

Most articles and books written on marketing metrics and dashboards speak to large corporations and specifically to the corporate marketing departments within them. But most B2B marketing organizations don't have massive advertising budgets or state-of-the art information systems. For these organizations, the key to useful metrics is to figure out how to make best use of the imperfect data available.

Lies, Damn Lies, and Marketing Metrics

By Kathryn Roy

Why track metrics?

Marketing organizations track metrics for two reasons:

- To demonstrate to other departments the value contributed by marketing
- To measure the effectiveness of what they do, and revise plans according to results

Marketing has to vie for budgetary dollars along with the other departments. Unlike sales or development organizations, however, the connection between marketing effort and sales results is not always obvious, which is the main reason marketing budgets are seen as more discretionary. To justify marketing investment, the challenge is to find marketing metrics that correlate to financial results, strongly enough that the metrics can

reliably be used to predict future results.

Measure effectiveness

Distinguish between effectiveness metrics: doing the right things, and efficiency metrics: doing (possibly the wrong) things well. It's fine to measure efficiency if you have already established that the activities drive financial results, but never substitute efficiency metrics for effectiveness metrics. Having a full house at your seminar is meaningless if most of the attendees would never qualify as prospects.

Efficiency metrics do not help convince sales, finance, or senior management of the effectiveness of marketing; they are no defense against efforts to prune marketing budgets in difficult times.

Marketing metrics for B2B companies

The marketing department for a B2B company has three primary responsibilities:

- Creating a positive, broad impression of the company / product / service / solution
- Providing convincing and professional-looking sales tools that reinforce key messages
- Generating leads

Ideally, companies would be able to measure their effectiveness at all three.

Why B2C Companies Have it Easier

B2C companies can often close deals quickly based on one or two interactions. They also have higher volumes of customer interactions, making it easier to test target audience, media, offers, message, and creative through AB or multivariate testing.

B2B companies typically have lower volumes of leads and multiple interactions with leads over the months a typical sales cycle requires. Many interactions are untrackable like web site visitors who don't register.

Awareness / Perception Metrics

Many B2B companies don't have the budget to formally survey prospects to measure awareness and perception.

Fallback alternatives include:

- Number of positive press mentions vis a vis the competition
- Positive rating by analysts
- Awards won The number of press releases
- Number of customer references

The number of press releases is the most problematic because they fall into two categories. Releases covering positive financial results, product releases, credible awards, new partnerships with leading industry

players, and customer wins help create the perception of healthy growth. These contribute measurably to improved awareness and perception.

Releases covering attendance at industry events may be an excuse for a salesperson to touch base with a prospect, but won't change the prospect's impression. When counting press releases for their contribution, agree on a filter in advance and count only the meaningful ones that pass the filter.

Customer references are a joint responsibility of sales, marketing, development, and services. Obviously, you must start with a happy customer. Then there has to be enough incentive (e.g., price break, free service, input on development priorities) to overcome natural or corporate resistance to being used as a reference.

Lead Generation Metrics

The ideal metric for lead generation is net revenue per campaign. The Intuit marketing group that handles upgrades for QuickBooks can measure effectiveness by tracking the dollars in upgrades that result from their direct mail campaigns minus the campaign expense. Intuit marketers use AB or multivariate testing during campaigns to fine-tune what they say, to whom, and how often to say it. But this is the exception for B2B companies.

It is difficult to tease out the specific impact of an activity when multiple campaigns are applied to the same prospect base. If direct mail pieces are used in combination with telephone campaigns, it may be hard to determine how much of a sales increase was due to the direct mail campaign vs. the telephone campaign.

Some companies credit the first known interaction or the first and last – assuming the last interaction has some impact on closing the deal. All of these options are crude at best.

The only way to determine effectiveness is to design tests with a control group, where you separate your target

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population into two similar groups but differ in one aspect of their treatment. If there is a difference in revenue between the two groups, that provides an indication of the relative value of the activity in question.

B2B companies often focus on funnel conversion rates, such as what percentage of marketing qualified leads are accepted by sales as sales qualified leads. There's a trap here when companies act as though conversion rates throughout the sales funnel are independent. For example, Vendor A was so focused on increasing the percentage of marketing leads accepted by sales, that they overlooked the unintended consequence of the sales win rate declining. It turned out that marketing was only turning over leads that were ready to buy in the next 6 months. Other vendors had sales reach out earlier to prospects when they could have greater influence on purchase criteria. By the time Vendor A sales spoke with these prospects competitors had been courting, they were at a greater disadvantage.

Sales Tool Metrics

Sales support material are among the most treacherous pitfalls for marketing. Sales process consultants continually rail against the lack of effectiveness in their client's sales tools.

You can't always rely on sales feedback to judge sales tool effectiveness; many salespeople have never met a sales tool that they didn't like. Marketing can turn out beautifully formatted ROI tools for prospects to use that lack ease-of-use or credibility, but never realize it. What busy prospect is going to take the time to tell you that you goofed?

The best practice for sales tools is NOT to measure post facto but to test before creating them. Use focus groups or in-depth interviews to find out:

- Prompted and unprompted awareness of your company and competitors

- What prospects think of your company vs. competitors
- What prospects look for when selecting a vendor
- What your proposed messages mean to prospects (how relevant, credible, and compelling)
- Whether your vocabulary means what you think (e.g., "mid-market")

Armed with this research, your team can design sales tools that hit on key points in a meaningful way. But inspect proposed tools carefully to make sure the key points are communicated properly. Professional layout often obscures serious flaws.

If you are still in doubt, pay prospects to read the collateral in a focus group or in a controlled interview, as fast as they typically would, and have them answer questions to see if the desired points are communicated and credible

Use Sales Metrics Cautiously

Obviously, marketing should contribute to corporate goals such as revenue and profitability targets. There is clearly a benefit in aligning sales and marketing by having them compensated to some extent on common goals. There is no harm in inserting the corporate metrics associated with financial goals on the marketing dashboard as long as marketing doesn't use these high level goals to evaluate low level activities.

If sales exceed plan in a quarter when marketing runs a Webinar, marketing couldn't use the sales metric to endorse the value of webinars, since many deals may have closed where no one attended a webinar. Rather, marketing would have to measure something more pertinent such as the number of follow up sales meetings that were scheduled with the attending prospective companies.

In selecting sales metrics, avoid those with timing issues, such as quarterly bookings. Since marketing initiatives typically occur a quarter or two earlier

than sales follow-up and revenue impact, shared metrics should take that into account by using longer time frames.

The other difference between sales and marketing metrics occurs in aggregation. Sales metrics typically look

at sales results over all products and services, while marketing initiatives are often tuned to a specific offering. It would be more useful for marketing to measure results for each individual offering when multiple products or solutions are involved.

In Closing

With all the emphasis on marketing metrics, most organizations are now tracking at least a few. However, many are inadvertently tracking the wrong numbers. Here are key points to keep in mind:

- Measure effectiveness, not efficiency
- Establish criteria to separate meaningful publicity from press release fodder
- Test messages up front *before* designing sales tools
- Look for opportunities to run controlled tests of lead gen campaigns
- Don't assume funnel conversion rates are independent
- Use sales metrics cautiously