

***Finance & Marketing are Working Together Internally and  
with MASB to Establish Measurement Standards for  
Accountability & Creating Value***

By

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## **Introduction & About MASB – Bill Berg**

Last week at one of our board meetings, Jim’s former boss, who is now the CFO of one of our parent companies, asked me what I’ve been up to...and I mentioned that I was working with Jim Meier on the topic of marketing measurement and accountability. He looked quizzically at me and commented “Well that’s a novel idea.”

One of the benefits of participating in MASB is the exposure to the ways in which our colleagues in different industries are coping with the problem of marketing metrics.

This is so important to Marketing because we are all swimming in metrics, without knowing how they all fit together to inform investment decisions and enable improvement in performance over time. And it resonates with Finance who has the goal of consistently and objectively applying a financial return “lens” to marketing activities.

While the cost side of marketing activity is fairly easy to estimate, the connection of marketing activity to future return is not as easy as in other parts of the business. In our company, we may have significant brewery-based capital projects for which costs and returns are easily computed within a fairly tight range of predictability. Imagine a CFO looking at those projects and then comparing them to a \$5 million request for additional national media for which the future volume benefit is quite difficult to ascertain.

Marketing is therefore often relegated to a discretionary “cut-able” cost, because of the inability to tie activities and costs to corporate return in a predictable manner (i.e., an “investment”).

To address this longstanding issue, and because the market is unlikely to reach consensus on its own, MASB is following a path set by other disciplines: an industry level “authority” formed to establish measurement standards and to ensure relevancy over time.

As was true for manufacturing and product quality (with ANSI & ISO) and for accounting and financial reporting (with FASB & IASB), so it would be true for marketing and profitable growth (with MASB).

The MASB Mission is to 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...and partnering with finance is the surest way forward.

MASB Founding and Charter Members include a the broad spectrum of organizations central to achieving the Mission: Major Industry Associations such as Marketing Science Institute (MSI), Association of National Advertisers (ANA), American Marketing Association (AMA), Advertising Research Foundation (ARF), Interactive Advertising Bureau (IAB), American Association of Advertising Agencies (4As) and Media Rating Council (MRC); Top Business Schools such as UCLA, Columbia, Wharton, Darden, Stern, and University of Michigan; Key marketing agents such as The Nielsen Company and Starcom MediaVest Group among others; and Major marketers such as General Motors, Kimberly Clark, PepsiCo/Frito-Lay, Hershey, ConAgra Foods and ourselves.

All of these organizations involved in MASB bring different perspectives and views around the question of accountability and understanding how they approach it is of immense value. I myself have learned a great deal from the academics involved. Sometimes I think the best ROI you can get is buying a cup of coffee for a professor and just listen to what he or she has to say.

Especially among the marketer members, we've had excellent cross-sharing of information in a very safe and confidential environment. We might even commiserate with one another at times!

## **How MASB Supplements MillerCoors Efforts – Jim Meier**

At MillerCoors, we've embarked on an overall Return on Marketing Investment effort as part of our Business Transformation initiative, and we've framed out our efforts into three categories: Analytical Capabilities (Resource Allocation, Methodologies and Tools, "On The Fly" Re-Allocation), Organization (Cross-Functional Acumen, Governance Structure, Decision Rights), and Metrics (Research on Metrics Criteria, Scorecarding, After Action Reviews). MASB has contributed significantly to the efforts underway.

The world is becoming both more competitive and more fragmented. And understanding how to better deploy resources and assets against market place opportunities has become necessary to thriving. MASB has helped us along a journey of improving analytics in the following areas: More Effective Marketing/Better Returns, Better Demand Forecasting, New Product Planning, Portfolio Strategy Insights and Integrated Analysis and Reporting.

We have significantly enhanced our approach to marketing effectiveness by taking a holistic approach to marketing mix, integrating media data into all commercial analyses and leveraging: Direct lift analysis, Quasi experimental designs, Tool sets and simulators, Alliance valuation and evaluation, Monitoring of key social listening sites, and Cross-media attribution.

But, more importantly, MASB has provided some important intellectual input into our efforts to totally transform our approach to marketing mix. We have moved beyond trying to understand best how to allocate spend across marketing levers within a brand to understanding how to better optimize resources across brands, levers and geos and to get a better understanding of cross media effects.

The most significant improvement we have made in this area is in the digital scorecarding. While we do not have all the answers here we have at least developed a framework that follows a loyalty funnel and begins to represent the assets in paid, owned, and earned digital media.

In 2013, we significantly overhauled our resource allocation approach for 2014 planning. There were certain mechanics to this, but ultimately the concept was that our best marketing ideas would be funded while others would not. We called this the "Tournament of Ideas" or alternately, the "Hunger Games".

**We overcame the “inertia” of history, and implemented a “portfolio strategy” to determine “eligibility” for resources, with most brands operating under a “base case plus “over-lay” process and new/newer brands starting at zero base. The overlay pool represented 20%-25% of available resources, and all brands, including the new/newer ones, made financial return arguments/estimates to compete for the pool.**

**Organizationally, the challenge has been to develop a culture of mutual respect between Marketing and Finance. It’s a two-way street. Marketers don’t need to be accountants, nor do we want them to be, but they must have a base-level understanding of financial drivers and results. Equally, on the Finance side, just delivering a monthly financial report is only ante to the game. We are selecting finance people who can add insights, have a respect for marketing, and have collaborative skills. And they are sitting with their Marketing “customers.”**

**Although the thinking preferences between Finance folks and Marketing folks has been quite different in the past, one unifying force is the incentive plan. And moving beyond “hopes and dreams” to “fact-based projections” is creating many opportunities for analytically inclined marketing talent, and conceptually inclined finance talent.**

**MASB has set forth on a mission to bring Marketing and Finance professionals together in applying the science of measurement and process management to the art of marketing...for improved return...and for a better future for all those who follow.**

## **Call to Action**

**If you want to be involved in shaping the future, grab a marketing partner and join us. It’s a BIG job, but we’re all over it!**