GALLEON BLUE

Tracking performance to minimise risk

It's tougher than ever before for companies to grow, with marketing increasingly important in encouraging the Board to invest. Yet, to convince the Board to invest, marketers need to be seen to be accountable with the money, by demonstrating what the investment will achieve and how they are minimising the risk of it not delivering.

The Board mind set

To protect and manage a company successfully, the Board needs to focus on optimising shareholder return, and in turn maintaining a steadily growing share price. Thus, they are understandably keen to avoid anything that might cause the share price to fall, and so look for ways to maximise the NPV of new initiatives whilst minimising the risk of them not delivering.

To minimise the risk of underperformance, they typically expect:

- Clear rationale as to how the investment will grow the business
- The investment to be made in stages, with a review at each stage to ensure the initiative is on track
- Any emerging issues to be identified early on and addressed quickly
- Winning activities to be prioritised and underperforming activities to be quickly killed

Tracking performance to minimise risk

Thus, to be credible, marketers should demonstrate what they are doing to minimise the risk of the investment not delivering by:

■ Building a set of actionable KPIs to be tracked.

These should demonstrate how the investment will drive growth, as well as help identify any emerging underperformance early on. To do this, teams should:

- Define a succinct set of marketing and brand metrics to be tracked, which if delivered are proven to deliver business growth
- Set up a tracking process, with results fed back quickly so that any emerging issues can be identified and addressed quickly
- Create a one page Brand Scorecard for the Board to review
- Define stage gates where the next tranche of money is released when each gate is achieved
- Run regular Board reviews highlighting any emerging issues and agreeing as a team how best to address them

■ Getting out into the marketplace to identify issues fast.

In any new launch, there are aspects which can be improved, be they more strategic (such as adapting to a competitor reaction) or executional (such as messy display stands, weak advertising, front line staff who don't know how to sell a new product). To identify and act on these issues quickly, marketers need to be out and about in the real world from day one of the launch, being customers themselves, as well as talking with consumers, the trade and front line staff.

For example, when an FMCG company launched a new cosmetics brand in a test market, the marketing team went out and quickly realised that the on-shelf presence and TV advertising were confusing, and so were able to fix these issues quickly to ensure a successful launch.

■ Continually testing to identify top performers and kill underperformers

Top performing companies typically know which activities are performing well and should be invested in more, and which are not and thus should be killed. This can be tough to do as it can be difficult to isolate the different marketing activities to understand how each is performing as well as tough to admit that an idea is poor. To set up an effective 'test and learn' process, marketers should:

- Test the performance of different campaigns, moving from a few large campaigns to frequent "rapid-fire" testing
- Create a database of test scores to understand what good looks like
- Continuously focus spend on the most effective activities and drop those that underperform

Entrepreneurs are often masters at this as it's their own money and so they have to prioritise it wisely, recognising and killing bad initiatives quickly to ensure that their business doesn't collapse. Confetti, a wedding company, systematically tested each piece of marketing activity from day one, enabling it to build the largest wedding database within its first year with only £500K of spend.

Convincing the Board

To convince the Board to invest, marketers need to be accountable with the money, by not only demonstrating what the investment will achieve but also what they are proactively doing to minimise the risk of it not delivering. Encouraging the team to view it as their own money and thus needing to know what is really working and what isn't, goes a long way to helping make this happen.

Ruth Saunders is a joint founder and leading partner of Galleon Blue – a new type of consultancy that merges commercial thinking with branding to help companies maximise the value and return of their brands. With 25 years of experience in marketing and brand strategy (including time at McKinsey, Prophet, Procter & Gamble and Saatchi & Saatchi) Ruth has helped companies across a range of industries and geographies develop and implement more customer-focused and business-driven brand strategies. She can be reached at **rsaunders@galleonblue.com** or on **+44 7768 600906.**