

# **Marketing Accountability Standards**

**Marketing Accountability Journey  
Marketing, Analytics, and Finance Working Together**

**Tony Pace  
MASB President/CEO**

**August 2017  
Boston**

**10 Year Anniversary**



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

# Forbes Marketing Accountability Initiative

**Forbes**



Rogers  
Forbes Media

**Forbes**



Steve Diorio  
CMO Practice  
(FMP Co-lead)



# THE FORBES MARKETING ACCOUNTABILITY INITIATIVE

CMO SURVEY DRAFT FINDINGS

Stephen Diorio, Forbes CMO Practice  
August 10, 2017

**Preliminary findings  
presented at MASB  
Summer Summit  
8/10/17**

# Finding: Without consensus measures of the value they create CMOs face big credibility gaps and EV suffers

As a direct consequence of this marketing performance credibility gap - millions of dollars of investment are wasted, over 97% of CMOs have no voice in the board room, strategic marketing investments cannot compete effectively for resources, and CEOs open the door to disruption by more efficient and digitally savvy competitors on their watch.

- 78%** The percent of CMOs who feel the inability to communicate, quantify and optimize the value marketing creates hurts them personally and professionally<sup>1</sup>
- 60%** of board members believe their marketing organizations performance is average or below average<sup>2</sup>
- 2.6%** of boards have CMO representation, despite the fact that boards with marketing capabilities perform better<sup>4</sup>
- 59%** of CMOs are under pressure from the CEO to prove the value of marketing<sup>3</sup>
- 89%** of Marketers cannot quantify the return on investment in data and analytics investments in the first year<sup>5</sup>
- 11%** of Marketers view financial acumen as a core strength<sup>6</sup>
- >\$10** The average revenue return on a dollar invested in marketing investments or related activities<sup>3</sup>
- >25%** The average percent contribution marketing makes to shareholder value across industries and business model<sup>7</sup>

Sources: 1) Forbes CMO Research, 2) Forbes- RSR Partners Board of Directors Survey, 3) Duke CMO Survey, 5) Forbes Insights Survey 4) How Board Level Marketing Experience Improves Firm Value, Whittler, Krause, Lehman 2015 6) Spencer Stuart, 7) Closing the Marketing Performance Credibility Gap Report, Forbes 2017

# Conclusion: CMOs identified five obstacles to accountability that must be eliminated to achieve growth

The research identified five primary obstacles holding marketing organizations back from achieving higher levels of marketing accountability, and growth performance – and prioritized five workstreams to help the marketing industry address them

**No Common Understanding of Marketing Economics and Impact**

**Organizational Readiness, Alignment and Maturity**

**Lack of Externally Validated Standards, Benchmarks & Metrics**

**Lack of Transparency in Reporting Across Channels, Media and Silos**

**Lack of Tools & Technologies to Support Data Driven Performance Measures**

- *We need to start to speak a common language about how marketing creates enterprise value. Currently there are six or more points of view across the organization about marketing ROI and performance when you factor in the CEO, CFO, P&L Owners, Sales in addition to the CMO. - Michelle Bottomly, CMO Staples*
- *It's not a competition for resources with other business units - it's a collaboration. What we need is less competition and more context to understand how we share the responsibility for growth, and where we need to work together to achieve collective outcomes that improve EV. We need to reframe the conversation, arrive at a common language and set of economics about the financial impact marketing has, and the interrelationship between sales, product, technology and compliance that is necessary to make growth happen. - Peter Bingaman, CMO Mercer Healthcare*

# Conclusion: CMOs identified five obstacles to accountability that must be eliminated to achieve growth

The research identified five primary obstacles holding marketing organizations back from achieving higher levels of marketing accountability, and growth performance – and prioritized five workstreams to help the marketing industry address them

**No Common Understanding of Marketing Economics and Impact**

**Organizational Readiness, Alignment and Maturity**

**Lack of Externally Validated Standards, Benchmarks & Metrics**

**Lack of Transparency in Reporting Across Channels, Media and Silos**

**Lack of Tools & Technologies to Support Data Driven Performance Measures**

- It's amazing that marketing accountability is still an issue after all the years the industry has focused on it. After all this time, we still don't know what good looks like. The industry still does not have a marketing maturity curve that spells out the fundamental skills, processes, incentives and technology infrastructure required to measure marketing performance effectively. Even with external , we lack the benchmarks and marketing maturity models make it difficult for me to communicate the value of marketing investment to the CEO. - **Kevin Hamilton, CMO Benefit Focus***
- The job definition of the CMO is not consistent and is poorly defined. The marketing function is still largely defined by a 1950s narrow view of the 4Ps (product, price, promotion and placement). The reality is the remit has expanded dramatically with the explosion of data, channels and media but the elements of the sales and marketing mix they actually have direct or indirect control over has shrunk. What does marketing really control? Not product, not pricing in most cases. **Kim Whitler, Professor Marketing, Darden***

# Conclusion: CMOs identified five obstacles to accountability that must be eliminated to achieve growth

The research identified five primary obstacles holding marketing organizations back from achieving higher levels of marketing accountability, and growth performance – and prioritized five workstreams to help the marketing industry address them

**No Common Understanding of Marketing Economics and Impact**

**Organizational Readiness, Alignment and Maturity**

**Lack of Externally Validated Standards, Benchmarks & Metrics**

**Lack of Transparency in Reporting Across Channels, Media and Silos**

**Lack of Tools & Technologies to Support Data Driven Performance Measures**

- *The fundamental problem is the lack of externally validated standards for the marketing function. Every other function has their own language - six sigma, total quality management, financial accounting standards - that allows them to intelligently discuss, measure, communicate and collaborate to achieve common goals. Marketing has no commonly held beliefs, universally accepted KPI, or standard processes. **Chris Hummel, CMO United Rentals***
- *In my experience, competition for resources is a bit of an excuse. Every organization is starved for money. It cannot be all about extra or discretionary money. You have to work with the operating budgets that are there. We cannot create enterprise value if we make it a zero-sum game - me against the other business units. We have to work together to find the areas where one plus one adds up to three. There are so many inefficiencies where marketing, sales and service can be working more in alignment to drive greater and more attributable revenues at lower costs. This is the real reason that common, externally validated standards of marketing performance really are essential. And many of the bets marketing makes don't pan out. We need better measures and vacatur for discussing marketing performance so we can cut back on what works, and identify places where the collective outcomes of collaboration achieve greater value for the enterprise. We all must live within our job - everyone must make hard tradeoffs. That's the core of it. **Mike Marcellin, CMO – Juniper Networks***



# Conclusion: CMOs identified five obstacles to accountability that must be eliminated to achieve growth

The research identified five primary obstacles holding marketing organizations back from achieving higher levels of marketing accountability, and growth performance – and prioritized five workstreams to help the marketing industry address them

**No Common Understanding of Marketing Economics and Impact**

**Organizational Readiness, Alignment and Maturity**

**Lack of Externally Validated Standards, Benchmarks & Metrics**

**Lack of Transparency in Reporting Across Channels, Media and Silos**

**Lack of Tools & Technologies to Support Data Driven Performance Measures**

- *One area marketers are to blame is they have failed to define the marketing accountability problem properly, so the marketing services supply chain has never come up with a solution that works. Marketers need to define the yardstick for success, rather than let it be defined for them by the CFO who values short term returns, a business unit with parochial interests, or an agency that is optimizing fees, or a solution provider looking to expand users and adoption.. Its like a hammer looking for a nail.* **Dana Anderson, CMO MediaLink**

- *The marketing industry has to knock down the obstacles to marketing accountability one at a time. Taking it in bite size slices. Trying to boil the ocean and pursue sophisticated measurement and investment allocation models before your organization is aligned and competent is the biggest risk. The first obstacle to address is to establish common measurement and performance KPI on the right marketing investments and actions. On that foundation, we can start to have a meaningful conversation about the value of marketing investment creates for the company. Once the contribution of marketing to enterprise value has been established, we have a basis for rationally discussing transformational investments and big strategy changes needed to compete in an intangible and digitally driven economy.* **Peter Horst, CMO Inc**



# Conclusion: CMOs identified five obstacles to accountability that must be eliminated to achieve growth

The research identified five primary obstacles holding marketing organizations back from achieving higher levels of marketing accountability, and growth performance – and prioritized five workstreams to help the marketing industry address them

**No Common Understanding of Marketing Economics and Impact**

**Organizational Readiness, Alignment and Maturity**

**Lack of Externally Validated Standards, Benchmarks & Metrics**

**Lack of Transparency in Reporting Across Channels, Media and Silos**

**Lack of Tools & Technologies to Support Data Driven Performance Measures**

- *"It's not surprising that only 30% feel they handle their marketing data well and 89% of organizations cannot demonstrate ROI on data, at least in the short term. We see that challenge across businesses. We need to help make it faster, easier and more intuitive to bridge the last mile problem so marketers can make the right "data driven" choices". -Elissa Fink, CMO of Tableau*
- *Analytics tend to be too granular and tactical. Today, they are good at informing small programs, pilots, tests and campaigns. As a CMO, my challenge is to concentrate (rollup) that data to identify the core drivers of retention and loyalty and the 3-5 right things to focus on to drive sustainable growth. Analytics needs to identify the key points of scale and leverage that can direct sustained strategic marketing investment and a consistent marketing drumbeat. - Thomas White, CMO, TIAA Institutional Financial Services*
- *"Analytics need to be at the heart of every marketing organization. To make this happen, my first priority was to build a world class marketing analytics capability. We brought in a marketing mix model as one of the first investments we made. We worked with a range of partners - from Adobe in web analytics to Acxiom, IBM and Salesforce.com to build an analytics foundation to demonstrate where marketing was contributing incremental growth" - Denise Karkos, CMO of TD Ameritrade*
- *We need connect the dots - the right answer involve aggregating information from many parts of the organization, many channels, and systems. And we need granularity - we need tools that go deeper. Need to draw insights from detail, multiple touch points, complex routes to market. – Alan Gelman, CMO eSurance*

# Conclusion: CMOs identified five obstacles to accountability that must be eliminated to achieve growth

The research identified five primary obstacles holding marketing organizations back from achieving higher levels of marketing accountability, and growth performance – and prioritized five workstreams to help the marketing industry address them

## No Common Understanding of Marketing Economics and Impact

- Lack of common terminology, language and definitions that finance understands
- No shared understanding of the financial impacts of marketing activity and ROI
- No measures for the collective outcomes shared across stakeholders and partners
- Lack of alignment with CEO goals, the growth agenda and contribution to enterprise value
- Poorly structured CMO job, budgeting and partnerships
- Limited organizational maturity and readiness for accountability

## Organizational Readiness, Alignment and Maturity

## Lack of Externally Validated Standards, Benchmarks & Metrics

- Standards for measurement of media, brand and attribution
- Benchmarks of performance for key drivers of enterprise value
- Measurements that are valid, reliable, effective and accurate

## Lack of Transparency in Reporting Across Channels, Media and Silos

- Lack of transparency to media performance
- Limited financial reporting of marketing value add and outcomes

## Lack of Tools & Technologies to Support Data Driven Performance Measures

- Tools to capture, aggregate, leverage and report first and third party data about customers
- Tools to reduce the time, cost and complexity of managing & measuring marketing performance
- Models to accurately measure, optimize and forecast impact of many marketing investments

## 10 Years of Good Foundational Work (already completed by MASB)

- Stephen Diorio's discovery of MASB
  - Why replicate this?
  - "Authority" of leading sources
- CIR/BIV/IFR
- Further push on CMD

# Tony's Overview

**We have several Game Changing Projects that  
are poised to be adopted...**

**It's time to Scale MASB to the broader  
Marketing, Analytics, and Finance  
communities...**

# Collaboration



- The power of industry wide consensus
- Creating spotlight on Marketing Accountability
- With content provided by MASB

# Next Steps

- Letter of Intent signed by both parties (Sept)
- MASB content featured in Forbes conferences & pubs (Oct+)
- Two joint membership classes:
  - Participation in both the Forbes and MASB initiatives
    - Multiple passwords for MASB content
  - Participation in Forbes Initiative, content only from MASB
    - Single password for MASB content

Stay tuned...

# Today's Panelists

MASB



Tony Pace  
(President/CEO)

aetna



Edelman  
CMO



Radin  
At Large



Chandler  
At Large



Horst  
At Large

MASB



# Panel Transcript Excerpts

**Tony Pace:** We're at a point in time where the marketing sphere is very much ready to take action, more so than they may have been in the past.

*How are marketers thinking about marketing accountability now, and how has this changed over time?*

**Peter Horst:** We've got such tremendous volumes of data, LUMAscapes filled with thousands of providers of technology, and yet we still have these vigorous religious debates. It's all about efficient reach. No, it's all about targeting visual analytics. It seems like it gets worse before it gets better. We have all this capability but we haven't got a lens for getting to some sense of priority.

**John Chandler:** When you look at the accountability that a marketer has now, when you look at the capability that a consumer has now, to me the big change is actually that now we're trying to keep up with the consumer, whereas in the past we were pushing information at the consumer. Today we're expected to be experts at having a one-on-one conversation with one consumer. When I look at the trends that are going forward and the role of a marketer, they have to be experts at analytics, at one-on-one conversations, at publishing – because our content is evaluated on opening rates and clicks and likes – and we also supposed to be experts at the digital infrastructure of the enterprise where we work.

**Amy Radin:** I think what's so complicated now is that there is so much data. There are 5,000 MarTech providers out there, all emailing CMOs, telling them they can solve their problems. CMOs must step back and ask: 'What's our role in generating revenue? How do people shop for and buy our products? How do people use our products? And as a result, what analytics problems do we really want to solve?' If not, they're going to continue to be tangled up in data, and less effective at making the right data actionable.

**David Edelman:** There's a huge perception issue in our industry – health insurance – that has to be overcome, and there are many layers to the marketing problem. This is marketing that's not only about revenue. We're marketing to change the perceptions of people as to what the role of a health insurance company is in the health care system, period. We shouldn't be seen as the enemy. We think there's a lot we can do to actually help the health care system, and so brand and marketing have to convey that.

# Panel Transcript Excerpts (continued)

**Edelman:** We have to set up a broader picture of what marketing means to growth. ... We're starting to lay a foundation of data that starts to align against all of this. One of them is just favorability. Even before you get to revenue, that's important. There's trust, which is a measure in and of itself. They won't engage in their health care with us if they don't trust us. Then there's also sales and setting up benchmarks for what we spend on brand. ... It's a complex portfolio of measures. Our finance department is open, but it's a huge leap of education. You've got to start laying some whole new foundations.

*If you think back ten years ago, what piece of data is more central to marketing assessment now than you would have thought?*

**Edelman:** What we're seeing at least in our business is the importance of trust in the brand. The most powerful driver of the kind of metrics we want downstream, like engagement with brand – are actually correlated with trust.

**Radin:** I think the C-suite is very focused, sometimes to the point of being counter-productive, with how much it costs to acquire a customer. They aim to get that to an unrealistically and frankly sometimes unnecessarily precise number because they have to go sell the media spend to the CFO or justify it to outside investors. They're not really looking at the reality of how people decide what to buy, and designing marketing strategies to align with people's behavior.

**Chandler:** The Holy Grail is attribution and ROI, because that's what a finance person wants. The concept we used at Mass Mutual was to try and create directional attribution and directional ROI because it is a sales channel that's complicated. ... We were able to build the marketing funnel for a combination of traditional marketing tools and digital marketing tools and actually measure it. I could not get an ROI that paid back the number I invested, but surrounding that was all the additional benefit that agents found in the marketplace because people knew the brand, they trusted the brand, they had all these different reasons to call. We were able to build this business case for investment at the board, and it was a five-minute approval process when we got there – but it took five years to get it down to five minutes.

# Panel Transcript Excerpts (continued)

*A fundamental objective of MASB is to get broader acceptance of the notion that brands need to be reported on the financial statements of any organization. Would you be in favor of greater visibility of brands in financial reporting?*

**Edelman:** Yes. It actually takes some of the burden off marketing alone, because there are many other things that affect brand – the quality of the product, the broadness of the experience, service operations. It makes it something that's a group sport, and I think marketing should welcome it.

**Radin:** Brand has to stop being viewed as Marketing's problem. Brand is an asset of the entire organization. Its role driving the P&L and its contribution to the balance sheet is not fully acknowledged.

**Chandler:** Yes. Greater visibility of brands, and greater direct accountability for business results within marketing, are two things that I think are needed. In most organizations, Marketing is the function that doesn't have generally accepted standards to define our success in a way that other business functions and the CFO readily accept. The only way that's going to change is when everybody at the leadership table feels like they own the brand value shown on company financial statements, and everybody at the table feels like they share accountability for meeting the needs of the customer in order to raise brand value. The opportunity is for the CMO to be an evangelist for the brand, and to get everyone else to learn that language, think that way, and talk that way. You want the CFO to be your biggest brand advocate. You want the CFO to talk about the brand's value when you're not in the room.

**Horst:** Yes. Once you have something that's staring the CFO and the board in the face saying that this is a \$5 million thing here, it gets attention. You don't have a CFO playing fast and loose with "Hey, let's chop your budget." You just don't do that with a \$5 million asset.

# Thank-you!



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