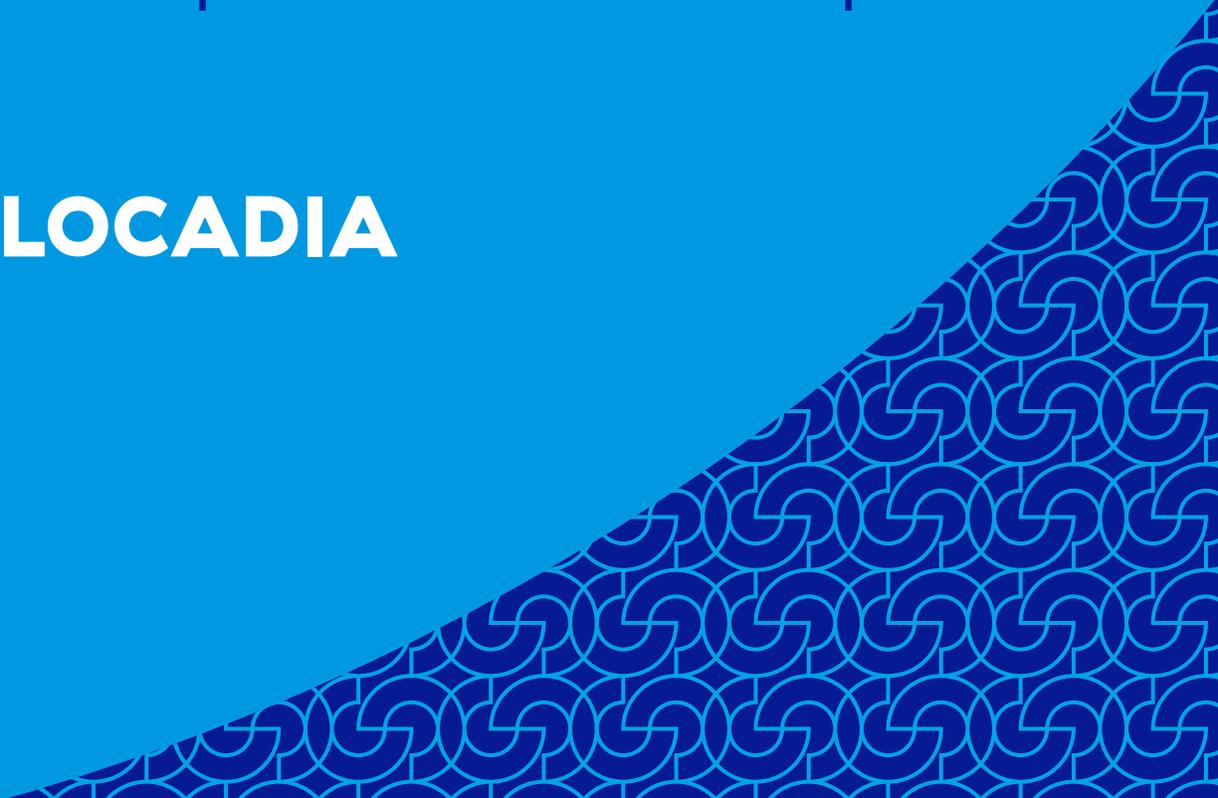# The Buyer's Guide to Marketing Performance Management

How to plan strategically, invest wisely, and optimize revenue impact

ALLOCADIA

Marketing Has a Performance Problem.

Despite valiant efforts, McKinsey & Company say:

"Few marketers are confident about identifying the real return on investment (ROI) of their marketing spending."

Here are three reasons why.

#1 — The "I" in Marketing ROI is broken

Managing marketing spend in systems built to serve other departments requires time-consuming and frustrating gyrations in order to arrive at static point-in-time answers. Simply put, marketers can never arrive at timely, global insights when operating from within a variety of tools and systems that weren't designed for marketing.

#2 — Plans are nowhere

Siloed planning and reporting make it impossible for marketing to align to common goals, work to planned outcomes, and provide cross-organizational visibility into marketing spend plans.

#3 — The focus is on credit instead of returns

With results data trapped in disparate systems, marketers are chasing channel-level ROI and attribution instead of a holistic, big-picture view of the return on investments.

The business feels the impact of these entrenched problems.

Waste

1 month
per marketer per year wasted on required operations

20%
of spend wasted

McKinsey & Company

Risk

Over-spending
Easily go over budget by millions of dollars every quarter

Over-spending
Negatively impacts company revenue

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Loss

2x
less ROMI to drive the same results for the business

4%
less revenue impact

FORRESTER

Marketing Needs Its Own System of Record

Marketers need to quickly, consistently, and confidently identify where there's value and where there's waste in their programs — and they need to be able to quickly shift funding from the latter to the former.

But marketing is the last of the business functions to digitize and automate its core processes. Sales has its CRM system, Finance has ERP, HR has HRMS. While marketing can and has made do with these systems, these tools are a poor substitute for a foundational marketing platform. In fact, many marketing teams struggle needlessly under the operational burden of measuring their marketing impact by trying to align disparate data sources using the wrong kinds of tools and platforms.

When it comes to measuring holistic marketing performance — in other words, both the ROI of campaigns and programs and the overall performance of your marketing organization — it's essential to use the right solution. It's not strategic to be spending so much time on budgeting, financial reconciliation, and ROI–related tasks as it means marketers miss big windows of opportunity. Marketing Performance Management (MPM) has the power to take marketing from cost center to profit center, from doing random acts of marketing to being fully aligned with business goals.

Approach	Challenges	MPM Solution
Spreadsheets	Requires significant effort to aggregate data from a variety of budgeting and planning tools into a tool that isn't purpose–built for marketing.	MPM centralizes all marketing–related data where it is linked to corporate and team plans and budgets.
Google Sheets and Smartsheets	Google Sheets are a bit easier than spreadsheets to access but don't provide as many macros. While Smartsheets offer a bit more control, they lack integrations with key data sources.	MPM centralizes all marketing–related data into one platform. It connects to ERP and CRM systems to provide closed–loop views into program performance.
PowerPoint	Used for plans. Disconnected from other key inputs and easily lost on shared drives.	MPM centralizes all marketing–related data where it is linked to corporate and team plans and provides ongoing tracking to see how marketers progress against those plans.
ERP/ Finance tools	Not built for marketing campaign structures making them challenging and frustrating for marketing to work with.	MPM enables investment data to be structured by campaigns and programs, so marketers have a view of their financial inputs that matches their daily activities.
Expense management tools	Again, not designed for marketing financial management and can't accommodate the concept of marketing ROI.	MPM enables investment data to be structured by campaigns and programs, so marketers have a view of their financial inputs that matches their daily activities.

Approach	Challenges	MPM Solution
CRM	While systems like Salesforce include a budget field, marketers can only enter a forecast and actual dollars spent. Typically only demand gen gets captured in these systems — leaving the rest of marketing unaccounted for.	MPM incorporates real-time financial data from ERP systems and combines them with the results data from CRM, so marketers have a closed-loop view of how all marketing programs are performing.
Custom-built/ homegrown solutions	Custom and homegrown solutions — whether built from scratch or on top of an existing system like Salesforce or Oracle — are usually a one-and-done project that doesn't fulfill marketing's evolving needs in a timely manner.	MPM platforms are regularly improved to address new marketer pain points around performance and impact and can swiftly integrate with new marketing tools in the tech stack.
Enterprise Planning Management	These solutions are intended to serve the needs of sales and strategic planning operations, not marketing.	MPM is a marketing system of record where teams can assess their performance based on investments AND results.
Attribution models	When marketing simply adds an attribution model on top of their existing measurement tool — such as spreadsheets — they are skipping the "I" in ROI because they lack an effective strategy backed by the right data.	MPM doesn't equate campaign-level measurements with overall performance of your marketing organization. Attribution models are an additional input into MPM performance measurements.

When marketing tries to corral investment and results data from multiple systems and sources using manual processes, there's always the risk of inaccurate data. That — combined with the inefficient process of manually aggregating data — makes it nearly impossible to quickly and accurately report on the latest programs and campaigns.

The question is: Why would any organization force their marketing team to handle a core, strategic process in such an inefficient, time-consuming, and error-ridden way?

For modern marketers, the time to change is now. Without a system of records for your marketing plans, investments, and results, you risk bad investments and wasted time consolidating budgets and reports to uncover data that leading marketers already know.

Don't confuse MPM and Attribution

With MPM, the goal is to understand which programs deliver the overall greatest return so marketers know which programs are creating business impact and where they should further invest. Whereas attribution is the practice of assigning value to each of the touchpoints a prospect hits from browsing to buying, and understanding which touchpoints ultimately leads to conversion. Both are valuable, but they are not equal and should not be conflated as two names for one idea.

Choosing the Right MPM Solution

Not all marketing performance management systems are created equally. Consider these 6 factors when selecting one to power your mission.

1. A purpose–built MPM solution.

Remember: MPM software is part of a marketing group's core technology stack, along with CRM, Marketing Automation, and other foundational systems. That means it needs to integrate and combine the necessary data and workflows to serve as the hub for marketing. A solution built by marketers to best serve the financial management needs of marketers.

2. Integrations that enable the right workflows and ROI measurement.

Even when an MPM solution is purpose–built for the marketing department, it must be designed to facilitate marketing's collaboration with teams across the organization. The right solution enables the end goal of performance and ROI measurements by connecting to the systems and data sources that matter — those for marketing plans, marketing budgets, and campaign results.

3. The right foundation for investments

An MPM solution does not enable true marketing performance measurement unless it is based in investment management. The ideal solution allows you to gain control of your marketing dollars. Itempowers all of marketing — from the CMO to Marketing Ops — to gain visibility and create trust and confidence in the data and in marketing spend.

4. Enterprise scale/security.

Organizations need a solution built to serve the enterprise; one that can scale to support a limitless number of transactions without an impact on performance. It also means partnering with a vendor that has put in place stringent measures to process and protect its systems and customers' data. Even when accommodating different workflows and multiple integrations, the system needs to enforce enterprise–level control and security.

5. Proof of value

Any vendor can claim their software will deliver results. The real proof is in the vendor's marketplace standing and longevity. Only companies that satisfy and continually evolve in line with customer needs will stand the test of time. The right vendor can also show a demonstrated track record of success with a range of enterprises across industries, backed by case studies, reviews, and testimonials from those whose words matter most: customers.

6. A commitment to your success.

Enabling marketing to make every dollar count means more than choosing software. Enterprises achieve the best results by selecting a vendor who partners with them to configure the right solution and help marketing succeed. That includes everything from enabling effective onboarding, sharing best practices that fit each business model, providing ongoing education, responsive support to maintaining a strong ecosystem, and the willingness to introduce you to other marketers and relevant vendors.

The right solution should be able to deliver these types of business benefits:

Efficiency	**Visibility**	**Stewardship**	**Alignment**	**Effectiveness**
Reduce time budgeting & planning	*Centralize all planning in one solution*	*Gain control of your investments*	*Connect strategy to execution*	*Drive more revenue with investments*
90%	**100%**	**+/- 1%**	**100%**	**2.5x**
Time saved	*Visibility*	*Budget accuracy*	*Aligned*	*Marketing ROI*
*Creating marketing spend reports	**Global activities*	**Consistently hitting 1% of budget target*	**Activities aligned to strategic objectives*	
vmware	■■ Microsoft	JUNIPER NETWORKS	JUNIPER NETWORKS	GE Digital

Key Capabilities Scorecard

There are several essential functions to review when purchasing an MPM solution for your marketing department. To make it easier, use this scorecard to evaluate the MPM options you are considering. In the second table, business necessity indicates how critical this capability is to solve the problems your organization is facing today.

Score
3 = Feature is highly developed
2 = Feature is adequate
1 = Feature is not available (and not on roadmap for at least 6 months)

| Capability	Score	Business Necessity
Financial Management		
Connect actual spend (imported from ERP and PO systems) to corresponding planned activities and investment in the marketing plan.		
Track over- or under-spend for each budget line item, program, and department and re-allocate budget as needed		
Dashboards to immediately view where dollars are going and when they will be spent		
Flexible multi-currency management for different regions, which roll up all spend to a master currency		
Planning & Alignment		
One platform to create top down strategic plans and bottom up activity plans		
Align marketing plans to both corporate objectives and tactical program activities via multi-dimensional tags		
Configurable hierarchy and system setup to support multi-dimensional view of orgniazational plans		
Reporting & Insights		
Create unique identifier for each activity in the marketing plan and connect to other systems that are part of the buyers' journey to create closed-loop performance insights.		

Capability	Score	Business Necessity
Out-of-the-box dashboards to measure marketing performance metrics such as ROI, pipeline creation, and revenue generation		
Through meta-tagging, measure and visualize aggregate performance across different dimensions such as departmental, regional, and product lines		
Integrate investment data with any other enterprise system to get a holistic view of marketing performance		
Integrations		
Automatically create purchase orders and initiate purchase requests in financial systems from within the platform		
Connect projects and campaigns from work management, marketing automation, and CRM systems to align investments with activities and results.		
Automate connections between MPM and other systems to reduce the time needed for manual input of meta-data tags and program details.		
Enterprise		
Verified SOC2 and ISO compliance and audit procedures		
Established data privacy, risk management, and security protocols		

Start Maximizing Marketing's Business Impact Now

According to Forrester, marketers "must plan their evolution to more sophisticated measurement approaches."[1] With that in mind, bring the following roles together to evaluate an MPM solution, so you can start improving the operational foundation of your marketing organization now. Are you ready to start driving more efficient business impact?

FP&A   **Marketing leadership**   **Sales Ops**   **IT**

[1] Forrester, Spend On Marketing Performance Measurement Doubles By 2024, January 23, 2020
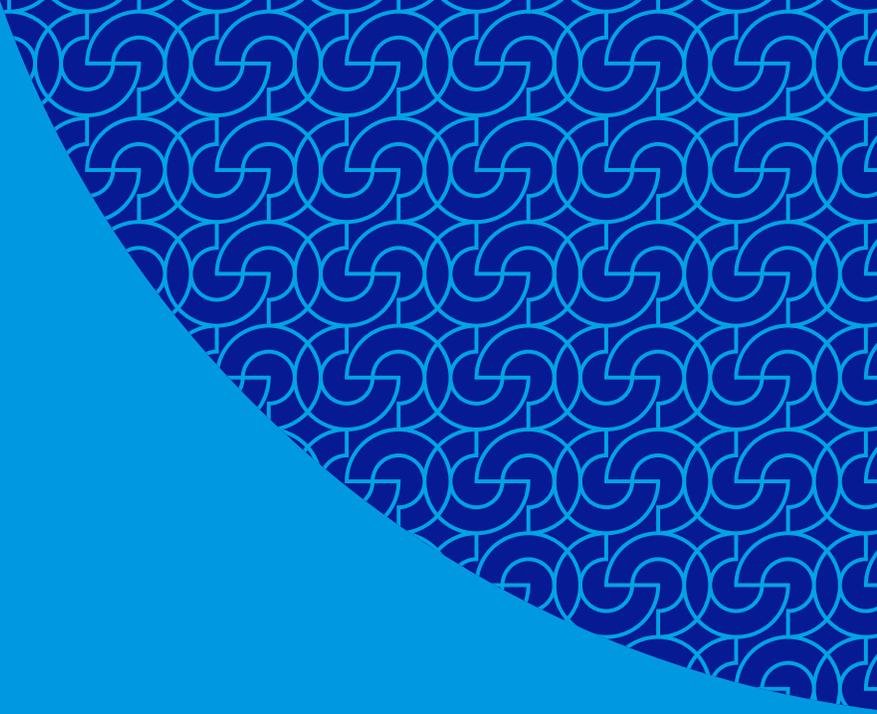
Empower your marketers to plan strategically, invest with purpose, and maximize performance. Request a demo of Allocadia, the Run Marketing Platform.