



LESSON GUIDE 4:

How to Define the Right Metrics

This is **Lesson Guide 4** of Paine Publishing's Measurement 101 Curriculum Package. The entire package includes:

- a **Syllabus**,
- a **Reading and Resources List**,
- Six Measurement 101 **Video Lessons**,
- Six Measurement 101 **Lesson Guides** in pdf format to accompany the videos,
- Paine Publishing's **Standards Compliance Curriculum package**
- a subscription to *The Measurement Advisor* newsletter
- Access to "**Ask Katie Paine**" monthly online measurement hours

The six Measurement 101 Lessons include:

Lesson 1: **Why Measure?**

Lesson 2: **How to Set Measurable Goals**

Lesson 3: **How To Define And Prioritize Audiences**

Lesson 4: **How To Define The Right Metrics**

Lesson 5: **How To Select The Right Tools**

Lesson 6: **How to Get Insight From Your Data**



Introduction to Paine Publishing's Measurement 101 Curriculum



Hello! I'm Katie Paine, CEO of Paine Publishing. I've been helping people to design and implement communications measurement programs for more than 25 years. Consider this six-lesson Measurement 101 Curriculum your Personal Navigation System on the road to the perfect measurement program. We take you right through the measurement process—from setting goals to interpreting results.

Welcome to Lesson Guide 4...



How to define the right metrics

The fourth step in the journey to great measurement is to define and get consensus among senior leadership, departments, and your team on what metrics you will use. Key performance indicators (KPIs) are the metrics that are most important for charting progress toward your SMART objectives. There are hundreds, if not thousands, of metrics you could collect, so you have to decide on a small handful that will be most informative.

Although the formal term is KPI, a more colorfully accurate term is, “Kick Butt Index.” In other words, if the boss comes in and says, “Damn it, we’re getting our butt kicked out there!” what does that mean? And if he or she says, “Congratulations, you’re really kicking butt!” what does that mean?

The important thing to remember about KPIs is that you become what you measure, so they have to be meaningful, actionable, and relevant. If you’ve completed Lessons 1 through 3 already, your KPIs should fall naturally out of your earlier conversations about goals (Lesson 2) and stakeholder groups (Lesson 3). It is just a matter of translating your priorities and goals into a number you can calculate.



Find a benchmark

Measurement is a comparative tool. You don't know if your results are good or bad unless you can put them into context, either looking at them over time, or in comparison to a peer group. If you are using past performance as a benchmark, ideally you would use a full year. If a full year's worth of data is not available, you should have a minimum of three months worth to benchmark against. The most important entity to measure against is whatever keeps your bosses up at night.

What makes a perfect metric?

The perfect metric meets the following criteria:

- It's actionable
- It's there when you need it
- It's specific
- It continuously improves your processes



Can you give examples of perfect metrics?

For **non-profits**:

- Percentage increase in donations
- Percentage increase in new donors or members
- Percentage increase in awareness of the cause/mission
- Percentage increase in volunteers
- Percentage increase in likelihood to act/advocate on behalf of the cause/mission

For **Business-to-Business** or **Business-to-Consumer**:

- Percentage reduction in cost per lead
- Percentage reduction in cost per customer acquired
- Percentage increase in awareness of the brand/product
- Percentage likely to recommend
- Percentage increase in understanding/belief in key positioning or messages

- Percentage increase in share of voice relative to the competition
- Percentage increase in downloads of white papers
- Percentage increase in the marketable universe

For **social media**, typical KPIs are:

- Percentage increase in conversions on your website or social network
- Percentage increase in desirable share of voice or conversations (“desirable” can mean a positive tone or favorable positioning)
- Increase in the percentage of likes or followers that are actively engaging with our brand – i.e. sharing, favoriting or commenting
- Percentage increase in number of conversations expressing support for the cause
- Percentage increase in conversations that contain your key messages



What about reach? Is that an accurate metric?

Reach is something of an anachronism in today's world. Increasingly, major brands are skeptical about the reach numbers promoted by various pages, platforms, and media outlets. In the old days there were standard definitions of reach. For television, these were based on Nielsen ratings, which provide Gross Rating Points (GRPs), calculated as a percentage of the total population that might have seen your brand or message. For print, they were based on subscriber surveys.

But in today's online world it's almost impossible to determine how many people truly had an opportunity to see your messages.

In practice, measuring reach today depends heavily on the methodologies of individual tools and solutions applied to the task. Results will vary. All methods available to calculate reach today are inherently flawed because of their inability to precisely determine unique individuals across social platforms, devices, and media.



Isn't the best metric ROI?

ROI, or Return On Investment, is a commonly used and misused expression of the effectiveness of programs. First, we need to be specific about the definition of ROI. In recent years there have been a number of pseudo-redefinitions of ROI, from “return on influence,” to “return on intimacy,” to “return on ignorance.” None of them will be taken seriously in a board room.

Let's be clear: ROI is the abbreviation for a business term, return on investment. DuPont created it in the 1920s as a financial measure, and Alfred Sloan used it to make General Motors manageable. ROI is calculated by subtracting the cost of an investment from the gain of an investment and dividing that by the cost of the investment. ROI is commonly expressed as a percentage. The equation looks like this:

$$\text{ROI} = (R - I) / I$$

Where R = return and I = investment

The calculated ROI takes into account not only whether the effort generated a profit but what that profit was relative to the assets it took to generate it. A major advantage of using ROI to express the success of a project is that it allows direct

comparison to the financial success of other projects.

If you have the requisite data you can calculate the ROI via costs savings such as:

- Lower legal costs
- Faster time to implementation
- Shorter time to sales close

So if I can't accurately calculate ROI, what should I use?

A far more useful and accurate metric might be a cost/benefit or efficiency metric.

So for example, if the goal is to generate leads, what did it cost you to increase your



marketable universe via PR vs. social media vs. email marketing? If the goal is message communication, then you can calculate the cost per message communicated. In other words, what does it cost you to communicate a message via PR or social media compared to online advertising or a TV commercial?

How do I know which metric to use?

The right metric is one that accurately measures your activity's impact on the goal. So, for example, you might use a table like this one:

Goal	Action	Activity Metric	Outcome Metric
Increase the marketable universe	Conduct an online contest	Number of entries	Increase (or percent increase) in size of marketable universe
Increase awareness of our brand in the new marketplace	Blogger outreach program	Percent exposure of our key messages, or Percent increase in our share of voice in that marketplace	Percent increase in people aware of our brand

Remember to be clear about what is a measure of your *activity* vs. a measure of your *overall progress* toward your ultimate goal.

What do you mean by Share of Voice?

Share of Voice is calculated as a percentage of the universe of items studied. For example, Share of Positive Voice is calculated as: The percentage of all the positive conversations about a topic or within an industry that are about the company being studied.

If you are restricting coverage to Top Tier media only, share of voice would be the share of all coverage of all competitors in the industry that is about a particular company. For example, if there are 10,000 negative postings/stories/items found in April and 1000 of them mentioned Acme Corp, Acme Corp's share of negative conversation would be 10%.



Lesson 4 Study Questions

1. What do you want to become? What do you want your department to become?
2. If your boss or your boss's boss comes into your office as says, "Congratulations, you've really been kicking butt!" to what is he or she referring? What have you done that would have elicited that response?
3. Conversely, if your boss storms into your office and says, "We're really getting our butt kicked out there!" to what is he or she referring?
4. What is a realistic benchmark against which to measure your success?
5. What kind of numbers or metrics do other more successful or prestigious departments report?
6. Who within your organization needs to help define results or give input on what to measure and why it is important?
7. Who are your competitors or peer organization that keep your leadership up at night?
8. When do you do your budgeting and planning? What kind of information do you need for that process?

Lesson 4 Suggested Readings

Chapter 3: Paine, K.D. (2011). *Measure what matters: Online tools for understanding customers, social media, engagement, and key relationships*. Wiley, 2011.

http://www.amazon.com/Measure-What-Matters-Understanding-Relationships/dp/0470920106/ref=sr_1_1?s=books&ie=UTF8&qid=1397600758&sr=1-1&keywords=Paine+Measure+What+Matters

Chapter 5: Kanter, B. & Paine, K.D. (2012). *Measuring the networked nonprofit: using data to change the world*. San Francisco: Jossey-Bass.

http://www.amazon.com/Measuring-Networked-Nonprofit-Using-Change/dp/1118137604/ref=sr_1_1?s=books&ie=UTF8&qid=1397600656&sr=1-1&keywords=kanter+and+paine

What Your CEO Needs from PR: An Interview With “Dozer” Doug Chapin, in *The Measurement Advisor*:

<http://painepublishing.com/measurementadvisor/2013/12/16/what-your-ceo-needs-from-pr/>

What is Paine Publishing?

Paine Publishing is an educational publishing company that helps organizations establish effective, meaningful communications measurement programs that are in compliance with industry standards.

- We publish [*The Measurement Advisor*](#), the newsletter for professional communicators who want data and information to continuously improve their measurement programs and bring standards into their organization.
- We offer measurement education packages that include specific case studies, white papers, presentations, and checklists, on the following topics:
 - [Best Practices and Measurement Standards Compliance](#)
 - [Travel and Tourism Best Practices and Standards Compliance](#)

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