



KATIE DELAHAYE PAINE

measure what **matters**



Online Tools for
Understanding
Customers,
Social Media,
Engagement, and
Key Relationships

MEASURE WHAT MATTERS

Online Tools For Understanding
Customers, Social Media, Engagement,
and Key Relationships

KATIE DELAHAYE PAINE
WILLIAM T. PAARLBERG, EDITOR



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I dedicate this one to my father, Ralph D. Paine, for teaching me to write what I know. To my lifelong editors Geoffrey Precourt, who taught me how to write; Charlie O'Brien, who taught me how to make what I write interesting; and William Teunis Paarlberg, who may be the only person who can finish my sentences and make what I'm trying to say both logical and interesting. And to Shel Israel who taught me how to convince skeptics that measurement is important and relevant. —KDP

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FOREWORD

Now here is a book that is far more than its predecessor. In *Measure What Matters*, author Katie Delahaye Paine and editor William T. Paarlberg revitalize rather than merely revise the curriculum of the University of Measurement as originally presented in *Measuring Public Relationships*. Much of that original work is here: both the theory and the nitty-gritty of measurement, especially the measurement of relationships. What is new is an emphasis on social media in a business context.

Readers will still appreciate the appendix of resources that include books on research and questionnaire items measuring qualities and types of relationships. We still benefit from Katie's rich experience—brilliantly written anecdotes, all. Her sidebars of case studies, such as the campaign for SeaWorld that illustrates the role of social media in reaching key influencers, help bring home the solid principles on which this book is based. The figures, too, help confirm the assertions in the text.

The writing here, as previously, is cogent and transparent. Katie makes the arcane world of measurement both understandable and interesting. In other words, readers not only will “get it,” they’ll want to get *into* it, into the myriad decisions that must be made even before a project is evaluated. The intriguing subheads contribute to the excitement of what has been, for many people, a dull subject. Who wouldn’t want to read more when confronted with “If You Have No Budget at All,” “You’re Not in Control—and Never Have Been,” or “BS Is More Damaging than Lies.”

Yes, Katie is clever . . . and she's also wise. Take, for just one example, the section headed "A Word on Measuring ROI." Given all the *Sturm und Drang* that typically accompany this concept, we especially appreciated the provision of five ways to determine the return, approaches that extend well beyond sales or revenue to include, for example, social capital. She also takes care to explain how to come up with the resources necessary to conduct such evaluation, a discussion that characterized the earlier text as well.

One difference here though, as reflected in the title of the new book, is the emphasis on measurement as a *business tool*. This shift is consistent with today's aspiration and inclusion of public relations people in the C-suite.

The organization of this text, by stakeholders, remains appropriate. After all, relationships with different groups of publics remain the *raison d'être* of public relations. Along the way, Katie writes with confidence and candor. As a result, she helps create the very kind of relationship with readers that she urges them to measure with their publics—a relationship born of trust. For just one example, how many professional communicators do you know—especially among those who earn a living doing research—who remind you that less can be more when conducting a survey? As Katie puts it: "You can probably get most of the information you need from talking to 250 people . . . [s]o don't get talked into surveying thousands if you don't really need to." Good advice, but rare in a world where commercial firms may charge by the numbers—and thus appropriate to retain in the new version of the book. Katie goes on to explain that it's possible to survey a mere 500 people and get a representative sample of the whole population of the United States.

The book speaks to novices and veterans of the world of measurement. It ends with a glossary of relevant terms, from the controversial—such as AVEs—to the more straightforward—such as "trend analysis."

Throughout, Katie emphasizes the importance of measuring *relationships* created and nurtured via digital media. In this way alone, she

sets her book apart from many others—those that focus on media hits, for example, or strategic messaging. She clearly differentiates among measuring outputs, outtakes, and outcomes. She proceeds from one strategic public to another, not assuming that one system of measurement fits all. So she describes how to measure relationships with the community, opinion leaders, employees, members, volunteers, investors, partners, the media, and sales reps. She teases out what is unique about evaluating relationships in times of crisis and through blogs and other new media. She explains how to plan and budget.

Katie does all this through both words and numbers—exactly as a competent research report would be prepared. She infuses this new look at measurement with her solid grasp of all the social media. By emphasizing measurement as a tool for businesspeople rather than public relations people alone, she extends the scope of *Measure What Matters*. “Scope” may be inadequate here; perhaps we should characterize the reach of this guide to measurement as an “enormous sweep.”

In any case, Katie Paine has walked the walk that so many of our colleagues merely talk about. The typical book on research, like too many researchers, overpromises and underdelivers. Readers, anxious to know more and to do better, approach these books with optimism but leave in frustration at the level of the text or its inadequate explication. At the very least, their minds feel chloroformed by the language.

By contrast, here we have a book that is a vivid, engaging, accessible, and wise reflection of what Katie does and all she knows. It’s nifty stuff and well worth knowing.

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PREFACE

“We talk about the quality of product and service. What about the quality of our relationships, and the quality of our communications, and the quality of our promises to each other?”

—Max De Pree

I am amazed at the continuing significance of the quotation above: What about the quality of our relationships? It is an essential and perennial question that lies at the heart of our social and business lives. Many of the examples of corporate relationships that I used in my book *Measuring Public Relationships* are included in this new book as well, and all of them ring just as true today as they did then. Now, just as then, measuring what matters means measuring relationships.

The difference is, of course, that everything in our world has changed. In just a few short years the social media phenomenon has radically shifted our political, social, and—especially—corporate landscape. Traditional media outlets are closing daily. Marketing is moving dollars out of traditional advertising and into social media strategies at a breakneck pace. And the illusion of control that corporate communications once thought it had over its messages and stakeholders has vanished forever in a sea of tweets, updates, and blog posts.

Success, timing, media, and PR have all been redefined by social media. Success can no longer be measured in terms of reach or frequency, since neither is particularly easy to determine in this new

space. Success must now be defined in terms of outcomes: What do you want your program to do for the organization?

Timing has been changed forever by the demise of deadlines. It used to be that you had at least until 5 P.M. to make the evening news with a comment. Now, if that comment isn't posted on Twitter within an hour or so, people will begin to accuse you of ducking the issue. In the social media world, two or three hours may be all you have to get your story straight.

The definitions and boundaries between different forms of media are another moving target. It used to be that National Public Radio was radio, but now that more and more people are getting their news from the NPR website, that site must be constantly fed with music, pictures, and video. So do you classify that as "radio" or as "online news?" (Hint: It's the latter.)

And when did we ever think of local TV stations as a place for still photographs? But today they are: During any major weather crisis, visitors to TV websites are invited to post their storm pictures for the world to see. In some ways we are all now photojournalists.

The notion that a PR person is someone who has to deal only with the press is just as antiquated. A good PR person is focused on his or her relationships—be they with the local media, national bloggers, employees, or community organizers.

And so we are back to the big point here: relationships. All transactions conducted today—from buying a printer, to donating to a cause, to protesting a local initiative—are still (and, I would argue, always will be) driven by relationships. The difference is that a decade ago we talked primarily about relationships between corporations and their stakeholders. Now the relationship is just as likely to be between two individuals on your Facebook page. Actually, make that millions of individuals on millions of Facebook pages. And without knowing how to measure those millions of relationships, you are more likely than ever to be lost in a sea of data, words, and reactions.

Over more than two decades I've measured communications programs for hundreds of organizations. I've figured out how to measure successes in many, many shapes and forms: public relations, media relations, employee communications, events, sponsorships, trade shows, and academia. And I can honestly say that no one has brought me a communications program that I could not develop measurement for. I actually started measuring social media back in 1996, when it was known as "consumer-generated media" and my company was tracking the sentiment of newsgroup mentions regarding computer printers. Through all those years and all those programs, the one common denominator has been relationships—lots of different types of relationships with lots of different constituencies.

I am convinced that the key to understanding corporate reputation is measuring the relationships that it is based on. Whether you work for a Fortune 500 international powerhouse or run a local non-profit, you share a common interest in the relationships you have with your constituencies. Building, managing, and measuring those relationships are fundamental to your success and the success of your organization.

As our world has become more electronic and, in many ways, less personal, the importance of those relationships has increased. Our new and efficient communication technologies make relationships easier to initiate but sometimes operate to the detriment of relationships—both interpersonal and organizational. And for some organizations, understanding how to measure and better manage their relationships is becoming a matter of survival. If you can measure your relationships you can improve them, and so improve your communications effectiveness and overall performance.

This book has grown from my experience in designing and implementing measurement systems. It is based on hundreds of actual stories about how organizations have used measurement to improve their reputations, strengthen their bottom lines, and improve efficiencies all around. The following pages provide you with tools,

tips, techniques, and experiences that illustrate how to measure your success, and specifically the success of your relationships. This is a book that all professional communicators can use—whether they work for Procter & Gamble or for a small, local nonprofit—to improve their work and the organizations they work for.

Here's wishing you nearly immeasurable amounts of success.

Katie Delahaye Paine

PART 1

**NOT YOUR
FATHER'S RULER**

CHAPTER 1

YOU CAN NOW MEASURE EVERYTHING, BUT YOU WON'T SURVIVE WITHOUT THE METRICS THAT MATTER TO YOUR BUSINESS

“What is wanted is not the will to believe, but the will to find out, which is the exact opposite.”

—Bertrand Russell

Until recently, the attitude toward measurement in business has been: “It’s too expensive and too complicated and really only applicable for major corporations.” In the past decade, however, a confluence of circumstances has pushed measurement and metrics onto the priority lists of businesspeople everywhere.

First there was the Internet explosion. The Internet, and specifically social media, has been adopted by businesses worldwide in record-breaking time. It took 89 years for the telephone to reach the level of household penetration that Facebook reached in just five.

As consumers increasingly research and purchase goods online, their behaviors, thoughts, and opinions have become easier to track and measure. At the same time, the proliferation of listening, analysis, and reporting tools has made such metrics affordable and accessible to every organization, from nonprofits to go-fast Internet start-ups.

Then there is the current global recession. In these hard times most every business is taking a hard look at what strategies, programs, and communications are working and not working. Today, if you're in business and want to survive, you will need to continuously measure and improve your processes and programs. Whether or not *you* are measuring, your *competition* very likely is—and as a result probably knows more about your business than you do.

This book will do much more than just teach you how to measure. It will teach you how to measure what you need to make the decisions that are crucial to your business. It used to be that “he or she with the most data wins.” But today nothing is cheaper and easier to come by than data—especially useless data. It's having the *right* data that counts.

While every program is different, all organizations have a core set of key publics with whom they need to build relationships, collectively known as the *stakeholders*. These include, among others: the media, employees, customers, distributors or sales force, the local community, industry influencers, financial analysts, and elected officials. Each stakeholder group requires slightly different measurement tools and slightly different metrics. That's why this book is organized around the stakeholders—each with its own chapter and its own procedures and advice. This book shows you how to measure business relationships with just about any key public that your job involves.

SOCIAL MEDIA ISN'T ABOUT MEDIA, IT'S ABOUT THE COMMUNITY IN WHICH YOU DO BUSINESS

Most of what I advocate in this book wouldn't be possible or necessary without social media. We talk about social media as a shiny new object, as if it's some sort of new toy for business. In fact, social media has changed everything important to your business. From marketing and sales to employee and financial management, the social media revolution has forced all of us to rethink how we approach business, our marketplaces, and our customers.

Today, customers talk to and trust each other more than they do companies. They choose how they spend their time and money based on recommendations from people with similar tastes and profiles. They trust, and therefore prefer to do business with, companies that are open, honest, and authentic. Companies with which they have good relationships are more likely to be forgiven when they make a mistake. Thus, companies that listen carefully to their customers and respond to their needs will survive and prosper. Those who don't will be gone.

In order to succeed in this new era of easy and frequent conversations, it is critical that you continuously listen to and evaluate what your market is saying about you. Companies that do can promote themselves more efficiently, innovate more effectively, and operate more profitably.

MEASUREMENT IS SO MUCH MORE THAN COUNTING

Before we get into the how-to's of measurement we need to be clear on our definitions. Everyone in business already has some form of accounting in place. All business owners know how to count inventory, the number of ads they place, or the number of stories in which they are mentioned. They count their customers, their sales, and generally count their profits.

But counting is very different from measurement.

Counting just adds things up and gets a total. *Measurement* takes those totals, analyzes what they mean, and uses that meaning to improve business practices. Measurement of your processes and results—where you spend your time and money and what you get out of it—provides the data necessary to make sound decisions. It helps you set priorities, allocate resources, and make choices. Without it, hunches and gut feelings prevail. Without it, mistakes get made and no one learns from them.

WHAT REALLY MATTERS TO YOUR BUSINESS?

Only a handful of businesses—those that prosper, grow, and continuously improve—measure what matters. Most organizations, when asked what really matters to their business, would probably say, “my customers,” or “my employees.” And they’d be partially correct. But it’s not the *number* of customers and employees that matters, it’s the *relationships* that your organization has with them that matters.

Good relationships lead to profits. With good relationships, prospects become customers and customers become loyal advocates for your company. Thanks to good relationships, employees stay, learn, grow, and contribute to their organizations. Poor relationships result in more expensive operations, fewer sales, less customer loyalty, more churn, higher legal fees, higher turnover rates, more expensive recruiting costs, and, ultimately, disadvantage in the marketplace.

In public relations, if you establish good relationships with reporters, bloggers, editors, and other key influencers, they’ll trust your word, cut you slack in a crisis, and turn to you for your thoughts and opinions. A lack of good relationships with the media leads to crises escalating, omission from key stories, and less inclusion of your point of view in stories.

So what really matters is your relationships and the aggregated outcome of those relationships: your reputation. Today, if you’re not measuring the health of your relationships, you won’t be in business for very long. This book tells you how to measure those relationships and what to do with the data once you have it.

WHY MEASURE AT ALL?

When budgets are flush, there’s a popular misconception that it doesn’t much matter how you measure results, as long as there is a perfunctory number that shows up for your department every