, and in practical form, patience is essential. The quality of data has a time component; it gets better with age and use. Work closely with your stakeholders to validate the data, metrics, format, frequency and transformative needs in changing situations (multi-dimensional). The data will have to be developed and refined according to the needs, quality, sources, changing conditions and stakeholders plans.

Once the results get to the point of regular use, you can now reliably put your faith in the data, making it expected, resourceful, robust, predictable and trusted. Even if components are less than defined standards of quality, you have the insight to guide users on levels of quality so they can compensate for risks accordingly. Finally, after some time has passed; say a quarter, conduct follow-on brainstorming sessions with your teams to learn what they are gleaning from the information and what is missing to continue your journey seeking the next set of gems the data holds.

Achieving better marketing results through data analysis

LAURA PATTERSON
CO-FOUNDER & PRESIDENT

visionedge
MARKETING

Data gives marketers the power to make fact-based decisions that can immediately impact business results. When kicking off a goal-setting and measurement initiative, it's easy to get lost in the volume and variety of data that needs to be collected and analyzed. Managers need to keep their sights set on the big picture and establish specific and measurable goals that are tied to company objectives. This will help ensure that marketers stay focused on executing campaigns that impact the bottom line, and that they also build the necessary data and reporting foundation to deliver meaningful insights.

We've put together five tips on how to empower your team with the mindset, strategies and tools they need to become goal oriented and achieve better marketing results through data analysis.

1. Set goals that are tied to business objectives

Setting measurable goals help marketing teams define precisely what KPIs matter to larger scale business objectives. Create goals grouped around brand, product, marketing and business objectives to keep data-driven marketers focused on executing campaigns surgically and with purpose.

2. Use customer journey as the framework, not channels

Measuring KPIs grouped by customer journey give marketers more context into what needs to be achieved and how the goals will impact big picture business objectives. For example, focus on building brand awareness, engagement, conversions and loyalty by choosing the appropriate metrics, formulas and KPIs needed to measure those outcomes. Then, set targets for those KPIs and track your progress on a daily or weekly basis.

3. Implement a shared measurement framework

With most marketing departments made up of smaller teams, it is important to keep the measurement framework consistent. Marketing taxonomies, algorithms, KPIs, categories and reporting should be defined the same way across all marketing sub teams. This will ensure that marketing metrics and performance data is accurate and consistent throughout the company.

"We need our Marketing team to **focus on developing data-driven plans** with key metrics and an eye towards results... This enables repeatable marketing processes"

JOHN SMOLUCHA, VICE PRESIDENT, CUSTOMER INSIGHT | TALLMAN INSIGHTS, INC.

READ CASE STUDY #10 HERE

**TWEET THIS**

4. Automate the measurement process

When marketers have to focus less on the data collection and organization, they can set their sights on campaign execution and achieving business objectives. The measurement process is growing in complexity for marketing teams as campaigns span multiple channels, budgets, demographics and audiences. Automating this process ensures accuracy, consistency and empowers marketers to take back their time.

5. Think of your data holistically

To understand the business impact of marketing activities, it is not enough to just look at basic metrics like clicks, likes, opens, etc. You need to think of marketing data holistically, from the creative assets and the performance that are tied to activities, to targeting and audience data, to business impact data (spend, revenue, etc.). The ultimate goal of cross-channel measurement is to help marketers understand what's working and what isn't. Holistic marketing measurement calculates more accurate revenue and cost impact, while providing marketers with a source of truth for their channel and campaign performance.

If your team is ready to get started with better marketing measurement, begin by creating a Marketing Measurement Playbook which will provide you with a strategic approach for building your measurement processes, selecting your metrics, reporting those metrics in a way that delivers real business value, and executing the right activities to continue to improve over time. Below are some aspects of measurement and basic plays to incorporate into your Marketing Measurement Playbook.

Plan	Strategy	Play	Optimize
Metrics selection	Assessment	Benchmarking	Best-practices
Dashboard	Tools and technology	Road map	Real-time performance management
Alignment	Planning process	Blueprint/mapping	Accountability
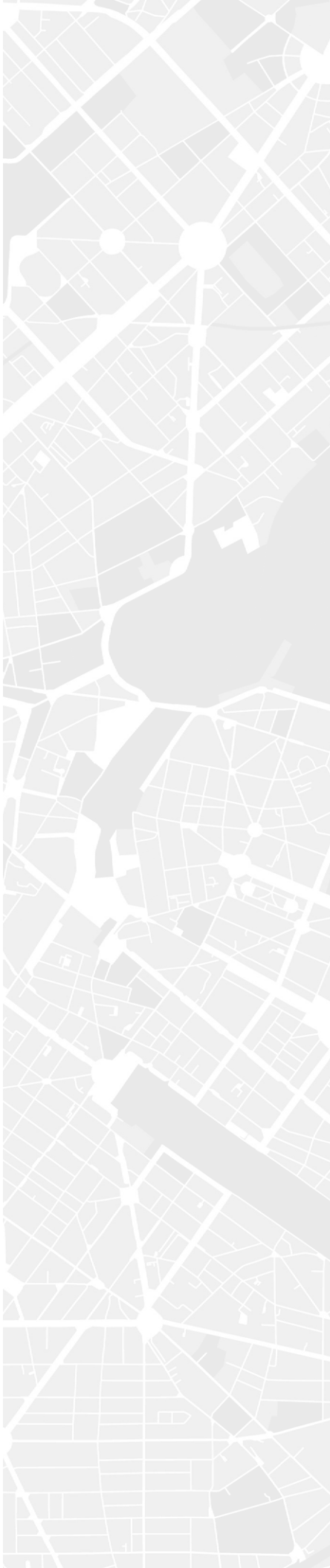
Understanding the 'why' behind wins and losses

PETER MATTHEWS
VP, OPERATIONAL
SOLUTIONS

RESPONSE CAPTURE™

You hit your numbers this past quarter and after fist bumps all around it's time to look forward again. Or, conversely the quarter was missed, and it's time to do a post-mortem. For the latter, it is easy to head down the path of what did not work and establish many anecdotal reasons. It's also easy to select items that didn't feel to be working, adjust or eliminate them and move on. The better questions in both cases are what was successful and *why*.

On the surface, it seems an obvious question to answer but the answer can be more complex than anticipated. It is usually never one thing but rather a combination of positives influences throughout the Customer Journey Experience (CJX).

A successful sale is a succession of small wins leading to a signature. A good marketing & sales process would clearly outline what those wins are, where they occur and why.
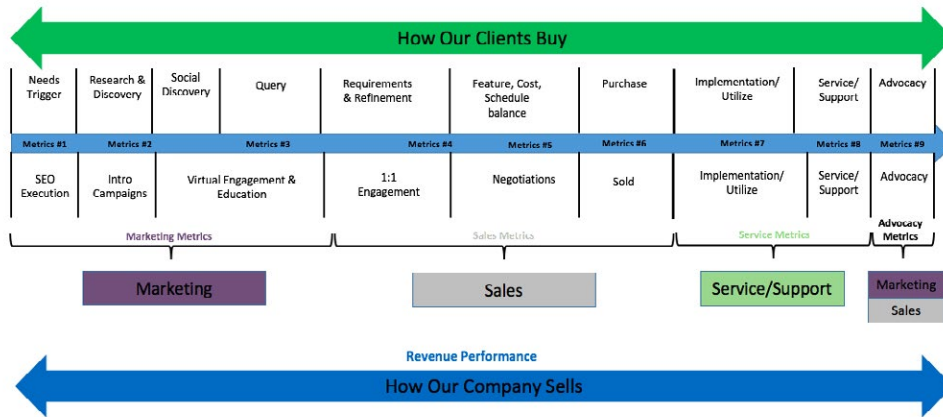
Below represents a typical sales process and CJX. It looks good but deceptively misses key areas.

Typical B2B Customer Journey Experience
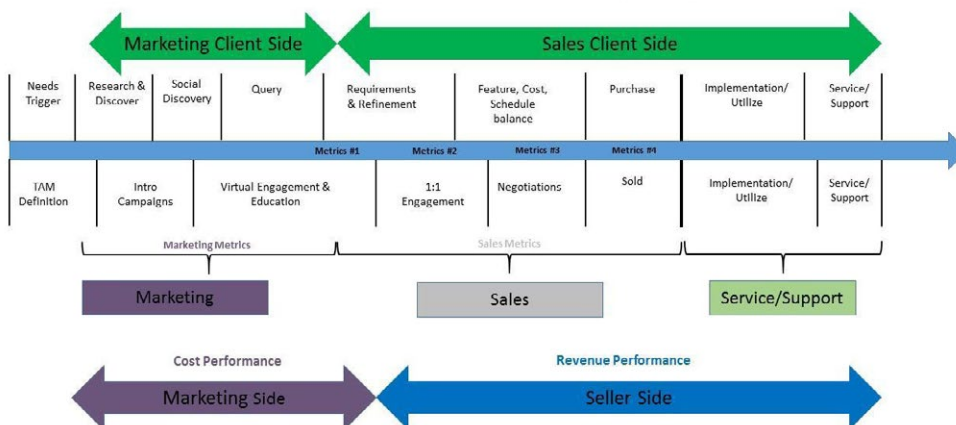
The diagram below represents a better-defined process with improved data and metrics that help more accurately pinpoint and capitalize on the wins and losses.

Optimum B2B Customer Journey Experience

This type of model, properly defined for your business, allows you to:	• Seek and collect the right information for the right reason
	• Validate or invalidate assumptions quickly with the accurate data
	• Modify where adjustments are needed and keep what is working
	• Become agile in your processes when the CJX changes – **and it will change**
	• Assign accountability in the right area
	• Secure alignment with the other key business units
	• Execute, measure, refine, repeat

Let's start with a few assumptions:	• Customers do not buy the way one sells; they buy on their processes
	• The goal is to match them as closely as possible so that they receive the right information at the right moment - ABM
	• The CJX is never ending; marketing & selling to them is constant
	• Advancing from one stage to another is a win
	• Eliminating a "bad" prospect early is good

The value of better process alignment:

- Creates a more precise ABM strategy, improving CJX

- Resources are focused in the right area at the right time reducing cost

- Key metrics assigned to the right areas reducing risk

- Service and support is not the end of the journey; the journey is constant

- The goal is to have customers advocate for you, the most powerful marketing

- A loss in one area can impact many parts, and it can be determined where quickly lowering risk

- Accountability and empowerment lifts morale & productivity

Managing the process is done by having the proper governance and metrics. The metrics are supported by the foundational data collected or if missing, lets you focus on seeking the right data. Once structured correctly, this data becomes critical to understanding why you won and why you lost in a timely manner; so you can do more of the wins, minimize the losses.

FURTHER READING:

Achieving better marketing results through data analysis

# Staying agile and adjusting your strategy mid-campaign, mid-quarter or mid-year

JEFF CHAMBERLAIN
DIRECTOR OF PRODUCT
MARKETING

To make adjustments on the fly, a marketing organization should start with the simple question, "how did our campaigns perform, today?" Unfortunately, it turns out that this question is not at all easy to answer. We are operating in an increasingly complex marketing landscape, and the unfortunate impact is that without a keen understanding of data, your efforts are just shots in the dark.

Marketers seeking greater agility recognize that they need timely, detailed performance data and end-to-end visibility of their campaigns. Many report devoting hours of their work weeks—sometimes more than 50 hours a month—to deciphering marketing signals and campaign results, but many still struggle to make sense of the data, likely due to an overwhelming number of campaigns, systems, and resulting signals. A typical complaint is that they have multiple systems that capture and measure marketing signals, and these siloed systems fail to "talk" to one another, making it impossible to truly see—and act on—issues and opportunities in a timely manner. On top of these problems with siloed data, many marketers lack the horsepower to track enough marketing signals across their various channels—and they cannot measure those signals with enough frequency and depth as they should.

Automated Performance Measurement With Origami Logic
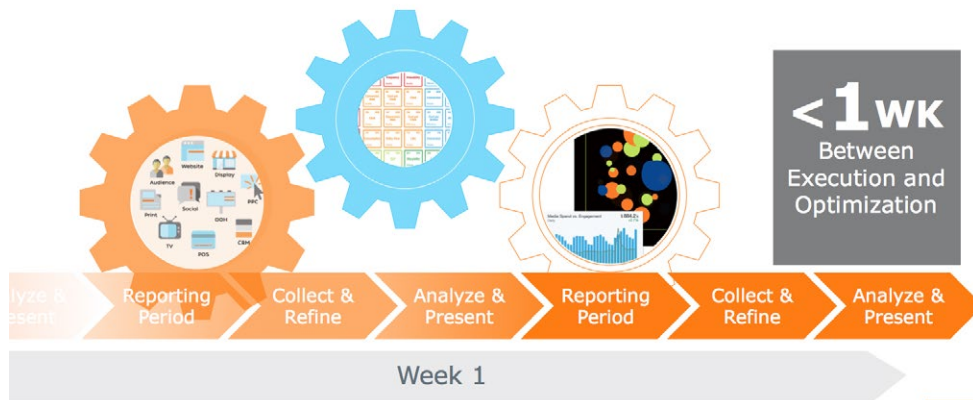
Leading companies are exploring ways to automate the process of collecting, refining, and analyzing performance data so that they no longer spend time trying to understand "what happened last month," but instead get immediate answers to "what happened today" and "why did it happen." Teams no longer can afford to meet every few weeks with their analysts and agencies to read through manually generated reports based on stale data from two weeks prior. They instead need to be monitoring performance against their goals every day so that they can proactively act on insights in real time.

To enable faster, more effective campaign optimization—marketers should establish processes and deploy systems that empower them to:

- Measure signals daily at the very least: Sticking to weekly, monthly, or quarterly measurement can cause marketers to miss valuable insights that can help them improve current campaigns and inform decision making for future campaigns.

- Measure all signals across each channel: Limiting the number of marketing signals tracked across each channel limits learnings. Marketers should measure all signals, within and across all channels. Only then will they have the breadth and depth to confidently make optimization decisions.

- Ensure full visibility into marketing performance: Eliminating holes in visibility and bridging gaps between disparate systems will give marketers the "big picture" view needed to most accurately and effectively optimize campaign performance.

- Expedite measurement and analysis: Rather than forcing teams to spend hours compiling, scrubbing, and studying data to identify insights, marketers should seek technology that can do it for them. This will not only allow marketers to focus their efforts on execution and optimization, it will help prevent long lag times—therefore making those optimization efforts more effective.

FURTHER READING:

Achieving better marketing results through data analysis

Paving the way to trustworthy data

Setting and understanding your key performance indicators (KPI's)

JEFF CHAMBERLAIN
DIRECTOR OF PRODUCT
MARKETING

Origami
logic

In a world where data is often hard to understand and not very descriptive, Key Performance Indicators (KPIs) are a breath of fresh air. To create beneficial KPIs, you need to understand the best indicators of your success and you need something that will provide insight about that success.

You also need something to benchmark your performance so you know whether the result indicates you are doing well or not. Often, this is a goal set internally. However, it's also often good to benchmark against a previous period (e.g. this quarter compared to the same quarter last year) so you know how you are progressing as an organization. The best level of benchmarking is to compare to industry or competitive performance to make sure you are keeping up with the market opportunity. These numbers, however, can be difficult to acquire. Some performance can be pulled from public web sources for things like PR mentions or social posts and industry organizations can sometimes provide industry benchmarks. Increasingly though, you will see SaaS solutions providing benchmark data from an anonymous aggregation of data across the companies using their solution. This can prove to be invaluable.

"If you **don't accept accountability for being measured** in terms of your contributions and outputs, then you are **viewed as a cost center**. If you aggressively pursue an agenda of **accountability and transparency**, then you'll be viewed as a **trusted partner and advisor**."

ECONOMIST INTELLIGENCE UNIT SURVEY
JOHN DRAGOON, CMO
HOUGHTON MIFFLIN HARCOURT

TWEET THIS

So, how do you identify KPIs? Some may be obvious as they are the goals and objectives your organization is measured by (revenue or pipeline contribution, awareness or engagement). Sometimes, you may need to do some discovery. If you are measured by revenue or marketing contribution to revenue, you probably have a way to chart that. What you want to look for are other metrics that correlate to revenue performance. You can track several related metrics and visually capture that correlation to help you discover those that seem to have an impact. Obviously, you would start by using your intuition but verify it by tracking the "proposed KPI" against your revenue performance.

Finally, make sure to set goals for your performance. Otherwise, you will struggle to understand whether a result is good or bad and just get frustrated with all of the data coming at you. Ideally, you will find a solution that can notify you when something is out of balance (too high or too low vs. goals) so you don't spend too much time just checking on things in case there are issues.

FURTHER READING:

Achieving better marketing results through data analysis

Benchmarking Best Practices for the Best Results

The 5 whys of Marketing ROI

SAM MELNICK
VP OF MARKETING

ALLOCADIA

Why do this trade show? Why run this digital ad campaign? Why target that specific persona?

These are just some of the fundamental 'why' questions we marketers ask ourselves every day. While the answer is always essentially the same - 'because it's good for business' - there are many nuances and assumptions involved. Understanding how and why the activities in question worked or didn't work is a much tougher challenge.

To truly understand cause and root effect, legendary Japanese automotive industrialist Sakichi Toyoda (of Toyota fame) developed a deceptively simple technique he called 'The Five Whys': in order to get to the real foundation of cause-and effect, just ask why five times.

Let's apply this method* to understanding marketing. Instead of looking at defects, let's look at results to help us define what the components of good ROI should look like.

Effect: We missed our ROI target.

When you ask why, you're basically left with two options (on the assumption that the ROI target was an informed one in the first place): either you didn't drive enough revenue, or you spent too much. It's simple math. One side of the equation covers inputs, and the other covers outputs. When outputs exceed inputs by the desired factor, you've met your ROI goal.

Let's look at both sides, starting with the 'R' as the first Why.

Effect: We missed our ROI target.

Why #1: We missed the revenue target.

Why #2: We didn't create enough opportunities.

Why #3: Some of our tactics didn't work.

Why #4: They didn't inspire the audience to take action.

Why #5: We didn't have the right messaging.

There could be more than one answer at each stage. For example, pricing can play a big part. The way the Five Whys works is you run through all the possible answers at each level, and settle on the one you think is best. So if you found that your pricing is competitive, then you could rule out that as a cause for missing your revenue target.

Now let's look at the 'I' side, starting with the budget as the first Why.

Effect: We missed our ROI target.
Why #1: We exceeded our allocated budget.
Why #2: We couldn't track what we were spending and when.
Why #3: We cannot reconcile our plans with our POs and invoices in a timely manner.
Why #4: We did not have timely access to financial data.
Why #5: The way we run the business of marketing is different than how Finance looks at the numbers.

There it is: the root cause of missing an ROI target when you've exceeded your budget could be because there's no alignment between Finance and Marketing. There could be other answers at each stage, but recall that this process is designed to challenge you to identify the most likely cause for any given effect based on the knowledge you have.

The implication here is that without timely, accurate, and detailed data on your budget and all its different components - plan vs. forecast vs. actual - not only will you be unable to actually calculate ROI, but you're likely to miss your target. If you do hit it, it'll either be due to luck or under-spend, the latter being just as dangerous as overspending because you're likely to lose that surplus budget in the next planning cycle.

The Way Forward

The statistics tell all:

A Venturebeat survey from December 2016 reported that 65% of CMO respondents are under pressure from their board and CEO to show bottom line results. The same percentage report that they lack the ability to measure accurately.

The CMO Survey from August 2016 revealed that only a third of CMOs can prove the long-term impact of their spend, a figure unchanged from two years prior. The percentage of CMOs who could prove short-term ROI was actually down by three percentage points in the same period (37% to 34%).

So what's a CMO (or her trusty sidekick, you) to do? It may sound simple, but the solution is to gain a strong grasp on both the 'R' and the 'I' in ROI. The former is easy to come by via your CRM system, long established as the sales system or record. But the latter, the Investments, are harder for marketers to pin down on their own because they have historically lacked a reliable system for tracking budget and spend at a required level of detail. Getting the information from Finance has proven difficult for two reasons: first, timing, since Finance closes the books weeks after period end at which point it's too late to make adjustments; and second, the way Finance looks at the numbers doesn't always mesh with the way Marketing does. For example, a given vendor might issue a monthly statement that Finance can use to process payment, but it lacks the activity-level granularity that Marketing needs to understand investments at the desired level.

The answer is for Marketing to acquire its own system of record for planning and tracking its investments and activities. And it can't be a spreadsheet, for obvious reasons of redundancy, error, security, etc. What's needed is an application built for the sole purpose of helping marketers plan and measure their investments and results, collaboratively, consistently, and with clear visibility into impact on the business. MPM technologies like Allocadia are purpose-built for exactly this.

Benchmarking Best Practices for the Best Results

LAURA PATTERSON
CO-FOUNDER & PRESIDENT

visionedge
MARKETING

To survive and thrive in today's competitive environment, companies must continuously deliver more, faster, better, and less expensively. But how do you know where to set the bar? Through the use of benchmarks and the process of benchmarking. The American Productivity and Quality Center (AQPC) defines benchmarking as "the process of identifying, understanding, and adapting outstanding practices and process from organizations anywhere in the world to help your organization improve its performance." Benchmarking is not the same as a metric. A metric is a comparative number, which serves as the norm, whereas a benchmark is a standard for the best.

The idea behind benchmarking is that by implementing the best practice for a particular process your company can close a performance gap in order to achieve superior results and enhance its own competitive advantage. Benchmarking can produce tangible, quantifiable performance targets that you can consistently measure over recurring time cycles in order to ascertain performance changes and the impact of these changes on your organization. Frequent and regular benchmarking enables you to measure changes in your own performance relative to best-in-class companies.

"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**"

JASON HORENCI, SENIOR MANAGER
T. ROWE PRICE

READ CASE STUDY #30 HERE

TWEET THIS

What Marketing Capabilities Should You be Benchmarking?

There are several structured benchmarking studies for Marketing. For example, since 2001, VisionEdge Marketing and partners have conducted an annual marketing performance management (MPM) study. The Content Marketing Institute has conducted a B2B benchmarking study for the past six years. Silverpop conducts an annual email benchmarking study. Christine Moorman, Director of The CMO Survey, has conducted an annual benchmarking study since 2008.

The benchmarks are out there. The question now is, "Which marketing processes and/or capabilities should your company be benchmarking?" To answer this question, research by Doug Vorhies, Neil Morgan, VisionEdge Marketing, and others has revealed eight marketing capabilities that can benefit from benchmarking:

1. **Product development** (How a company develops and manages product and service offerings.)

2. **Pricing** (Extracting optimal revenue from your customers.)

3. **Channel management** (Establishing and maintaining effective channels of distribution.)

4. **Marketing communications** (Managing customer value perceptions.)

5. **Market information management** (Learning about markets and using market information.)

6. **Marketing planning** (Creating advantageous marketing strategies)

7. **Marketing implementation** (Strategy deployment)

Studies show that companies that use benchmarking to demonstrate that they excel in comparison to their peers for these marketing capabilities significantly outperform their competitors

How Do You Employ Benchmarks in Marketing?

There are five basic phases associated with benchmarking:

Phase 1: Performance Measurement

Select the marketing capability you want to benchmark. To effectively use a benchmark to close a performance gap you need to know your current performance for any marketing process and/or capability.

Phase 2: Planning

In this phase set expectations, plan the project, organize your team, and contract potential partners.

Phase 3. Benchmark Deployment

Decide how data will be collected, organized, and analyzed, and implement your plan.

Phase 4. Gap Analysis

Evaluate your performance against the study results to understand and interpret the gaps that emerge from the data.

Phase 5: Actionable Recommendations

Once you understand the gap(s), what performance could be, create a plan to decrease the gap between your organization and the desired results.

Use the benchmarks to inform the metrics you choose and the performance targets you set as well as help you set a metric for customer equity, a customer-centric key performance indicator (KPI). How do you calculate customer equity? Here's one method:

> Customer equity in any year = ((number of new customers * average revenue of new customers) – (Acquisition costs)) + ((number of old customers * average revenue of old customers) – (Servicing costs)) – (number of customers churned * average revenue of churned customers).

Use the benchmarking process to establish best practices and metrics that enable your organization to achieve organic growth targets. Establish outcomes that tie to customer equity as the primary KPI.

Embrace benchmarking and establish best practices that create these pathways to improvement and enable collaboration that facilitates the adoption of change. Clarify how providing platforms for alignment, quality improvement, and reduced costs can improve market differentiation and customer value to ultimately increase your revenue, profits, and sustainability. To delve deeper, download the white paper, What You Must Know About Marketing Centers of Excellence: A Why and How Primer.

FURTHER READING:

Setting and understanding your key performance indicators (KPI's)

Building dashboards that deliver impactful insights for your business

JEFF CHAMBERLAIN
DIRECTOR OF PRODUCT
MARKETING

Origami
logic

A dashboard is a window into your performance to help you quickly understand if things are on track or if they need attention. Dashboards are hot because the concept of an "at a glance" view of marketing performance is appealing in a data-driven world. It's important to understand that dashboards are only as good as the data beneath them. There are lots of tools that make it easy to build a pretty dashboard, but the hard work goes into the data refinement, harmonization and calculations that go on behind the scenes. It's said that 60-70% of the work for a typical BI solution is spent managing the data.

But let's assume you've tackled the tough problem of accessing and wrangling your marketing performance data and now you're faced with surfacing insights via a dashboard. You want to build something that will have an impact. At Origami Logic, we conduct a strategy review where we focus on answering the following questions to get the ingredients and functional requirements for their dashboards.

1. Who is the consumer of the dashboard(s)? (e.g. CMO, regional VP, etc.)

2. To whom is this person accountable? (e.g., CEO, COO)

3. What are the key questions the dashboard must be designed to answer?

4. What are the business objectives of the dashboard? (e.g., provide data for knowledge sharing, insights for campaign optimization, budget allocation, etc.?)

As you build dashboards, think about the workflow that will result and build a hierarchy of dashboards that will follow this flow. You may have an executive dashboard that surfaces overall marketing department metrics but that will likely lead to some questions, so you'll want to address the next level of detail in additional drill down dashboards. You may also have a separate set of dashboards that support in-flight campaign adjustments so you'll want to highlight KPIs and then support drill down to help your campaign team identify the best optimization opportunities.

While constructing a dashboard hierarchy, look for a tool that can drive productivity with tools for filtering so one dashboard can be used to serve several different views (e.g. region, brand, campaign). This saves enormous time in development and maintenance and also makes sure your entire global team stays on the same page with the same definition of KPIs and the same source of data.
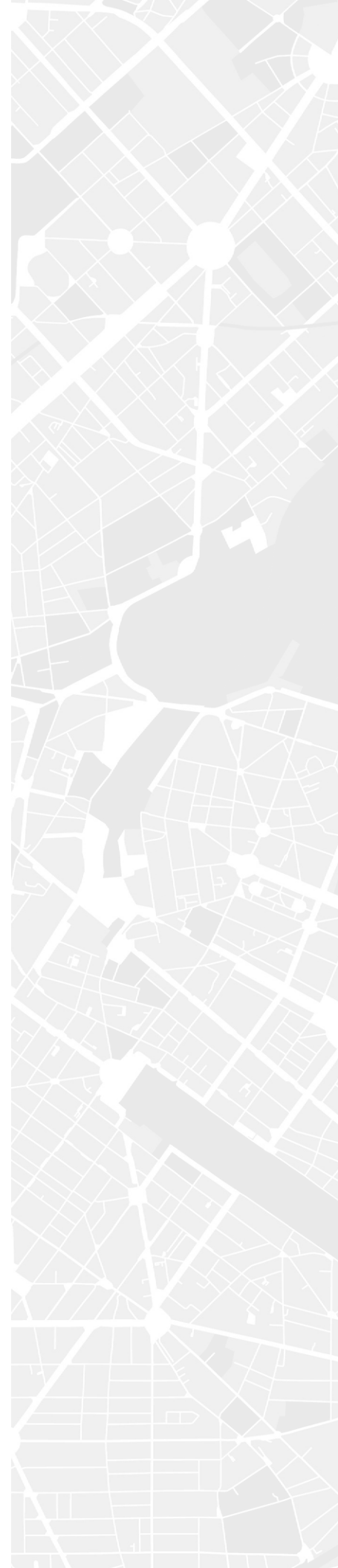
CONCLUSION

In part 3 of *The Great Big Guide to Marketing Performance Management*, we've assembled a range of insights and recommendations to help you get a better grip on how you define and measure marketing performance. After all, as any business leader will tell you, you can only manage what you measure. While marketers have long struggled with easily measuring their real impact on the business. Let's face it, feel-good metrics like clicks, visits, and follows don't hold any value to other departments, let alone the CEO - there's no longer a good excuse around lacking the right data. The transformational effects of the digital era have made sure of that.

Once you define your goals and put the right processes in place, including all the supporting technology, the next step is harvesting the right data to understand and prove the impact you're having on your company. Automating the aggregation and presentation of this data should be your ultimate measurement-focused objective. Comparing your results to benchmarks from past performance and from competitors in your market segment should be next.

We end this part of the Guide with a discussion on dashboards, because ultimately, how you tell the data story matters almost as much as the data itself. Keep in mind the people you're trying to reach, and design your dashboards and reports accordingly. Once you understand what they care about, you'll be able to show them what they want to see, and that will ultimately make you more successful.

Congratulations, you've made it through all three parts of *The Great Big Guide to Marketing Performance Management!* We sincerely hope you've learned a thing or two along the way. There are no quick fixes to mastering Marketing Performance Management; it takes thoughtful consideration of how your organization works and where it wants to go, and that's just the beginning. But the destination is in fact more important than the journey this time. Once you arrive, and you can plan, execute, and measure with confidence and agility, you will tap into a whole new type of competitive advantage.

Good luck on your journey!

AUTHORS

JEFF CHAMBERLAIN
DIRECTOR OF PRODUCT
MARKETING, ORIGAMI LOGIC
@HITECHMKTG

Jeff Chamberlain has been on both the vendor and the practicing side of B2B and B2C marketing roles during the entire marketing automation wave of the past two decades. Having been in technology marketing for 30+ years with a degree in Electrical Engineering from Purdue University, Jeff was an early adopter and proponent of data-driven marketing. His experience spans from Hewlett-Packard to Aprimo (enterprise marketing management) and now Origami Logic. Jeff has seen marketing challenges from multiple perspectives as he's held roles in marketing spanning demand generation/execution, operations and product marketing.

SAM MELNICK
VP OF MARKETING, ALLOCADIA
@SAMMELNICK, @ALLOCADIA

Sam Melnick is the VP of Marketing at Allocadia, the leader in Marketing Performance Management software, managing over $20B in marketing spend to-date. He is an award-winning and analytically driven marketing professional with experience as a marketing practitioner at Vivox, CMO industry analyst at IDC, and customer success manager at a Lattice Engines. Sam is a frequent speaker at marketing industry events and prolific author of marketing research. He was recognized as a top 50 most influential marketing technology professional, plus one of New England's top 40 influencers in content and digital marketing. Sam is a graduate of UMass Amhert's Isenberg School of Management.

PETER MATTHEWS
VP, OPERATIONAL SOLUTIONS,
RESPONSE CAPTURE
@MINTRINSICS

Pete Matthews helps clients develop strategies to build high performance revenue producing teams through marketing and sales operational solutions. He is a change agent for improving organizations' output, and a catalyst for designing and implementing strategies, procedures, and processes that are obstacles to achieving the vision on a company-wide scale. He was instrumental in launching the world's first marketing operations interactive social site and help guide the earliest marketing operations market definitions. Pete has held marketing operations and sales operations leadership roles at Microsoft, McData, Inflow, CTEK, and Massini Group. He brings a unique talent having lived all aspects of the customer journey experience; marketing, sales and service both on the front lines and operationally.

LAURA PATTERSON
PRESIDENT AND FOUNDER,
VISIONEDGE MARKETING
@LAURAVEM

Laura Patterson is a proven marketing practitioner, respected consultant and dynamic speaker. She is known for her practical, no-nonsense approach to proving and improving the value of marketing. Inventive and engaging, Laura quickly gets to the heart of the matter to provide actionable recommendations and solutions. Because her 20 year career began in sales and now spans customer relationship management and marketing, her recommendations are always cross-functional friendly. An early pioneer on the science side of marketing, Laura is recognized as one of the leading authorities in marketing measurement and performance, marketing operations, and marketing data and analytics. A strategic marketer, data and metrics master, she has helped over a hundred companies in a variety of industries fulfill their marketing potential and achieve competitive advantage.