


Summary

**The Boardroom Project Winter Meeting
ANA Marketing Accountability Committee Meeting
February 16-17, 2007
Islamorada, Florida Keys**

**THE
BOARDROOM PROJECT**



***Marketing accountability continues to be a hot topic.
The reality is that there is a lot of talk, but not an
equivalent degree of action.***

Peter DeLegge, *Marketing Today*, 2/4/07

Summary of Meeting

Discussed

The need for marketing measurement standards and the wisdom of creating an independent body to establish & improve the standards over time

Academic Review (Stewart)

Create an independent organization that does not bring vested interests to the table and can therefore be more impartial

To take a broad view, rather than looking only at a specific activity or single domain

It makes no sense to create a common vocabulary or a standard process if these are only standard within a single domain

They need to be shared and coordinated across domains

No other body has stepped forward to coordinate all of the many efforts underway



Why So Many Metrics (Wade)

No established standards
No marketing process
No analytical framework
No causal model

Why So Many Metrics-Exercise (Plummer)

Major Benefits of Standards:

Begin to deliver what management has requested

Better relationship with Finance

Be treated as strategic business partners/professionals

Verify contribution to company performance/value

Remove ambiguity from corporate strategy/marketing

Better business decisions/capital allocation

More focus on innovation & creativity

The Marketing Scientist's Perspective (Duffy)

Standardized measurement is key to solving 3 dilemmas:

Are my business objectives realistic?

Which dollars/activities are contributing/how much?

How do I know what's truly different/better this time?

Standardized measurement acts as the common language for consistent comparison, accurate forecasting, and improvement
(models are only as good as the metrics they are fed)

Extend the applications (new constituencies/business decisions)
Anticipate results (predict) and ensure success (drive ROI)

The ANA (CMO) Perspective (Bacci Mirque)

What ANA Board/Senior Marketers Worry About:

How to measure marketing effectiveness

How to tie metrics to business drivers and predict results

How to build long term (success) w/Wall Street short term focus

Linking marketing impact to company margins

Focus on profitability leads to short term decisions that hurt company

Image/awareness metrics don't link to spending/aren't predictive

Linking brand building/equity to sales success

Building ROI metrics into earlier stages rather than after the fact

Data reliability, alignment among disparate sources, timeliness

Can't act quickly in response to ROI data to improve results

Can't improve quality of the company's planning process

This whole thing will take years

More regulation, audits, stringent guidelines

The (SOX) CFO's Perspective (Benton)

Without the matching principle (tying \$\$ spent to Revenue and/or Profit stream) marketing will continue to be treated as discretionary expense, like travel, or office supplies.

Achieving the matching principle will place the CMO at the C-Table as a strategic partner, helping the CFO smooth growth/the P&L over time.

Tying \$\$ spent to short term revenue/profits in a reliably predictable fashion will justify the expense, and doing so for the long term will place those costs on the balance sheet.

Fraud according to SOX goes beyond lying, stealing, cheating...and Finance will be looking hard at the red flag answers like “we’ve always done it that way” or “marketing is an art and cannot be measured/treated with scientific principles of process management”.

SOX will be mandating language and measures of accountability.

You can step up, become partners, take control of your own destiny (by setting the controls, measurement & process standards)...or we’ll do it for you.

Who will get there first?

ISO/Operations & FASB/Finance (Benton)

The proactive work of Deming, now ISO, is major reason our capital markets are the envy of the world...

...high standards earn investor trust.

(Even our automotive businesses would be enviable if we had listened to Deming before he went to Japan.)

International Standards have facilitated manufacturing of quality products & components anywhere in the world (globalization).

FASB finally came to the rescue of finance & accounting, preventing government intervention.

Now contributing to the success of our capital markets, proactively earning the public's trust through standardization and transparency of financial controls and reporting.

It's time for marketing to "take the bull by the horns" too!

Academic Review (Stewart)



ROMI is no longer an option

There is much unnecessary confusion about ROMI

ROMI is ultimately about economic outcomes financial results

Need standard measures related to short-term incremental results and longer-term effects linked to cash flow

Forecasting future outcomes

Evaluation of past actions

Allocation of resources

Evaluation of alternative action plans

Improvement over time

The solution will arise in a competitive market if firms invest in standardized metrics and a formal audit process

But who or what will drive this process?

MASB For Marketing (Stewart)

Benefits of The FASB Model:

Highest industry scope & mission

Very broad participation of all constituencies

Formal rules of engagement

Partners marketing w/finance at start & on-going

Best/quickest way to permanent seat @ C-Table

Have founding BOD & Advisory Council here today

MASB: Organizational Structure

Board of Trustees
Marketing Accountability Foundation

CFOs & CMOs
Here

Board Of Directors
Marketing Accountability Standards Board

Marketing
Scientists
Here

Senior
Managers of
Constituency
Here ↓

**Marketing Accountability
Standards Advisory
Council**

**Executive
Director**

Project Committees

Staff

Fellows

Auditors & Advisors

Will be spun out to serve
individual organizations

Benefits of Marketing Metric Audit Protocol (MMAAP):

Standard process & set of criteria applied transparently

**Tying marketing metrics/activities to financial
performance**

Both short term & over time

And at stages in process to improve results

Measure, Forecast, Learn, Improve, Repeat

How We Will Work Together (Sirkin)

Establishing a standards body is our opportunity to approach the foundation of metrics and accountability at the highest level

across industries, disciplines, and domains

with common language, common purpose, common financial denominator, and coordinated efforts

MASB will engage all constituencies and at many levels

focused on setting & improving marketing measurement standards tied to financial performance

Allowing other organizations to serve and to achieve the particular objectives of their constituencies and/or domains

It's time to "regulate/audit" ourselves (before intervention)!

It's time to make the commitment and get going!

Summary of Meeting

Discussed

The need for marketing measurement standards and the wisdom of creating an independent body to establish & improve the standards over time

Decided

We will each take an active role

Delegated

Specific actions for each of us

We'll next overcome “the most difficult obstacle”

Do

Next Steps: DO!

MAC

Charter Memberships in MASB (3yrs membership for 2yrs dues)

Active participation as members of Advisory Council

ANA*

Charter Membership in MASB

Recruit for CFO Outreach Project & Charter Trustees

ARF*

Charter Membership in MASB

Sponsor CFO Outreach Project

MSI*

Charter Membership in MASB

Sponsor CFO Outreach Project

TBP

Charter Memberships in MASB

Conduct CFO Outreach Project

Establish MASB Organization


* Key Conference Podiums

Call to Action

This is an unprecedented opportunity to seize control of our own destiny and make a significant contribution to the marketing profession and to business overall.

Marketing is headed for *fundamental change* in mastering accountability and continuous improvement, and in doing so can take its rightful place at the head of the corporate (and academic) growth tables, permanently.

MASB will serve as the standards body, metrics foundation, and catalyst for moving from ROMI talk to ROMI action.



“It will not be easy...it is going to take a lot of effort. If it was easy, someone would have already tackled this crucial issue. The payoff for the marketing profession is worth the time, effort, and money.”

Joe Plummer May 12, 2006

Short-Term Vision & Incentive

MASB gets off the ground based on Charter Memberships resulting from this meeting (by 5/07)

**Second meeting as MASB Advisory Council To Discuss/Decide/Delegate/Do:
sub-committees, project priorities, etc.**

In Nantucket, Massachusetts, Aug16-17, 2007*

**With authentic New England Clambake and
Cocktail Party on the Beach**

*** 18th for fishers**

MASB Membership Forms

Content of Meeting



Thank you!

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BOARDROOM PROJECT**