Core Metrics for Measuring Marketing’s Financial Performance

Highlights from whitepaper “Life Beyond Promotion: Core Metrics for Measuring Marketing’s Financial Performance”
Visit shsmd.org/metrics to download

Introductions
- Arthur Sturm, President, SRK
- David Marlowe, President, Strategic Marketing Concepts
- Bill Gombeski, Senior Advisor, Office of the Executive Vice President for Health Affairs, UK HealthCare

Agenda
- The Task Force Process and Challenges
  - What we learned as a committee
- The Core Metrics
  - Quick overview of the 17 metrics
  - Key parameters of metrics
- Metrics 2.0 Issues – Where Metrics May be Going
  - Highlights from marketing leaders and others
- Q&A

The challenge: Set the standards or be told what to do
- Rapidly changing environment foretold of increasing accountability by all disciplines
- Marketing often seen as a promotional exercise vs. revenue generator
- Lack of data to support marketing’s contribution
- Decision was to be proactive with finance “supported” metrics
- Biggest challenge: Establishing the foundation

Key to Success: Finance Involvement
- Participation and support from HFMA provided insight, credibility and guidance
- Identified CFO’s concerns, doubts and needs for marketing metrics
- Biggest “ah-ha” finding: the need for upfront dialogue with senior leadership

What this is and isn’t
- Initial metrics are the foundation for assessing marketing’s financial contribution
- Metrics will probably vary by institution
- Use of new channels of communication, shifts in reimbursement and rise of consumerism will require expansion of these basic metrics
SHSMD 2016 Core Metrics

- SHSMD Task Force initially started with 30-35 metrics – way too many.
- Result of discussion and assessment was 17 metrics in 4 categories. Each category assessed along lines of Marketing “accountability” or “influence”.
  - Growth – Marketing is Accountable and has Influence.
  - Brand and Image – Marketing is Accountable
  - Stakeholder Engagement – Marketing has Influence
  - Marketing Communications – Marketing is Accountable
- Consensus – This is “1.0” – a start, not the final set. But it establishes the first potential industry-wide base for a common “core” set of metrics.

SHSMD 2016 Core Metrics

**Growth**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume Change</td>
<td>Monthly, Quarterly, Annually</td>
</tr>
<tr>
<td>Increased Revenue</td>
<td>Monthly, Quarterly, Annually</td>
</tr>
<tr>
<td>(Or savings from risk-based pre-payment)</td>
<td></td>
</tr>
<tr>
<td>New Patient Acquisition</td>
<td>Monthly, Quarterly, Annually</td>
</tr>
<tr>
<td>Market Share</td>
<td>Monthly, Quarterly, Annually</td>
</tr>
</tbody>
</table>

**Brand and Image**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness (Aided, Unaided)</td>
<td>Annually</td>
</tr>
<tr>
<td>Brand Preference</td>
<td>Annually</td>
</tr>
<tr>
<td>Key Service Line Reputation</td>
<td>Annually</td>
</tr>
</tbody>
</table>

**Stakeholder Engagement**

- Debate – What about influence on other Stakeholders – Employees, Doctors, Donors, Members, etc.?

**Marketing Communications**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid media impressions, responses</td>
<td>Quarterly, Annually (Digital may be more frequent)</td>
</tr>
<tr>
<td>Earned media value, tone, impression, actions</td>
<td>Weekly, Monthly, Quarterly, Annually</td>
</tr>
<tr>
<td>Owned media – households reached, responses</td>
<td>Monthly, Quarterly, Annually</td>
</tr>
<tr>
<td>Social Media (Activity, Reach)</td>
<td>Quarterly, Annually</td>
</tr>
</tbody>
</table>

- Digital Media (Wide array of metrics) Monthly, Quarterly, Annually
- Direct Marketing (Outbound calls, direct mail, e-mail, targeted e-newsletters, etc.) Measure responses, conversion, etc. Weekly (Digital), Monthly, Quarterly, Annually
- Physician Liaison/Sales (Visits, gains in referrals/volumes) Monthly, Quarterly, Annually
- Other Sales (Incremental revenue, referrals, new business, etc.) Monthly, Quarterly, Annually
- Return on Marketing Investment (ROMI) (Revenues connected to specific efforts) All specific points (6 months to 2 years) after implementation
Health Care Marketing Metrics Reporting Guidelines

1. Choose metrics that matter –
   - To the audience reading the Dashboard.
   - To the strategic direction of the organization.
   - Consider the "so what" factor – does the metric impact operational or strategic decisions?
   - In candor – “Production” metrics are probably better limited to internal departmental tracking purposes.
2. Don’t assume the reader understands the jargon.
3. As much as possible, keep it visual.

Health Care Marketing “Dashboards” Guidelines

8. Decide how many metrics to report.
   - How available is the data?
   - How much support and staff resources do you have to do this?
   - How many really mean anything to both the leadership and the operations of the department?
   - Consider Two Levels of Metrics – One for leadership (Operations and Strategic) and one for the Department (Production and Operations)
   - Financial metrics’ reports typically focus on perhaps 10-12 key ratios and results. Maybe that’s a good guideline for Marketing, even though the SHSMD “Core” metrics number is 17.

Marketing Metrics 2.0

- In C-suite, you have your biggest impact with metrics linked to dollars
- Financial metrics include contribution margin, income/revenue per patient, value of market share point, case mix
- Hybrid marketing/finance metrics include brand valuation, cost/income of marketing generated new or former/current patient, lost patients, payor mix change, share of wallet, life time value of patient, value of a physician referral

Additional Metric Discussion

- Metrics can be added to suit your organization, marketing and marketplace
- Employee/physician engagement
- As digital grows, more metrics can be added
- Value-based, population metrics
- Leading vs Lagging indicator metrics

Concluding Thoughts

- Movement from fee-for-service to value-based reimbursement and ongoing evolution of marketing will require new metrics
- As an industry, we need to continue to pilot new ways to measure outcomes
- Many ways to present data – spider charts, dashboards, summary reports, red/yellow/green format
Concluding Thoughts

• Once metrics are collected, they need to be shared widely beyond senior management to middle management and front line staff so they can understand how to help Marketing
• Determining desired outcomes and metrics for those outcomes ideally begins in the planning process, so it’s always helpful if Marketing is at the table for discussions, projects, programs and organizational strategies

Q&A

Submit your question through the Q&A panel on your screen or you can select the “raised hand” icon to ask a question.

Faculty Contact information:
• Arthur Sturm, President, SRK, Email: asturm@srksolutions.com
• David Marlowe, President, Strategic Marketing Concepts, Email: dmarlow1@ix.netcom.com
• Bill Gombeski, Senior Advisor, Office of the Executive Vice President for Health Affairs, UK HealthCare, Email: william.gombeski@uky.edu

Thank you!

All registrants will receive this webcast recording within 24 hours.

Download the white paper "Life Beyond Promotion: Core Metrics for Measuring Marketing’s Financial Performance" at shsmd.org/metrics