

Marketing Accountability Standards

Marketer Member Panel Status on CIR Assessment Process

Jim Meier, MillerCoors
MASB Director

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Boston

10 Year Anniversary



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Panel

- **Purpose**
Listen to current successes & challenges
- **Process**
Marketer member panel discussion
- **Outcome**
Input for current & future work

Today's Panelists



Jim Meier
(Finance)



Peter Cushing
(Marketing
Analytics)



Kelly Johnson
(Marketing
Analytics)

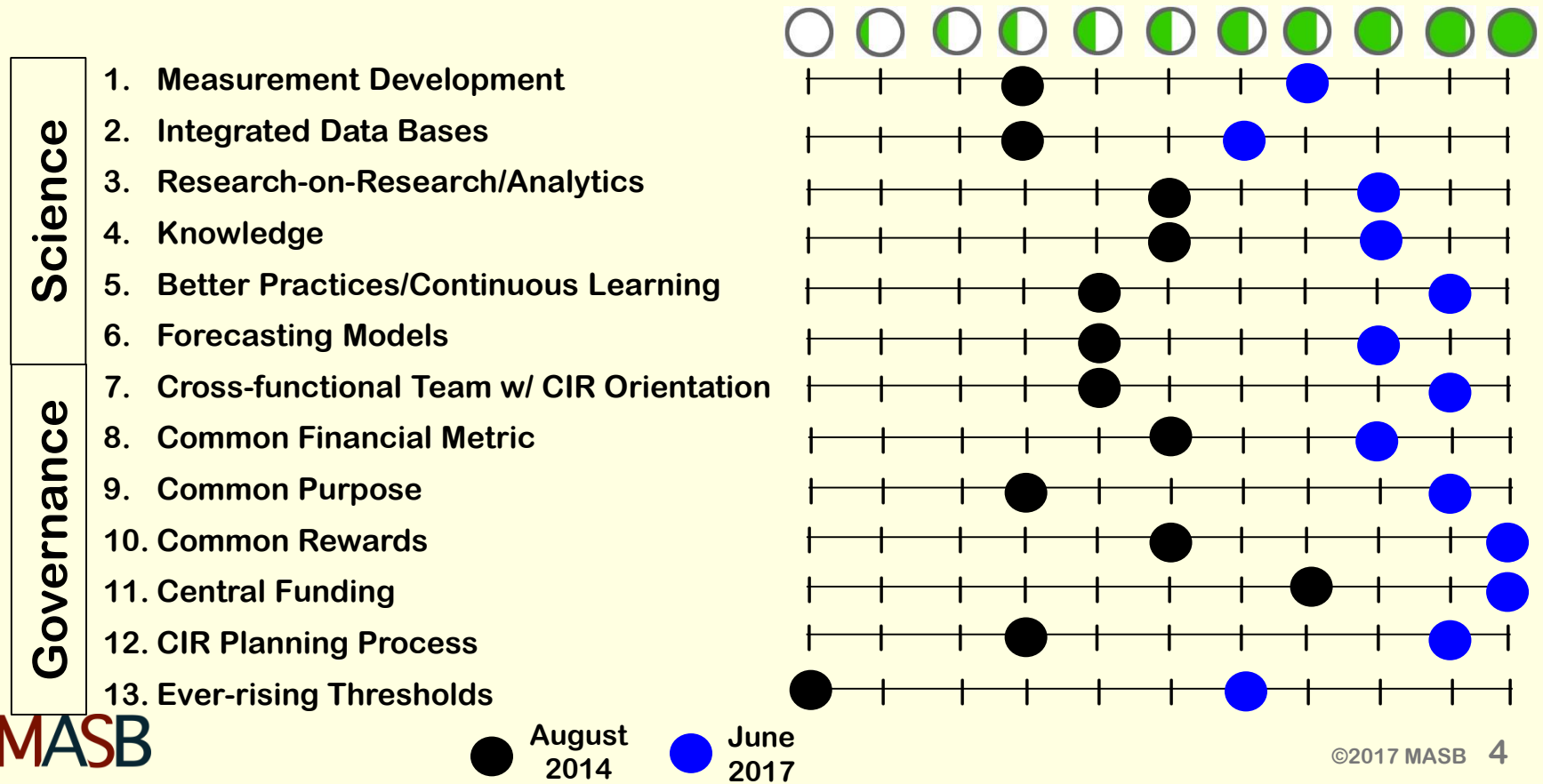


Manu De Luca
(Marketing
Analytics)



Jeff Bezzo
(Finance)

MillerCoors CIR Experience



MillerCoors CIR Experience

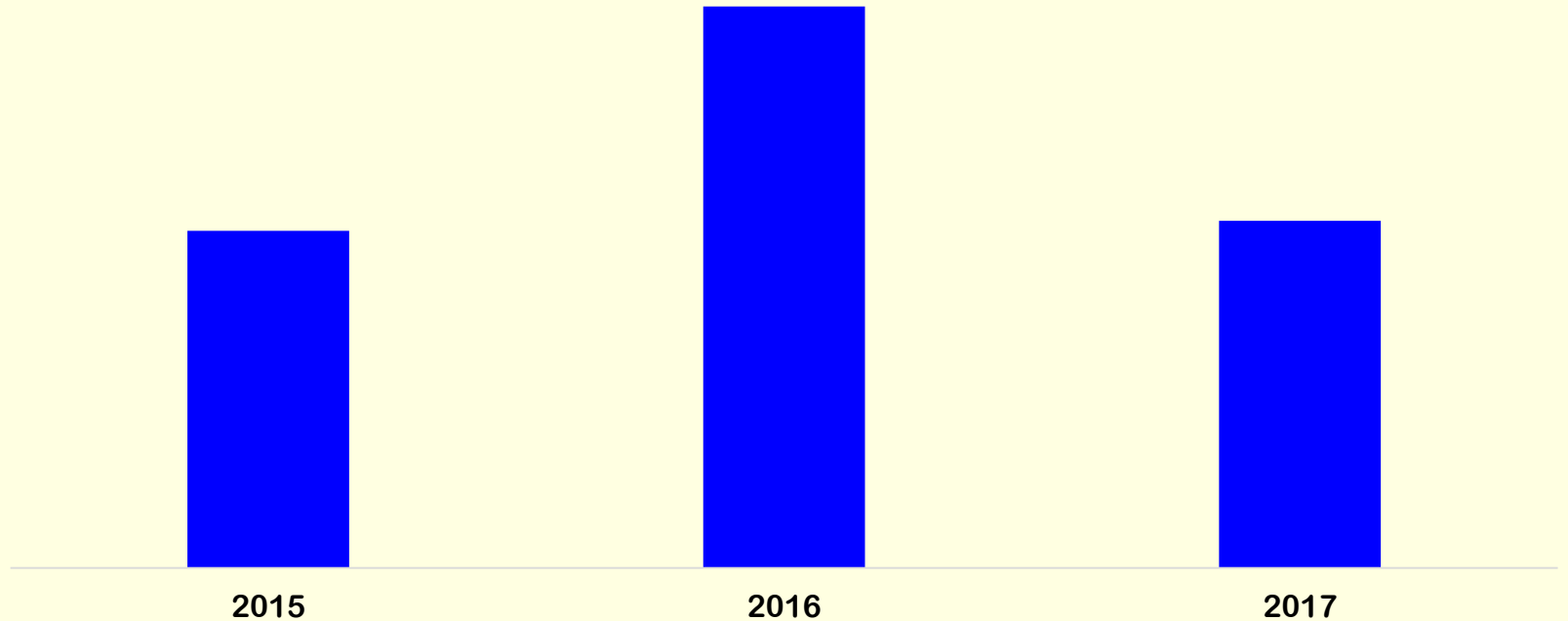
Science

1. Measurement Development
2. Integrated Data Bases
3. Research-on-Research/Analytics
4. Knowledge
5. Better Practices/Continuous Learning
6. Forecasting Models
7. Cross-functional Team w/ CIR Orientation
8. Common Financial Metric
9. Common Purpose
10. Common Rewards
11. Central Funding
12. CIR Planning Process
13. Ever-rising Thresholds

Governance

1. Where have you made progress? (see slide 4)
2. What have you learned through this process?
3. Which was the hardest to do?
4. What went more smoothly than first expected?

MillerCoors Incremental Annual ROMI Benefits



CIR Experience Panel Discussion

Science

1. Measurement Development
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Governance

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MASB CIR Key Terms & Definitions

Science	¹ Measurement Development	Process of improving measurement reliability, predictive validity, sensitivity & calibration
	² Integrated Data Bases	A method for managing data from multiple sources and combining it around some type of single ID (e.g. a single customer). Integrated databases provide marketers and other decision-makers with a unified view of these multiple, sometimes disparate, data sources.
	³ Research-on-Research/ Analytics	Process of explaining variance/identifying the causal drivers of the business or human behavior.
	⁴ Knowledge	Profound understanding (of the business process or human & customer behavior) that yield a clear prioritization of action; Learning or principles that yield true predictions with unvarying uniformity (MR Vision 2003).
	⁵ Better Practice/ Continuous Learning	Documented method of operating that yields higher level of performance than other operating behaviors (BID); Process of applying Knowledge to the operating process for improved performance.
	⁶ Forecasting Models	Analytical techniques that represent causal relationships among various conditions & actions taken to achieve specific business results, and forecast future outcomes of various potential actions & conditions (IBID).

MASB CIR Key Terms & Definitions

Governance	⁷ Cross-Functional Team with CIR Orientation	X-Functional Team w/CI Orientation, Common Purpose & Rewards, Central Funding & Thresholds
	⁸ Common Financial Metric	A financial metric that can be applied to most or all marketing, which is easily understood by non-financial people, (e.g., long-term profit/cash flow).
	⁹ Common Purpose	All or most marketing personnel and suppliers focused on improving against the common financial metric (i.e. definition #8).
	¹⁰ Common Rewards	Rewards for marketing personnel and their suppliers — including pay, promotions, recognition — based heavily upon success against common financial metric.
	¹¹ Central Funding	All marketing investments funded from a single source, which releases funding based primarily upon the likelihood of success against the common financial metric.
	¹² CIR Planning Process	A method of planning for marketing funding, based upon the principles of CIR, most notably: teams compete for funding for their respective brands and vehicles based upon proven (or at least plausible) ability to help hit overall financial metrics.
	¹³ Ever-rising Thresholds	A minimum threshold of financial return is required to receive marketing funds, and this threshold is typically raised year over year.

Panel Transcript Excerpts

Share your company's experiences with Continuous Improvement:

Bezzo: Before you can even tackle this kind of survey, you need a partnership between the CFO and the CMO.

DeLuca: We are pretty good with science and forecasting, but we don't have the governance in place that we should have in order to have a successful CIR, at this point.

Meier: I started this discussion on Central Funding and migrated quickly into Common Rewards which led to Common Purpose, and none of that happens if I'm not in the room representing Finance – or it's unlikely to happen. And it's also unlikely to happen if other cross-functional partners aren't there, such as Sales, Strategy, or even Corporate Communications in some instances.

Johnson: The language doesn't even stay the same within the Marketing Department, so how can it stay the same between Finance and Marketing. It's tough to talk about marketing driving the bottom line, because marketing is seen as a cost center.

Cushing: The cross-functionality and the integration are central to all of this. We have cross-functional teams that are designed to solve a problem. It's a fairly standardized process. When you have a very siloed organization, models of stereotyping come into play, but that breaks down when everybody gets together and the common purpose becomes clearer. ... In order to be in that Continuous Improvement arena, all these kinds of interactions need to be as much about idea creation as a catalyst for new thinking, because that's where progress comes from.

Panel Transcript Excerpts (continued)

Meier: Everybody needs to get an equal share of the voice. If Finance carries too much clout, then it could turn into cut-cut-cut. Then you're at profit maximization – not optimization. That might work for a quarter or two, but you're putting the brands at risk.

What would be the catalyst for your company? What's on your Wish List?

DeLuca: Having a common purpose and getting closer with Finance in the early stages, instead of Finance coming in later and destroying the work that we did because we need to cut spending.

Bezzo: More dynamic forecasting – Tool capabilities enabling forecasting at different product levels with the ability to rollup forecasts globally. What's really been difficult is trying to get a good forecast in the current economic environment. After what we've faced in the last two or three years with developing markets like Brazil declining and BREXIT impacts in Europe, we need to figure how to better forecast in an environment that's really up and down. Even weather patterns can have an effect on the seasonal parts of our business.

Johnson: I would be after the common purpose, a common purpose throughout all of Marketing. ...When you look at marketing as a cost, and not thinking about what it's actually bringing in, then that common purpose doesn't exist.

Thank-you!



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