
about **MASB**

**Establishing
Marketing Measurement &
Accountability Standards**

**Moving from the First 3-Years (Start-Up)
To The Next 3-Years (Game Changers)**

**Year III Overview & Report
January, 2011**



**Marketing Accountability Standards Board
of the Marketing Accountability Foundation**

The Business Landscape (2010)

Over the past several years, dominance of the finance function relative to other functional disciplines within the firm has come into question as it has become clear that underlying assumptions do not always hold, that risk cannot be so readily “hedged” away with financial instruments, and that financial returns ultimately must be driven by operational efficiencies and buyer behavior in markets short-term and over time.

The Opportunity

This has created a unique opening for marketing to partner with the finance function, reassert itself at the strategic planning table, and more clearly articulate the value of marketing actions and outcomes by bringing credible metrics and processes to investment decisions, management of risk and more realistically recognizing the value of firm intangible assets.

Background

August 2004

In response to growing demand for marketing accountability, a handful of industry professionals and academics saw an opportunity to increase the contribution of the marketing function through the development of standard metrics and processes that link marketing activities more objectively and more closely to the financial performance of the firm.

Over a three year period, the group of volunteers conducted a comprehensive review of current practices, needs and accountability initiatives underway...



The Boardroom Project Work/Output*

- **Measurement-Based Accountability Standards (Paper 4/05)**
- **Marketing Productivity, Effectiveness and Accountability (Paper 7/05)**
- **Marketing Metric Audit Protocol (MMAP) (*about* Paper 2/06)**
 - **Connecting marketing activities to the financial performance of the firm**
- **The Language of Bottom Line Business (Presentation 2/06)**
- **Objectives of Marketing Standards (Paper 8/06)**
- **Putting Financial Discipline In Marketing (Article 10/06)**
- **Academic Review: The Role of Standards (Presentation 2/07)**
- **We Will Work Together (Presentation 4/07)**
- **The MASB Vision (Presentation 8/07)**

* Posted on MASB Website

Analogy: The Quality Movement

Marketing is where quality was 50 years ago

- Highly idiosyncratic
- Viewed as a cost
- Scrap and re-work as “Low Cost” substitutes for quality
- Lacking consistent metrics
- Lacking standardized processes

The quality movement has spent 50 years proving itself

- Developing metrics
- Creating standard processes
- Linking to financial performance
- Through demonstrated cost savings & higher returns in market
- Demonstrating its value

Conclusions & Recommendations

- **Marketing has been relegated to the “default” category (control costs) because it lacks metrics that reliably tie activities and costs to corporate return in a predictable manner.**
- **Standards across industry and domain as well as a transparent process by which to develop and select the metrics will be necessary to emerge from the current situation.**
- **The market is unlikely to achieve consensus on its own.**
- **There is need for an industry level “authority” to establish the standards and to ensure relevancy over time.**
- **As was true for manufacturing & product quality (with ANSI & ISO) and for accounting & financial reporting (with FASB & IASB), so it would be true for marketing and profitable growth (with MASB).**

The Premise

Marketing will move from discretionary business expense to board-level strategic investment through accountability and a standards setting “authority” for measuring (forecasting & improving) the financial return from marketing activities.

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

**For both our models (FASB and ISO)
progress is measured in years & decades...**

...but it has to start somewhere

The Proposition

MASB

where marketing and finance align
on measurement
for reporting, forecasting and improving financial returns
from buyers in markets...short-term and over time.

AKA

**THE
BOARDROOM PROJECT** 

The First 3-Years (Start-Up): Oct 2007 – Sept 2010

Overall Objectives (Lay the Foundations):

- Vision & Mission
- Structure & Infrastructure
- Independent Private Sector Body
- Planning & Review Process
- Legal, Financial & Technology Resources & Safety Nets
- Highly qualified, Directors, Trustees, Advisors & Staff
- Work done w/Transparency, Integrity and Open Due Process
- Standards Projects Meet Needs of Marketing Community
- Teach the Community about Standards & Benefits

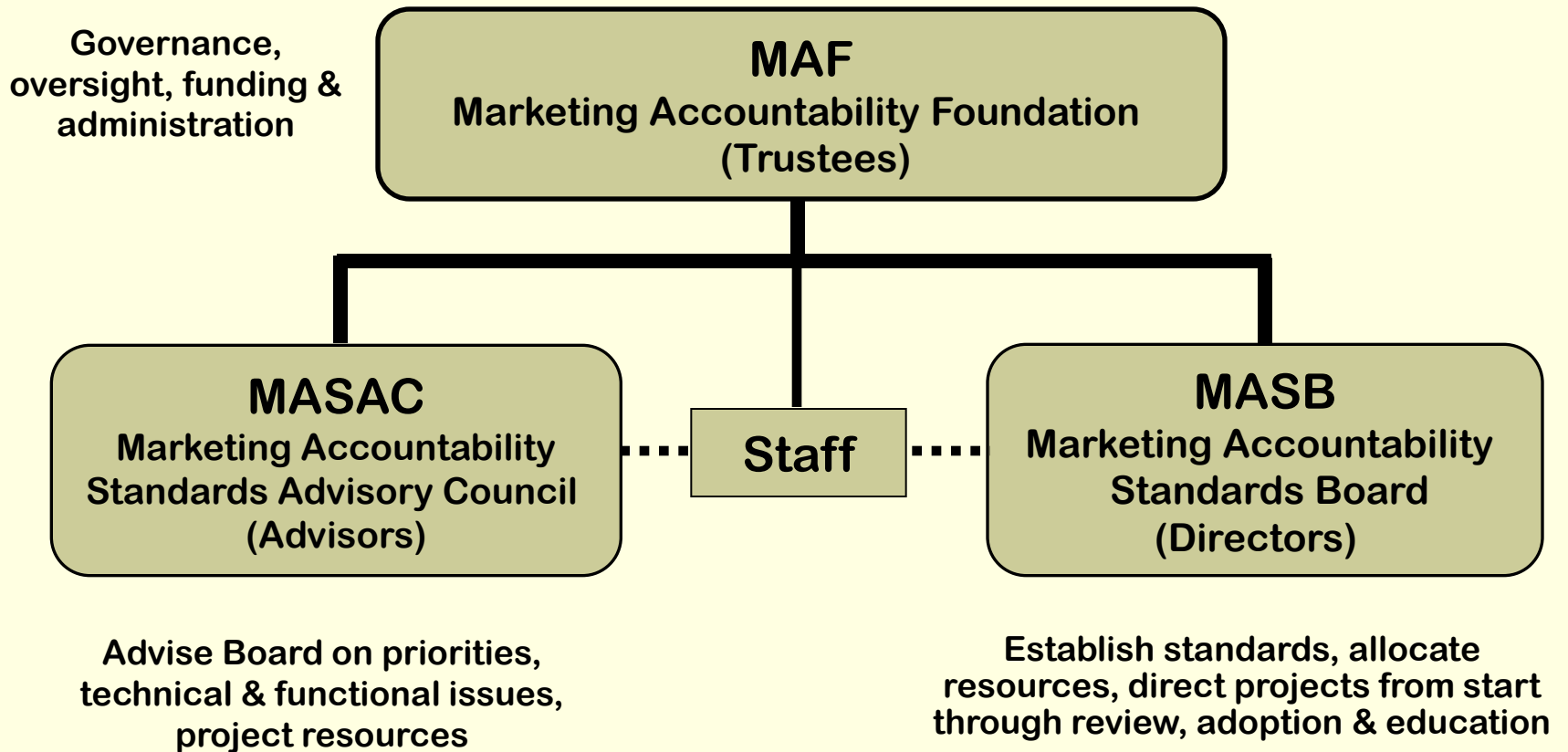
Vision Statement

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 Statement

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.

Organizational Structure



Incorporated in Delaware and operating exclusively for charitable, educational, scientific, and literary purposes - 501(c)(3) Not-For-Profit

Directors and Advisors*

- Dr David Stewart (UCR)
- Dr Meg Blair & Dr Allan Kuse (MMAP Center)
- Kate Sirkin (Starcom MediaVest Group)
- Vacant (Advertising Research Foundation, Bob Barocci Interim)
- Dr Craig Gugel (At Large)
- Dr Earl Taylor (Marketing Science Institute)
- Dr Dominique Hanssens & Dr Randy Bucklin (UCLA)
- Carl Spaulding & Paul Flugel (Nielsen)
- Dr Don Lehmann, Dr Joe Plummer & Dr Natalie Mizik (Columbia)
- MJ Tisor (At Large)
- Wes Nichols (MSP)
- Chris Ciccarello (ConAgra Foods)
- Dr Rajeev Batra (University of Michigan)
- Dr V Kumar (American Marketing Association)
- James Richardson (Kimberly-Clark Corporation)
- Vacant (Association of National Advertisers, Bob Liodice Interim)
- Rick Abens (Foresight ROI)
- Dr Peter Johnson (Mobile Marketing Association)
- Dr David Reibstein & Dr Jerry Wind (Wharton)
- Dr E Craig Stacey, Dr Russ Winer (Stern)
- Shubu Mitra (The Coca-Cola Company)

Directors & Advisors*



Stewart 04
UCR



Blair 04
MAF/MASB



Sirkin 04
SMG



Plummer 06
Columbia



Hanssens 06
UCLA



Tisor 07
At Large



Johnson 07
Mobile MA



Winer 08
Stern



Abens 08
Foresight ROI



Lehmann 08
Columbia



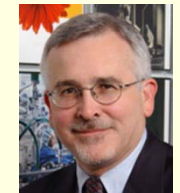
Kuse 08
MMAP Center



Spaulding 08
Nielsen



Nichols 08
MSP



Taylor 09
MSI



Kumar 09
AMA



Gugel 09
At Large



Bucklin 09
UCLA



Mizik 09
Columbia



Batra 09
U of M



Flugel 09
Nielsen



Ciccarello 09
ConAgra



Reibstein 10
Wharton



Wind 10
Wharton



Stacey 10
Stern



Liodice 10
ANA



Mitra 10
Coca-Cola



Barocci 10
ARF



Richardson 10
Kimberly-Clark

MASB Projects (First 3 Years)*

- Completed & Posted
 - C-Level Views on Marketing Accountability
 - Fundamentals: about MASB
 - Methods of Brand Valuation
 - MMAP Metrics Catalogue (APM Facts) 
- Posted for Feedback
 - Marketing Metric Audit Protocol - MMAP
 - Measuring (Forecasting & Improving) the Return from TV
 - Practices Underlying Ideal Metrics (2010)
- Underway 
 - Long-Term Impact of Advertising, What is Known
 - Customer Lifetime Value (CLV) for CPG
 - Measuring Interactive
 - Activities & Metrics Common Language on Wikipedia
 - Metric Audits (MMAP Catalogue)

Educational Initiatives

- 5 Summits (59 BOD Attendance & 46 Invited Guests)
- 8 Publications (inc JAR, *about* MASB, MMAP, TV, Practices)
- 3 Podiums (MSI, AMA, IIR)
- Website (www.theMASB.org)
- Training & Advisory Services

The First 3-Years (Start-Up): Summary

The Foundations Have Been Laid:

- Vision & Mission
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- Independent Private Sector Body
- Planning & Review Process
- Legal, Financial & Technology Resources & Safety Nets
- Highly qualified, Directors, Trustees, Advisors & Staff
- Work being done w/Transparency, Integrity and Open Due Process
- Standards Projects Match Needs of Marketing Community
- Marketing Community being Taught about the Standards & Benefits

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

Does It?

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

New Marketing Question/
New Data Source
Stimulates Research

New Thinking Model shapes
Everyday Decisions

2010 Winter Summit: Beyond the Science

MASB Directors came to understand that transformation of the Marketing Industry will require change well beyond measurement science & the process of setting standards.

Historical review of manufacturing and accounting reveals that standards bodies had existed in each area long before broad acceptance, and that specific “game changers” lead to universal adoption and permanent transformation.

In manufacturing and product quality, the “game changer” was the Japanese adopting Deming’s principles of measurement & process management after WWII, then taking significant market share from US manufacturers of automotives and electronics with superior quality (TQM followed).

In financial accounting and reporting, the US government stepped in to enforce standards among all publicly traded companies in order to stabilize and enhance our financial markets, with the SEC authorizing FASB to set standards (GAAP followed).

2010 Winter Summit (cont)

There was agreement with the thesis that corporations will not use and apply marketing standards consistently and comprehensively until there are reasons to do so, tied tightly to financial reporting and then translated into the personal reward systems of management.

In May 2010, the decision was made by MASB Directors to move beyond The First 3-Years (Start-Up) to The Next 3-Years (Game Changers), with two “game changing” projects to serve as the cornerstones of the Plan.

The Next 3-Years (Game Changers): Oct 2010-Sept 2013

Overall Objectives (Change the Game, Begin the Transformation):

- Develop and trial/validate a model for brand building budgeting and expense authorization that represents the time period over which financial returns from the activity are realized...create “generally accepted brand valuation standards”...align management incentive systems accordingly
- Become FASB’s partner for changing the accounting and/or reporting rules related to marketing expenditures such that financial returns from corporations will be driven and measured by buyer behavior in markets over time*
- Prioritize other Projects to support the game changers
- Continue Membership development based on The Next 3-Year Plan
- Streamline MASB Board while forming the Advisory Council (MASAC) and recruit & appoint C-Level Founding Trustees
- Continue improving infrastructure, resources, safety nets and other practices & processes to meet plan (Fiduciary & Operating levels)

* Buyers might be consumers, customers, investors, etc.

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Do They?

Game Changers (Vision)

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MASB Projects: Next 3 Years

<u>Project</u>	<u>Status (January 2010)</u>
Brand Investment Model	Expanding team w/brands/marketers (Project Team)
ANA.Marcom	ANA Brand Value Summit May 18 (Team)
FASB/MASB Partnership	Interviews w/stakeholders (Team)
CLV for CPG Targets	Preliminary pilot results (Team)
Common Language Wiki	7 Wikipedia pages created/edited (Team)
Interactive	Monitoring knowledge & reporting at Summits (Team)
MMAP Metrics Catalogue	2 nd audit underway (MMAP Center)
Others	Review as to fit w/Game Changing Agenda (MASB)

This is an unprecedented opportunity to make a significant contribution to the marketing profession, business, and society overall.

Marketing is headed for *fundamental change* in mastering accountability & continuous improvement, taking its rightful place at the head of the strategic growth table, permanently.

MASB will enable this transformation & serve as the catalyst for advancement by attending to measurement.

Bottom Line

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.

Dr Joe Plummer, Past CRO
Advertising Research Foundation
Founding Director of MASB
May 12, 2006

The Promise

The development of generally accepted and common standards for measurement and measurement processes will significantly enhance the credibility of the marketing discipline, improve the effectiveness and efficiency of marketing activities, and enable continuous improvement over time.

Stewart, 2008

Thank-you!

**for your commitment to MASB and the
Vision of a better future for all who follow!**



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of the Marketing Accountability Foundation**