Vision to Value – KPI Alignment to Solutions

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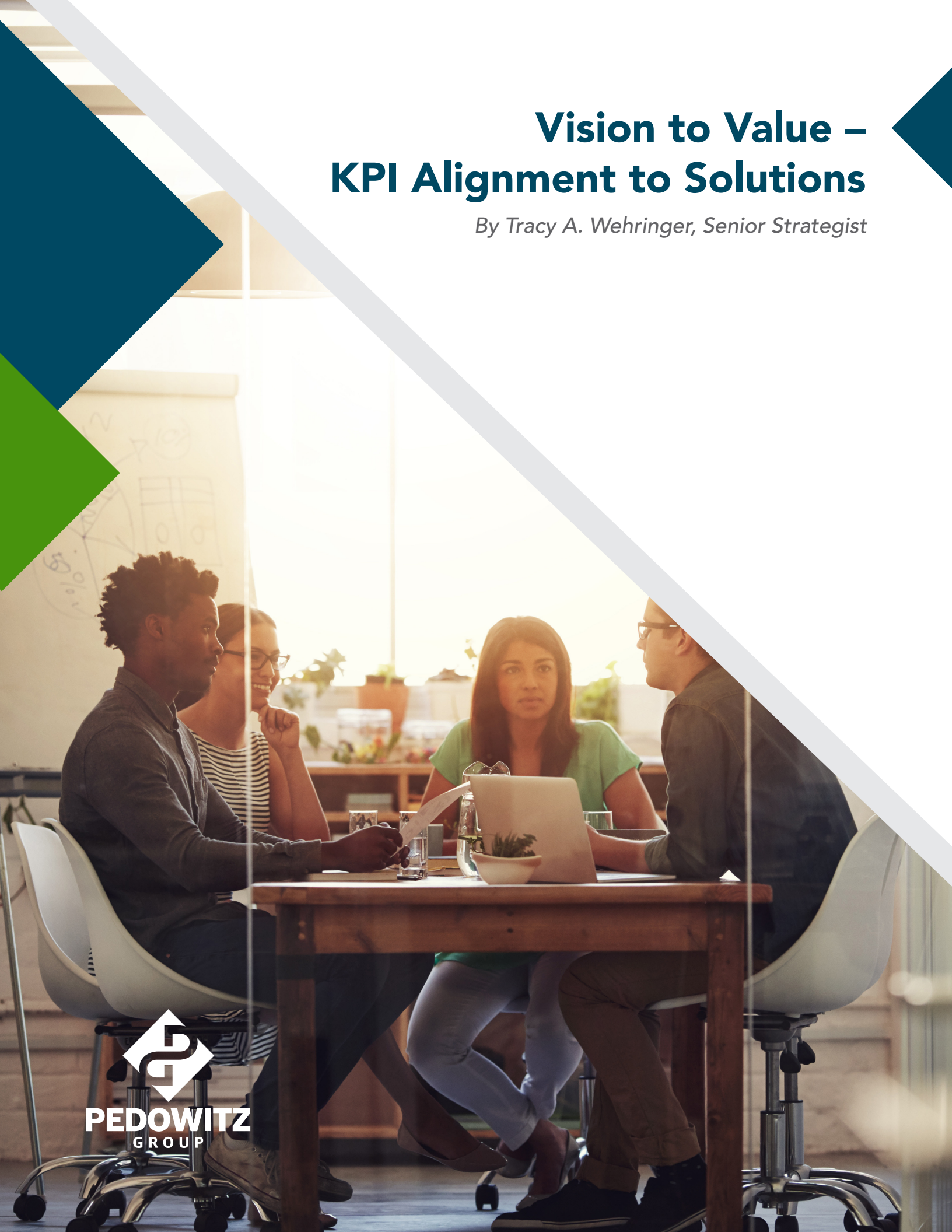

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Executive Summary:

KPIs (Key Performance Indicators)

KPIs are measurements used to understand an organization's performance or a specific function or process. They are typically used to track progress toward specific goals or objectives, and they are often used to inform decision-making and identify areas for improvement. At the executive level, KPIs are particularly important as they provide insight into the overall health and performance of the organization. Executive-level KPIs include the following:

Financial KPIs	Financial KPIs are metrics that measure the financial health and performance of a business. Some common financial KPIs at the executive level include revenue growth, profitability, and cash flow.
Customer KPIs	Customer KPIs are metrics that measure the satisfaction and loyalty of customers. Some common customer KPIs at the executive level include customer retention rate, customer acquisition cost, Net Promoter Score, and customer lifetime value.
Employee KPIs	Employee KPIs are metrics that measure the performance and satisfaction of employees. Some common employee KPIs at the executive level include employee retention rate, employee engagement, employee NPS (Net Promoter Score), and employee turnover rate.

Process KPIs	Process KPIs are metrics that measure the efficiency and effectiveness of business processes. Some common process KPIs at the executive level include cycle time, error rate, and throughput.
Innovation KPIs	Innovation KPIs are metrics that measure the ability of a business to generate and implement innovative ideas. Some common innovation KPIs at the executive level include the number of patents filed, the number of new products or services introduced, and the percentage of revenue from new products or services.

KPIs are focused on tracking progress and identifying trends. They are often used to measure performance against benchmarks or targets, and they can be used to compare performance over time.

They provide a clear and quantifiable way to track progress toward specific goals and objectives and can help identify areas for improvement. Effective use of KPIs can lead to better decision-making, improved operational efficiency, and increased productivity. It is important for organizations to regularly review and update their KPIs to ensure they are aligned with current business priorities and accurately reflect performance. Additionally, it is important to ensure that the KPIs are communicated effectively throughout the organization to ensure that all stakeholders are aware of progress and can take appropriate action.

Organization Accountability – the Waterfall Effect (KPIs):

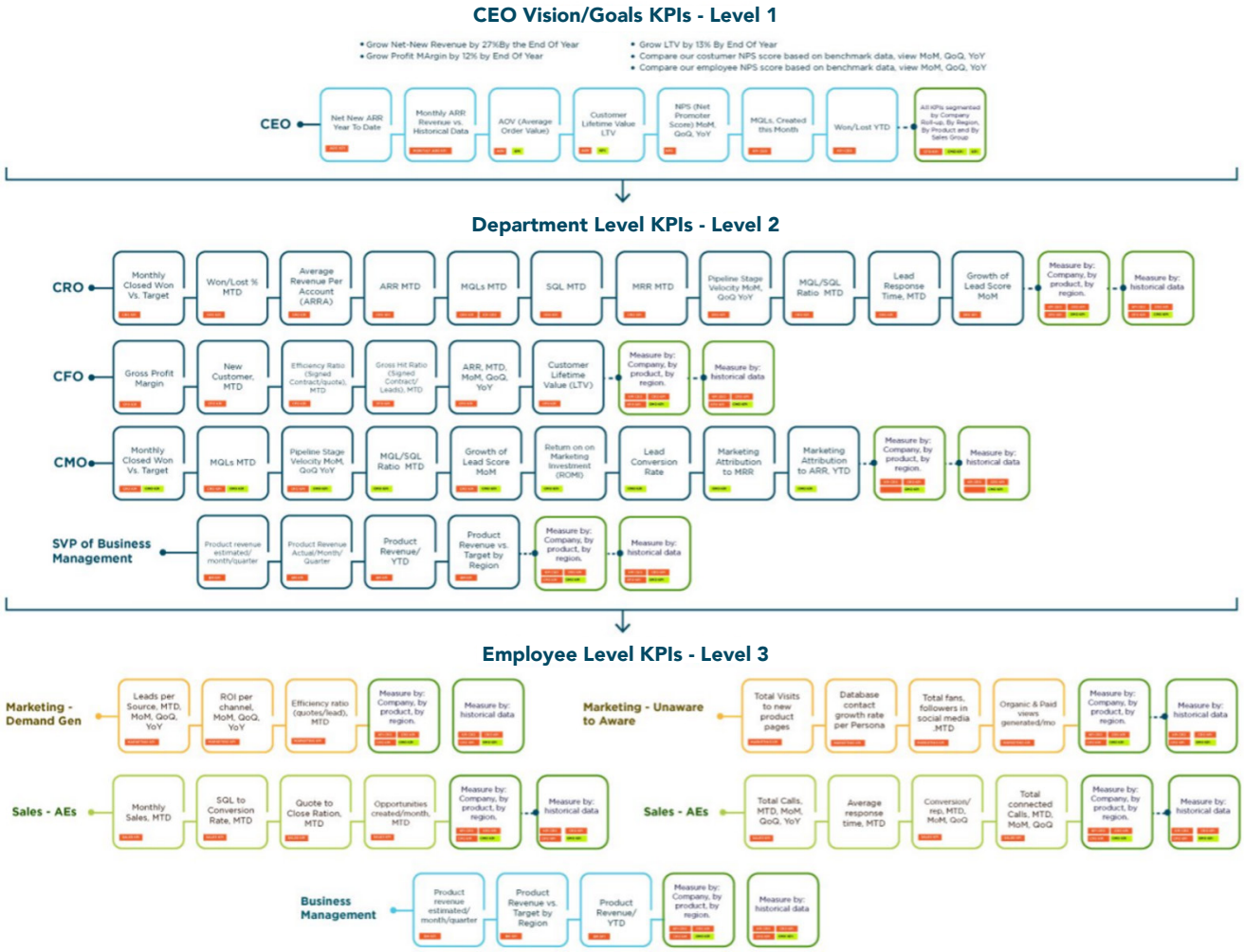
Transformation to enterprise-level alignment is enabled through the Waterfall Effect of KPIs. A waterfall model can be quite effective for cascading metrics and KPIs throughout your company. Without it, leadership isn't aligned, goals would change throughout the organization and not be fully met, and employees would not understand their place within the ecosystem of the organization.

The Definition and Strategy:

The Waterfall Effect of KPIs starts with the overall company strategy and goals. What main objective are you trying to achieve? Then comes KPIs for each department or team, with accountability. And lastly comes how each individual employee maps to the overall goals, which should be part of their overall performance appraisal. Having this Waterfall Effect for KPIs from CEO (Level 1) to Department (Level 2,) and to each employee within the department (Level 3) enables the entire company to work towards a common set of goals.

Having KPI dashboards set up in real-time allows review at the employee level through to the CEO with a clear understanding of growth versus decay. As we move into customer and employee-centric transformation, specific KPIs around this transformation need to be baked into the overall strategy.

Here is a sample view of KPI reporting from the CEO to an employee level



TPG Solution – Vision to Value

Marketing Automation Platform (MAP) Assessment and/or Enablement

Marketing automation is software that assists marketers with segmentation, customer data management, campaign management, and marketing attribution. It provides marketers with the ability to offer real-time, targeted, data-driven campaigns along with enhanced efficiency and productivity. TPG's assessment looks at the current and future state with a lens of understanding how your specific organization utilizes the tool. TPG provides a roadmap to mitigate friction in the process while providing the path forward to feature utilization to help the acceleration of growth. TPG also offers an Assessment as part of Vision to Value. Once the assessment is complete, TPG will use that roadmap as a path toward enablement.

MAP KPIs include:

1. **Process Optimization.** Manual vs. Automated Process.
2. **Velocity.** Average time it takes for a process to execute. For example, lead response time.
3. **Utilization.** Is the feature/function in play or not.
4. **Accuracy.** Process that is executed with/without errors. Example when a process is turned off; like lead routing if it is sending MQLs to the wrong salespersons.
5. **Expected Business Value.** This is the sum of all returns calculated from the cost savings accrued from increased velocity, utilization, and improved accuracy multiplied by an FTE over a given period.
6. **Business Value Lost.** This is business value lost due to manual processes or errors in automated processes. Subtract this time from Annual Expected Business Value.

Not having quality MAP automation is just like leaving money on the table and not maximizing returns. These KPIs align upwards to financial level KPIs.

Lead Management Solution:

Lead Management starts with establishing the right process that includes:

- Definition of a lead
- Identify and capture strategic prospects
- Tracking all digital activities and scoring them
- Qualify the leads
- Route qualified leads to the correct salesperson

Lead Management Solution KPIs include:

1. Lead Conversion Rate: The percentage of contacts that move from unaware and become a lead within the CRM.

2. Lead Response Time: The amount of time it takes to respond to a lead after it is received.
3. Lead Score: Rating system that assesses the level of engagement of the lead.
4. Lead Source Effectiveness: Measures the quality of leads from various sources
5. Sales Accepted Lead Conversion Rate: The percentage of leads that are accepted by Sales and moved into the Sales Process
6. Customer Acquisition Cost (CAC): The cost of acquiring a new customer, including marketing, sales, and lead generation expenses
7. MROI per Lead Source: Marketing Return on Investment based on lead source

These KPIs provide valuable insights into the performance of a lead management program and can be used for the optimization of the process.

Account Based Marketing

Account-based Marketing (ABM) is a go-to-market strategy targeting certain accounts with a synchronized, continuous set of marketing and sales activities. Alignment of all activities engages within the specific target accounts and individuals through all stages of the buying journey.

KPIs specific to Account Based Marketing (ABM) include:

1. Target Account Engagement: the level of engagement with target accounts, such as the number of contacts reached, or the number of assets consumed.
2. Target Account Conversion Rate: the percentage of target accounts that become customers.
3. Win Rate: the percentage of target accounts that result in a sale.
4. Lifetime Value (LTV): the estimated revenue that a customer will generate over the course of their relationship with a company.
5. Cost per Opportunity: the cost of acquiring an opportunity, including marketing and sales expenses.
6. ROI of ABM Program: the return on investment of the ABM program, calculated by dividing the revenue generated by the cost of the program.
7. Deal Size: the average value of deals closed with target accounts.
8. Sales Cycle Length: the length of time it takes to close a deal with a target account.

Personas, ICPs/Buying Center, and Customer Journey

Personas: Personas are fictional characters that represent the diverse types of customers that your business serves. They are based on real data about customer demographics, behavior, and motivations and are used to help you understand and empathize with your customers as they journey through their experience with your brand. By creating personas, you can tailor your marketing and customer service efforts to better meet the needs of your target audience.

Ideal Customer Profile(s) (ICP): An ICP is a detailed description of your ideal customer, including demographics, job title, company size, buying behaviors, and more. Understanding your ICP helps you identify the right customers to target and create messaging that resonates with them. This, in turn, can lead to increased customer acquisition and lifetime value.

Buying Committees: Many large organizations have a buying committee made up of multiple decision-makers who engage in the purchasing process. Understanding the members of a buying committee, their roles and responsibilities, and their decision-making process are key to effectively marketing to and selling to these organizations.

By incorporating these three elements into your customer journey marketing strategy, you can gain a deeper understanding of your customers and create a more effective, personalized experience for them. This can lead to increased customer satisfaction, loyalty, and advocacy and ultimately drive business growth.

KPIs include:

1. **Customer Acquisition Cost (CAC):** The cost of acquiring a new customer through the entire customer journey.
2. **Customer Lifetime Value (CLV):** The estimated revenue that a customer will generate over their lifetime as a customer.
3. **Conversion Rates:** The percentage of customers who complete a desired action, such as making a purchase or filling out a form.
4. **Net Promoter Score (NPS):** A measure of customer satisfaction and loyalty, calculated by asking customers how likely they are to recommend the company to others.
5. **Customer Satisfaction (CSAT):** A measure of customer satisfaction with a particular product or service, usually calculated through surveys.
6. **Customer Effort Score (CES)**: A measure of the effort required for customers to complete a desired action, such as making a purchase or resolving a customer service issue.
7. **Bounce Rates:** The percentage of visitors who leave a website after only visiting one page.
8. **Engagement Rates:** The percentage of customers who engage with a particular marketing or sales touchpoint, such as clicking on a link or opening an email.
9. **Retention Rates:** The percentage of customers who remain customers over time, often measured as a cohort over a specific time period.

Revenue Marketing Transformation

Revenue marketing transformation is a process by which organizations align their marketing and sales efforts to drive revenue growth. To measure the success of a revenue marketing transformation, organizations often track key performance indicators (KPIs) that reflect their progress toward their goals. Some specific KPIs for revenue marketing transformation include:

1. **Revenue Growth:** The overall growth in revenue generated by the organization, which is the most important KPI for revenue marketing transformation.
2. **Marketing Qualified Leads (MQLs):** The number of leads generated by marketing efforts that are qualified as potential customers based on specific criteria.
3. **Sales Qualified Leads (SQLs):** The number of leads that have been passed from marketing to sales and are deemed ready for a sales pitch.
4. **Lead Conversion Rate:** The percentage of leads that are converted into customers, reflecting the effectiveness of the lead nurturing and qualification process.
5. **Sales Cycle Length:** The average length of time it takes for a lead to become a customer, which can indicate the efficiency of the sales process.
6. **Customer Acquisition Cost (CAC)**: The cost of acquiring a new customer, including all marketing and sales expenses.
7. **Customer Lifetime Value (CLV):** The estimated revenue that a customer will generate over their lifetime as a customer.
8. **Marketing ROI:** The return on investment (ROI) generated by marketing efforts, reflecting the effectiveness of marketing spend.
9. **Sales Pipeline Velocity:** The rate at which leads are moving through the sales pipeline, reflecting the efficiency of the sales process.

By tracking these KPIs over time, organizations can gain insight into the effectiveness of their revenue marketing transformation efforts and make data-driven decisions to optimize their strategy and drive business growth.

Fractional CMO

A fractional CMO is a part-time Chief Marketing Officer who provides marketing leadership and expertise on an as-needed basis.

Some key benefits of working with a fractional CMO include:

- **Expertise:** A fractional CMO brings a wealth of marketing experience and knowledge to your business.
- **Cost Savings:** By only hiring a fractional CMO for the specific time and resources required, businesses can save on the cost of a full-time CMO.
- **Scalability:** A fractional CMO can scale their services up or down as needed, making them a flexible solution for businesses that are growing or experiencing changes in their marketing needs.

In order to effectively measure the success of a fractional CMO, it's important to align on key performance indicators (KPIs) that reflect the goals and objectives of the business.

Common KPIs for a fractional CMO include:

1. **Revenue Growth:** The overall growth in revenue generated by the business, which is the most important KPI for a fractional CMO.
2. **Marketing Qualified Leads (MQLs)**: The number of leads generated by marketing efforts that are qualified as potential customers based on specific criteria.
3. **Lead Conversion Rate:** The percentage of leads that are converted into customers, reflecting the effectiveness of the lead nurturing and qualification process.
4. **Marketing ROI:** The return on investment (ROI) generated by marketing efforts, reflecting the effectiveness of marketing spend.
5. **Customer Acquisition Cost (CAC):** The cost of acquiring a new customer, including all marketing expenses.
6. **Customer Lifetime Value (CLV):** The estimated revenue that a customer will generate over their lifetime as a customer.
7. **Brand Awareness:** The level of awareness and recognition of the business and its products or services among its target audience.

By tracking these KPIs, businesses can gain insight into the impact of their fractional CMO and make data-driven decisions to optimize their marketing strategy and drive business growth.

Content Assessment and Strategy

Content Assessment includes:

- **Audience analysis:** Determine who your target audience is and what their needs, interests, and pain points are.
- **Competitor analysis:** Review what similar websites are offering in terms of content and identify any gaps that you can fill.
- **Current content review:** Evaluate the existing content on your website to determine what is working well and what can be improved.

- **Keyword research:** Use keyword research tools to identify the keywords that your target audience is searching for and ensure that these are included in your content.

Content Strategy includes:

- **Define your content goals:** What do you want to achieve with your website content?
- **Determine your target audience:** Whom do you want to reach with your content, and what do they want to see?
- **Develop a content plan:** Plan the type of content you want to create, the tone of voice, and the frequency of publication.
- **Create a content calendar:** Schedule your content and ensure that it is consistent and relevant to your audience.

KPIs:

- **Traffic:** Track the number of visitors to your website and monitor changes over time.
- **Bounce rate:** Measure the percentage of visitors who leave your website after viewing only one page.
- **Conversion rate:** Track the number of visitors who take a desired action, such as making a purchase or filling out a form.
- **Time on site:** Measure the average amount of time that visitors spend on your website.
- **Pages per session:** Track the average number of pages that visitors view during each session on your website.

By tracking these KPIs, you can measure the effectiveness of your content and make informed decisions about what works well and what needs improvement.

Program and Campaign Management

Program and Campaign Management is a critical aspect of businesses as it helps organizations to achieve their objectives and goals in an efficient and effective manner. An effective Program and Campaign Management system involves the planning, execution, and tracking of various initiatives aimed at promoting a brand, product, or service.

KPIs include:

1. **Return on Investment (ROI) -** This measures the amount of return on investment generated from a specific program or campaign.
2. **Conversion Rate -** This measures the percentage of individuals who take a desired action after being exposed to a campaign or program.
3. **Customer Acquisition Cost (CAC) -** This measures the cost of acquiring a new customer through a program or campaign.
4. **Engagement -** This measures the level of engagement generated by a program or campaign, including the number of likes, shares, and comments on social media and the number of downloads and sign-ups.

5. **Lead Generation -** This measures the number of leads generated through a program or campaign and the quality of these leads.

6. **Customer Retention -** This measures the number of customers who remain loyal to a brand after being exposed to a program or campaign.

These KPIs provide valuable insights into the success of a program or campaign and help organizations make informed decisions about future initiatives.

Multi-Channel Campaign Strategy

A multi-channel campaign is a marketing strategy that uses a combination of channels to reach your target audience. These channels can include email marketing, social media, paid advertising, and more. By using a variety of channels, you can reach a wider audience, increase your chances of conversion, and strengthen your overall marketing efforts.

Some common KPIs for a multi-channel campaign include:

1. **Conversion rate:** measures the percentage of people who take a desired action, such as making a purchase or filling out a form.

2. **Bounce rate:** measures the percentage of people who leave your website after only visiting one page.

3. **Click-through rate (CTR):** measures the number of clicks divided by the number of impressions for a particular piece of content.

4. **Engagement rate:** measures the level of engagement with your content, such as likes, comments, and shares on social media.

Overall steps to multi-channel campaign plan:

- Define your target audience: Understand your target audience's needs, interests, and behaviors to determine which channels they are most active in.

- Choose your channels: Decide which channels you want to use in your campaign, such as email, social media, paid advertising, etc.

- Set campaign goals and KPIs: Determine what you want to achieve with your campaign and which KPIs you want to track to measure success.

- Create compelling content: Develop content that resonates with your target audience and inspires them to take action.

- Launch your campaign: Launch your campaign on the selected channels and monitor your KPIs to track progress.

- Analyze and adjust: Continuously monitor your KPIs and adjust your strategy if necessary to improve campaign performance.

With a well-executed multi-channel campaign and KPIs, you can achieve your marketing goals and drive better results for your business.

TPG offers a free KPI certification course

Certification in this methodology will help enable corporate alignment among the teams. With this methodology in place, each employee will have a better understanding of their roles and responsibilities as it relates to how the company will achieve the CEO's goals and visions.

Throughout this course, you will acquire the skills and the necessary knowledge to differentiate yourself from other professionals through a structured approach to measuring performance.

This course covers the following topics:

- **KPI Terminology:** Understanding the foundation of specific words and their definitions will enable you to have a more successful outcome.
- **KPI Strategy:** The Waterfall Effect. See how my strategic journey with proven results can help enterprises with complete alignment to goals.
- **Trusting the Data:** Mitigation of Obstacles: Understand the value of strong data and how it correlates to success.
- **Crawl, Walk, Run, Fly:** Developing the RIGHT KPIs: Review the phased approach in developing the right KPIs for your team.
- **KPI Dashboard and Framework:** As an outcome of this course, you will create your own waterfall effect for your organization.

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Learn more here: **https://www.pedowitzgroup.com/training/courses/key-performance-indicators-101/**

About the Author:

Tracy A. Wehringer uses her three decades of experience in helping clients reach their revenue goals and grow their business using revenue marketing best practices. As a senior strategist focused on performance, with talent for optimization short/long-term return, Tracy has held senior level marketing titles with several global enterprises and has sat on two boards for over five years. Her expertise includes revenue marketing, business transformation, data analytics, KPI strategy, digital marketing, and Six Sigma process improvement.
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