

# Predictability 2.0: The Core of Marketing Performance Management

by Lane Michel

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*This series by Lane Michel, Executive Vice President and Managing Director of the Marketing Performance Management business unit of Quaero Corporation, is putting reality and pragmatism back into the pursuit of marketing value for any company. Read on ... we invite your comments and feedback.*

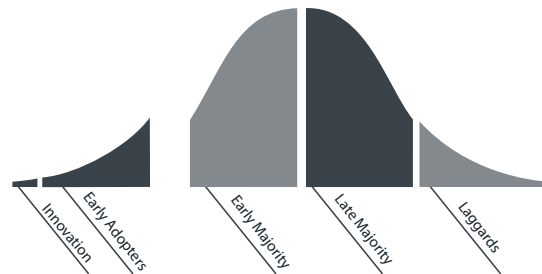
What is the difference between having a campaign that shows ROI and having a campaign that shows predictability? When we look back a year from now, why was “**Predictability 2.0**” considered the biggest shift in CRM for 2007?

Marketing had been rebuilding infrastructure in most companies with the goal of at least getting better “return on marketing investment.”

- ▶ **The first hurdle turned out to be discipline.** When the six sigma black belts entered the equation, the truth emerged that Marketing Departments that were not built on the infrastructure of database or direct marketing seriously lacked the discipline to measure or generate returns. Even the hard core database marketers were stuck and unable to significantly shift efficiencies.
- ▶ **The second hurdle became obvious: the customer is the most important part of the performance equation.** Specifically, marketers became more aware that without remembering that customers are people who make choices they were doomed to achieving sub par returns on marketing and company assets overall.

Infrastructure investments in Customer Relationship Management (CRM), Campaign Automation and Management, Marketing Resource Management (MRM) show no signs of retracting. The software industry has been focused on delivering new knowledge-based marketing tools to unlock the potential of the customer. These tools far out-strip every company’s current processes, metrics, employee and partner skills and responsibilities, and business intelligence. It’s truly difficult to find comprehensive and discipline-inspiring ROI examples as this industry moves onto what Geoffrey Moore coined as “Main Street” in his landmark book *Crossing the Chasm*.

## The Revised Technology Adoption Life Cycle



In 2007, the Main Street for marketing is named “Predictability 2.0”. The only intersection on Predictability 2.0 Street has four roads merging all together:

- ▶ Customer Way
- ▶ Measurement Drive
- ▶ Operational Efficiency Road
- ▶ Strategy Avenue

### Customer Way

2007 will be the year that Customer Experience Management (CEM) finds its place in the budget mix. The principles behind CEM described adeptly through CRM Guru, Peppers & Rogers Group and Quaero now fit cleanly into the drive for marketing investments created through the realization that no acceptable ROI can be achieved without the customer being in the center of the equation. It was almost laughable in retrospective that any of us tried to make the hefty front office investments of the last decade forgetting that the only thing that mattered there was who the customer chose as the winners of their attention and purchase power.

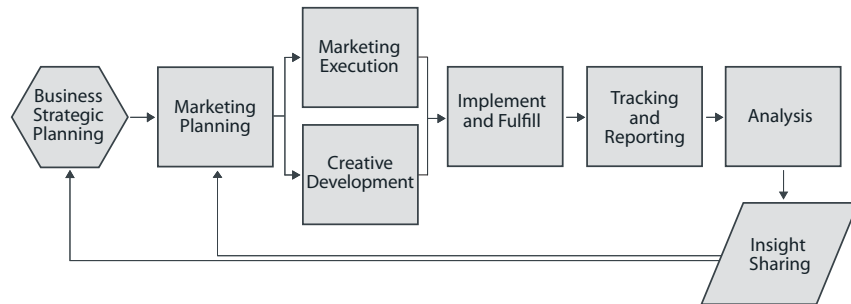
Irrespective of B2C or B2B markets, decisions are made by people who are from time to time your customers. The companies that build superior experiences that match and guide customer expectations are the winners. The companies that earn loyalty through understanding permission of, and harnessing, customer relationships are the winners. At the root of both is the intelligence of the customer lifecycle. I can predict positive returns when a company has a thorough, dynamic and operational use of customer lifecycle.

### Measurement Way

The next hottest software to emerge that will take its place in the investment mix is Decision Dashboards and Visualization (DDV). Like all software before DDV, these developers have spotted a strong customer need to produce the products emerging. But what has already been pushed off the paved highway is the charge to by tools to solve the measurement problem. DDV tools won't deliver against expectations without the metrics sets, formulas, data sources and business intelligence capabilities to deliver useful visualizations and drill-down capabilities on decisions and their outcomes. One of the most fundamental keys to Predictability 2.0 are installing the measurement framework and metrics sets that can measure not only campaign performance, buy also customer performance. In my column titled “Without Predictability in Marketing Performance, What Do You Have?” here on ChiefMarketer.com I introduced the Four Layers of Marketing Measurement. This framework connects Measurement Way with Predictability 2.0 Drive.

## Operational Efficiency Road

Go look around Marketing and try to find a uniform, accepted or even documented workflow. It is rare to find a company that has put the effort into capturing and designing marketing workflows using established techniques such as SIPOC (which stands for Supplier, Inputs, Process, Outputs, Customers methodology). Do you have something that looks like our basic marketing workflow framework in your company?



The new CMO embraces discipline. Marketing leadership turnover is resulting from resting on what got executives and managers to their positions which rarely included solid database or direct marketing practices, let alone customer-driven strategies and practices that won superior results and market leadership. The new class of successful CMOs will be implementing MRM for better control of workflow, budgets and digital assets. They will be staging implementation of customer touch point mapping and real-time customer management to operationalize the intelligence of the customer lifecycle for CEM.

## Strategy Avenue

Let's face it: Strategy Avenue is where the nightlife and fun is. It's like the Las Vegas or Atlantic City of Marketing. It's creative, dynamic, continually evolving and requires a great deal of finesse. Mention "effective" with strategy and the band goes home leaving you with a dull party. Well, at least that is the reaction I get when I burst the strategy bubble with facts and best practice examples that show my clients that they are fooling themselves if they believe that Strategy Avenue runs the traffic on Predictability 2.0 Drive. It turns out that effective strategy has to be fed by business and customer intelligence emerging from Customer Way, by the learning at all levels on marketing decisions and results flowing out of Measurement Drive and by the control and discipline of Operational Efficiency Road.

2007 will open up Predictability 2.0 and begin earnest strides toward delivering the ROI that really measures up: customer returns.

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Lane Michel is executive vice president/managing director of the Marketing Performance Management business unit of Quaero Corp., a marketing and technology services provider based in Charlotte, NC. You can reach him at [lane@quaero.com](mailto:lane@quaero.com).