GUEST SPEAKER
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What you measure matters

Think about these tips before creating your firm's strategic "metrics system."

How do you get the results you want out of your marketing program? Well, most of us come up with a set of goals that describe the results we want and then we create strategies and actions to get there. If we're really good, we come up with a set of metrics to monitor and measure our success.

So what do those marketing metrics typically look like? Well, most of us use a set of industry benchmarks, such as hit rates, new contract volume, revenue, marketing expenses, and the like. Then we track the numbers on some regular basis and, often, reward or punish accordingly.

But do these metrics really tell us what we need to know? If we are failing in one area, do they give us clues as to what we can do to improve? Do they help support, and even drive, the type of behavior that can create the improvements needed? In most cases, I would say that they don't— but should.

Results vs. drivers

I would suggest that you consider the difference between results and drivers. Making sure that your metrics address both provides opportunity to drive a more strategic culture. Some of your metrics may be the typical results-oriented industry benchmarks to monitor overall performance. But it is even more important that you develop metrics that encourage and monitor behaviors that you know will support and drive up your results and help you ultimately reach your goals.

Finding your drivers will take some investigation. For example, if you aren't achieving your proposal hit rate goals— and not many of us are right now— then you really need to figure out what would drive you to be more successful. Many firms have slipped into a shotgun approach to project pursuits to increase backlog (a typical marketing reaction to achieve a firm-wide, results-oriented industry benchmark). But looking back to when your hit rates were better, or knowing intuitively what behaviors need to be improved, you may realize that focusing more resources on fewer project pursuits is a better plan.

So why not develop metrics that encourage and reward those driving behaviors? You could set a goal for a maximum number of proposals for the year and a minimum amount to spend on each one. Your staff might think differently if they knew that they had to achieve their backlog goals with few proposals, but were given the resources to do it right. You may start to see some very strategic behavior, and as a result, your hit rates would likely increase.

One size does not fit all

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When it comes to strategic metrics, one size does not fit all. If you think about all the variables at play— firm size, corporate culture and vision, services offered, geographic location, and reach— how could one formula determine what works for every firm? You need to look for what makes your firm perform at its highest levels and build your metrics around supporting those behaviors.

In the example above, you can also see the importance of aligning your marketing metrics with other firmwide metrics. If any of your metrics conflict with one another, you will have a tough time driving the strategic cultural changes needed to make improvements. For example, if one of your firm's strategic initiatives is to function seamlessly across geographic locations, then use caution when monitoring performance by geographic location.

If leaders of an office are paid bonuses based on their office's hit rate performance, then this structure could discourage working with other offices in ways that would benefit the hit rate of the entire firm and encourage cross-office cooperation.

You also can't deny the reality of external factors (like increased competition), so you have to consider current market conditions when developing your metrics. And you will need to adjust them from time to time, to align them with changing firm strategies and keep them reasonable to achieve in the current business environment.

Quality versus quantity

Another thing to consider is developing metrics that drive the quality of your marketing performance. For example, if your goal is to expand your brand, then find metrics that measure the quality of your branding activities.

You might have a metric for winning awards, but are they the award programs that are most respected by your clients? You may have a metric for media clippings, but are you publishing authored articles in trade publications or just getting a few lines of ink for a new hire in the local business section? For your social media, don't just look at the number of followers on Twitter, but monitor your ranking of influence in your industry.

Analyze your metrics where they strategically relate and help identify behaviors of success. For example, if you have a go/no-go scoring system, use it to see how it compares to your hit rates. Is there a scoring threshold that predicts a better outcome? Are certain criteria a better predictor of success?

Building your metrics system

So to build strategic metrics for your firm, first look at your strategic plan, mission, vision, and values. These are the results that your metrics must ultimately support and drive.

Then look for patterns of past success and dig deep to figure out what behaviors drive those successes. Finally, examine your existing metrics and industry benchmarks, and build the system that you believe will truly create the results you want.

Reward successes accordingly and adjust annually.

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