

# How MASB Will Work

(August 16-17, 2007)

**THE  
BOARDROOM PROJECT**

# Marketing Accountability Standards Board

## MASB

A self-governing body that establishes and improves marketing measurement and accountability standards  
(a la FASB/Finance & ISO/Operations)

and for the first several years, teaches how to meet the standards through audits & advising with examples  
(a la Accounting Firms/Finance & Deming/Operations)\*

\* Will be spun out to stand alone status once processes have been fine-tuned.

# MASB: An Important Difference

FASB establishes standards for financial accounting & reporting, but the standards setting has not been tied directly to business value; thus some believe they are more restricting than necessary & cost too much.

ISO establishes standards for product quality w/plenty of evidence tying improvement in product quality to improved business/financial results. ISO also sets standards to facilitate globalization (across borders) but with little direct evidence of these tying to improved performance; thus some believe these are too restricting & cost too much.

MASB will establish standards for marketing metrics & accountability that tie activities directly to the top and bottom lines of the firm and in a manner that represents causality...for forecasting and improving financial performance.

## **Vision**

**Laying the measurement foundations for marketing professionals to realize full accountability and strategic status in the Boardroom as reliable forecasters and achievers of consistent growth in customer revenues, earnings and cash flows quarter-to-quarter and year-to-year.**

## **Mission**

**To establish marketing measurement and accountability standards across industry and domain for continuous improvement in financial performance and for the guidance and education of business decision makers and users of performance and financial information.**

# Overall Objectives

- Establish and improve standards for marketing measurement and accountability tied to financial performance
- Ensure transparency and validity of marketing information
  - Resulting from high-quality, standardized metrics
  - Developed through an independent, private-sector, open due process
- Educate constituents about those standards
- Improve business decisions related to marketing activities
- Facilitate optimal allocation of resources
- Increase accountability & credibility of marketing function

# Constituent Organizations

- **Marketers**
- **Marketing Measurement Providers**
- **Media and Advertising Agencies**
- **Academic Institutions (Business Schools)**
- **Marketing Industry Associations**
- **Marketing Consulting Firms**

# Role of Formal Organization

- Clearinghouse for information regarding relationships between marketing metrics and financial performance.
- Request and receive input on potential agenda topics (projects) from a variety of sources.
- Review agenda requests at least semiannually.
- Allocate resources to projects.
- Communicate findings/knowledge.
- Allocate resources to Advisory Services.

# Prioritization

- Pervasiveness of the Issue
- Alternative Solutions
- Technical Feasibility
- Practical Consequences
- Convergence Possibilities
- Cooperative Opportunities
- Resources

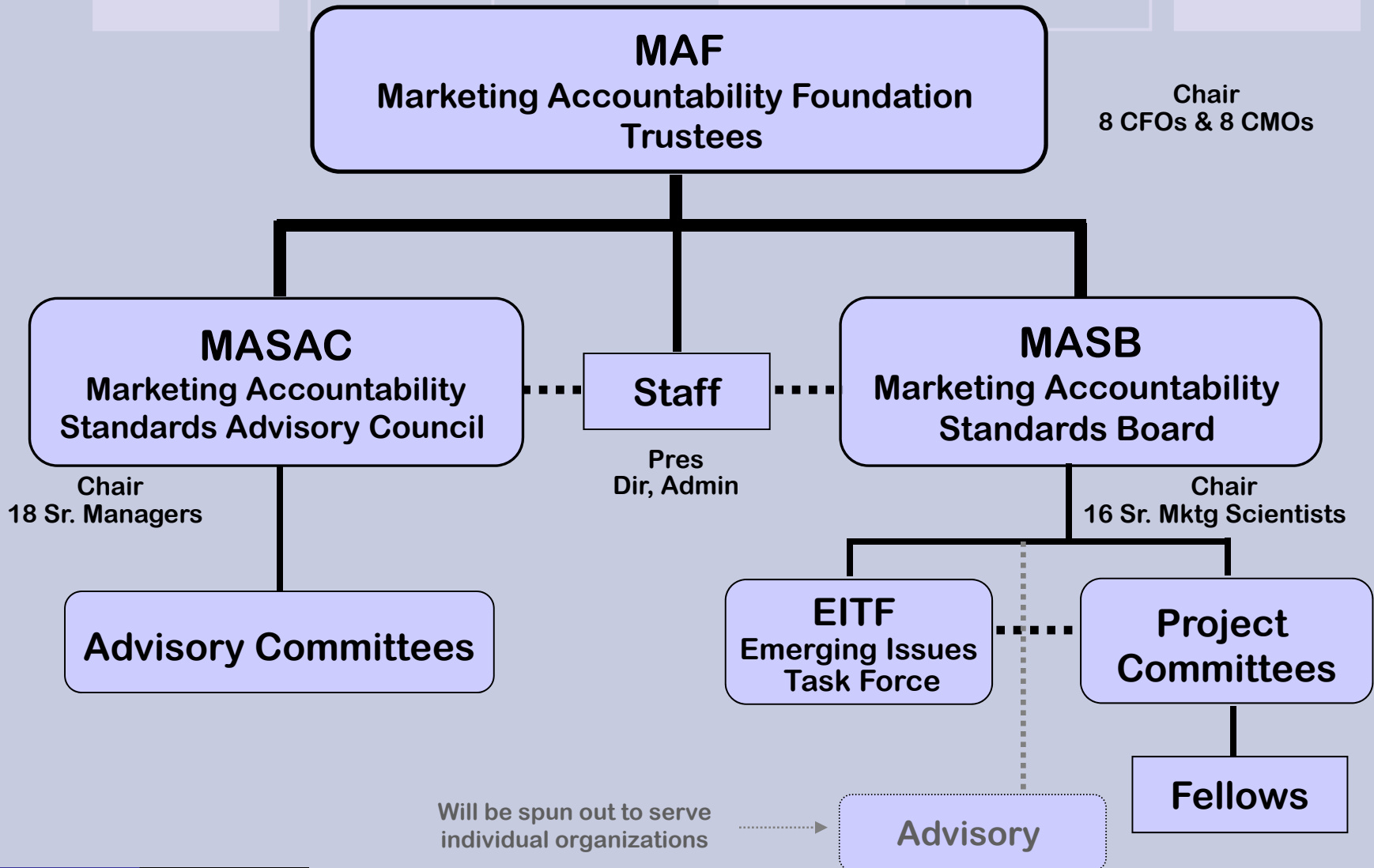


# Funding Sources

- Membership
- Projects
- Workshops
- Technical Services
- Publications
- Advisory Services\*

\* Will be spun out to stand alone status once processes have been fine-tuned.

# Organizational Structure



# Marketing Accountability Foundation (MAF)

- **MAF is the independent, private sector, self-governing organization authorized by it's membership constituency to**
  - **Establish & improve marketing metrics & accountability standards through transparent and open due process**
  - **Educate constituents about those standards**
  - **Provide oversight, administration, & finances of its standards-setting Board (MASB) & Advisory Council (MASAC), except technical issues**
  - **Select members of the Board & Advisory Council**
  - **Protect the independence & integrity of standards-setting process**
- **Trustees are C-Level members of major marketers who have an interest in marketing accountability & the marketing community as a whole**
- **Nominated by constituent organizations & Trustees-at-large chosen by sitting Trustees; Term is three-years with eligibility for a second term**
- **Founding Trustees are 6-8 CFOs and 6-8 CMOs who have become Charter Members of MASB; They meet face-to-face quarterly**
- **Foundation to be incorporated exclusively for charitable, educational, scientific, & literary purposes w/in meaning of Section 501(c)(3) of IRC**

# Standards Advisory Council (MASAC)

- MASAC broadens involvement & participation to all constituencies
- Delegated authority by the Foundation (MAF) to consult with the Board on project priorities, technical issues, and selection and organization of advisory and project committees
- Council is comprised of 12-18 senior managers of constituency organizations who collectively represent diverse backgrounds, possess knowledge of marketing measurement and business, and have concern for the marketing community overall
- Appointed by MAF for three-year terms, eligible for second term; Face-to-face meetings are held quarterly
- MASAC appoints sub-advisory committees to ensure all are served
  - Global businesses
  - Small business
  - Users w/specific interests (verticals, channels, etc)
  - Metric providers w/specific interests

# Standards Board (MASB)

- MASB is the operating organization
- Delegated authority by the MAF to establish standards for marketing metrics and accountability
- Board is comprised of 12-16 Senior Marketing Scientists from constituent organizations who
  - Collectively represent diverse backgrounds
  - Possess knowledge of marketing measurement and business
  - Have concern for the marketing community as a whole
- Members of the Board guide the standards projects & resolve technical & other issues from project start through adoption
- Board meets monthly: 10 virtual, 2 face-to-face; projects as necessary
- Appointed by The Marketing Accountability Foundation (MAF) for three-year terms, eligible for a second term
- Members of The Boardroom Project body who have become Charter Members of MASB sit on the Founding Board

# Emerging Issues Task Force (EITF)

- The EITF assists MASB through timely identification, discussion, framing up, and resolution of emerging issues
- Recommends prioritization given potential consequences
- Minimizes need for Board to spend time & effort addressing narrow or low impact issues and/or ones that can be addressed through existing standards
- Members drawn from cross section of constituencies
- In positions likely to be aware of emerging issues before they become widespread w/divergent practices entrenched
- Appointed by Board w/input from Advisory Council
- EITF meets quarterly, 2 Telephonically & 2 face-to-face

# Project Committees

- Formed for specific projects on Agenda
- Marketing Scientists and others from constituency organizations
- Skill sets & interests to match the project
- Appointed by Board w/Advisory Council input

# Fellows

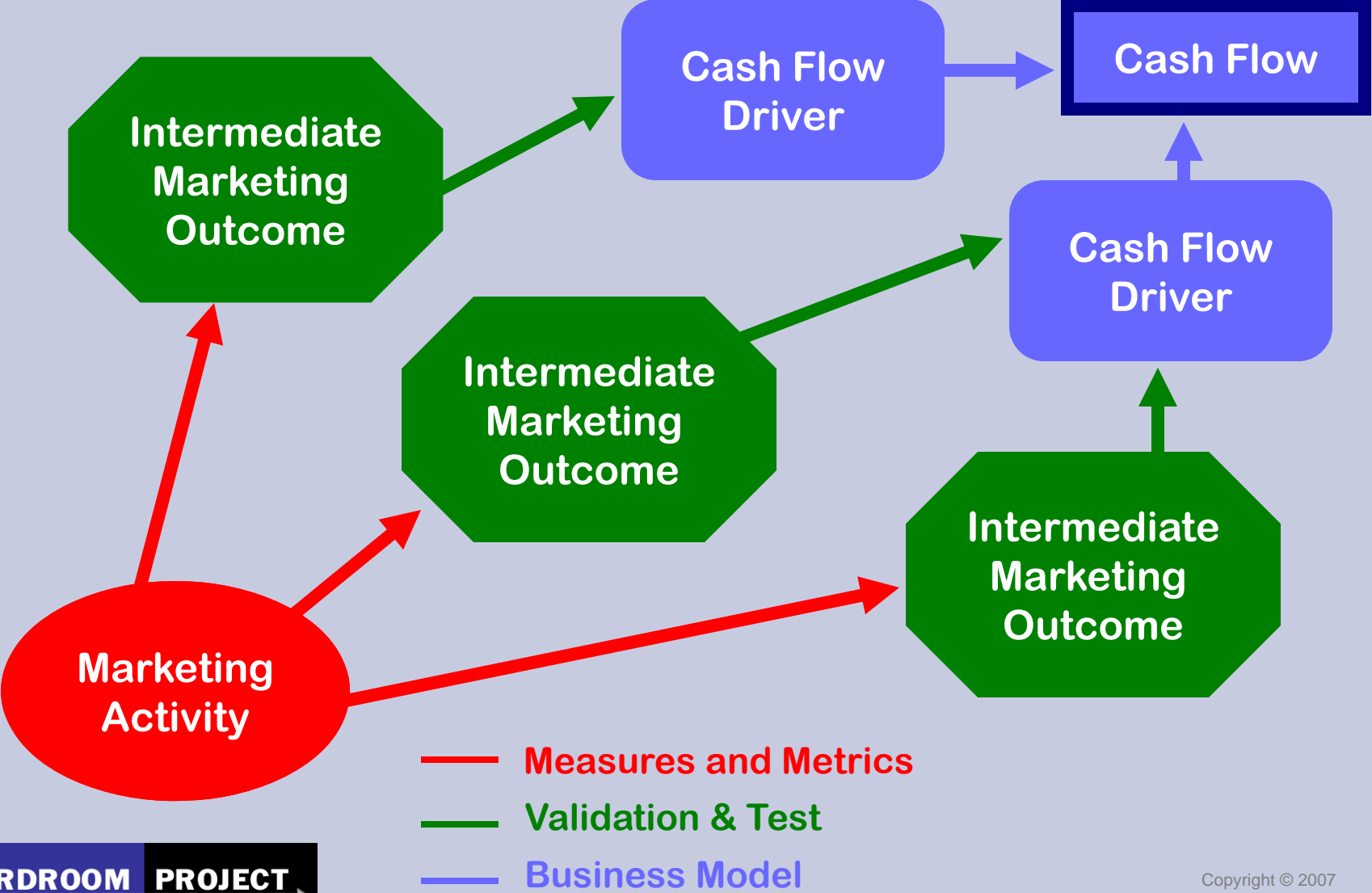
- Fellows are integral part of the research and technical activities on projects
- Marketing Scientists from Academia or other constituency organizations
- Appointed by Board and assigned for a specified period of time
- Work with the Project Committee to bring specific project to completion



# Advisors

- Experienced Marketing Scientists (10+yrs)
- Trained & qualified to audit & advise/teach the Marketing Metric Audit Protocol (MMAAP)
- Contracted on audit/advisory project basis
- Serve individual organizations vs. industry as whole
- Will be spun out to stand-alone status once practices & processes in place (MMAAP Center)
- MASB will encourage & train/qualify competing Advisory groups

# MMAP: Marketing Metric Audit Protocol



# MMAP: Characteristics of a Sound Metric

1. Relevant...addresses specific pending action
2. Predictive...accurately predicts outcome of pending action
3. Objective...not subject to personal interpretation
4. Calibrated...means the same across conditions & cultures
5. Reliable...dependable & stable over time
6. Sensitive...identifies meaningful differences in outcomes
7. Simple...uncomplicated meaning & implications clear
8. Causal...course of action leads to improvement
9. Transparent...subject to independent audit
10. Quality Assured...formal/on-going process to assure 1-9 above

# Summary

- Marketing has been relegated to the “default” category (unimportant, control costs)
- Measurement and accountability standards across industry and domain are necessary to emerge from this current situation
- Market is unlikely to achieve consensus on its own
- MASB will get the job done
- MASB will establish new definitions of quality in marketing metrics and accountability standards
- These will improve marketing productivity and advance the marketing profession overall

**Thank you!**

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