

How A Standards Body Would Work To Benefit Marketing

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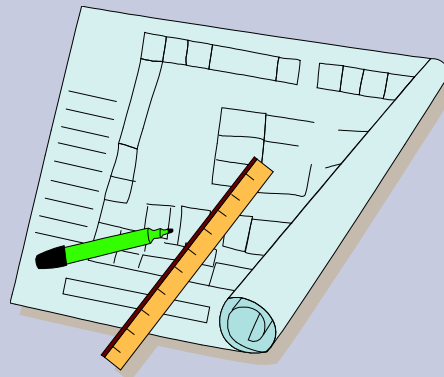
**THE
BOARDROOM PROJECT**



Standards Bodies

Models

- MRC: Media Ratings Council
- ISO: International Organization for Standardization
- FASB: Financial Accounting Standards Board
- FASB as Model for Marketing



Model: Media Ratings Council (MRC)

MRC was founded in 1964 at the urging of US Congress

Mission: *To maintain audience research confidence and credibility with the goal of securing for the industry audience measurement services that are valid, reliable, and effective.*

Organization: A body that establishes the standards and accredits media metrics through independent auditors

Objectives:

- To secure for the media industry and related users audience measurement services that are **valid, reliable and effective**.
- To evolve and determine minimum disclosure and ethical criteria for media audience measurement services.
- To provide and administer an audit system designed to inform users as to whether such audience measurements are conducted in conformance with the criteria and procedures developed.

Status: Accrediting within narrow scope (e.g. are the eyeballs being counted properly); no information as to how the metrics tie to the financial performance of the firm...

Model: International Organization for Standardization (ISO)

ISO was founded in 1947.

Mission: Although ISO's principal activity is the development of technical standards, ISO standards also have important economic and social repercussions.

Organization: a non-governmental network of the national standards institutes of 157 countries, on the basis of one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system.

Objectives:

- To facilitate industry-wide standardization through consensus agreements between national delegations representing all the economic stakeholders concerned - suppliers, users, government regulators and other interest groups, such as consumers.
- They agree on specifications and criteria to be applied consistently in the classification of materials, in the manufacture and supply of products, in testing and analysis, in terminology and in the provision of services. In this way, International Standards provide a reference framework, or a common technological language, between suppliers and their customers - which facilitates trade and the transfer of technology.

Status: the world's largest developer of standards.

Model: Financial Accounting Standards Board (FASB)

Founded in 1973 and is officially recognized as authoritative by the SEC

Mission: *To establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors and users of financial information.*

Organization: An independent body that identifies emerging issues, develops and interprets broad concepts, and establishes as well as improves the financial accounting and reporting standards (GAAP) for both the private sector & government...through an open and transparent “due process” using formal Rules of Procedure.

Status: FASB is continually addressing financial accounting issues and opportunities through broad participation (all constituencies) in the setting of priorities and standards, as well as in the projects conducted to establish the standards.

Benefits: Highest industry scope & mission, very broad participation of all constituencies but w/formal rules of engagement, model exists that would partner marketing w/finance...best way to seat @ C-Table?

FASB as Model for Marketing

MASB

A permanent industry level body that will continuously set & improve the marketing measurement standards
(a la FASB/Finance & ISO/Operations)

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

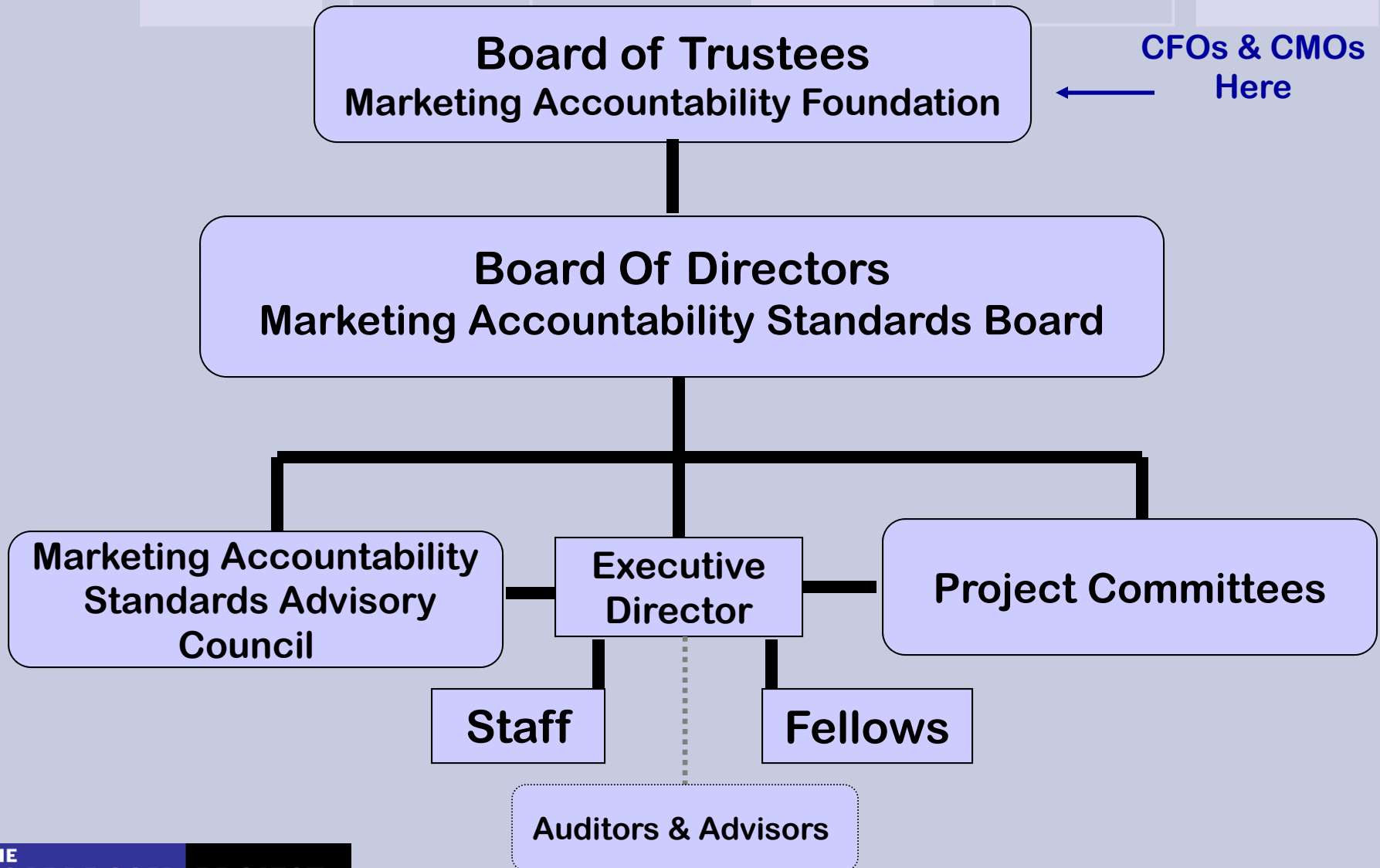
MASB: Background, Identity, Mission

- **Identity:** Serving business decision makers through transparent and valid information resulting from high-quality, standardized marketing metrics, developed in an independent, private-sector, open due process.
- **Mission:** To establish and improve standards and practices of marketing measurement and accountability for the guidance and education of business decision makers and users of business performance and financial information.

MASB: Objectives

- Establish Marketing Measurement Standards for Continuous Improvement in Financial Performance
- Improve Business Decisions Related to Marketing Activities
- Facilitate Optimal Allocation of Resources
- Increase Credibility & Accountability of Marketing Function

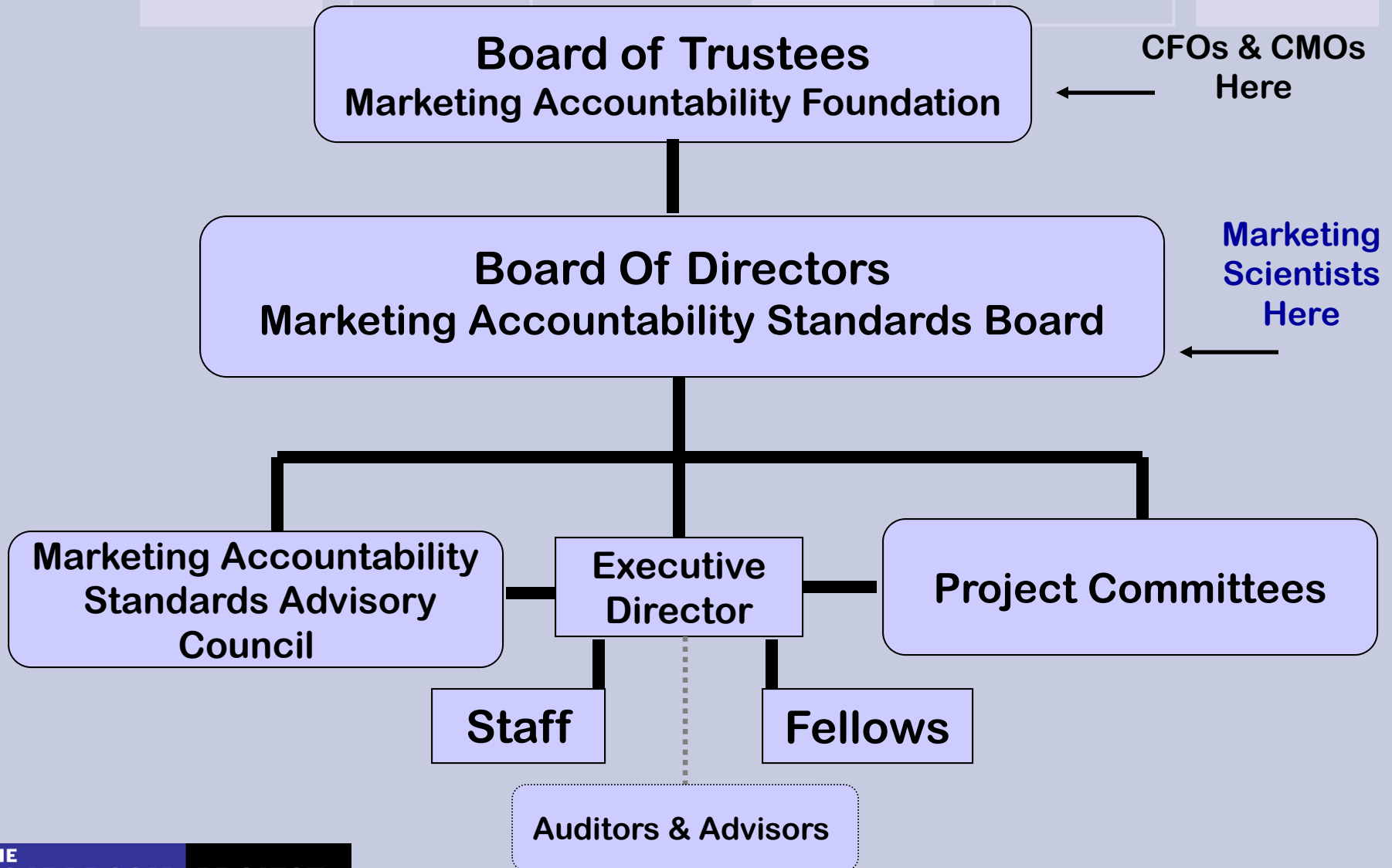
MASB: Organizational Structure



Marketing Accountability Foundation (MAF)

- Incorporated exclusively for educational & scientific purposes (Not-For-Profit)
- Trustees are senior members from constituent organizations having interest in marketing accountability
- Ensures adequate funding of MASB
- Exercises general oversight of MASB except resolution of technical issues
- Selects members of MASB (Directors) and Advisory Council
- There will be Trustees nominated by constituent organizations and Trustees-at-large chosen by sitting Trustees
- Term is three-years with eligibility for a second term
- Founding Board of Trustees will be mainly CFOs/CMOs of Marketing Companies who are Charter members of MASB

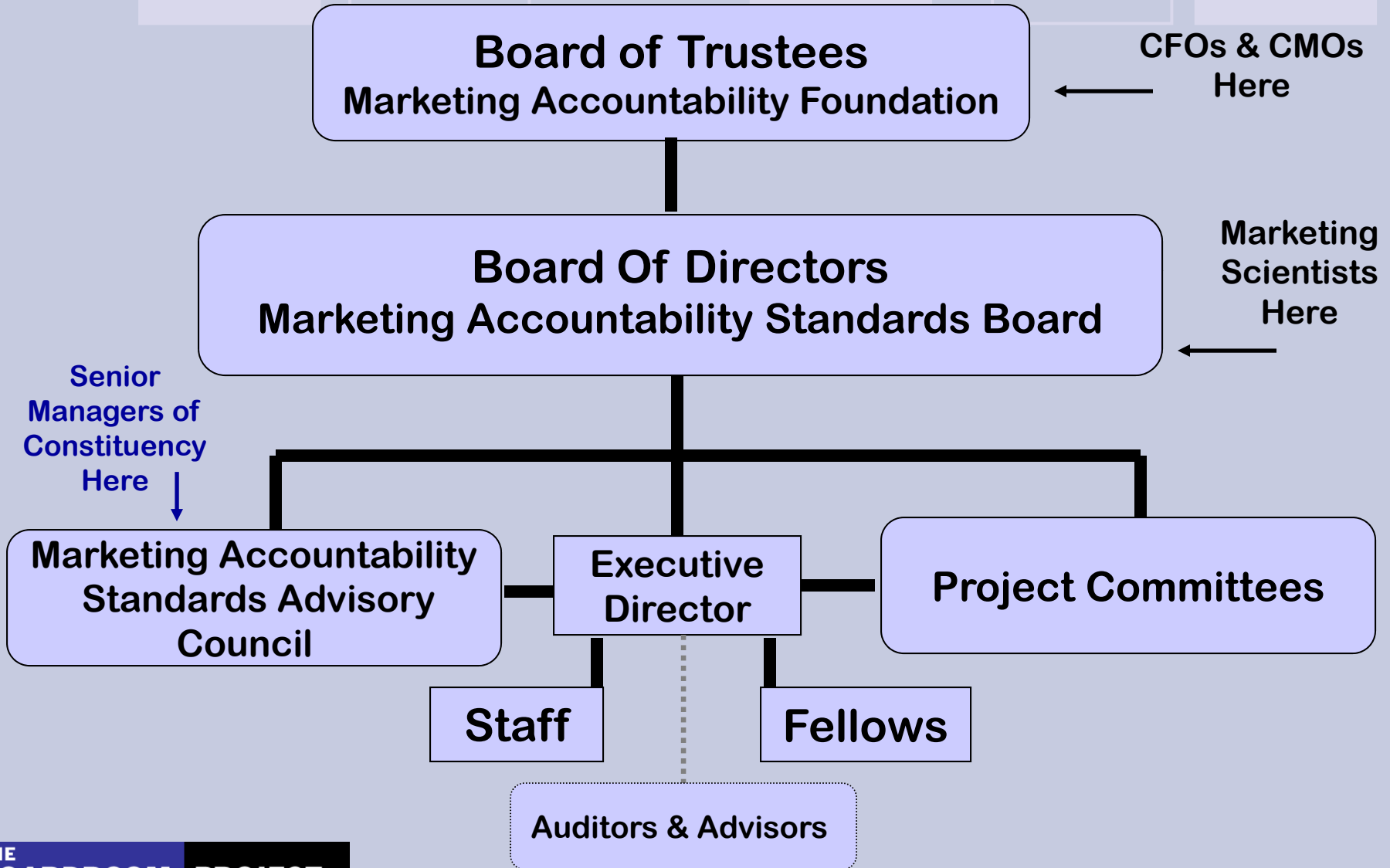
MASB: Organizational Structure



Marketing Accountability Standards Board

- MASB is the operating organization
- Board of Directors made up of Senior Marketing Scientists from constituent organizations
- While collectively representing diverse backgrounds, will possess “knowledge of marketing measurement, business, and concern for the marketing community as a whole”
- Appointed by The Marketing Accountability Foundation (MAF) for three-year terms, eligible for a second term
- The founding Board of Directors will be those who comprised The Boardroom Project membership

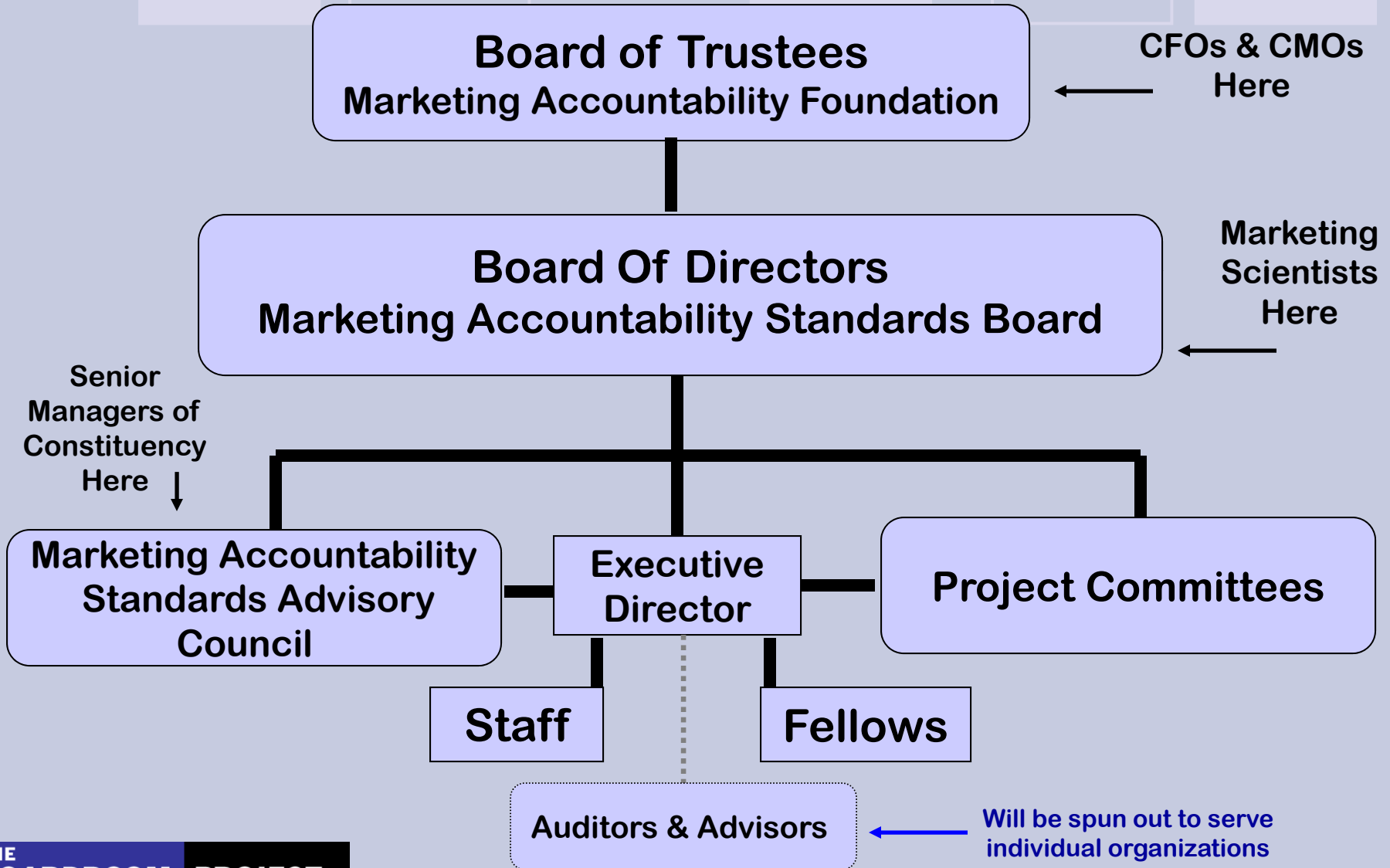
MASB: Organizational Structure



MASB: Standards Advisory Council (MASAC)

- Broadens representation & participation
- Senior managers of constituency organizations
 - Appointed by Foundation Trustees
 - Small Business Advisory Council
- Consults with MASB on
 - Technical issues on agenda
 - Project priorities
 - Selection & organization of committees
- User Advisory Committees
 - Marketing metrics users & providers of commercially available metrics
 - Appointed by Advisory Council
 - May include subcommittees of users w/specific interests (e.g., interactive & direct marketing, personal selling, etc.)
 - Global Advisory Committee

MASB: Organizational Structure



MASB: Constituent Organizations

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

MASB: 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.
- Set Project Priorities.
- Allocate Resources to Projects.
- Communicate Findings/Knowledge.
- Allocate Resources to Audit & Advisory Services (3 yrs).

MASB: Prioritization

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

MASB: Funding Sources

- Membership
- Projects
- Workshops
- Technical Services
- Publications
- Advising

Preparing For MASB

- **A First Project: Outreach to CFO's**
 - Understand the needs and world of the CFO
 - Identify ways in which marketing can help meet CFO needs
 - Prioritize future work
 - Enlist CFO support and participation in MASB
- **An Exemplar of a MASB Project**