

DISPATCHES™

Insights On Brand Development From The Marketing Front

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WHAT'S THE OBJECTIVE?

MBO, or Management by Objective has to be one of the most fundamental of business management concepts, right? Now nearly 55 years old, the concept was first popularized by Peter Drucker in his 1954 classic book, *The Practice of Management*. Although originally applied to employees—as a way for them to set specific goals and have their performance assessed against the achievement of those goals—its application has been widely expanded throughout American management, particularly towards the pre-determination of measurable business results linked to a company's given resource investment.

And yet...and yet, for as fundamental as MBO remains, it continues to surprise us week-to-week as we work with our brand-building clients that so many marketing investments are made (time, human resources, and money) with virtually no pre-determination of the expected *specific/measurable* results or outcomes. Because MBO is such a simple concept, we know that it cannot be that the concept itself is too taxing to deal with. So what might some reasonable explanations for this widespread omission of objective-setting?

- 1. The Marketing Function these days is simply too tactically oriented.** Because of such a long run of down-sizing across organizations, and the resulting requirement for fewer people to do more things, the honest truth is that Job 1 for so many marketers is to “get the program out.” It is certainly true that we hear more and more marketers exclaim things like, “I wish I had even a little more time to think!” With a premium put upon getting tactical initiatives into the market, it is no wonder that marketers skip (or at least short-change) the upfront strategic thinking...especially the thinking through of what, exactly, consumer behavior they are looking for from a given initiative and how that behavior will come about, for example.
- 2. Senior Management does not demand rigorous upfront strategic thinking from their marketers.** As we help various clients add rigor and discipline to their annual “Strategic Marketing Plans,” we see first-hand so many instances of plans that leap from a downloaded set of business objectives (Volume, Profit, Share goals) to the initiatives that are somehow expected to deliver them. Actually, we see very few plans that lay out the logic and detail of delivering *business objectives* by meeting *marketing objectives* and of meeting those marketing objectives by adopting clever *marketing strategies*.

Who knows why “strategic” marketing plans have become so tactical? Perhaps senior management, too, has become driven by the need to get more tactical things done with fewer resources. Or, perhaps, our thinking has simply gotten lazy. Do senior managers even know anymore the difference between an objective and a strategy? (It was our previous President, George Bush II, after all, who when asked about the *strategy* for Iraq replied again and again that “our strategy is to win.” (Sorry, Mr. President, but “to win” is an objective, a goal, an outcome, not a strategy, which is a way of achieving an outcome. He was a Harvard MBA, wasn’t he?)

- 3. Marketers want to set an objective but are not sure if it’s the right one (or even if it is the right one, if they can truly measure it).** We hear these kinds of comments a lot. Some marketers will admit they need a measurable marketing objective or two, but because their data-gathering budgets (you know, those “non-working” dollars) have been slashed or they never had the money to measure consumer or customer behaviors in the first place, they default to setting nothing. But you have to ask yourself, “Why is *measuring* a significant investment of the company’s resources (like for a new ad campaign) considered unnecessary or part of “non-working” capital in the first place? We won’t invest in measuring the results of our investments because we cannot afford to, is that the logic? If anything, investing in data that demonstrates that marketing initiatives actually work are the most critical “working” dollars a company can spend.

- 4. When you get down to it, many marketers are just not really held accountable for something measurable.** We often talk (and have written in these *Dispatches*) about “little m marketing,” which is our term for a marketing function that exists mainly as a service or “staff” to other functions. You know, such as in existing mainly to provide selling materials to the Sales Function. In this role, marketing is typically held accountable for “getting the materials out,” or perhaps the number of programs they can get out in a given timeframe. But “little m marketing” is not typically held accountable for delivering actual business results—in the way, say, that Sales is held accountable for delivering set quotas that build to an overall Volume objective. What’s needed, if the Marketing Function is too seriously and consistently manage by objective is a transformation to “Big M Marketing,” wherein all marketers have pre-determined marketing objectives to deliver that build to overall Volume, Profit, and Share business objectives.

Nothing would please us more than to see Management by Objective return in full force to the Marketing Function. And we feel this way not simply out of a longstanding respect for a very effective management concept; no, we are much more selfish in our feeling than that. We have learned from our own experiences as marketers that when any and every marketing investment is held to a measurable objective, Marketers and Marketing gain the critical respect and

credibility they need to (a) win more, much-needed resources for their brands and (b) ultimately serve as growth-drivers for the organization.

BOATS & HELICOPTERS:

Here are a few small suggestions we would offer to facilitate a return of management by objective to your Marketing Function:

1. Start small and simple: in each conference room put up a printed sign (in a highly obvious place) that reads something like this: “What’s the objective of this meeting?” or, as our former clients at Pepsi North America placed on signs in their marketing meeting rooms, “This will be a successful meeting if we accomplish_____.” No meeting can start without addressing these questions.
2. Get everyone up to speed on the differences between Business Objectives (those goals that all functions in the organization contribute to—like Volume, Profit & Share) and Marketing Objectives (those specific behaviors only the Marketing Function is held accountable for delivering—like bringing in new users to the category or getting a certain number of competitive brand users to switch to you brand).
3. As part of the Strategic Marketing Plan, consciously show the linkages from Business Objectives to Marketing Objectives to Marketing Strategies to Marketing Initiatives. When presenting the plan make it a point to explain how it is that certain behaviors, if attained, will achieve a certain amount of growth; explain how a particular strategy & ensuing initiative will likely result in the behaviors desired.
4. Actually, go even further than this: work the math. Show how a given behavior will translate to a given “case volume.”
5. Push your senior management for accountability (and for the funds to measure that accountability). If there have traditionally been no monies for gathering behavioral data, then it’s squarely up to Marketing to make the pitch for those monies.

Richard Czerniawski & Mike Maloney

(Contact information on the following page)

Richard Czerniawski

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

reply to Richard:
rdczerniawski@cs.com or
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@cs.com or
mikemaloney@bdn-intl.com



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