
Summary and Call To Action

Landscape & Vision

Meg Blair, President
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Founding Director of the MASB
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Boston



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

The Business Landscape 1970s-2000

...chief financial officers took on the task of growth, helping rapidly expanding companies...with aggressive financing and by acquiring rivals.

...(in this era) the methods and practices of financial engineering...(made)corporations more profitable.

Neil Fligstein, UC Berkeley
August, 2004

Dirk Zorn, Princeton University
Frank Dobbin, Harvard University
May, 2003

The Business Landscape 2000-2008

These strategies...have moved in cycles of approximately 20-25 years for the past 130 years.

At the end, there is often a recession or depression...then the cycle begins anew.

...the methods and practices of financial engineering...have reached an endpoint in their ability to make corporations more profitable.

... the old tactics fail and this opens up the possibility for a new group of...managers to step forward and produce a new path.

The End of (Shareholder Value) Ideology
DR Neil Fligstein
UC Berkeley
August, 2004

Marketing

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.

Defined by AMA Board of Directors (2007)

The Business Landscape 2010

...dominance of the finance function has come into question as it has become clear that underlying assumptions do not always hold...and that financial returns ultimately must be driven by buyer behavior in markets rather than by deal making.

David Stewart, UCR and MASB Chair (August 6 2009)

The Opportunity

...a unique opening for marketing to step into the void and reassert itself at the strategic planning table, by bringing credible metrics and processes for informing investment decisions and for managing risk.

David Stewart, UCR and MASB Chair (August 6 2009)

2010: The CMO

“CMOs who report to CEOs...said their main priority was driving top-line growth.

Those who are not part of the executive group said their main focus was growing brand awareness.

Adweek June 1, 2010

Why CMOs Are Joining the Exec Table

Spencer Stuart Survey

What Will Be Different? The MASB Vision

**THE
BOARDROOM PROJECT**

For Marketing Practitioners

We'll be accurately forecasting & delivering consistent growth in customer revenues, earnings, & cash flow quarter-to-quarter, year-to-year.

Everything we do will be tied to business results...

Even competitive activity will be accounted for in time...

We'll be accountable to both top & bottom lines of the P&L...

... making informed decisions about resource allocations between comparable & non-comparable actions...

In short, we'll have earned a permanent seat in the Boardroom at the head of the growth table, inspired by creative strategy & guided by reliably predictive metrics.

For CMOs

We'll be seeing over dashboards & beyond rear-view mirrors, acting quickly & more confidently given the marketing opportunities & threats that lie ahead.

We'll be out of the black hole of discretionary spending, clearly understanding & able to predict how our work today is impacting the financial results of our brands and businesses tomorrow.

The CFO will be our greatest ally...we'll have removed ambiguity & become true business partners, delivering consistent growth quarter-to-quarter and year-to-year.

And we'll be less disruptive to spouse & the kids as our tenure will be measured in decades, not months.

2010: The CFO

“ As the Toyota Motor Corp. is learning, none of the perils a company faces is harder to measure than damage to its reputation.

...a sullied corporate image exacts a price that other risks don't: devaluation in the eyes of your customers.

Toyota can, of course, compensate buyers, retool its production methods, and invest in image-rebuilding ad campaigns.

But it has no real way to predict when, to what extent, or if its brand can regain its former sparkle ...

To be sure, metrics tied to a company's brand have long existed...but they don't add up to a reputation.”

**What's a Reputation Worth?
CFO Magazine
May 1, 2010**

For CFOs

We'll have great partners & support in the Boardroom as marketing eliminates the ambiguity surrounding their role as forecasters & achievers of consistent growth.

We'll have sustained credibility w/The Street as our projections & expectations are in line w/performance, consistently - particularly when performance is based on organic growth at the top line.

We'll understand the true "balance sheet" value of our brands as they can be leveraged across categories, borders & time... to produce future revenues, earnings & cash flows.

And we'll be home for dinner at Quarter & Annual Close because everyone will have met their commitments to the plan and to expectations!

2010: The Industry Association

**“The board agrees that there is clearly a need to create
‘Generally Accepted Brand Valuation Standards’.**

**They believe that the industry should have a uniform way of
valuing brands – and that the industry should embrace a
consistent philosophy for how that’s done.**

**The marketing community should be involved in developing
these – but there was disagreement on the process for so
doing.”**

**Bob Liodice, CEO ANA
June 21, 2010**

For Marketing Associations

We'll be addressing (through partnership) the top concern of our marketing constituency...at its foundation...without having to tackle the heretofore stepchild & arduous task of measurement development...

2010: What About Accounting?

In the Corporation, Accounting is part of the Finance function and will share in the Vision for the CFO.

In general, accountants know:

Some bodies have to invent, create, make and bring products and services to market...or eventually, they will have nothing to count.

We can't keep making money with other peoples money.

2010: The Business School

**Look around...they're here
Those who have been invited have joined
as paying members & doing much of the work...**

why?

The Marketing Science Journey

Many

Commercial Researchers See Business Opportunity: Create method or "research product"

MSI

Many papers published.: New Insight, New Methods Emerge

Early Adopters pilot method and see business benefits

Use grows, calibration, validation mounts,

MASB (Mission)

Organization formally incorporates into project management, resource allocation

Over time problems and opportunities are approached differently

Mkt Researchers declare success

Academics declare Success

Organizations achieve success

Do they *know* what is needed for lasting success?

Game Changers (Vision)

New Thinking Model shapes Everyday Decisions

New Marketing Question/
New Data Source
Stimulates Research

Expected Results of the Game Changers

A validated model for brand building that represents the time period over which financial returns are realized will improve marketing performance by requiring the rigor in budgeting & project authorization that is commonly associated with other “capital” investments.

This, coupled with changing the accounting rules from “expensed as incurred” to “capitalized investment” will create value for all:

Better reporting/transparency

Quantification of “good will”

Increase in Marketing ROI

Predictable & consistent organic growth

Improvement in corporate profitability...

For Customers (Society)

More new and better solutions
for every need and desire...
and at a lower price.

The Analogies

- **Financial Markets**
 - Became the envy of the world after FASB
- **Manufacturing**
 - Superior product quality/less cost after Deming/TQM/ISO
- **Architecture**
 - Architects & carpenters all use (standard) measuring sticks but not all build the same houses

Call to Action Overall

Setting standards is not a one time event nor does it happen overnight...

But it has to happen sometime, somewhere, and by some bodies (and we're it)!

**The opportune time is now, the where is MASB, and the bodies are Charter Members & Reps.
Let's get over the "Start-Up" and onto the "Game Changing"!**

**Become a Charter Member of MASB
Support The Next 3-Years**

Engage in and take a leadership role on the Foundation, Board, Advisory Council, and/or Game Changing Project Team.

Game Changing Project Teams (Next 3 Years)

- **Game Changer I: FASB/MASB Partnership to Align GAAP/MMAP**
 - Reibstein, Plummer, Winer, **Accounting EDU**
 - **FedEx, Colgate, #3, #4**
 - Gregory, Stewart, **Others**

- **Game Changer II: Branding Investment Model & Discipline**
 - Lehmann, Batra, Stewart, **Accounting EDU**
 - **Coca-Cola, K-C, #3, #4, #5**
 - **Nielsen, Kantar, TNS, comScore, Others**
 - **Others**

Other Project Teams (Next 3 Years)

- **CLV for CPG Targets**
 - **Abens & Sirkin**
 - **Kimberly-Clark, ConAgra, Coca-Cola**
 - **Nielsen, Nielsen/Catalina, Blue Marble**
 - **Hanssens, Kumar, Others?**
- **Interactive**
 - **Stacey, Bucklin**
 - **Coca-Cola, Others**
 - **Nielsen, Others**
- **Common Language Wikipedia**
 - **Spaulding & Farris**
 - **Others**
- **Other Projects (TBD)**

Why?

**Because it's the right thing to do...
...for everyone!**

**and yes, it may be a bit altruistic
(unselfish concern for, or devotion to the
welfare of all)**

**Even more reason that we should do it!
And best of all...
We can do it!**



Thank-you!



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