

Measuring Marketing ROI

Developing Effective Metrics for Value

by Craig Park, FSMPS

Is your marketing program delivering value? Ever feel like your wasting money? Unfortunately, most systems design and integration firms do not track return on their promotional efforts. The good news is that there are simple steps you can take to ensure that your investment in marketing is paying off.

There is often confusion about what is encompassed by "marketing." For purposes of this discussion, marketing is differentiated from sales as the tools used to tell and deliver information about your firm to existing and potential customers. Marketing includes research, planning, communication and information management. Your sales or business development personnel will deliver that message, but the marketing staff develops the message and the strategies, and organizes, plans and evaluate the effectiveness of the communication.

Effective Methods

There are many methods used to market engineering and construction services. Some of the most popular include:

- Participation in Associations
- Producing and Mailing Brochures
- Listing in Professional Directories

- Promotional Speaking
- Advertisements

However, a national survey of architects, engineers and contractors showed that the most effective methods included:

- Educational Seminars
- Community Involvement
- One-on-One Meetings

This points out the importance of direct communication with clients and prospective customers. While marketing materials can help in building brand recognition, position and perceived value, you still need face-to-face contact to build long-term relationships.

Most firms do not produce client-centric materials. Search your own brochures, qualifications packages or proposals for the terms "I, we, and our." Effective communication focuses on the benefits to "you, your, and their." The customer will always be more receptive to how you can solve their problem, and more so, how you've solved similar problems like theirs in the past.

It is important to provide both clarity and excitement in your communication. Enthusiasm is a great tool to excite the client about working with you. Defining what is unique and different about your firm, your services, and your people is equally important. Most firms share common history

("We've been in business for 'X' years."), experience ("We've completed 'X' projects."), and tools ("We have state-of-the-art 'X' systems."), so look for something new to say that sets you apart. What can the customer get from you that they can get nowhere else?

Keep your message simple (short words, short sentences, short paragraphs, great pictures). Keep it concise (think: You have 15 seconds to tell your story; Go!). Think "bumper stickers (simplify, simplify, simplify). Make it relevant (timely and honest). Know your market (what are the client's hot issues). Under promise, over-deliver (make them happy). Build relationships (and remember they take time).

Survey Says?

Client surveys can be an effective tool in measuring the subjective side of marketing ROI. It is never too early to start asking questions and tabulating data. If you develop a systematic approach to query the client at various stages (both pre-sale and post-sale, during the project and even post-project completion), you will gather important information that can be used strategically for pursuit of future work. Learn to ask. Learn to listen. Learn to act on the information they give you.

Client feedback will almost consistently differentiate between

Measuring Marketing ROI

Page 2 of 3

the poor ("I won't work with them again."), the best ("They are a great firm to work with."), and the truly superior organization ("I love working with them."). Lost in the middle ("They're OK.") is everyone else.

Rank your firm by the following subjective metrics and set up a plan to move up the list.

Superior

- Never fails to meet strategic service requirements.
- Understands client's business objectives and expectations, and consistently exceeds them.
- Raises client expectations by delivering additional, innovative value-added services.

Best of Class

- Never fails to meet service requirements.
- Understand project specific expectations and exceeds them.
- Sometimes delivers additional, value-added services.

Another Face in the Crowd

- Meets service expectations.
- Meets service requirements.
- Never surprises client with new services.

To Be Avoided

- Inconsistent in service delivery.
- Fails to meet service requirements.

- Responds poorly to service failures.
- Delivers unpleasant surprises.

(Congratulations to those who think they are already "superior," but make sure you have the strategies in place to stay there.)

Lawyers and Accountants Do

Why don't you? Surveys of non-building industry service firms show that most (more than 50%) have some method for measuring marketing ROI. However, most building-related organizations (more than 75%) do not. Measuring ROI on marketing is a multi-dimensional process. .

Developing a marketing ROI system requires you to:

- Know what you want to measure. Agree on simple metrics at first; expand as you build the process.
- Know how you are going to measure. Set up systems to record, tabulate and sort the required information.
- Create a plan and follow through. Communicate and train all of your staff on the importance of participating in the project, and communicate on-going results.
- Measure against expectations. Check at regular intervals against assumptions; look for anomalies; and, adjust the process.
- Formalize the process. Make it a regular part of your business plan.

Building a database of relevant marketing history should include:

- Leads (i.e., sources of referrals, direct sales, direct marketing, indirect marketing, PR, etc.)
- Expenses (i.e., all related direct/indirect costs associated with marketing and project development)
- Revenues (i.e., resulting revenues from services or products)
- Sources of Inquiry (i.e., non-project specific interest in your products or services)

The Benefits to You

By formalizing and making routine the process of measuring, you can quickly build a database of experience. This storehouse of both objective and subjective (anecdotal) information helps you map, track and direct the evolution of the client relationships you are trying to build. Data should include:

- Number of proposals written (increasing or decreasing per month?)
- Dollar value of proposals written (look for trends upward or downward)
- Client sector (e.g., business, education or government; the segment you use will depend on your business type and focus)
- Number of wins (i.e., hit ratio)
- Cost per proposal (overhead and expense)

Measuring Marketing ROI

Page 3 of 3

- Remarks (great success stories and cautionary failures)
- Incremental expense/revenues generated (ROI)

Remember: It doesn't count if you don't count it. The only way to justify new or continued marketing expenses is to develop an accurate and relevant measure of ROI. You may be surprised at the results, but the benefits to your organization

will be better focused on client service and satisfaction. In the end, that's all that matters.

Craig Park, FSMPS has been active in the building industry for 30 years, and has held positions in design, project management, marketing and operations. He holds a BS Architecture from Cal Poly SLO. Craig is an Associate member of the American Institute of Architects and is a Fellow of the Society for Marketing Professional Services. He is a regular contributing consultant to System Contractor News. Craig can be reached craig@craigpark.com. His personal website, www.craigpark.com, provides a portal to information and resources for multimedia design, business practice, and marketing.

© 2003 Craig Park, all rights reserved. Reprinted with permission.