

Choosing the right metrics to benchmark

If we don't take control of the measures, they will control us.

Last issue (July/August) we covered some concerns about the way financial benchmarks for communication have often been determined. This month, we'll discuss how to have more influence over choosing the right measures.

Track effectiveness as well as efficiency

The assumption that financial analysts make is that low numbers on efficiency (communicators per employee, for example) would be better than high numbers. Unfortunately, that doesn't take into account that low-cost communication may have low impact on the bottom line.

For example, organizations with communicators working on safety, quality improvement and turnover reduction initiatives may have larger staffs and budgets, but their input results in lowered expenses and greater revenue for the company as a whole. They are producing a return on the investment made in their budgets. A company without direct communication support of these initiatives may seem to have a more efficient communication function, but could be losing money because of it.

If your organization wants to track communication efficiency metrics then I'd suggest tracking effectiveness measures as well, such as:

- How well the communication products are achieving their desired results. Are employees well informed on bottom line subjects? Do customers believe in the key attributes of your brand? Have these numbers improved as you increased your communication efforts?
- How satisfied internal/external customers are with your communications. Are employees hearing about company news first from the company or from the grapevine? Do reporters find your media relations staff more responsive than your competitors' and therefore go

first to your company for experts on emerging issues?

- How your communications have affected the organization's overall effectiveness. Have your insurance premiums gone down in the locations where you rolled out a safety communication campaign? Are customers buying a greater variety of products from your company after you began a customer newsletter?

Looking at both effectiveness and efficiency measures at comparator companies may help identify the right level of staffing and budgeting to obtain the desired outcomes, not just cost savings.

Choosing metrics that are appropriate and accurate

What we are measured on is often what we end up doing. The wrong metrics will encourage the wrong behaviors. We communicators need to identify the right metrics ourselves before others in management tell us what they think should be measured.

One metric for media relations suggested by a management consultant was average cost of each news release, determined partly by staff salaries. Implementing this measure would have encouraged people to send out multiple separate releases on a topic where they previously would have sent one – just to look better on measurement.

We also need to begin tracking what we do and how we do it more accurately. We should record our time on projects or on different functions as if we were consultants. Here's why: one thing the news release measure proposed above didn't take into account is the huge amount of time spent by many media relations professionals on the phone with the media. Answering follow-up questions and keeping potentially inflammatory stories out of the news are as important as

writing and distributing releases. Yet if we don't start tracking our phone time for these less visible functions, we might face reduced staff sizes because those folks aren't sending out enough releases.

Another metric suggested by the consultant was "ratio of favorable to unfavorable stories." This metric may have less to do with the media relations staff than with what the company has been doing lately (perhaps losing money, defending against a lawsuit or negotiating a tough union contract). A more relevant metric for communication staff might be the percentage of key messages in news releases picked up accurately by the target media for each release.

Take charge of your performance measures

If you're already being measured on the wrong types of performance metrics:

1. Discuss the points in this two-part column with those who established the numbers;
2. Change inappropriate efficiency measures to ones that make more sense;
3. Add effectiveness measures to balance the efficiency ones and provide context;
4. Make sure the companies you are being benchmarked against are ones that match your industry, geography, size and other criteria;
5. Make sure that the way people and budgets are calculated is consistent from company to company for a fair comparison;
6. Try to change the focus of the measurements to improving your own numbers over time rather than your standings against other companies. **TCM**



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