MASB Standards Project Continuous Improvement in Return (CIR)

Leading Practices Initial Results

Greg Banks, Maddock-Douglas August 2016 **Atlanta**



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

High Level Roadmap

Upfront CIR Preparation CIR Cycles Establish Complete the CIR Planning Charter Science inc exec support ¹ Measurement 7 Cross-functional team **Development** with CIR Orientation ² Integrated Data Bases ³ Research-on-Research/Analytics ⁴ Knowledge **Implement CIR** ⁵ Better Practice/ **Continuous Learning** Year 1 ⁶ Forecasting Models Year 2 **Complete the Year N** Governance 8 Common Financial Metric 13 Ever-rising Thresholds 9 Common Purpose 10 Common Rewards 11 Central Funding 12 CIR Planning Process

How We are Recording Results

			Red / Yellow / Green		Improvements to	
			Last assessment (e.g. June 2015)	This assessment (e.g. June 2016)	reach higher level (e.g., yellow to green) by next assessment	Expected timing for completion of improvements
	Science	¹ Measurement Development			Revisit root models	Dec '16
		² Integrated Data Bases				
		³ Research-on-Research/Analytics			N/A	N/A
	SCi	⁴ Knowledge			N/A	N/A
	U)	⁵ Better Practice/Continuous Learning			N/A	N/A
		⁶ Forecasting Models			TBD	TBD
		⁷ Cross-Functional Team with CIR Orientation			Expand from 70% - to 90% marketing	Dec '16
	Governance	8 Common Financial Metric			N/A	N/A
		⁹ Common Purpose			Expand from 70% - to 90% marketing	N/A
		¹⁰ Common Rewards			Roll out marketing team bonus	Oct '16
		¹¹ Central Funding			Move from 3 to 1 funding sources	N/A
		¹² CIR Planning Process			Evolve from 12- to 6-month cycles	June '17
		¹³ Ever-rising Thresholds			Formalize speculative investment policy	Dec '16

To improve scorecard: in-depth interviews

- -- Via Go-to-Meeting in June-July
- -- With preview material
- -- Seven \$5B+ companies
- -- Execs in: Finance, Marketing, Research, Analytics
- -- All had careers in marketing accountability
- -- All had marketing science
- -- Also interviewed: Founder/CEOs of three leading suppliers
 - One leading academic
- -- Fifteen interviewees total
- -- Interviewers: Greg Banks, John Willard, Rick Abens (in pairs)



Here are the interviewees (w. names cloaked)

Companies

Food & beverage

\$5B+ annual rev

1st, 2nd, 3rd largest brands; multi categories

Household products

\$10B+ annual rev

1st, 2nd, 3rd largest brands; multi categories

Insurance

\$6B+ annual rev

Single brand; top ten in U.S. P&C, life, annuity

Household products

\$5B+ annual rev

1st, 2nd, 3rd largest brands; multi categories

Durable goods

\$50B+ annual rev

One of largest in global industry; based in U.S.

Life sciences

\$30B+ annual rev

\$4B+ division; mostly OTC drugs

Refrigerated foods

\$30B+ annual rev

Mostly single brand; top three in category

Suppliers

SaaS supplier Founder/CEO

C-suite clientele; mostly in durable goods

Consultancy Founder/CEO

Highly published in marketing accountability

SaaS supplier Founder/CEO

C-suite clientele; across many Fortune 100s

Academic

Professor Major University

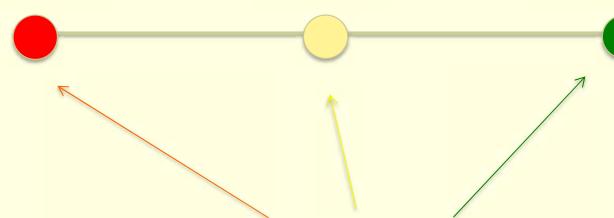
Highly published in marketing science



How we'll present our findings

- ² Integrated Data Bases
- ³ Research-on-Research/Analytics
- ⁴Knowledge
- ⁵ Better **Practice/Continuous** Learning
- ⁶ Forecasting Models
- ⁷Cross-Functional Team with **CIR Orientation**
- ⁸ Common Financial Metric
- ⁹ Common Purpose
- ¹⁰ Common Rewards
- ¹¹ Central Funding
- ¹² CIR Planning Process
- ¹³ Ever-rising Thresholds

By MASB standards Unacceptable **Acceptable**



We'll highlight the criteria ...

... define the three scorecard colors...

... and show typical progress on the journey **Best practice**

Consistent X-Functional Training

¹ Measurement Development

Science

Governance

² Integrated Data Bases

³ Research-on-Research/Analytics

⁴Knowledge

⁵ BetterPractice/ContinuousLearning

⁶ Forecasting Models

⁷ Cross-Functional Team withCIR Orientation

⁸ Common Financial Metric

⁹ Common Purpose

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¹³ Ever-rising Thresholds

By MASB standards

Unacceptable

Vac

Year 1

Acceptable

Best practice



Knowledge:

Only with marketing

Shared in planning

Taught and used weekly

"You want to get to - whatever is the opposite - of a black box"

Quote from one of the more advanced practitioner interviewees.

Most start with Historical Analyses

¹ Measurement Development

- ² Integrated Data Bases
- ³ Research-on-Research/Analytics
- ⁴Knowledge

Science

Governance

⁵ Better Practice/Continuous Learning

ForecastingModels

- ⁷ Cross-Functional Team with CIR Orientation
- ⁸ Common Financial Metric
- ⁹ Common Purpose
- ¹⁰ Common Rewards
- ¹¹ Central Funding
- 12 CIR Planning Process
- ¹³ Ever-rising Thresholds

By MASB standards

Unacceptable

Acceptable

Best practice

Year 1

Year 4-8

Decisions:

Based upon judgment only

Based upon historical analyses

Based upon forecasts

"We've shown 50%+ financial gains
... yet we are still weak on
forecasting"

Add stakeholders; increase cycles



- ² Integrated Data Bases
- Research/Analytics
- ⁴Knowledge

Science

Sovernance

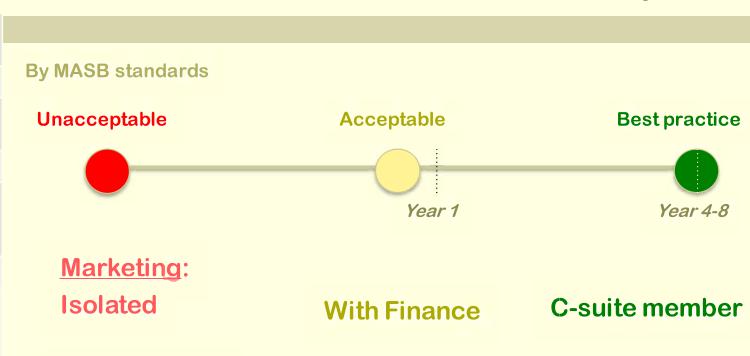
- Practice/Continuous
- ⁶ Forecasting Models

7 Cross-**Functional Team**

- ⁹ Common Purpose
- ¹¹ Central Funding

12 CIR Planning **Process**

¹³ Ever-rising Thresholds



Performance thresholds for **funding**:

None

Annual

Quarterly, monthly

"We update our metrics every quarter with the senior-most leaders"

Embrace marketing's corporate role

- ¹ Measurement Development
- ² Integrated Data Bases
- ³ Research-on-Research/Analytics
- ⁴Knowledge

Science

Governance

- ⁵ BetterPractice/ContinuousLearning
- ⁶ Forecasting Models
- ⁷ Cross-Functional Team with CIR Orientation
- ⁸ Common Financial Metric
- CommonPurpose
- ¹⁰ Common Rewards
- ¹¹ Central Funding
- ¹² CIR Planning Process
- ¹³ Ever-rising Thresholds

By MASB standards

Unacceptable



Acceptable



Year 1

Year 4-8

Best practice

Marketing's purpose:

Unclear or disassociated

Returning more than invested

Efficient achievement of corporate financial goals

"We had to get past the obstacle of marketing having its own goals."

Every year expand funding scope

¹ Measurement Development

- ² Integrated Data Bases
- ³ Research-on-Research/Analytics
- ⁴Knowledge

Science

Governance

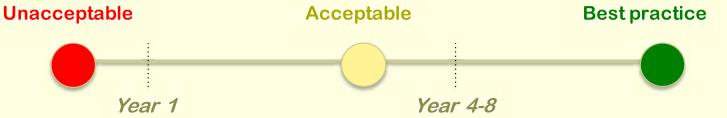
- ⁵ Better Practice/Continuous Learning
- ⁶ Forecasting Models
- ⁷ Cross-Functional Team with CIR Orientation
- ⁸ Common Financial Metric
- ⁹ Common Purpose
- ¹⁰ Common Rewards

¹¹Central Funding

¹² CIR Planning Process

¹³ Ever-rising Thresholds

By MASB standards



Funding:

Fragmented 60%+ central 90%+ central

"Last year we added trade discounts; this year we're adding sponsorships."

We offered this as best practice ...

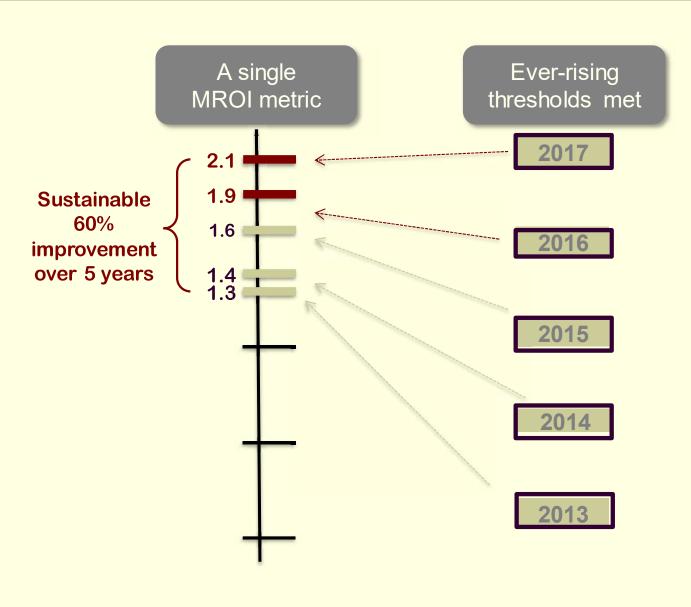
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Science

Governance

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- 12 CIR Planning Process

¹³ Ever-rising Thresholds



..and heard very different feedback

	¹ Measurement Development	Prototype	ACME food &	AJAX food & beverage	
Science	² Integrated Data Bases	riototype	beverage		
	³ Research-on- Research/Analytics	On our scorecard	At least top tertile	At least top tertile	
	⁴ Knowledge				
	⁵ Better Practice/Continuous Learning	Marketing funded based upon	Efficient achievement of portfolio of needs	Performance against single metric	
	⁶ Forecasting Models		or portione or needs	single metric	
Governance	⁷ Cross-Functional Team with CIR Orientation Single metric?		Never envisioned	Considered a linchpin	
	⁸ Common Financial Metric	Ever-rising what?	Corporate impact	Single metric (long-term profit contribution)	
	⁹ Common Purpose	Most beautiful thing	Clear purpose!	CIR obvious!	
	¹⁰ Common Rewards				
	11 Central Funding Question mark		CIR possible ?	Too rigid ?	
	¹² CIR Planning Process				
	¹³ Ever-rising Thresholds	Other	Finance original driver; took five years	CEO original driver; took 18 months 13 Copyright 2016 MASB	

To Be Determined

¹ Measurement Development

- ² Integrated Data Bases
- ³ Research-on-Research/Analytics
- ⁴ Knowledge

Science

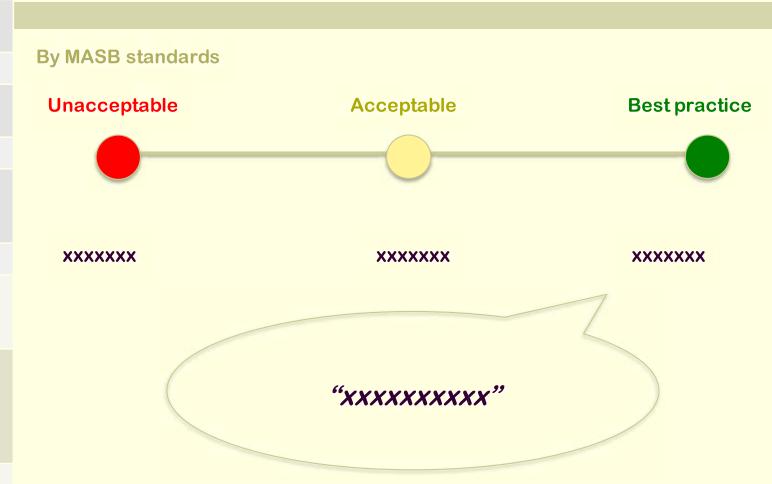
Governance

- ⁵ Better Practice/Continuous Learning
- ⁶ Forecasting Models
- ⁷ Cross-Functional Team withCIR Orientation

CommonFinancial Metric

- ⁹ Common Purpose
- ¹⁰ Common Rewards
- ¹¹ Central Funding
- 12 CIR Planning Process

13 Ever-rising Thresholds



Then the Continuous Improvement in Return (CIR) Roadmap measurement criteria and process will have been defined!

CIR Next Steps (8/16)

- Report on initial feedback at Summer Summit (Today)
- Publish CIR story & tool
- Continue measuring current MASB members
- Determine how to institutionalize beyond leadership transition



Thank-you!



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