

Measuring What Matters Most

What is the most important thing in your marketing plan to measure?

- A) campaign response
- B) customer satisfaction
- C) brand value
- D) media mix efficiency
- E) all of the above

The fact is that there are so many things to measure that more and more marketers are getting wrapped around the axle of measurement and wasting time, energy, and money on measuring the wrong things. Occasionally this is the result of prioritizing metrics based on what is easy to measure in an altruistic but misguided attempt to just "start somewhere." Sometimes it comes from an ambitious attempt to apply rocket-science mathematics to questionable data in the search for definitive answers where none exist. But most often it is the challenge of being able to even identify what the most important metrics are. So here's a way to isolate the most critical metrics:

Let's say your company has identified a set of 5-year goals including targets for revenue, gross profit margin, new channel development, customer retention, and employee productivity. The logical first step is to make sure the goals are articulated in a form that facilitates measurement. For example, "opening new channels" isn't a goal. It's a wish. "Obtaining 30% market share in the wholesale distributor channel within 3 years" is a clear, measurable objective.



From those objective statements, you can quantitatively measure the size of the gap between where you are today and where you need to be in Year 5 (the exercise of quantifying the objectives will see to that). But just measuring your progress on those specific measures might only serve to leave you well informed on your trip to Nowheresville. To ensure success, you need to break each objective down into its component steps or stages. Working backwards, for example, achieving a 30% share goal in a new channel by Year 5 might require that we have at least a 10% share by Year 4. Getting to 10% might require that we have contracts signed with key distributors by Year 3, which would mean having identified the right distributors and begun building relationships by Year 2. And of course you would need all your market research, pricing, packaging, and supply chain plans completed by the end of Year 1 so you could discuss the market potential intelligently with your prospective distributors.

When you reverse-engineer the success trajectory on each of your five goals, you will find the critical building block components. These are the critical metrics. Monitor your progress towards each of these subgoals and you have a much greater likelihood of hitting your longer range objectives.



Robert Kaplan and David Norton, the pair who brought you the Balanced Scorecard approach to measurement, have a simple tool to help diagram this process of selecting key measures. They call it Success Mapping. (See sample above.)

By choosing your metrics carefully, you can direct all measurement efforts to those things that really matter and invest in measurement systems (read: people and processes, not just software) as a component of your overall business plan, not as an afterthought.

