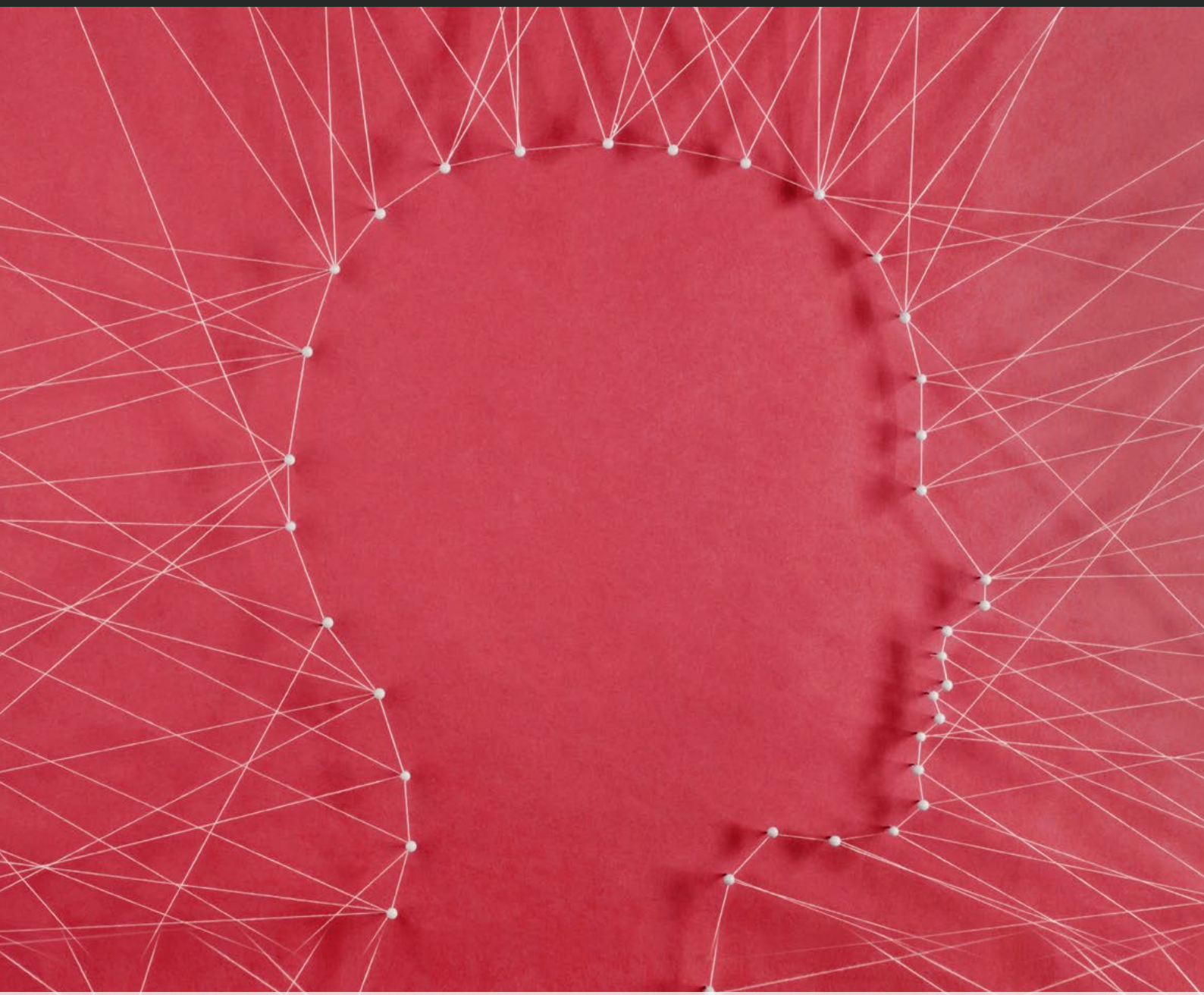
B2B Marketing™



BEST PRACTICE GUIDE

MEASURING ACCOUNT-BASED MARKETING

B2BMARKETING.NET

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Foreword



DANIELLE HOWE
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Once you have gained the backing of your marketing department and started to implement account-based marketing (ABM), you'll no doubt also start to face questions regarding the metrics you plan to measure. Measuring your ABM programme in the right way is crucial if you want to guarantee its long-term success, as it will not only help you to win trust within your business, but also help you to understand how to improve it along the way.

The difficulty here comes with the fact ABM cannot be measured in the same way as other, more traditional, marketing techniques. To start with you're targeting a small number of accounts, rather than a large number of leads. In addition, you should be placing a lot more emphasis on existing accounts, rather than focusing on new business. There are many more differences between ABM and other marketing techniques such as demand generation, all of which mean that measurement can be hard.

This is B2B Marketing's second best practice guide on the subject of ABM. The first focused on ABM implementation, while this guide details the steps you'll need to follow to make sure you're able to measure your ABM programme effectively.

Jon Miller, who was a co-founder of Marketo and is now CEO and co-founder of Engagio, explains how the basics of traditional marketing measurement don't apply to ABM, and runs through some of the critical implications of measuring ABM differently. He also covers the elements that do need to be measured in ABM, such as engagement and productivity.

Author biography

Jon Miller
CEO and co-founder, Engagio

Jon is a marketing entrepreneur and thought leader. He is currently the CEO and co-founder of Engagio, an 'all-in-one' platform for ABM. Previously, Jon was a co-founder at Marketo, a leader in marketing automation.



ENGAGIO

What metrics matter in account-based marketing?

What metrics matter in account-based marketing?

JON MILLER
CEO AND CO-FOUNDER
ENGAGIO



Metrics matter. We learn this lesson early on in our lives: score more goals than the opposing team. Study hard to earn an A. These principles learnt early in life make it clear that metrics position us to evaluate nutritive value and quantify our health. Without them, we would never know who won the game – nor be able to assess our chance for admission into a first-tier college.

This principle is the same in modern-day marketing.

Not very long ago, marketing didn't have the most enviable reputation in many organisations. The department churned out high-gloss brochures and threw parties, but couldn't quantify the value of its activities. Was it any wonder, then, that marketing executives struggled to earn respect at the revenue table? Sure, other executives could imagine the potential value of marketing initiatives that nurtured relationships and created demand – but few c-level teams confidently invested incremental dollars in such conceptual returns. It was safer to allocate budget elsewhere.

For this reason, many B2B marketing departments have spent nearly the last 10 years building a scientific process around demand generation, and for the first time, marketing executives began to ask themselves:

> ***'What if I could enter my CEO's office with reports similar to that of my CSO? What if, when asked, I knew exactly how much a 10 per cent increase in budget would mean for company revenue – from how many leads it would create, to how it would impact profitability, three to five years out?'***

It's questions like these that have fuelled the evolution of marketing metrics, institutionalising corporate accountability, while locking in marketing credibility and building c-level respect.

The basics of traditional marketing measurement don't apply to ABM

So metrics matter, but the rise of ABM is demanding new ways of thinking about marketing metrics. Historically, I've preached that traditional marketing measurement boils down to two essential components – regardless of desired outcome and applied use case:

- **Aggregate impact.** Whether on new pipeline or revenue, conversion rates measure lead generation and track how leads move through the funnel to create opportunities. Organisations like SiriusDecisions have built businesses on this concept, also known as the revenue cycle waterfall.

- **Return on investment**. Typically measured by pipeline creation using a multi-touch attribution methodology, marketers tweak programmes to maximise company-wide results. They serve up data to show their contribution to new business and the corporate bottom line.

While these metrics remain important, they are not sufficient for ABM. The main reason: when it comes to metrics, ABM differs from traditional demand generation in four critical ways:

1. ABM focuses on accounts, not leads.
Traditional marketing metrics have focused on how marketing and sales teams work, and work together, to generate and convert leads into revenue.

ABM recognises the next evolution in the dynamics of the buying committee: more people are involved, so marketing science must measure this additional nuance – namely, how the account collectively engages with a company throughout the buying cycle.

ABM metrics, then, must evolve alongside.

There are many reasons that over 80 per cent of B2B companies say ABM is now a priority, according to a LeanData survey. The benefits of ABM include:

- ***Focus of time and resources on accounts most likely to drive revenue .***
- ***Improvement of marketing-sales alignment.***
- ***Coordination of a more seamless customer experience.***

Additionally, according to ITSMA: "ABM delivers the highest ROI of any B2B marketing strategy or tactic. Period."

2. ABM influences pipeline.
In traditional demand generation, buyers don't interact with sales until relatively late in their purchase process. But salespeople build relationships much earlier in the named-account model – acting as consultants who challenge and re-frame a buyer's status quo.

In this paradigm, marketing plays more of a support function, which is a substantially different role than I myself have spent years describing and empowering. In a world where marketing is responsible for supporting, and not driving revenue creation, traditional marketing metrics must evolve.

3. ABM tactics are outbound, not inbound.
Historically, marketers have relied on quality content and programmes to cast a wide net and catch inbound leads. This model does not work for ABM, however. Instead of a net, you need a spear.

With ABM, marketing teams can wield harpoons to execute effective outbound strategies, focusing all resources on 'zero waste' activities that target the right accounts. Because of this, you need to measure your programmes differently, as you fuse the best of demand generation and outbound prospecting.

As such, ABM metrics must evaluate a team's effectiveness at finding and continually engaging with specific outbound activities in ways which are profitable for a business.

4. ABM values more customers than just the new ones.
An Achilles' heel of modern demand generation is its focus on new business. Particularly in a model where organisations create the greatest profit and revenue from existing customers, marketing metrics must measure success beyond new logo creation.

Since a company's longevity depends on more than revenue, marketers must inspect and measure more outcomes. Executive teams should consider incentives that reward performance against a broader set of metrics, such as advocacy, cross-sell and retention.

This means an ABM-er's goals include not only pipeline and revenue but also:

- The number and quality of referrals
- Individual and trending net promoter scores
- Reported customer satisfaction, via customer success surveys.

ABM is about measuring customer value, not just new business. With such metrics, the savviest ABM-ers will correlate their time and resources with each account's potential value (not bookings).

For some, the movement away from traditional metrics may feel unnerving, but the change and its implications are unavoidable. Until ABM metrics change to reflect this shift, marketers at companies with complex sales will struggle to be an equal partner for sales.

Critical implications

The trends powering marketing's evolution towards ABM underscores profound shifts in the B2B marketing zeitgeist. For a long time, booked business mattered most, and marketers consumed themselves with the pipeline they could create. I was one of them.

But marketing metrics that only measure the creation of new leads and opportunities are not sufficient. Here are four reasons why:

1. First, unlike traditional demand generation, you can't measure ABM with a funnel.
Think about it. If you have 20 target accounts in your pipeline and produce a conversion rate that's standard for demand generation – say 10 per cent

– you'll convert only two of them. How would you like to walk into the boardroom or your boss' office with those numbers? Exactly. It would be a disaster.

2. **The traditional definition of a lead no longer applies.**

In a consultative, outbound sales model, the earlier your reps have conversations with CXOs, the better. As such, your marketing initiatives prime themselves for success to the degree that they support executive-level conversations early in the buying process – in other words, long before the time when your company traditionally defines a lead. 'Early' is the best time to challenge and shift a buyer's status quo.

3. **Quantity and quality are now equally important.**

David Ogilvy, the father of advertising, is credited with once saying: "Don't count the people you reach; reach the people who count." Measuring leads emphasises the importance of new name velocity and flow. In an account-based world, that model no longer applies. For example, which would you value more – 20 low-level professionals downloading your whitepaper, or one meaningful engagement with a decision-maker at one of your target accounts?

4. **Sometimes the people you wouldn't think matter, matter the most.**

When it comes to six-figure deals, the sales process is long and complicated. This is particularly true for companies that sell to large enterprises. As such, even the smallest of complications can significantly delay — or even derail — when and if you close.

As technology flattens the corporate hierarchy, today's buying committee will continue to expand. How effectively do your metrics position your marketing team to be ready to harness these shifts?

One clear theme stands out: net new lead and opportunity creation metrics are no longer sufficient in an account-centric world. To win, companies must understand and support entire accounts, not just one persona or lead type.

MEASURE ENGAGEMENT WITH THE WHOLE ACCOUNT

I recently heard a story about a technology company that was about to ink a major deal with a hospital chain. The sales team had all the necessary c-level conversations and observed every key buying indicator. They'd been assured the agreement was wired, and confidently anticipated an end-of-month close. Imagine, then, their surprise and dismay when the deal fell through at the last minute because the hospital's nurses revolted. This was the user audience, a group the sales team hadn't bothered to consult. While any number of possible modifications could have altered the outcome of this particular situation, imagine how differently the deal could have turned out if a marketing initiative – say, for example, custom-created content – had specifically targeted the nurses at this hospital, to evangelise the company's solution to actual users, at the same time that the sales team conducted their more executive-level conversations.

So, what should we measure in ABM?

We've seen that net new lead and opportunity creation aren't enough to fuel modern-day marketing success. If ABM represents a new paradigm of marketing, additional types of ABM metrics must apply.

Use these three categories to round out how you measure your marketing effectiveness. I include sample metrics, as well as techniques you can apply as you seek to improve your score:

1. **Coverage**

How effectively is your team collecting data about and building permission with the people who matter at your target accounts?

Do your metrics measure how effectively you collect sufficient data, opt-in contacts, and account plans for each target account? To answer this question, and imagine what I mean, visualise an organisational chart for your accounts. This is the quintessential B2B model for who you know and don't know in a company. Such a chart will equip you to answer my earlier question.

For example, say Disney is one of your target accounts. The company has dozens of divisions across media, parks, resorts, studios, and online, each with its own separate organisational chart. It's likely that you don't know who each person is at each division, particularly at the executive level. Even if you do some research, you'll lack contact information and opt-in permissions to send emails.

At the end of a quarter, imagine a marketer being able to share that his team built opt-in permission with 42 per cent of the names for a target account, when the company had only eight per cent to begin with. That's powerful.

This contact whitespace suggests a valuable ABM activity would be to collect names of your target audience to fill these organisational charts.

2. Engagement

What is the aggregate level of engagement for your target accounts? While it is important to measure how effectively your team captures the names and contact information of your target accounts, a more important metric is how effectively your ABM initiatives engage the right people at target accounts.

To get started, you'll need to track performance in two different categories: activities and meaningful conversations. The latter is more important, of course, but both provide critical information as you gain insight into the most direct pathways to engage accounts and create lasting company value (see Fig. 1).

Having the ability to see how your accounts change over time can prove incredibly powerful, particularly when you measure how your activities and conversations perform across different:

- Geographies, company sizes, and industries.
- Departments and personas within specific accounts.
- Sales territories.

Definition of a marketing qualified account: when a group of individuals collectively demonstrates enough aggregate engagement behaviour to merit a sales outreach.

When you accurately weigh your ABM activities, you'll empower your company to understand if (and how) target accounts are being engaged – along each stage of the buying cycle. Over time, as you collect this information, you'll gain valuable information about your most profitable accounts. Use it to create more of them.

3. Productivity

How are your ABM activities, conversations, and investments improving target outcomes?

What happens when you want to know how well each individual ABM activity and campaign performs, specifically? As you measure how effectively your ABM activities drive conversations, you also need to drill into your initiatives' ability to generate specific outcomes.

Step one: Isolate activity-specific data

Consider, for example, a direct-mail campaign or a company-targeted ad. It's historically been difficult to measure these kinds of programmes using traditional cost-per-lead based attribution metrics – you lack the means to adequately tag the kind of behaviour your outreach induced.

This is why you need to begin thinking about developing an ABM testing framework.

A properly constructed testing framework will help you focus on key sales outcomes and softer metrics, such as:

- Sales cycles
- Average selling price
- Retention and renewal rates
- Net promoter scores.

How do you do this? Track how ABM activities and conversations influence target prospects and customer accounts over longer periods of time, say six months. What happened to the average selling price with the accounts that received direct mail, versus those that did not? Did accounts that received ads later have better net promoter scores? And so on.

If you set your metrics so you can ask questions this way, you will be able to tease apart the DNA of your best outcomes. With enough work, you can achieve this insight for specific accounts.

Figure 1. Tracking engagement with your target accounts

Step one: Track activities	Step two: Track meaningful conversations
A host of engagement activities exist in ABM. Examples include: • **Web traffic:** are people from your target accounts visiting your website? Who? How often? How do their web visits trend over time? • **Email interactions:** do target accounts open your emails? Which executives? • **Social engagements:** how do target accounts interact with you socially? Do they follow you back? Share and retweet your content? Comment on your posts? • **Event attendance:** which prospects come to your events?	To take your insights a step further, be sure to connect the dots from activities to meaningful sales conversations. While the below sometimes require substantial amounts of legwork (unless you invest in technology intended for this purpose), insight into these metrics can prove highly valuable. Examples of such metrics might include: • **Successful meetings:** can you connect your sales team's calendars to your other marketing tools, to merge your ABM data with meetings that happen? • **Emails:** of the emails that were opened, how do conversations change over time? How do they convert into calls? In-person meetings? The more meaningful your conversations, the more meaningful your contributions to company profit.
Step three: Aggregate all of the information into visual account timelines	**Step four: Assign value to activities**
Ideally, you can gain a visual understanding of your team's performance against certain engagement metrics with simple dashboards that aggregate desired information. Think of this as a visual account timeline. Take a Disney division again, for example. The deal just closed. With such an account timeline, you would be able to visualise all of the activities and conversations that your sales and marketing teams had with that account, that ultimately contributed to its successful close. This information would be especially valuable for marketers to have during, say, a quarterly business review. You could use it to explain exactly how your team's activities drove meaningful sales conversations that contributed to company objectives – in this case, new business and projected recurring revenue.	To weight your activities, you'll need to develop a system that quantifies them in terms of engagement. You might consider assigning a fixed number of minutes to individual activities, such as: • Web visit: two minutes • Email open: one minute • Blog comment: 30 seconds • A retweet: 15 seconds • Webinar attendance: 45 minutes Then, go back to your organisational chart and color-code each contact for their level of engagement. When done, you'll have a 'heat map' for the account. That way, you will know which groups are most engaged (bright areas on your org chart), and where you need to deepen engagement (dark spots on your org chart).
Step five: Track aggregate account-level engagement	
How does engagement for your target accounts trend over time – do they wax or wane? By tracking the aggregate engagement in a layout similar to an Electrocardiogram (ECG) chart, salespeople can immediately know which accounts are engaging – and where potential risk areas might lie.	

Step two: Create effective ROI tests
This is where the rubber really meets the road. It's also the phase during which you must be the most careful. Why? When it comes to measuring the ROI of ABM activities and conversations using testing, many commit the common error of setting it up as a simple pass-fail. In so doing, they forgot the critical insight they could gain to improve their effectiveness.

As you think about structuring your tests, think about creating several versions. That way, you'll be able to not only find out when something is working, but why. This isn't about dropping low-profit programmes; it's about a holistic view of what works and what generates the most profit.

Measure to find not just what works, but what works better. Focus on 'improving ROI' not 'proving ROI'.

Conclusion: Putting it into practice

While all of the above likely sounds appealing, or at least has you nodding your head, you're probably asking the question that intuitively comes next: how do you make all of this happen?

Granted, while much of the above is possible for you to conduct manually, completing that process seamlessly, over and over, is easier said than done. Spreadsheets can be super complicated and riddled with errors. Luckily, new solutions are now emerging to automate this process.

I am increasingly convinced that ABM solves a different problem from demand generation. Here's a simple list below to serve as a refresher of the principles that I have discussed in this chapter:

1. Focus on customers, not just new business.
2. Don't have vanity metrics.
3. Measure outcomes, not activity.
4. Sometimes, you will have goals that are broader than new revenue.
5. Analyse accounts individually and in aggregate.
6. Understand how your results trend over time.
7. Ensure ROI tests are not pass/fail exercises.
8. Learn what you can do to improve ROI, not prove it.

Use these tips, and you'll position your company to win as you align metrics to your ABM initiatives.

I wish you the best of luck as you begin to understand your target accounts, orchestrate integrated account plans, and prove the impact of your ABM efforts.

About B2B Marketing

B2B Marketing is the comprehensive information resource for B2B marketers. Its mission is to provide practitioners with the information they need to perform better and achieve more, whatever sector of the B2B space they are operating in.

Launched in 2004 as B2B Marketing magazine, it has since evolved into a multi-faceted resource, delivering a broad range of content in a variety of different forms and formats.

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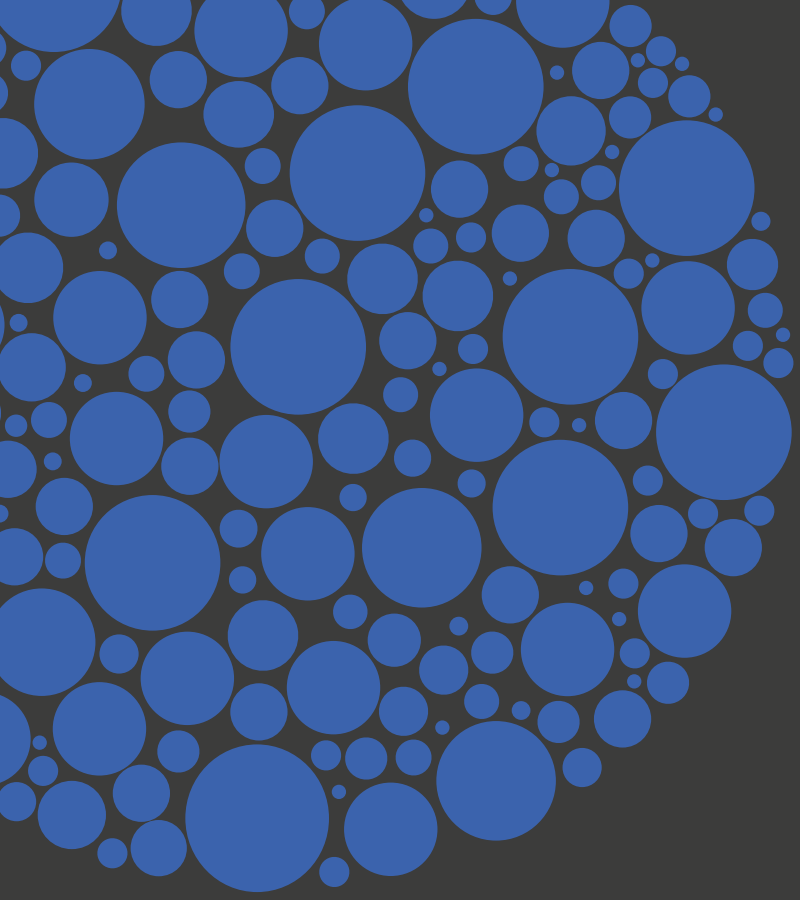
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