



NOBEL PRIZE-WINNING ECONOMIST PAUL KRUGMAN ON THE FISCAL CRISIS.

Wouldn't you want to sit down with Dr. Krugman and ask him to explain what happened, why, and what he predicts will happen in the future. Eaves-drop with this interview at American Management Association with the Princeton economics professor, writer, and columnist.

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Building a Meaningful Executive Marketing Dashboard: A Prerequisite to CORPORATE

BY GAL S. BORENSTEIN

It was over 100 years ago that John Wanamaker, father of America's first successful department store, coined the famous advertising axiom "Half the money I spend on advertising is wasted; the trouble is, I don't know which half."

One hundred years later, C-Suite executives are not much better off. In fact, if you ask the average CEO which half of his or her marketing works, the likely answer is, "I still don't know."

It is baffling because now, more than ever before, as the economic recession rears its ugly head in corporate boardrooms, there is a tremendous need for answers. Yet, most executives freely admit that even with an overwhelming amount of data available at their fingertips—from customer relationship management systems, Web analytics, business intelligence, customer satisfaction surveys, to savvy sales and marketing staffers—they are no better off than John Wanamaker over 100 years ago. Why? Because unlike accounting and manufacturing, marketing has no dashboard that management can believe in.

Now, when the economy is hurting, and your competitors are hurting as well, it is possibly the single most important opportunity, in a decade, for your management to reinvent. But to do so you need to have good metrics, measurements you can trust and from which you can make sound decisions that advance your company's business plan. You need to measure what really counts. Once identified, these metrics should then be placed in your Executive Marketing Dashboard. It sounds simple, and at one level it *is* simple, but in general it tends to be just a bit complicated.

DESIGN IMPERATIVES IN BUILDING YOUR CEO MARKETING DASHBOARD

A properly designed marketing dashboard is an essential tool for every CEO when it comes to working with his marketing department. It is not difficult to understand the difference between reading piles of meaningless data wrapped in a binder labeled "Marketing ROI" and strategically meaningful data that have actionable decision support factors to allow you to take action. There are three key imperatives that help you design a better marketing dashboard if you consider the sensitivities and sensibilities involved.

SURVIVAL and GROWTH



1. Who will be reading the dashboard? Assuming that you've assembled an A-team in marketing, sales, operations, and finance, all aligned with your corporate vision, it is now incumbent upon you, the CEO, to recognize or, to be more accurate, prerecognize that what appears to be successful to one part of your management team may be seen as a complete failure to another. The very same data can, and often is, read differently by different people.

Even so, that does not mean that your marketing dashboard is doomed to failure. Rather it is a matter of your leadership ability.

To succeed, you can't be a sheep. I submit to you that as Charles Maurice de Talleyrand, Napoleon's brilliant foreign minister and military strategist, said: "I am more afraid of an army of 100 sheep led by a lion than an army of 100 lions led by a sheep." Only a company's CEO can passionately believe in and honestly interpret the marketing data. You're the one who has to face public scrutiny when sales are down. It's lonely at the top and, yes, you could be wrong on how you view the data and, yes, you should listen to your MVPs, but if you tolerate metrics that you don't comprehend, embrace, and understand, then chances are you will be producing another scenario in which you're asking, "How're we doing?" and receiving in return another ROI report that is meaningless to you.

2. Who is going to act upon the collected data? Once you have collected the right marketing decision support information and have a notion about what should be done about it, you must again *pre-identify* the best managers to carry out your wishes with maximum prowess and impact. As General George S. Patton once said, "Don't tell people how to do things; tell them what to do and let them surprise you with the results." For example, if your chief operations officer in charge of improving existing customer satisfaction is instructed to "make it better," he or she must first believe that things can be better. Only then can he or she devise strategies and techniques that isolate the pockets of trouble that demand action to make the satisfaction dial move in the right direction.

3. How and who will communicate the success or failure of your dashboard? The CEO's marketing dashboard is both an executive analytical tool and a successful communications tool

to share with your management team and employees of particular departments who helped to achieve the targeted goals. You may even decide to share it with certain external groups such as your shareholders, investors, and media.

YOU DON'T NEED SOFTWARE. YOU NEED COURAGE AND VISION

I suspect that at this point you are asking, “So what is the answer? What software should I buy that will help me create the marketing dashboard I need? What templates should I use and where can I download them?” The short answer, candidly, is that there is no such thing. No boilerplate template fits your needs unless you, the CEO, build one for the unique issues and challenges your company faces, or the solutions that your organization is distinctly positioned to provide.

The best and brightest dashboard software products, no matter how well branded, will not be the answer. The truth is that they are no more than a fancier way of collecting data and then presenting it to executives who need to make decisions in real-time or conduct a postmortem on some aspect of the company. You can construct one using an Excel spreadsheet, an Access-designed database, or for that matter the old “martini napkin” that may have started your business back in the time when innovation and inspiration ruled your day. You don’t need the bells and whistles.

The biggest flaw of all automated reporting tools is not with them. It is with you! These programs can only report what you ask them to report. They can only visually suggest you make a decision, but you have to make the decision. They can only be of help if your people are trained and inspired by you to be focused on the meaningful constructs of what makes your company a success versus what the business intelligence software purveyors have polled as the latest “frequently asked metrics,” a form of best practices.

HOW DO YOU PROCEED?

- 1. Choose five key performance indicators (KPIs) that are the most important for you as a CEO** to assess your company’s current success and project performance over the next five-year strategic horizon. There is no intrinsic value in measuring what has already happened aside from historical benchmarking, that is, unless you have attached the goals from your strategic growth plan for the next five years. Consequentially, you need to connect indicators of current success to modification in company behavior and align the results to the future trajectory you’ve mapped.
- 2. Identify and add Qualitative Metrics to assess each one of your five KPIs.** These should be chosen because of their importance in assessing the success or the failure of your goals in the present and the future horizon. By “qualitative,” I don’t mean for you to select industry benchmarks based on the return on investment formula for the industry. Ask, inspire, and demand that your management team look back at your company’s history and present you with a common-sense approach that is easy to account for, calculate, and most important believe in.
- 3. Identify and establish Quantitative Metrics to measure each of your five KPI’s.** While you as the CEO are needed to think out of the box, your managers are motivated by performance objectives. So check to see that the metrics you choose are ones that will be acceptable to your workforce and are respected by industry peers. This part of your marketing dashboard should have a built-in “discount safety margin” of 25% to help mitigate the risks of using biased

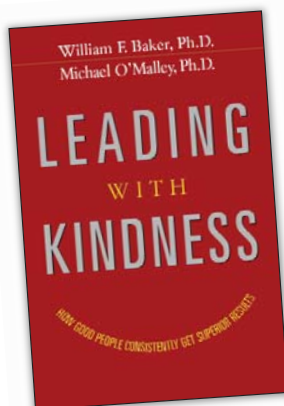
“Only a company’s CEO can passionately believe in and honestly interpret the marketing data. You’re the one who has to face public scrutiny when sales are down.”

industry measurements that your hard-working management team has been relying on without knowing their fallacies. Expecting fallacies is the sign of a conscious leader.

4. Develop an open-ended textual area for innovation and reinvention for each one of your five KPIs. This might be in the form of text that headlines the result of a monthly meeting you have with your management leadership group that is assigned to watch outside trends and bring new ideas to you. What you want to measure here is how many new ideas are being considered that aren’t part of the status-quo. Most dangerous of all are those that are being left behind because they don’t fit any business metric your competitors accept as the “only way to run a business.” This is the pulse of your innovation meter. You don’t have to accept any recommendations, but you must be the one who pushes everyone to think a certain way in every department and consistently add to expectations based on your ideas. *MW*

Gal S. Borenstein, author of What Really Counts for CEOs, is an expert in strategic communications, branding, marketing, advertising, and public relations for business to business. He is the founder and CEO of The Borenstein Group, an integrated marketing communications firm based in the DC metro area. For more information, visit www.amazon.com or www.GalBorenstein.com

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