
BACKGROUND: THE BOARDROOM PROJECT

In 2004, responding to mounting pressure from corporate boardrooms for accountability in the marketing function, a cross-industry/cross-discipline body of marketing scientists initiated The Boardroom Project.

Members recognized that measurement standards (tied to financial performance) are essential for the efficient and effective functioning of a marketing driven business, because decisions about the allocation of resources and assessment of results rely heavily on credible, valid, transparent and understandable information.

After comprehensive review of current practices, needs and accountability initiatives sponsored by industry organizations, it was determined that while marketing was not ignoring the issues surrounding metrics and accountability, the practices and initiatives underway were narrow in focus, lacking integration and generally not tied to financial performance.

The body then drafted Objectives of Marketing Standards (TBP Recos 2006) and defined the Marketing Measurement Audit Protocol (MMA) for connecting marketing activities to the financial performance of the firm. This process includes the conceptual linking of marketing activities to intermediate marketing outcome metrics to cash flow drivers of the business, as well

as the validation and causality characteristics of a sound metric.

Finally, members of The Boardroom Project concluded that marketing will move from discretionary business expense to board-level strategic investment only through an independent standards setting “authority” for measuring (forecasting & improving) the financial return from marketing activities.

As was true for manufacturing and product quality (with ANSI & ISO) and for accounting and financial reporting (with FASB & IASB), so it would be true for marketing and consistent growth (with MASB).

Establishing MASB was viewed as the seminal opportunity to approach the metrics foundation of accountability and continuous improvement at the highest level: across industries, disciplines and domains; with common language, purpose and financial denominators; and with collaboration and coordinated efforts over all, and over time.

Thus in the fall of 2007, The Boardroom Project launched the Marketing Accountability Standards Board (MASB) of the Marketing Accountability Foundation (MAF) with 10 Charter Members, a 1-3 year plan, and a dozen initial standard’s projects.

THE MAF VISION

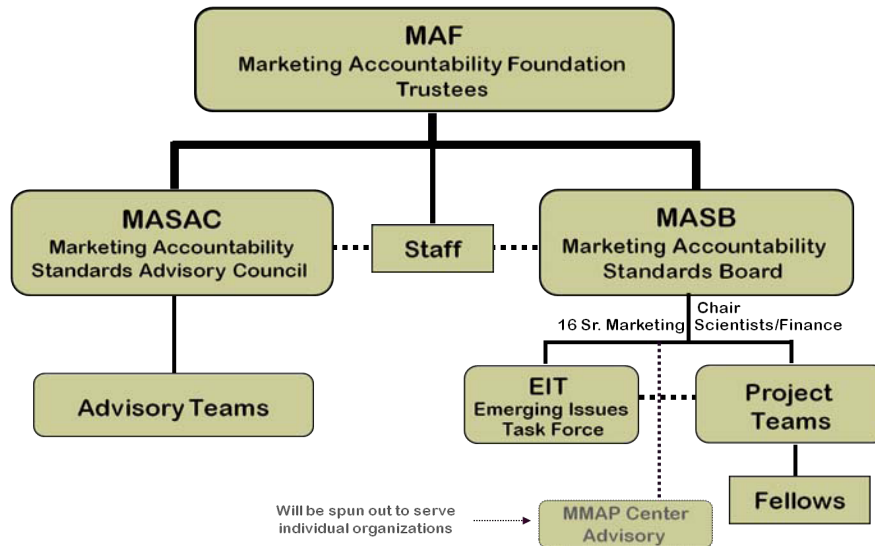
The vision of the Marketing Accountability Foundation (MAF) is an independent standards body, with universal and voluntary collaboration and participation, laying the measurement foundations for marketing professionals to realize full accountability and strategic status in the Boardroom, as reliable forecasters and achievers of consistent growth in customer revenues, earnings and cash flows quarter-to-quarter and year-to-year.

THE MASB MISSION

The mission of the Marketing Accountability Standards Board (MASB) is to establish (issue, improve and promote) marketing measurement and accountability standards across industry and domain for continuous improvement in financial performance and for the guidance and education of business decision makers and users of performance and financial information.

ORGANIZATIONAL STRUCTURE

The MASB organizational structure is modeled after the Financial Accounting Foundation:



MARKETING ACCOUNTABILITY FOUNDATION (MAF)

MAF is the independent, private sector, self-governing organization authorized by its membership constituency to:

- Establish & improve marketing metrics & accountability standards
- Educate constituents about those standards
- Provide oversight, administration & funding for its standards-setting Board (MASB) and its Advisory Council (MASAC)
- Select members of the MASB and MASAC
- Protect the independence & integrity of the standards-setting process

The Foundation is incorporated exclusively for charitable, educational, scientific, & literary

purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code.

Trustees of the Foundation are senior marketing and financial professionals from major marketers who are MASB Members and who have interest in marketing accountability & the marketing community as a whole. They will be nominated by constituent organizations and approved by the Trustees with several Trustees-at-large chosen by sitting Trustees. Terms are three-years with eligibility for a second term.

Founding Trustees will be representatives from marketers who first become Charter Members of MASB.

MARKETING ACCOUNTABILITY STANDARDS ADVISORY COUNCIL (MASAC)

The MASAC will broaden involvement and participation to all constituencies, delegated authority by the Foundation to consult with the MASB on project priorities, technical issues, and selection and organization of Advisory and Project Teams.

The MASAC will be comprised of a Chair and 12-18 senior managers of constituency organizations who collectively represent diverse backgrounds, possess knowledge of marketing

measurement and business, and have concern for the marketing community overall.

MASAC will appoint sub-advisory teams to ensure all are served including global businesses, small business, users with specific interests (verticals, channels, etc) and metric providers with specific interests.

They'll be appointed for three-year terms, and eligible for a second term.

MARKETING ACCOUNTABILITY STANDARDS BOARD (MASB)

MASB is the operating organization delegated authority by the Foundation to establish standards for marketing metrics and accountability.

Directors of the MASB guide the standards projects and resolve technical and other issues from project start through adoption.

As the organization develops, MASB will be advised by the MASAC and assisted in the project work by an Emerging Issues Task Force, Project Teams, Fellows, and staff.

The Board is comprised of a Chair and 12-16 Senior Marketing Scientist/Finance from constituent organizations who collectively represent diverse backgrounds, possess knowledge of marketing measurement & business and have concern for the marketing community as a whole.

The MASB meets monthly: 10 virtual, 2 face-to-face (and on projects as necessary). Mem-

bers of The Boardroom Project who became Charter Members of MASB are the Founding Directors of MASB. In the future, they will be appointed by the Foundation for three-year terms, and eligible for a second term.

The MASB projects are based on research leading to both broad conceptual frameworks for accountability as well as statements of measurement and accountability standards. Once issued, the MASB will provide education for understanding the concepts and guidance in meeting the standards through publications, exemplars, workshops, and technical as well as other advisory services.

While the work of the MASB will serve the marketing and business communities as a whole, during the first several years of formation, the MASB will conduct Marketing Measurement Audit Protocol (MMAP) assessment to qualify specific metrics on behalf of their providers.

THE PRECEPTS OF MASB CONDUCT

Members of the MASB operate according to the following precepts of conduct:

- Be open and objective in decision making
- Weigh carefully the needs and views of constituency
- Ensure transparency of standards setting activity through open due process
- Bring about needed change while minimizing disruption
- Promulgate standards when:
 - Logical flow of the argument is tight
 - Empirical support material is convincing
 - Conclusions are managerially meaningful
 - Scientific evidence pro and con is acknowledged
 - Benefits exceed costs
- Review effects of past decisions (interpret, amend, replace)

MASB PROJECT PRIORITIZATION

The first projects placed on the MASB agenda were based on feedback from initial Charter Members of MASB, interviews with Chief Executive Officers (CEOs), Chief Financial Officers (CFOs) and Chief Marketing Officers (CMOs) of prospective MASB Members.

As MASB membership grows and participation broadens, projects will be added based on recommendation and consultation from the Marketing Accountability Standards Advisory Council (MASAC) and the Emerging Issues Task Force.

Projects are prioritized according to the following considerations:

- Pervasiveness of the Issue
- Alternative Solutions
- Technical Feasibility
- Practical Consequences
- Convergence Possibilities
- Cooperative Opportunities
- Resources

MARKETING METRIC AUDIT PROTOCOL (MMAP)

While marketing does not lack measures, it lacks standard metrics explicitly linked to financial performance in predictable ways.

Cash flow both short-term and over time is the ultimate metric to which every marketing activity should be causally linked through the validation of intermediate marketing metrics.

Every marketing activity leads to an intermediate marketing outcome, which ultimately drives cash flow. The process of validating the intermediate marketing outcome metrics against short-term and/or long-term cash flow drivers is necessary to facilitate forecasting and improvement in return.

MMAP is a formal 4-step process

Step 1: Identify Cash Flow Drivers

There will be at least one source of cash and one business model. In many businesses there is a dominant source and a dominant model.

Step 2: Identify Intermediate Measures of Marketing Outcomes

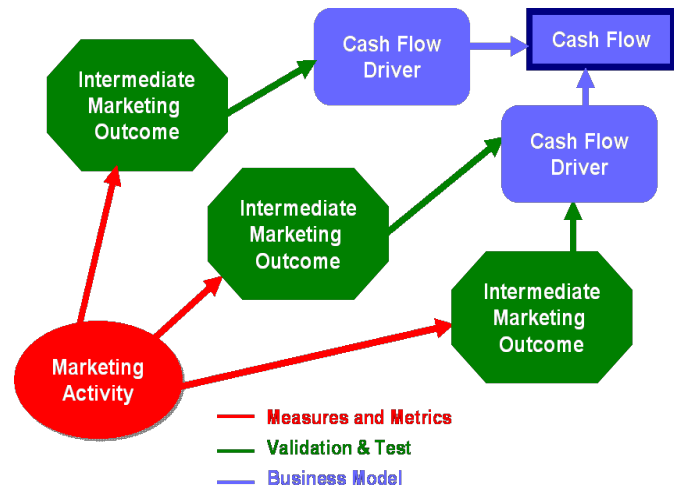
Distinguish between measures of efficiency, like CPM and cost per lead, and measures of effectiveness, like redemption rate for coupons and market share. Focus first on measures of effectiveness.

Step 3: Identify the Conceptual Links

Every marketing action should have an identified outcome metric. If there is no logical link between a marketing outcome and a cash flow driver, you might question the need for the associated marketing activity.

Step 4: Identify the Causal Links

When there is uncertainty about the causal link between a marketing outcome and one or more cash flow drivers, validation or test is appropriate—especially if the costs of the marketing activity are high.



Metric validation and causality test

There are 10 characteristics of an Ideal Metric:

1. **Relevant**...addresses and informs specific pending action
2. **Predictive**...accurately predicts outcome of pending action
3. **Objective**...not subject to personal interpretation
4. **Calibrated**...means the same across conditions and cultures
5. **Reliable**...dependable and stable over time
6. **Sensitive**...identifies meaningful differences in outcomes
7. **Simple**...uncomplicated meaning and implications clear
8. **Causal**...course of action leads to improvement
9. **Transparent**...subject to independent audit
10. **Quality Assured**...formal/ongoing process to assure 1-9 above

CONTACT INFORMATION

Info@theMASB.org

Website: www.theMASB.org