

# DISPATCHES™

Insights On Brand Development From The Marketing Front

Sunday, July 12, 2009

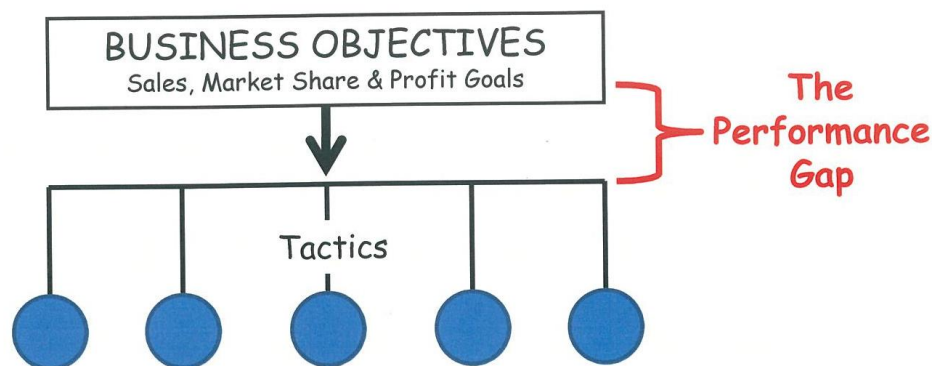
## BRIDGING THE PERFORMANCE GAP

How productive is your marketing? If you are like 90% of the marketers we surveyed in our State of Marketing study you really don't have a clue – regardless of your sector or major geography. Okay, perhaps our stating that, “you don't have a clue,” is kind of harsh and, as such, may put you on the defensive. This is not our intension. We don't want you to be defensive. But you really don't know what you are getting for your efforts. Our intension is to give all marketers a wake-up call to be offensive – in your marketing! We marketers need to take responsibility and be held accountable for results. If we can't do this we are gambling with the company's resources and most likely undermining brand health.

Why don't we know what we are getting for our countless hours toiling away at marketing on behalf of our companies and brands? It's less about testing all initiatives, which we wholeheartedly encourage marketers to do. It's more about setting expectations for outcomes and inspecting (read: measuring) for what we expect from each tactic! But to do this we have to bridge “the Performance Gap.” This is the land of SMART behavior objectives, selection of Key Business Drivers, development of strategies to achieve the behaviors, and BIG Idea tactics to encourage customer adoption of the behaviors we seek that is too frequently overlooked in marketing planning and execution.

### The Performance Gap

Working with many companies, from a wide range of sectors, throughout the world, we encounter the same practice. It's not a good one either. In fact, it's lousy. The practice we are referring to is marketers are going from business objectives (sales, market share and profit goals) directly to tactics.

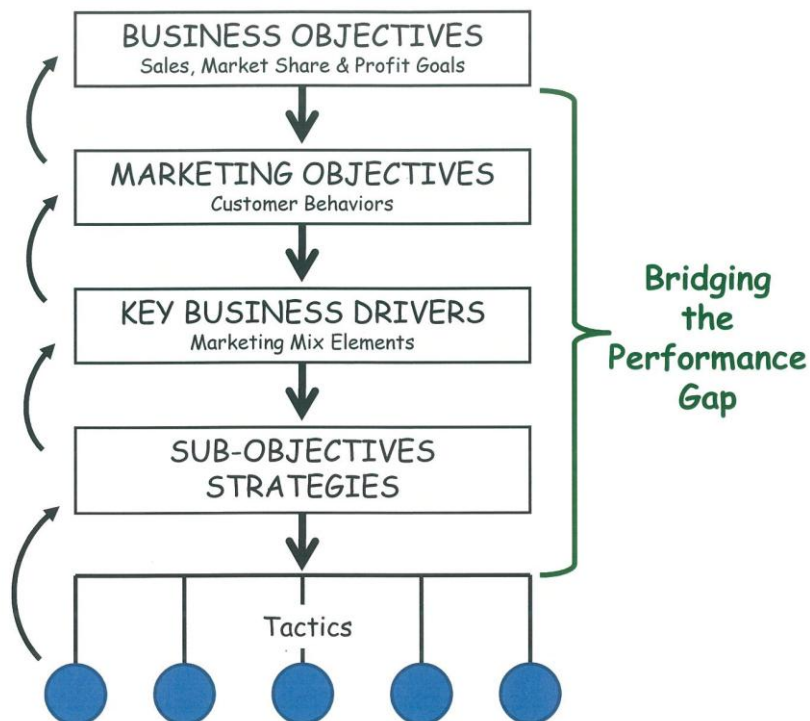


There are no objective criteria for selecting or assessing these tactics either. It's like doing the same things in the same way we have always been doing them. If we have been growing at x% then we should continue to project x% growth. Well, are you? In today's environment we seriously doubt it. But then that's a good thing because now marketers, and/or their more savvy leadership, are open to considering change and adoption of best practices (even those outside of their sectors, countries and companies). If not, then perhaps these marketers and their leaders are insane. Albert Einstein stated, "The definition of insanity is doing the same thing, in the same way, over and over again, and expecting different results."

We certainly do not believe you are insane. Nor do we believe your leadership is insane such that they would keep spending in this very challenging economic reality to support tactics for which they do not know the ROI (Return on Investment) or produce a poor ROI. Has your working budget been cut? That's evidence of sanity, if a positive ROI has not been demonstrated. We doubt funding has been cut from programs or tactics that have clearly demonstrated a healthy ROI. That would be insane!

### The Performance Gap

What's missing? What do we need to have in order to bridge the Performance Gap? Specifically we need SMART customer behavior objectives, identification of and allocation of resources against the Key Business Drivers, SMART objectives for each of the Key Business Drivers and strategies to achieve your objectives and, finally, BIG idea tactics that compel the desired customer behaviors.



More on each:

- **Marketing Objective** – This is the specific target-customer behavior(s) we expect and need to achieve in order to deliver against the Business Objectives of sales, market share and profits. Marketing Objectives include penetration (i.e., first time using a category of products), switching (from a competitor’s offering to your brand), frequency of purchase, compliance, etc.

When we say “SMART” we are referring to: Specific (as in number or percent of customers); Measurable (i.e., you can inspect for what you expect); Achievable (namely, it has to be realistic); Relevant (if you do the math you should be able to determine that achievement of the Marketing Objectives will prove to the Business Objectives – if it doesn’t then either the Marketing Objectives or Business Objectives are not correct); and Timebound (within the promotion period or in the case of a marketing plan the calendar or fiscal year).

Terminology is very important here. Business Objectives are not the same as Marketing Objectives. And Marketing Objectives are not visionary or qualitative statements. They are quantifiable behaviors pure and simple!

- **Key Business Drivers (KBD)** – If you only had one unit of funding (regardless of whether it is a dollar, euro, Yuan, pound, yen, whatever) against what marketing mix element (e.g., advertising, trade promotion, Continuing Medical Education, Medical Congresses, etc.) should you invest it? Where would you generate the greatest ROI with that monetary unit? Don’t know? Too bad. Limited funding does not mean limited growth potential. What limits growth is spending against marketing mix elements for which our ROI is not positive. It not only limits growth from that spending but diverts funding from potentially more productive elements undermining our ability to achieve our Marketing Objectives and, in turn, Business Objectives.
- **KBD Objectives & Strategies** – We also need to develop SMART objectives for each of the Key Business Drivers. These should link to the achievement of the Marketing Objectives. Again, you can do the math to ensure that everything is connected and at the end of any given day, promotion period, event, etc., you have contributed to delivering against the Marketing and Business Objectives. An example of a promotion objective might be to sample X% of households during the 4<sup>th</sup>-quarter. An objective for CME might be to train and qualify Y% of surgeons to perform a specific procedure within the first two months of launch. An example of a media objective might be to reach Z% of customers N-times during a specific 13-week schedule.

The strategies are the specific routes you are going to take to achieve these KBD objectives. For example, the sampling strategy might be to provide salable samples to the trade (i.e., the retail trade sells the samples to their customers through their outlets).

- **BIG Idea Tactics** – This “animates” the strategy in that it brings it to life to encourage achievement of the KBD behavior objectives. It’s about creating execution that compels customers to act as you wish for them to behave. An example of a BIG idea tactic might

be NutraSweet's intro sampling of gumballs to consumers or BOTOX parties to generate leads for potential patients.

## **BOATS & HELICOPTERS:**

Let's be accountable. Bridge the performance gap with your marketing.

1. **Fix your nomenclature.** Business Objectives are sales, market share and profit goals. Marketing Objectives are customer behaviors. End of story. Don't let high priced consultants make-up new words or definitions for these terms. Nor do you need to make-up new terms for these that are "proprietary" to your company. Neither advances the thinking. Obfuscation of meaning through poor terminology leads to fuzzy thinking. And, we need to be very clear with our thinking.
2. **Include Marketing Objectives in your planning.** Determine which behaviors your brand needs to achieve in order to deliver the Business Objectives.
3. **Get SMART with your Marketing Objectives.** Then do the math to ensure that achievement of these objectives will prove to the Business Objectives.
4. **Undertake zero-based budgeting.** Identify Key Business Drivers and prioritize funding allocation against these more productive priorities that hold promise for the most favorable ROI.
5. **Develop SMART objectives for each of the Key Business Drivers and strategies to achieve these objectives.**
6. **Once again, do the math.** Check to ensure that achieving the objectives for each of the Key Business Drivers will lead to achieving the Marketing Objectives and, in turn, the brand's Business Objectives.
7. **Generate BIG Idea tactics.** Don't settle for anything less than truly BIG. This will serve to leverage the productivity of the Key Business Drivers. BIG Idea tactics serve as accelerators to growth.
8. **Inspect what you expect.** Measure the results of each tactic against your expectations. Importantly, get to the root cause of any variances in performance versus goals. Use your learning to guide future brand activity.

Go ahead. Get SMART. Let's make a real difference with our marketing. Bridge the Performance Gap and deliver real, predictable results.

Richard Czerniawski and Mike Maloney

*Contact information on following page...*

**Richard Czerniawski**

.....  
430 Abbotsford Road  
Kenilworth, Illinois 60043  
tel 847.256.8820  
fax 847.256.8847  
.....

reply to Richard:  
[rdczerniawski@cs.com](mailto:rdczerniawski@cs.com) or  
[richardcz@bdn-intl.com](mailto:richardcz@bdn-intl.com)

**Mike Maloney**

.....  
1506 West 13th Street, #17  
Austin, Texas 78703  
tel 512.236.0971  
fax 512.236.0972  
.....

reply to Mike:  
[mikewmaloney@gmail.com](mailto:mikewmaloney@gmail.com) or  
[mwm@bdn-intl.com](mailto:mwm@bdn-intl.com)

*Please forward any comments regarding the newsletter to Lori Vandervoort at our  
Central Division Offices of BDN International, 800-255-9831 or 620-431-0780.  
[lorivan@bdn-intl.com](mailto:lorivan@bdn-intl.com)*

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