

Building Actionable Performance Dashboards



It has been widely publicized that marketers are not satisfied with their ability to effectively measure their marketing efforts. Top executives and department leaders increasingly demand higher quality measurement systems, pushing CMOs toward the constant struggle of trying to better communicate marketing's impact on the bottom line. The challenge is exacerbated by the fact that each department looks at marketing through a different lens, and thus has different goals, needs, and ways of defining value. Then, after getting the entire organization in sync about what the right metrics are, the CMO must figure out how to drive effective and profitable decision making from them.

These and similar questions spawned *Building Actionable Performance Dashboards*, the latest research initiative from the Marketing Leadership Council (MLC), an organization that provides best-practice research and education to senior marketing executives at the world's leading organizations.

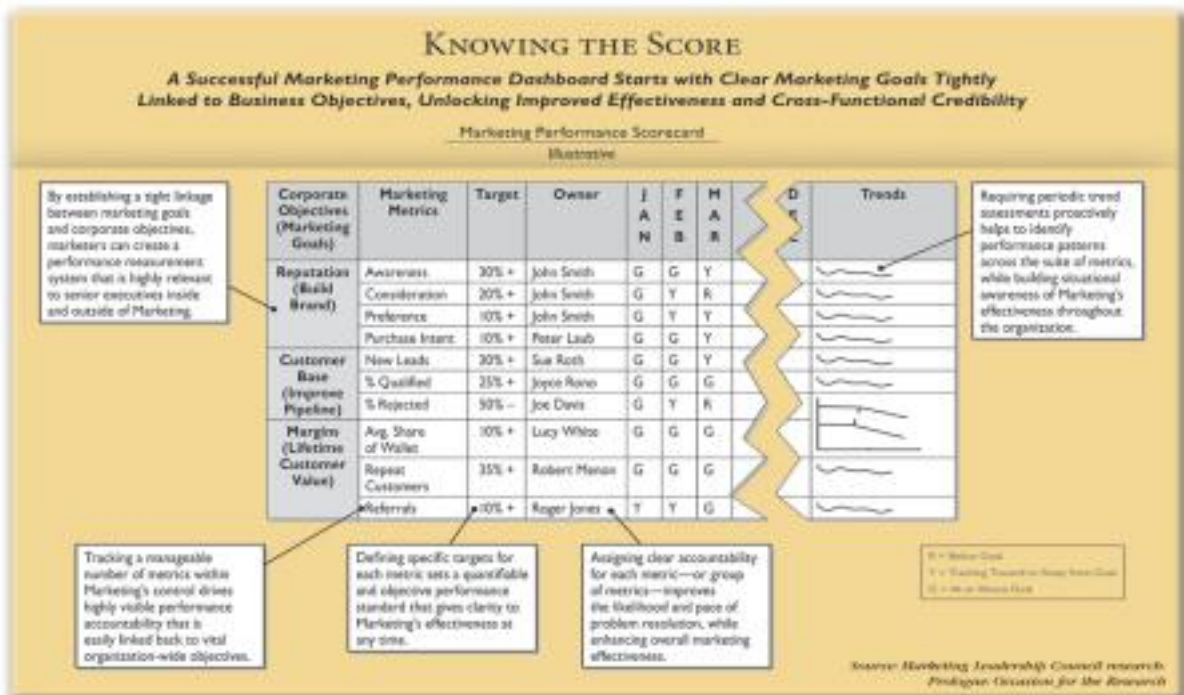
Based on feedback from over 60 participating companies, including MarketingNPV, this research provides solutions to some of the toughest challenges in constructing and employing a marketing dashboard. The MLC has graciously given us a peek inside the findings so that we may pass their insights on to you.

From ROI to a Performance Dashboard

We've previously written in *MarketingNPV Journal* about the significant limitations associated with using ROI as a magic marketing metric. MLC's study suggests that aligning marketing objectives with corporate priorities requires a shift away from ROI toward "bigger-picture" metrics that can be better linked to corporate goals, are controllable and measurable, have clearly definable targets, provide individual accountability, and are continually trackable.

In other words, a marketing performance dashboard.

MLC recommends that the first step in creating a marketing performance dashboard is to develop clear marketing goals, then tightly link them to business objectives. In chart I, you can see that three to four marketing metrics are each tied to one of three corporate objectives: reputation (or building the brand); customer base (or improving the pipeline); and margins (or lifetime customer value). Note that each individual metric has an "owner": a person who is accountable for ensuring that the company achieves a particular target.



However, developing a performance dashboard is not as easy as one might think. Marketers tend to get mired in a variety of pitfalls, such as:

- tracking measures that only marketing cares about;
- collecting as many metrics as possible;
- displaying metrics in a non-user-friendly format; and
- presenting interesting data without clear next steps.

Conversely, companies that have succeeded in building dashboards that achieve corporate goals have four critical steps in common:

- aligning measurement efforts with strategy;
- using stakeholder analysis to select high-impact metrics;
- designing insightful communication formats; and
- ensuring action through enforced accountability.

MLC looked at each of these areas individually.

I. PLANNING AND POSITIONING

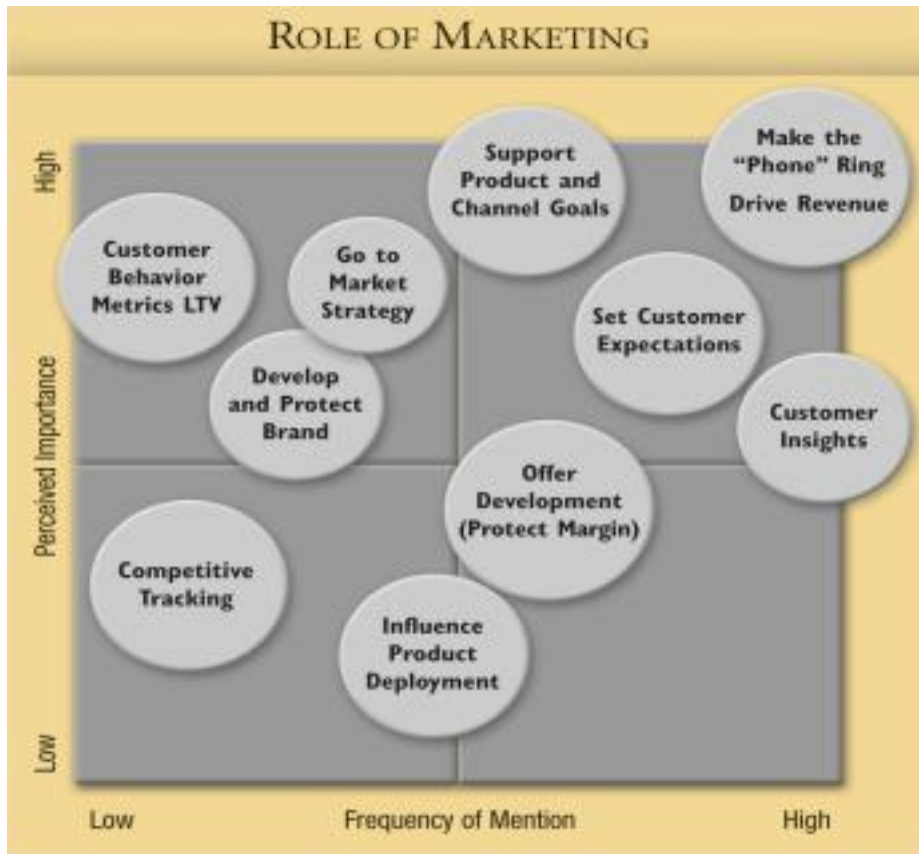
Aligning Measurement Efforts with Strategy

At Apollo, a pseudonymed U.S. telecom company with revenue greater than \$10 billion, marketing attempted to demonstrate where it was creating value for the firm by showing which strategic priorities of key stakeholders it supported. Its existing metrics were entirely marketing-driven and didn't align clearly with corporate goals, so the company set out to create a dashboard that would connect the two.

To ensure they selected the most compelling and useful metrics, marketing began with a two-part audit. The first component, a Perceptual Alignment Audit, pinpointed stakeholders' perceptions of strategic priorities and marketing activities. To arrive at this understanding, marketing conducted Critical Decision Maker Interviews with high-level stakeholders, both within marketing and throughout the company, to understand their views on corporate priorities and marketing's role in executing what they felt were their most important responsibilities. The interviews, which were outsourced to a neutral party, addressed preconceived notions about marketing and highlighted the marketing activities these executives felt most supported their needs.

The results were then aggregated to create a Composite Perceptual Map. Responses were categorized by level of alignment, including long- and short-term financial goals, strategic objectives, financial objectives, customer value proposition, internal processes, and organizational needs. Within each category, responses were graded for their perceived importance by the stakeholder, and summarized by alignment dimension, with "number of mentions" and "average importance scores" being calculated. The output was plotted on a perception map, with "perceived importance" on the y-axis and "frequency of mention" on the x-axis.

The upper right quadrant of each map showed the most critical and actionable information (see chart II). At the same time, the maps also brought to the surface marketing goals that did not clearly support elements of corporate strategy and needed to be either restructured or removed.



Apollo then used a Resource Alignment Audit to compare marketing's resource allocation against the new goals and developed a gap analysis to show where realignment was necessary. This prework helped marketing gain companywide acceptance of the need for a comprehensive dashboard and enhanced its credibility across the organization.

COUNCIL ASSESSMENT

The Marketing Leadership Council recommends adopting a structured process for identifying the strategic and marketing activities most valued by critical stakeholders.

Companies in which corporate priorities are not clearly spelled out, where marketing is defining or redefining its role or where marketing budgets are under intense scrutiny, should benefit most from this approach.

Using Stakeholder Analysis to Select High-Impact Metrics

To provide senior executives of Alpha Company (an alias for a printing and imaging company with more than \$10 billion in revenue) greater insight into its performance, the marketing department compiled metrics from across the organization into one report. However, with over 150 metrics displayed, the overall performance picture was muddled and the decision-making needs of critical executives were underserved.

In an attempt to forge a better dashboard, marketing applied a widely accepted Lean Six Sigma process to arrive at a manageable number of insightful and actionable metrics aligned with key stakeholders' needs.

As the first step, an internal Voice of the Customer study (in this case, the customers were the internal stakeholders) was conducted to identify the metrics most essential to decision making. A series of checks and filters were then applied to the data to reduce the list to one with high applicability and credibility for decision making beyond marketing. These included:

- a Quality Check to evaluate suggested metrics against a preset list of ideal characteristics (derived from internal and external benchmarking) and real-world limitations (such as cost to track); and

- a Balance Check to create a balance between predictive, input, and output metrics, ensuring that the entire portfolio was not biased toward lagging metrics that were easy to collect but lacked timely and actionable insight.

Next, three Credibility Screens were applied to the existing short list of metrics to determine the critical measures that would populate the final dashboard:

- a Critical Stakeholder Requirement Screen to filter out metrics that originated from stakeholders but, as a result of the Voice of the (internal) Customer processes above, were assigned low scores;
- a Unique Marketing Metric Screen to filter out metrics that were not exclusive to marketing, and thus tracked elsewhere or not under marketing's control; and
- a Stakeholder Validation Screen to filter out anything that stakeholders viewed as extraneous after seeing a beta version of the final dashboard.

Ensuring Alpha Company's Success

Realizing that more work was required to ensure adoption of the dashboard, the team proactively addressed common implementation obstacles. To ensure that metric discussions didn't get mired in disputes over definitions, the team conducted a standardization exercise that produced operational definitions for all dashboard metrics. Next, they outlined possible adoption risks and made quantitative assessments of each risk's severity, probability of occurrence, and likelihood of detection. The risks were then prioritized by their negative impact and coupled with specific mitigation tactics.

Finally, a detailed project management plan with a RACI (responsible, accountable, consulted, and informed) matrix was utilized to provide clear visibility into the requirements and accountability for each metric within the dashboard.

The result was a manageable number (20) of highly relevant metrics that are achieving strong senior-level adoption across the company.

COUNCIL ASSESSMENT

The Marketing Leadership Council recommends systematically applying a formal selection approach that carefully weighs stakeholder input to arrive at a manageable number of metrics likely to be widely adopted and valued across the organization.

II. IMPLEMENTATION

Creating a Value-Driving Dashboard Design

A company can have the most valuable tool, but if it's not user-friendly, staff members won't take advantage of it, no matter how hard they are pushed. MLC uncovered five principles for organizing and presenting data:

1. Limit the amount of information. Stick to the 10 to 20 metrics of greatest interest to key stakeholders.
2. Employ intuitive scoring. Utilize a simple scoring system, such as the red-yellow-green "stoplight" approach, to ensure maximum dashboard usefulness.
3. Provide a frame of reference. Use charts to compare measures to a benchmark or standard.
4. Make it visually compelling. Incorporate bright colors and symmetrical shapes in the dashboard design to ease the interpretation of complex data and help catch users' attention.
5. Tell a story. Use compelling presentations that pinpoint trends and identify performance-improvement opportunities.

Dashboards designed according to these principles improve stakeholder comprehension of the data, and ultimately the metrics' use in decision making.

Ensuring Action By Enforcing Accountability

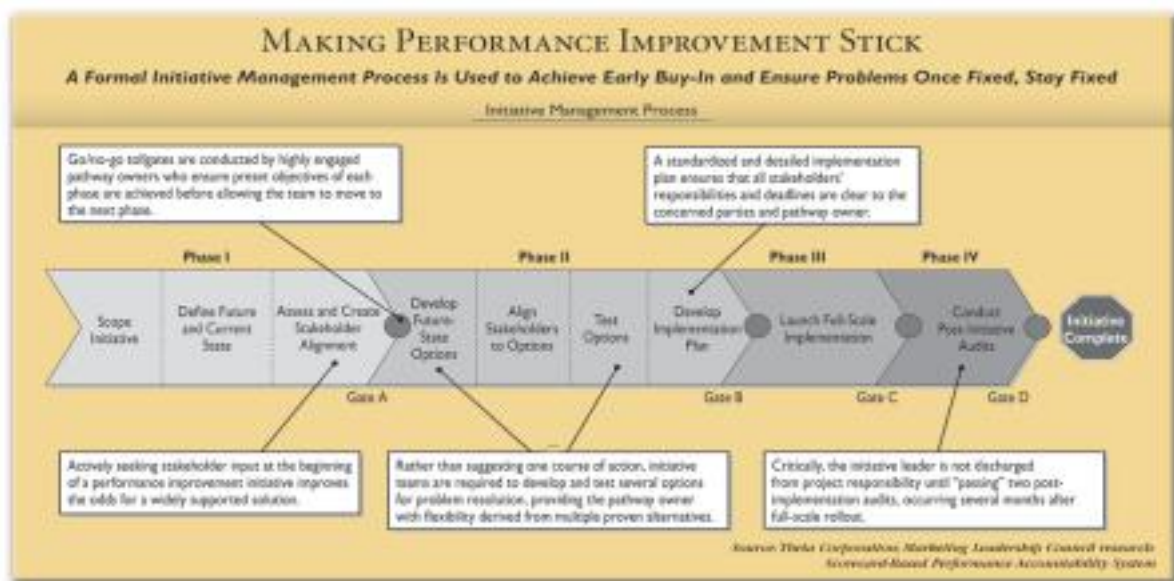
Following a merger, Theta Corp. (a fictitious name for an oil and gas company with greater than \$50 billion in revenue) built a marketing dashboard to ensure that performance matched marketing's changing priorities. The scorecard provided a substantial amount of insight, but the implications for driving adoption and accountability were unclear.

First, Theta realized that making a person accountable in name alone wasn't sufficient for driving problem resolution, so the firm empowered "pathway owners" (marketing executives with clearly spelled-out responsibility for a cluster of dashboard metrics) with specific authority and resources to understand and address performance against their respective metrics' targets. A designated human resources executive also was charged with supporting pathway owners in these efforts by finding and staffing problem resolution initiatives with issue-specific experts drawn from across the organization.

Next, and most critically, highly focused "read-out" sessions were held to understand and resolve any deviations from performance goals. Four key elements were crucial during these sessions to elevating the scorecard from a source of interesting data to the primary catalyst of high-impact performance improvement: Exception Management (focusing exclusively on "yellow" or "red" metrics); Collaborative Problem Solving (offering constructive suggestions for problem assessment/resolution); Objective Facilitation (having the sessions conducted by a "disinterested party"); and Senior-Level Influence (CMO-level expectation is communicated that each meeting will produce concrete action steps).

It is critical to note that complicated issues are not expected to always be fully understood or resolved during these sessions, but rather refined to the point where an improvement initiative can be launched with great focus, driven by well-informed hypotheses.

Finally, to ensure the staying power of solutions crafted to address performance deviation, marketing applied a structured initiative management process that identifies and addresses challenges proactively, while holding implementation teams accountable for long-term results (see Chart III).



Today, Theta's marketing team is able to launch dozens of dashboard-driven, sustainable improvement initiatives that create significant business value and enhance cross-functional credibility within the firm. In addition, these protocols have been replicated across and down several layers within the entire global marketing organization.

COUNCIL ASSESSMENT
 To improve dashboard actionability, the Marketing Leadership Council recommends assigning individual accountability for each metric tracked and vesting these individuals with the authority and resources necessary to drive change.

Beyond this step, creating a formal and focused means to analyze and address variance against metrics targets enforces accountability and is critical to driving action from dashboard insight.

Finally, dedicating a full-time employee to dashboard administration and tying his or her incentives to embedding the dashboard in decision making will catalyze adoption. The same (neutral) person can run the read-out sessions.

III. LONG-TERM VIEW

Your Marketing Performance Dashboard Is Your Strategic Decision-Making Partner

Overall, the MLC report emphasizes the importance of recognizing that a dashboard is only as good as the data it is built from, and that data is a moving target. Industries, customers, and organizations all change over time, and so too will data. Goals will also shift as they are achieved. Regular reviews of your dashboard metrics will ensure that it remains actionable and relevant.

With all the right metrics in place, the appropriate stakeholders assigned specific accountabilities, and the processes mapped out, a marketing performance dashboard will become a continuous source of strategic insight. But more importantly, it will be the right strategic insight.



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