

## CHAPTER 1

# Getting Focused—Identifying Goals

I know the price of success: dedication, hard work, and an unremitting devotion to the things you want to see happen.

—Frank Lloyd Wright

Give me a stock clerk with a goal and I'll give you a man who will make history. Give me a man with no goals and I'll give you a stock clerk.

—J.C. Penney

Measuring for measurement's sake is a fool's errand. But we're all fools now and again.

The human mind loves order. People think their iPod really knows how they feel by how it sequences songs just so when set to “shuffle.” People tell fortunes by reading the leaves in the bottom of a tea cup or from the succession of upturned tarot cards. When faced with absolute randomness, the human mind kicks into overdrive to find patterns. We enjoy spending quiet time on the grass finding animals in the clouds, and conspiracy theorists can find plots and schemes in random events.



As the tools escalate in sophistication, there remains one truism that cannot be ignored. Regardless of the amount of data and the cleverness of analytics tools one has, we still need analysis. The sharpest analyst or most talented statistician in the world is stymied without data, to be sure. But without those brilliant minds cogitating about a given purpose, those tools and data can create pretty charts and graphs and not much else. The most frequent missing piece is a specific problem to solve.

Every analyst has been asked to describe the past, explain the present, and tell the future given a data warehouse full of bits and bytes and the assumed ability to interpret human intent.

When faced with the question “Here’s a bunch of data—what does it mean?” there are only two responses. The first is a tedious explanation of how the word “data” is the plural of datum and therefore the inquisitor’s grammar is lacking. This approach is tiresome for the addressee and only fun for the analyst the first couple of times. The second response is “What problem are we solving for?” While this is an equally egregious mangling of the King’s English, it is an integral part of the analytical vernacular.

The question, while sounding just as haughty as the former grammar lesson, is critical. When getting into a taxi, one is expected to know and communicate one’s destination. Of course a statistician can groom a large data dump and find correlations between temperature, elevation, and the rate of change in barometric pressure. But he won’t volunteer the critical answer of whether you should bring an umbrella unless you specifically ask, “Do you think it might rain?”

The same is true of marketing—especially online marketing—where we are data rich and insight poor.



Companies that tout their “success” because they track the number of friends and followers will never compete effectively with those who track sales and profits gained from reaching out to their followers. You want a goal? Income’s a great goal—but it’s not alone.

### THE BIG THREE BUSINESS GOALS

It’s time to get very high-level. There are only three true business goals (Figure 1.1).

They are all that matters in the long run. If the work you do does not result in an improvement to one or more of these Big Three Goals, then you are wasting your time, wasting money, spinning your wheels, alienating customers, and not helping the organization. You may be covering your backside and building your empire, but in the long run you will not ensure your status as an employee.



**Figure 1.1** Your focus should always be on either increasing revenue, lowering costs, or improving customer satisfaction. Doing all three would be just fine.



### ***Lowered Costs***

It's easy to bring in a million dollars; just sell two million one-dollar bills for 50 cents each. Clearly, your attention should be focused on profits. So, while coming up with new and innovative ways to make sales, don't forget to come up with new and innovative ways to lower expenses. If you can lower the cost of finding that pot of gold, then there's more net gold to go around.

Customer service and market research are the obvious areas where social media can boost profits by lowering costs, but it's a fine balance. You must spend money to make money, but if you can show that social media is a less expensive way to measure public opinion, make friends, and influence people, then you can have a larger share of the budget next time around. Oh, and you get to keep your job, too.

### ***Improved Customer Satisfaction***

The great thing about improving customer satisfaction is that it raises revenue and lowers cost. Happier customers are more likely to buy again. It is cheaper to sell something to somebody already in your database than it is to have to beat the bushes to find new ones. So if customer satisfaction is a factor in income and expense, and if income and expense are simply part of the profit equation, then the only goal worth worrying about is profits, right? Not so fast, Mr. Lay.

Remember Kenneth Lay? The famous CEO, last seen being walked out of Enron headquarters wearing government-issued bracelets? It seems that when one focuses on profits alone, one steps in over one's head with unpleasant results.

Happy customers are necessary to the life of a business if you can just force yourself to look beyond the quarterly report. A 6- or 9- or 12-month window will verify



All spreadsheets can help in the same way. You can play what-if until the cows come home or at least until the boss allocates another sliver of the budget for a Facebook app that might go viral.

The solution is to get a clear handle on your goals and sweep up a handful of online metrics tools and services to prove your point. Show the actual results of your endeavors rather than hockey-stick conjectures. Just don't go overboard. That'll lead you to where the tool-price quandary pendulum swings too far the other way.

#### THE EXPENSIVE CALCULATOR DILEMMA

With a decent calculator, you can add, subtract, multiply, divide, and get on about your business. With a spreadsheet, you can play what-if scenarios until your keyboard wears out. With a customer relationship management system, a dynamic content management server, an integrated ad server, a recommendation engine, and a sentiment analysis system, you can deliver the right message to the right person at the right time. And, given a supercomputer the size of Deep Thought, you can calculate the answer to life, the universe, and everything—in about 7½ million years. But should you?

If that spreadsheet has enough horsepower for the project, you do not want to spend more than you can get in return. Here's where calculating the ROI on ROI rears its ugly head.

Suppose you used a million dollars' worth of the world's most sophisticated tools to increase sales by .002 percent. Not something you'd want in your LinkedIn profile. Unless, of course, you thereby delivered an additional \$7.5 million in sales. Update LinkedIn, Facebook, and MySpace and reach for the champagne bottle. Kudos to you and well worth

the price for all those tools. If you don't happen to work for Walmart and your organization doesn't happen to sell \$375 billion in goods every year, then your mileage, online self-aggrandizement, and bottle choice may vary.

The most important part of all analysis is whether and how the resulting metrics will be used. If you want to know how many of *this* compares with how many of *that*, you should know exactly why you want to know. How will you use that information? What business decisions will be made based on a movement of 5 to 10 percent in any one direction?

As an analyst you are inundated with requests for reports. You'll want to pay heed to Judah Phillips' advice in his post on the Web Analytics Demystified web site entitled "Thoughts on Prioritizing Web Analytics Work" (<http://judah.webanalyticsdemystified.com/2008/10/thoughts-on-prioritizing-web-analytics-work.html>), summarized here. How do you prioritize requests for analysis? Answer these questions:

- ◆ Is revenue at risk? (Always seems to be #1.)
- ◆ Who's asking? (As Bob Page from Yahoo! likes to say: All metrics are political.)
- ◆ How difficult is the request? (Do some, but not all, of the easy ones right away.)
- ◆ Can it be self-serviced? (Let them count cake!)
- ◆ When is the analysis needed? (Between immediately and 7.5 million years from now.)
- ◆ Why is the analysis needed? (This is the gotcha! question.)

## Understanding Analysis

Are fat people lazy?

Pat LaPointe from MarketingNPV asked that question in an article for MediaPost ([www.mediapost.com/publications/?fa=Articles.showArticle&art\\_aid=110610](http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=110610)). He went on to explain how hard it is to provide a specific answer to a non-specific question. In order to answer this loaded question, one would have to:

1. Define “fat.”

Weight/height ratios, body mass index, and body fat content are all legitimate options, but a common definition would have to be agreed to before calculations can begin.

2. Define “lazy.”

Same problem. Levels of exercise? Work habits? Overreliance on modern conveniences?

3. Define the standard of proof.

Just how fat is fat and just how lazy is lazy?

4. Design a means of observing if the question is true.

Conduct the research and collect the data.

LaPointe then turned to “Is our marketing cost-effective?” and illustrated that these definitions are even more wobbly. He warned that the wobbliness of these terms is exactly where politics enters the effort. Yes, Bob, all metrics are indeed political.

Therefore, you must first be certain that you know what you are trying to find out (what problem you are solving for) and then be certain that you and those around you agree on

your definitions of the terms you use to describe and solve that problem.

It's also useful to understand how the mind works. In the introduction of his book *Psychology of Intelligence Analysis* (Center for the Study of Intelligence, Central Intelligence Agency, 1999), Richards J. Heuer, Jr. wrote:

*People construct their own version of "reality" on the basis of information provided by the senses, but this sensory input is mediated by complex mental processes that determine which information is attended to, how it is organized, and the meaning attributed to it. What people perceive, how readily they perceive it, and how they process this information after receiving it are all strongly influenced by past experience, education, cultural values, role requirements, and organizational norms, as well as by the specifics of the information received.*

For some very useful and practical advice on approaching an analysis project, I can highly recommend *The Thinker's Guide to Analytical Thinking* by Dr. Linda Elder and Dr. Richard Paul (The Foundation for Critical Thinking, 2006) ([www.criticalthinking.org](http://www.criticalthinking.org)).

## Marketing Analysis and Optimization from 30,000 Feet

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Divide each difficulty into as many parts as is feasible and necessary to resolve it.

— René Descartes

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Knowing your goals, the company goals, and the limits of your budget for gathering and quantifying data are the entrance fee. If you don't feel as if you have a handle on your goals and resources, read on, but first place a rather large yellow sticky where you can't miss it, reminding you to find out fast.

If we consider the flow of the relationship between a company and a customer, we have a framework for addressing the metrics of each step in sequence. Optimizing your marketing is daunting, so you take it a step at a time.

Step one: Get their attention. You can't sell to somebody who has never heard of you. More on this in Chapter 2: Getting Attention—Teaching Your Audience.

Step two: Get them to like you. That's the subject of Chapter 4: Getting Emotional—Recognizing Sentiment.

Step three: Get them to interact. Chapter 5: Getting Response—Triggering Action

Step four: Convince them to buy. Chapter 5: Getting Response—Triggering Action

But none of that matters if you don't have goals. Start with an unremitting devotion to the things you want to see happen, divide each difficulty into as many parts as is feasible and necessary to resolve it, and you too can move up from stock clerk to history maker.

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