The need and desire for accountability among marketers is nothing new. For several years, the Association of National Advertisers has consistently reported marketing accountability—along with integrated communications—to be a top-of-mind issue. Yet the percentage of marketers who are satisfied with their ability to determine the ROI of their own efforts hovers in the 10–25 percent range. There is a marked absence of standardized metrics for determining marketing’s contribution to return on investment and the bottom line.

The key to accountability may be found in the behaviors of other business functions—primarily finance and operations—which have established independent, self-governing standards bodies. Much of this learning is grounded in the Total Quality movement initiated by Dr. W. Edwards Deming after World War II. Keys to success have included:

- agreement on accepted practices
- development of a common measurement language
- establishment of an independent standards body to ensure metrics remain relevant over time

For marketers, success will also depend upon agreement on marketing’s purpose and role in the business process, as well as seamless integration with accounting practices and financial strategies.
MASB interim chair David Stewart—the Dean of the A. Gary Anderson Graduate School of Management at the University of California, Riverside—has asserted that “much as operations was hampered by idiosyncratic processes and the lack of standards prior to the advent of the quality movement,” “the absence of well-accepted and uniform definitions of constructs, measures and processes within marketing has hampered the ability of the discipline to be a full partner in the strategic decisions of the firm.” Although marketing is largely driven by innovation and creativity, it will only attain a seat at the strategic table when its business outcomes (as well as its costs) are measured and tied to the financial performance of the firm.

The time to act is now. David Stewart has postulated that “the implosion of the financial sector over the past year has created a unique opening for marketing to reassert itself at the strategic table” and that “financial returns ultimately must be driven by buyer behavior in markets rather than deal making.”

**PROJECT FRAMEWORK**

In the Fall of 2006, The CFO Outreach Project was initiated by the Marketing Accountability Standards Board (MASB) to gain understanding of CFO’s and other c-level managements’ perspectives on the role of marketing in the business process, as well as the role of marketing metrics in the accounting and financial processes. Without this understanding, marketers won’t be able to speak the language of finance and deliver what is needed to improve business results. In 2007, one-hour interviews with senior financial and executive management were completed at companies in the following sectors: financial, packaged goods, shipping, digital and print media, electronics, and pharmaceutical. Major companies involved in the study included Visa, Colgate, PepsiCo, NBC Universal, the U.S. Postal Service, Nokia, Wachovia, and Novartis. One of the project’s goals was to engage financial professionals in marketers’ efforts to achieve full accountability.

**C-LEVEL VIEWS AND FINDINGS**

At the 2008 MASB Summer Summit, Barbara Bacci Mirque, executive vice president for the Association of National Advertisers, reported that 33 percent of marketing executives “say they have full cooperation and open dialogue [with finance, up] from 22 percent in 2007.” Our interviews suggested that the nature of CFOs’ interactions with marketing remains mixed, with some very positive, high-level interactions and many lingering frustrations with the finance-marketing relationship. Among the executives interviewed, healthy and forward-looking interactions included weekly meetings and chief marketing officers (CMOs) with an active role on the executive board. One head of finance stated that “marketing is an integral part of the business for the future—our CEO is definitely marketing-oriented.”
On the negative side, one finance director spoke of “a constant battle between marketing and finance” while another called marketing “a necessary evil.” One CEO expressed disappointment with marketing’s financial accountability: “Much of what marketing can contribute right now is seen as less tangible because we lack the [right] metrics.”

Unfortunately, even the executives that strongly valued marketing had difficulty quantifying its contribution to their companies’ bottom lines: “Marketing is viewed as very important—more so in setting [product and brand] strategy and budgets and less so in terms of ROI or the measurement of effectiveness.” Advertising and event sponsorship were viewed as “black holes.” “We have not had the discipline or the metrics necessary to do a better job. We must develop better measurement and process.” This lack of metrics tied to financial performance has made marketing planning a big challenge at the enterprise level: there is a lack of hard evidence on drivers of marketing success, the dynamics of marketplace are moving faster than ever, and competitors’ actions are tough to anticipate.

So what marketing metrics are provided to the CFO and are any of them useful? Of those currently reported, only a few—e.g., market share, premium price, and repeat purchase—were found useful in making enterprise-level decisions or in predicting financial outcomes. Those reported as not useful included such marketing workhorses as share of voice and awareness. “The key problem is lots of marketing metrics with only a few related to key financial and business performance metrics. This hampers us from getting a good handle on how marketing drives the business short term and long term.” When asked which metrics they would like to see, the need emerged for a clear link between marketing “cause” and financial “effects”: true ROI metrics that predict revenue.

MAJOR IMPLICATIONS FOR BETTER MARKETING PRACTICE

While the marketing function is seen as innovative and crucial to brand building and growth, numerous barriers remain before marketing will achieve an equal “seat at the table.” This is not due to a lack of desire for partnership on either the marketer’s or the CFO’s part, but rather a lack of marketing metrics related to financial return. To form a close and mutually beneficial relationship, marketing will not only learn to speak the language of the CFO, CEO, and the rest of its business partners, but will also find a way to demonstrate and forecast its contribution in terms of ROI and P&L. It will take the combined effort of marketing and finance to find, agree upon, and adopt the best metrics. The good news is that the direction for marketing measurement development is becoming increasingly clear.

Metrics should accurately forecast future performance . . .

Current marketing mix modeling uses past measurements to explain marketing performance. However, the ever-increasing speed of business makes accurate forecasting critical.

“Looking back is helpful, but I would feel much better if we were able to consistently look forward.”
“Marketing must be the driver of forecasting going forward. Where are the opportunities? How do we get there?”

One financial executive quoted Canadian hockey great Wayne Gretzky: “Skate to where the puck is going to be, not where it has been.”

**Metrics should inform overall business investment decisions . . .**

“Marketing should drive enterprise strategy and help set business goals. We need to get better at [setting and sticking to a solid] marketing strategy rather than rushing from sales goals to promotions to ad campaigns.”

**Marketing investments should relate consistently to ROI . . .**

There is a universal need for marketing ROI, but to get there measurements should be valid, predictive, and easily integrated with other metrics along the value chain.

**Metrics should improve performance short term and long term . . .**

Metrics related to both short- and long-term impact are needed, with focus on customer outcomes. This need is especially true for advertising, new product introduction, and competitive activities.

**HOW DO WE GET THERE?**

At the beginning of this paper, we noted marketers’ continuing desire for accountability. What is new is the emergence of a viable means for achieving that goal.

Each of the executives interviewed saw value in the idea of a standards body (and many were anxious to participate), with the only caveats that it be independent and self-governing, as well as respect the proprietary knowledge of its members. And those objectives are precisely what this paper is all about.

After a comprehensive review of the current metrics, the MASB organization found the marketing initiatives underway to be narrow in focus, lacking in integration, and—most importantly—largely unrelated to businesses’ financial performance. Following the lead of manufacturing (ANSI and ISO) and finance (FASB and IASB), MASB was set up as an independent, standards-setting body tasked with researching and championing the development of performance-related metrics and processes for the marketing profession—all with the end result of helping marketers gain a seat at the executive table. According to David Stewart, “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. MASB represents an important step in this direction.”