Putting It All Together: Delivering on the Accountability Agenda

David W Stewart
President’s Chair in Marketing and Law
Loyola Marymount University
College of Business Administration
Founding Chair of the MASB
February 2013
Las Vegas
So Many Projects!

- Common Language and Wiki
- Marketing Metrics Audit Protocol
- Marketing Metrics Catalog
- CMO & CFO Outreach
- Measuring (Forecasting & Improving) Return on TV
- Life Time Value of Customers in Packaged Goods
- Improving Financial Reporting
- Brand Investment and Valuation
- Measuring Return on Interactive/Social Media
- Marketing Communications
- MASB Book

..... And More

How Do They All Fit Together?
The Mission of MASB

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.
The Mission of MASB

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.

**Marketing** is 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. (AMA 2007)
The Mission of MASB

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.

**Measurement**: the assignment of numbers to objects or events according to rules (Campbell 1940)

**Accountability**: "Subject to having to report, explain or justify; being answerable, responsible." (Webster’s dictionary 2011)

"A personal choice to rise above one's circumstances and demonstrate the ownership necessary for achieving desired results—to See It, Own It, Solve It, and Do It." (ASME 2011)
The Mission of MASB

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.

**Standards**: something considered by an authority or by general consent as a basis of comparison; an approved model. (Dictionary.com 2013)

any agreement on how something is done, made, or used can be considered a standard. (IEEE 2013)
The Mission of MASB

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.

Continuous Improvement: an ongoing effort to improve products, services or processes. (ASQ 2013)
The Mission of MASB

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.

Financial Performance: measuring the results of a firm’s policies and operations in monetary terms (BusinessDictionary.com 2013)

a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. (Investopedia 2013)
The Mission of MASB

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.

Guidance and Education: the act or function of guiding; leadership; direction (Dictionary.com 2013)

The knowledge or skill obtained or developed by a learning process (The Free Online Dictionary 2013)
The Mission of MASB

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.

business decision makers and users of performance and financial information: “The great majority of people tend to focus downward. They are occupied with efforts rather than results” (Peter Drucker 1966)

“There is surely nothing quite so useless as doing with great efficiency what should not be done at all.” (Peter Drucker 2003)
The Essence of MASB

- Measuring
- Analyzing
- Reporting

- Metrics
- Processes
- Coverage

- Decision Making
- Learning
- Improving

Copyright 2013 MASB
The Mission

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.

Partnering with Finance is the surest way forward
Projects and Project Teams

- The work of MASB is carried out by project teams
- Formed for specific projects on Agenda
- Appointed by Directors w/Advisory Council input
- Normally led by one academic & one practitioner
- Comprised of Marketing Science & Finance/Accounting professionals from academia and practice membership base
- Skill sets, interests and resources to match project
- New members recruited to fill gaps
## Two Projects Completed*

<table>
<thead>
<tr>
<th>Project</th>
<th>Marketing Metric Audit Protocol (MMAP) (Measuring)</th>
<th>Measuring Return from TV (Measuring)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Addressed</td>
<td>Lack of metrics explicitly linked to financial performance</td>
<td>Metrics for Media are standard (GRPs et al) but not for Messages</td>
</tr>
<tr>
<td>Project Objective</td>
<td>Design a process for connecting marketing activities to financial performance</td>
<td>Exemplify how to find (evaluate) an ideal metric for forecasting and improving return</td>
</tr>
<tr>
<td>Expected Outcome</td>
<td>A process for finding metrics to facilitate forecasting &amp; improving return</td>
<td>Identification of an “ideal metric” for forecasting &amp; improving return</td>
</tr>
<tr>
<td>When</td>
<td>2007</td>
<td>2008</td>
</tr>
</tbody>
</table>

* Posted on MASB Website
# The MASB Game Changers

<table>
<thead>
<tr>
<th>Project</th>
<th>Brand Investment &amp; Valuation (BIV) (Analysis)</th>
<th>Improving Financial Reporting (IFR) (Reporting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Addressed</td>
<td>Brand represents great Value (but how much)</td>
<td>Intangibles &gt;80% of Corp Value (need better info)</td>
</tr>
<tr>
<td>Project Objective</td>
<td>Establish “generally accepted brand investment &amp; valuation standards”</td>
<td>Marketing at table when reporting of Brand Value is required for all brands</td>
</tr>
<tr>
<td>Expected Outcome</td>
<td>Empirically proven model for valuing brands &amp; guiding investment decisions</td>
<td>Brand Value as KPI and/or MD&amp;A Notes… better info for capital providers</td>
</tr>
<tr>
<td>When</td>
<td>2015</td>
<td>2015</td>
</tr>
</tbody>
</table>

Copyright 2013 MASB
## Other MASB Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Marketing Communications (Reporting)</th>
<th>Measuring On-Line (Interactive) Marketing (Measuring)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Addressed</td>
<td>Marketer members needed for funding &amp; adoption of standards</td>
<td>No standard approach for measuring impact of online marketing</td>
</tr>
<tr>
<td>Project Objective</td>
<td>Communicate importance of MASB work to advancement of marketing discipline</td>
<td>Identify metric(s) that quantify links btw Internet marketing &amp; financial return</td>
</tr>
<tr>
<td>Expected Outcome</td>
<td>10 Charter Marketers to fill leadership roles (Directors &amp; Advisors) &amp; Retention</td>
<td>Marketing &amp; measuring on-line still moving quickly…monitoring knowledge at Summits</td>
</tr>
<tr>
<td>When</td>
<td>2013 On-Going</td>
<td>TBD</td>
</tr>
</tbody>
</table>

Copyright 2013 MASB
## Other MASB Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Metrics Catalogue MMAP Audits (Measuring)</th>
<th>Customer Lifetime Value (CLV) for CPG (Analyzing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Addressed</td>
<td>Costly activities have few proven metrics predictive of “return”</td>
<td>We market to, but do not measure results at consumer level</td>
</tr>
<tr>
<td>Project Objective</td>
<td>Profile Metrics w/info re predictive validity to market impact &amp; financial return</td>
<td>Demonstrate how CLV models can be reliably applied to CPG (Pilot)</td>
</tr>
<tr>
<td>Expected Outcome</td>
<td>Assessments of metric usefulness in predicting market &amp; financial metrics</td>
<td>Process to measure &amp; forecast impact among targeted consumers</td>
</tr>
<tr>
<td>When</td>
<td>2009/11/12 On-Going</td>
<td>2013</td>
</tr>
</tbody>
</table>
## Other MASB Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Common Language Wikipedia as Platform (Measuring)</th>
<th>Compilation of MASB Work (Book I) (Reporting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Addressed</td>
<td>Lack of agreed upon terminology hinders accountability</td>
<td>Enormous amounts of MASB work exists in isolation/various forms</td>
</tr>
<tr>
<td>Project Objective</td>
<td>Eliminate ambiguity in terminology between functions within &amp; across firms</td>
<td>Compile MASB work in a single place, easily accessible to business &amp; academia</td>
</tr>
<tr>
<td>Expected Outcome</td>
<td>MASB-endorsed definitions to encouraging trust and collaboration</td>
<td>Published volume summarizing the best of MASB’s work to date</td>
</tr>
<tr>
<td>When</td>
<td>2011/12/13 On-Going</td>
<td>2015</td>
</tr>
</tbody>
</table>

Copyright 2013 MASB
Fit with MASB Mission

Mission
Establish marketing measurement & accountability standards across industry & domain for continuous improvement in financial performance...

...for the guidance & education of business decision makers & users of performance & financial information.

Brand Investment & Valuation (BIV) (Analyzing)

Common Language On Wikipedia (Measuring)

CPG Customer Lifetime Value (CLV) (Analyzing)

Compilation of MASB work Book I (Reporting)

Measuring on-line Marketing (Measuring)

Metrics Catalogue MMAP Audits (Measuring)

MarCom Communications (Reporting)

Improving Financial Reporting (IFR) (Reporting)

Copyright 2013 MASB
Creating Value in 21\textsuperscript{st} Century

Marketing & Finance across Industry & Domain

MASB
The independent, cross industry forum where marketing & finance agree on measurement for creating value
Thank-you!