

# July 2004



**Dave Stewart  
(USC)**



**Meg Blair  
(ARS Group)**

Having observed that when a new CFO joins a company, the primary financial measurements of performance stay in place because they are required by the FASB (Financial Accounting Standards Board). The new CFO can continue improving company performance by cost cutting, acquisitions, etc.

However, when a new CMO joins a company, he/she brings in a whole new set of her/his favorite marketing measurements, and improvement over time is not possible when the measurements change with the ever changing CMO.

Meg called Dave about this situation and they met over lunch at the Ritz Carlton Hotel Restaurant in Marina del Rey, agreeing to recruit a few others to address this opportunity for the marketing profession and business overall.

# September 30, 2004



**Dwight Risky**  
**(Frito Lay)**



**Kate Sirkin**  
**(Starcom)**



**Mitch Barns**  
**(Nielson)**



**Dave Stewart**  
**(USC)**




**Meg Blair**  
**(ARS Group)**

**This 1<sup>st</sup> meeting with other interested professionals was held in a Chicago Hotel room named “The Boardroom”**



**THE  
BOARDROOM PROJECT**

**September 2004 – August 2007**



**“Marketing is a \$450BB industry and we are making decisions with less data and discipline than we apply to \$100,000 decisions in other aspects of our business”  
Jim Stengel, P&G**



# Objective Of This Cross-Discipline Task Force

*To Establish Marketing Measurement Standards*

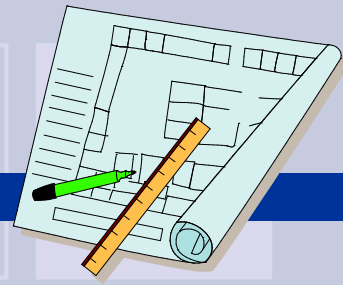
# Framing the Problem



Marketing does not lack measures, but...

- It lacks ***standard*** measures and metrics
- It lacks metrics explicitly linked to ***financial*** performance in predictable ways
- In many areas, but not all, it lacks formal processes for ***auditing*** marketing metrics models
- It is highly ***idiosyncratic***
  - You cannot improve a process until it has been defined

# An 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 and higher returns in the market)
- Demonstrating its value

# Conclusion



1. Accountability is no longer an option
  - There is much unnecessary confusion about accountability.
  - Accountability is ultimately about economic/financial outcomes
2. Need standard measures related to short-term incremental results and longer-term effects linked to cash flow
  - Forecasting future outcomes
  - Evaluation of past actions
  - Allocation of resources
  - Evaluation of alternative action plans
  - Improvement over time
3. The solution will arise in a competitive market if firms invest in the setting of measurement and accountability standards

But, who or what will drive this process?



# A Marketing Accountability Standards Board (MASB)

A broad based, independent organization modeled after the  
Financial Accounting Standards Board

An organization that fosters dialog between marketing and finance



# Summary of CFO Interviews

**There is...universal need for true marketing ROI metrics...valid/predictive performance (return) metrics which can be integrated w/performance metrics from other parts of the value chain and which tie to both short-term and longer term financials.**

**The potential value of a self-governing standards body is seen as adding value in meeting these needs.**

# Welcome!

Last Meeting of The Boardroom Project  
First Meeting of the MASB Board

August 16-17, 2007  
Chicago, IL

**THE  
BOARDROOM PROJECT**



# MASB Founding Member Reps



David Stewart (04)  
USC



Meg Blair (04)  
ARS Group



Kate Sirkin (04)  
Starcom



Mike Duffy (05)  
VNU



Mike Hanssens (06)  
MSI ED



Joe Plummer (06)  
ARF



MJ Cummings (07)  
Visa



Dipita Chakraborty (07)  
Nielsen



Russ Winer (07)  
NYU



Peter Johnson (07)  
DMA

# The MASB Vision

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.

and this will make a  
big difference  
for everyone!

# For Marketers

**As it was for product quality in Operations, applying the science of measurement & process management to Marketing will give us sustained competitive advantage over folks who continue to operate by seat-of-the-pants.**

**This has been true for the Japanese in the automobile and electronics industries (first to adopt Deming's principles) and will be true for those of us first taking the plunge in the marketing arena.**

# For Measurement Providers & Modelers

**We'll have moved beyond bombardment of requests for more & more information, w/more & more confusion & controversy over what it all means,**

**And beyond the adverse selection/moral hazard of buyers not being able to distinguish high quality from low quality.**

**We'll be focused on providing metrics & models that are reliable predictors of what will happen to the business given potential marketing actions and how to continually improve results, understanding what drives success and how to improve each & every marketing activity planned.**

# For Business Schools

**We'll be attracting the brightest to marketing once again...**

**Identifying, publicizing & sustaining standards for relevant measures of marketing performance & business success...making clear the link between marketing actions & financial returns.**

**Our structure & curriculum will be engineered w/the role of marketing measurement central, integrated w/other metrics along the value chain...all tied to overall financial analyses.**

**We'll be providing strong grounding in problem definition, critical thinking, & the process of strategic dialog in addition to technical skills...**

**We'll be providing businesses w/a cadre of these new marketing professionals to meet the growing demand.**



# For Industry Associations

We'll be addressing (through partnership) the top concern of our marketing constituency...at its foundation...without having to tackle the heretofore stepchild & arduous task of measurement development.

Nor is the work of accountability a one time event, but a continuous process of:

*metrics development, knowledge creation, improvement*  
(repeat)

# 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, however is worth the time, effort, and money.”**

**Joe Plummer May 12, 2006**

# Although Deming Once Noted...

“It is not necessary to  
change.....  
*...Survival is not mandatory.”*



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*W. Edwards Deming*®

# Thank-you for Acting!

This is an unprecedented opportunity to make a significant contribution to the marketing profession & to business 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.

Thank-you for your commitment to MASB and the Vision of a better future for all!