

## Return on Marketing Investment: Why your CFO doesn't care about your CTR!

Many marketers are collecting more and more data in the hope that it will help prove the value of marketing to the business - CTR, CPC, dwell time, dropout rates etc. But in an ocean of data, how do you know what's important and what's not? To win out in the boardroom marketers need to start speaking the language of the board. Today the board speaks Greek and marketers often find themselves speaking Latin.



Compared to marketing, sales and portfolio management have succeeded better in getting the attention of senior executives, such as the CFO, for a number of reasons. They understand what matters to the board members and/or other P&L responsible senior executives. They explain the added value of their efforts better. They dare to be transparent and have a mature attitude towards accountability.

Often marketers find themselves scared of the consequences of being transparent. However, our practice shows that marketing executives don't get fired for displaying results in a more transparent way. On the contrary it creates trust and will even generate support and resources from senior management for the marketing programs that do work well.

While sales and financial departments can easily show the results of their actions including the development over time, many marketers find themselves in the middle of decreasing budgets and difficulties in showing concrete results to management. It is unmistakable that it needs to be done and fortunately there are concrete steps you could take right now.

### How to get this show on the road?

Probably you already use a broad range of different metrics to showcase activities and measure the performance of campaigns: for example click-through rates, unique website visitors and the reach of print advertising to present to your Executive Committees. You might also present different information each time or mainly present activity metrics instead of result metrics. That is not uncommon. However, this also explains why at times you might find yourself in very tough conversations with your ExCo when discussing next year's marketing budget or having to defend this year's budget.

There is quite a lot to gain from developing and implementing transparent, consistent and mature ExCo level reporting for marketing. But how to get this show on the road? You will surely encounter hurdles, like systems that are not fully aligned, data overload or the opposite, lack of relevant data. Indeed it is not an easy job. Especially, since most marketers didn't become marketers for their love of data and figures. On the contrary. Analysing and reporting facts & figures in a way that appeals to the CFO is

very often the part of the job that terrifies the hell out of marketers. Still, it is inevitable and definitely needs to be done. The good news is: there are concrete steps you can take right now. And lucky enough some of it can and probably should be outsourced. At least in the early stages.

### Think big, start small, scale fast

We see that companies that have succeeded in creating strong dashboards have all used a phased approach. Don't try to climb the Mount Everest at one go, but take it step by step. Chop it up in pieces, plan where to set up your intermediate camp and keep your eye on the prize. In practice you have to think big and begin with the end in mind, while starting small. Start with building a dashboard for one key region or country or within that one key client segment. Tackle the big hairy dashboard monster step by step starting with defining the questions the dashboard should answer.

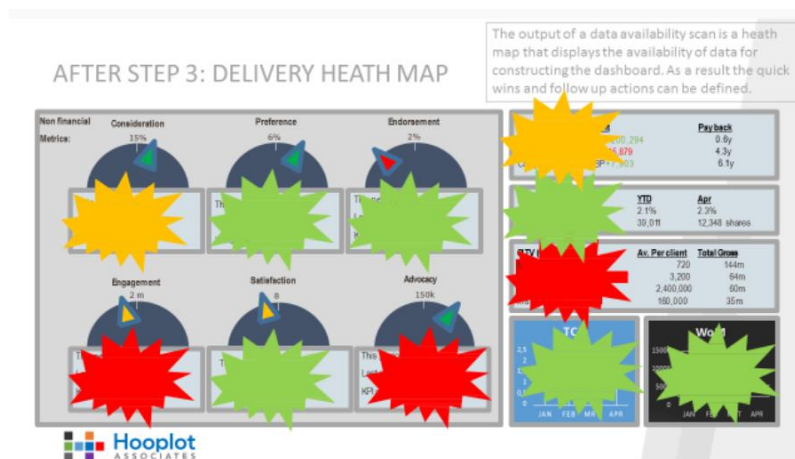
Research among Fortune1000 companies across multiple industries and our own experience displays that senior executives and executive committees seek answers for 4 key questions

- 1) Is marketing helping us to retain customers and sell more?;
- 2) Are we investing our marketing dollars wisely?;
- 3) Are we utilising the huge opportunity of the internet?; and
- 4) Who are our most profitable clients?

The first question asks for non-financial lead measures. We have found that among the vast number of available marketing metrics, there are measures that can be linked to company performance. Examples of such lead measures are consideration, engagement & preference.

To answer the second question financial metrics like profit per campaign and payback period are required. On top of that measuring the customer life time value per client segment helps marketing with the pricing of service concepts and with focus on profitable and promising clients and prospects.

A crucial step is a thorough assessment of the already available data. Since 20% of the data brings us 80% of the insights we should not strive for perfection. It's a waste of time. Dismiss data that does not add value to compiling the dashboard and attribute the rest of the (usually) operational metrics to one of the strategic metrics defined for the





dashboard. The identification of data gaps evolves from that. In this stage you can deliver the first version of the dashboard and pinpoint what is required to fill in the data gaps as well as a concrete planning of activities to get there.

We have strong experience in building these dashboards. If you are struggling with linking your marketing spend to company results, maybe now is the time to turn the tide. For more information please visit the [Metrics and Dashboards product page](#) and download our Marketing Metrics presentation for free.