9

Running the Feedback Loop

Many teams suffer from the dysfunctional misperception that their job is just to get raw materials to the next team. Marketing should just dump a bunch of leads at the door of the sales team, the more the better, regardless of quality. If the sales team cannot convert them into business, that's the sales team's responsibility. This kind of "Balkanized" thinking is a recipe for conflict and underperformance. Instead, build collaborative teams that agree on goals and tactics, and collaborate to win!

In this chapter, you review the sources of data for analyzing Your Online Sales Engine, learn about common analysis pitfalls, and connect the dots to return on investment (ROI).

Revisiting the Project Goals

Remember the Heisenberg uncertainty principle from high school physics? Among several other things, it posited that the process of measuring the position of a particle changed its trajectory. Put quantum mechanics to work in your marketing and sales team. Regular measurement and reporting will put your goals in front of a larger team regularly, keeping them top of mind, reinforcing alignment.

Set a reporting rhythm, stick to it, and accommodate new information as needed. Your rhythm might be weekly reviews of key numbers with your core team and then, monthly and quarterly reflection with other stakeholders. Which metrics to review when was included in the "Web Maintenance Tasks" schedule description in Chapter 7, "Making Websites That Work."

Your Goals Will Change as Your Process Matures

After following a process to identify your goals (see "What to Measure" in Chapter 3, "Building a Metrics-Driven Practice") and track against them (see "A Checklist for Getting the Metrics You Need" in Chapter 4, "Breaking Down Silos to Get the Metrics You Need"), it is time to feed new understandings back into the process.

Often, after some initial data has been gathered, some goals or metrics recede in importance and spark ideas for new replacements. Even better, by sharing information between systems and groups within your company, you will foster questions about data quality and marketing and processes. Your process will evolve as you go, gaining momentum and becoming tighter and more efficient, over time.

Maturing Goals: Happy Puppy

A lead-generation-focused company, such as Happy Puppy, might track online marketing activities in a dashboard or table such as Table 9.1. In this example, Happy Puppy followed the influence of different marketing activities in generating leads or sales by marketing channels.

But, after some initial data collection, they decided to consider an intermediate step, the number of qualified leads, as in Table 9.2, and drop retention, which was constant for all channels. Assessing the number of qualified leads gave the team a way to assess lead quality during the sales cycle, instead of waiting for the sale to close (or not) to assess quality.

Table 9.1 Initial Matrix of Metrics and Their Data Sources for a Lead-Generation Company, Happy Puppy

Channel	Site Visits	Phone Inquiries	Web Inquiries	Sales	Retention
Organic search	10,000	400	200	$30,000	40%
Paid search	20,000	900	400	$100,000	40%
Direct visitors	4,000	200	120	$22,500	40%
Email	6,000	50	350	$25,00	40%
Data acquired from	Web analytics	Call center or phone tracking system and CRM	Web analytics and CRM	CRM	CRM

Table 9.2 Second Draft of Metrics and Their Data Sources for Happy Puppy

Channel	Site Visits	Phone Inquiries	Web Inquiries	Qualified Leads	Sales
Organic search	10,000	400	200	60	$30,000
Paid search	20,000	900	400	200	$100,000
Direct visitors	4,000	200	120	45	$22,500
Referral	12,000	480	240	90	$45,000
Email	6,000	50	350	30	$25,00
Data acquired from	Web analytics	Call center or phone tracking system and CRM	Web analytics and CRM	CRM	CRM

Maturing Goals: TropiCo

As an e-commerce company, TropiCo is less concerned with leads and can jump to counting sales and revenue from phone calls and web transactions. E-commerce web analytics delivers information about marketing channels (for example, organic visitors and conversions within Google Analytics), and if you set up custom phone numbers for different channels, you can track call outcomes by channel.

In this example, TropiCo (our global tropical fruit reseller) has set up initial tracking by channel and used raw sales as a metric (see Table 9.3). Their customer service team has a more aggressive style tactic, so their average sale is higher than web transactions (which tend to hover around the "free shipping" mark of $50).

Also, returns are also a little higher from phone transactions. But, questions from the operations group prompted them to change course early on, and instead of reporting raw sales, they switched to sales adjusted for returns, termed *net* in Table 9.4.

Table 9.3 Initial Matrix for an E-Commerce Company, TropiCo

Channel	Site Visits	Phone Sales (#)	Phone Sales	Web Sales (#)	Web Sales
Organic search	20,000	400	$30,000	400	$20,000
Paid search	35,000	560	$42,000	525	$26,250
Referral	12,000	220	$16,500	180	$9,000
Direct mail	10,000	80	$6,000	80	$4,000
Email	9,500	76	$5,700	76	$3,800
Data acquired from	Web analytics	Call center or phone tracking system and CRM or order fulfillment	CRM or order fulfillment	Web analytics and CRM	Web analytics and CRM or order fulfillment

Table 9.4 Second Iteration Tracking Matrix, Redefining Income and Sales Counts to Remove Returned Merchandise

Channel	Site Visits	Phone Sales (#)	Net Phone Sales	Web Sales (#)	Net Web Sales
Organic search	20,000	400	$25,000	400	$19,050
Paid search	35,000	560	$35,000	525	$25,000
Referral	12,000	220	$13,750	180	$8,750
Direct mail	10,000	80	$5,000	80	$3,810
Email	9,500	76	$4,750	76	$3,620
Data acquired from	Web analytics	Call center or phone tracking system and CRM or order fulfillment	CRM or order fulfillment	Web analytics and CRM	Web analytics and CRM or order fulfillment

Analyzing Across the Online Sales Engine

Until you tie together information from separate parts of your company, you cannot optimize the online sales engine. After you have the data, celebrate, and then

get down to analysis. Just getting the data is the critical first hurdle. But the numbers take careful review and some slow thinking to interpret them.

Pulling Data from Various Silos

As Tables 9.1 through 9.4 illustrate, the data you need to evaluate marketing initiatives from initial contact to a sale are typically contained in multiple systems, from web analytics, customer relationship management (CRM) or sales force automation (SFA) systems, and order-fulfillment systems.

After you start to integrate ROI calculations, as discussed in "Proving ROI," later in this chapter, you start to include other systems and groups within your organization, such as the finance and operations teams and the software or systems that they use.

Businesses that have grown through acquisition may be even more challenged in the data assembly, having to report from several legacy point of sale CRM systems. (We know of one client that has nine customer contact systems in operation, some carrying duplicate data, some with unique information.) Enforcing process compliance and data integrity across a patchwork of systems is tricky at best.

The data you need is held in separate systems:

- Traditionally managed by the marketing team:
  - Web analytics
  - Search engine marketing tools
  - Platforms managing paid search
- Traditionally associated with the sales or customer service teams:
  - CRM software
  - SFA tools

"Marketing" Metrics from Web Analytics

Your web analytics holds critical online sales engine data such as visits to the website by marketing channel and web form lead submissions. You can find more detail about what is contained within your web analytics system and how to configure it in the section "Web Analytics: Information Rich Dashboard" in Chapter 4.

You also need information about costs and lead counts (which should match your web analytics information, plus or minus 10%) from your paid search dashboard, as well as information from any display campaigns you are running.

Additional information might be found in marketing automation systems coordinating things such as email campaigns or coordinating across paid search and other types of campaigns.

You can extract these numbers into Your Online Sales Engine dashboard either by hand or "automagically" by a script that pulls from your web analytics' application programming interface (API).

"Sales" Metrics from Your Analytics and CRM

If you have an e-commerce website, you can get more from your analytics, such as counts of the number of sales and revenue (both overall and by marketing channel) from your web analytics dashboard.

Your CRM or SFA system holds other key data, such as

- Phone call counts and outcomes
- Web form submissions (used as a cross-check against your web analytics)
- Qualified lead counts
- Conversion of leads to sales
- Size of opportunities

You can use it to calculate other derived values, such as conversion rates along the process from lead to qualified lead to sale and average value of a lead or a sale.

Ideally, if you import marketing data into your CRM with the lead data, you can break these metrics out by marketing channel. If not, you might start by just assuming that all marketing channel leads are of equal quality (a poor assumption, but better than not connecting the dots to sales at all) and use standard rates for progression along the path from lead to sale.

If your data integration among different tracking systems (web analytics, phone calls, CRM) is incomplete, you may not have specifics on lead-to-sale ratios or retention rates by channel. You might start by assuming that all channels produce sales from leads at equivalent rates and have equal retention characteristics. Or, you could simplify the sample tables in this chapter into fewer channels for which you *do* have some data, such as grouping all web leads into one channel.

Similar to your web analytics data, you can have your metrics hand-pulled or you can automate and script the reporting through a software API.

You can find more information about obtaining this data in the section "Web to Lead to CRM Analysis: Close That Loop!" in Chapter 3, and in the "Lead Management: SFA/CRM Integration" section in Chapter 4.

Mastering the Mechanics of Data: Dashboard Assembly

We start with the obvious, because your data spans several systems, and because you cannot analyze it that way, you must assemble a unified dashboard. Create a single reference that spans the online sales engine.

Perhaps there is a well-priced, easy-to-use enterprise system that covers this spectrum end to end, but many sophisticated companies are using people and processes instead of enterprise software to bridge the gaps between systems. Start with people and processes, and if that panacea software comes along, you'll know just what features you'll value in it, having prioritized the reports you value through trial and error ahead of time.

Here are some tips and tricks for sharing dashboards:

- **Avoid inbox overload:** Don't send a new spreadsheet every day or a reminder email for every update. Instead, place the living summary or dashboard somewhere available to all who need access to it, such as an intranet or other shared online workspace. For reporting roll-ups shared among geographically dispersed teams, we like the shared spreadsheets available online via Google Apps for Domains or other hosted shared document services.
- **Archive for safety:** This is critical business data, make sure you archive or otherwise back up previous versions for reference, in case something awful happens to the data or to any of the automated data feeds into it.
- **Include version control / change history functionality:** It's best to see who edited what, when, and maybe then you can even understand why.
- **Control access and make sure the shared space is private and secure:** This data took immense effort to obtain and is valuable, and if it got out to folks outside your company (your competition, for example), you might give away a competitive advantage. Make sure you can control access to the document on an individual level.

Common Data Analysis Pitfalls

Data is great, and more data is even better. But as you refine your goals and focus on the metrics that matter, you want to avoid a couple of analysis pitfalls:

- Trying to monitor too much at once
- Forgetting to consider potentially confounding variables such as time of day, week, month, or year
- Doing much interpretation if the data is faulty or incomplete
- Expecting results to be consistent and stable over time

Analysis Paralysis

We gave many potential key performance indicators (KPIs) to monitor in "What to Measure" in Chapter 3. Make sure you filter your reports to a handful of KPIs to monitor. Avoid watching every little thing about your website.

If you aren't selective, it's easy to get overwhelmed by the number of metrics and slight variations within them. Give yourself and your team the opportunity to concentrate on the essential, by minimizing your reporting and analysis burden.

Twitchiness

Web data varies: hour by hour, day by day, month by month, and season by season. It's best to look at a handful metrics on a meaningful timescale. Don't jump to action in response to every mini-blip in your numbers.

If your web server has been flaky, then looking at your website performance on a daily or even hourly basis is necessary. Otherwise, you might want to filter out some of the hourly or daily noise by aggregating performance to a weekly level before you take action.

Also, set your "decision thresholds" in advance of watching the numbers. A good way to stay honest is to expect that you vet differences in performance against a statistical threshold (for example, such as a confidence interval test). Do this before declaring this year's numbers up over last year's or your email initiative better than your colleague George's direct mail campaign. Take sample size considerations into account!

Neglecting Seasonality

Almost every business has some kind of seasonality or predictable fluctuation in interest and activity. Retail websites may see a lot of demand ahead of the December holidays in the United States. Real estate, apartment rentals, education, and childcare websites have strong trends centered around the school year. Most websites have some kind of day-of-week and time-of-day pattern; for instance, many business-to-business (B2B) and business-to-consumer B2C websites have lower traffic on weekends and weekday evenings.

So, when comparing and interpreting trends, be careful to remove extraneous variables, such as day of week or time of year. And watch your fiscal year patterns. Quarters may have different number of days and weeks when compared to each other and a different number of weekends year over year.

For this reason, we like to compare year-over-year over similar periods: the same day of the week, or the same number of weeks. This gets rid of potentially confounding patterns in the data, such as a variation in the number of Sundays, which is typically not interesting to an analysis!

Believing the Data (If It's Too Good to Be True, It's Wrong)

A good rule of thumb is that when the data is telling you something strange, your tracking is probably off. In the past, we've gone from moments of surprised jubilation when we see a landing page with a 95% conversion rate to consternation when we've discovered that the AdWords conversion-tracking scripts were placed on the landing page, not the thank you page, therefore defining every visitor as a conversion.

Conversely, when things flat-line in your web analytics, after you make sure your web server is intact and serving up your website to visitors, the next place you should check is whether your tracking codes were deleted accidentally.

Watch for sharp changes in your metrics; they usually signal data-quality issues rather than wildly successful or wildly unsuccessful initiatives. A little redundancy in your tracking systems is the key to noticing and repairing tracking goofs.

For example, when you're counting your paid search lead conversions in three places (your web analytics, the AdWords and MSN adCenter interfaces, and in your CRM), you'll be in a good position to repair your dashboard if one tracking mechanism suddenly goes awry.

Not Considering Phone Calls

For businesses for whom a ringing phone is a sign of health, you need to track the phone calls generated by online sales engine activities to fully measure them. In some cases, businesses may get as many as three phone calls for every web form submission, meaning that 75% of your responses to an initiative may be invisible in your website analytics.

Avoid drawing inferences from incomplete data. Track the influence of your initiatives on phone calls.

Not Following Your Lead to a Sale

Marketing channels that drive large numbers of leads that are rejected by your sales team are just noise in the system, diverting your team from higher-value activities. It's better to drive fewer better leads than a high number of junk leads.

You cannot evaluate marketing activities by website visits, web form leads, and phone calls alone. You must measure your efforts against qualified leads for your sales team rather than raw lead counts, and it's even better to measure yourself against sales revenues directly. For this reason, all the tables in this chapter include columns for revenue data, and we *insist* that you pull marketing data into your CRM for analysis. See "Web to Lead to CRM Analysis: Close That Loop!" in Chapter 3.

Proving ROI

When it comes time to evaluate past activities and plan for new initiatives, you have to pin everything to the bottom line (for example, the revenue gained) and compare it to costs or the investment made. Only then can the returns be evaluated. It's an open question whether the cost of Your Online Sales Engine should be drawn from profit or whether it should be considered part of the total costs of operation.

The formula is

ROI = (Profit from activity A) / (Cost of activity A)

In your business, the profit calculation may be its own unique equation, taking the sale price, customer-retention rate, and cost of materials and service to the customer into account.

What to Consider When Calculating ROI

It might sound trivial, but calculating ROI means quantifying your investment. Because the online sales engine spans marketing, sales, and operations, your investments might take some sleuthing to uncover. Table 9.5 holds some thought-starters for associated costs for different channels.

Table 9.5 Sample Costs for Initiatives

Channel or Initiative	Sample Costs
Organic search	SEO vendor fee Content generation Call center time to answer inquiries
Paid search	Ad spend Call center time to answer inquiries Paid search vendor fee Landing page design and development Creative costs for design and implementation of any display network banner ads
Direct visitors	Brand-awareness marketing Referral Link-building budget Content-sharing or syndication services PR budget or online services for PR syndication
Paid directories	Vendor or listing fees Call center time to answer inquiries
Promotions	Third-party fees (such as Groupon)

Channel or Initiative	Sample Costs
Direct mail	Content generation Production (design, printing, mailing, service fees)
Email	Content generation List purchases Design or implementation
Data acquired from:	Finance or Department Budgets

Do You Consider Internal or "Soft" Costs?

In teams that combine internal staff and external agency support, the external costs will be clearer than the internal ones. You, the client, will receive itemized invoices from agency partners and vendors, but internal costs may hide under the radar. Here are the costs that may be tricky to quantify or hard to categorize:

- **Process management costs**
  - Time spent by internal team managing or coordinating agency efforts
  - Time spent monitoring the metrics, ensuring data quality, and ensuring adherence to process
  - Investment in training and process development
- **Content-generation costs**
  - Time spent by nonmarketing folks supporting marketing activities (includes being a subject matter expert interviewed for web copy, or even web copy creation if delegated)
- **Technology costs**
  - Web hosting, uptime monitoring systems, backup systems
  - IT team time spent in maintenance, monitoring, and supporting the website
- **Sales costs**
  - Time spent by sales or marketing to process and nurture raw leads
  - Time spent pursuing qualified leads

In our experience, many companies omit internal time from ROI calculations, doing the calculations over external agency costs and fees. Perhaps these teams assume that internal team support costs are fixed, operational costs. Arguments can be made in either direction.

Whatever your choice, make sure all involved in reporting and vetting the numbers use the same definitions and criteria; otherwise, you will find yourself mired in a swamp of data that looks analogous but is not!

Calculate Lifetime Value

A critical factor that influences ROI is retention rate. Do people cancel the initial contract? Do they continue a support or maintenance subscription? Do they purchase additional items from you? If so, you may want to take lifetime value into account, because the cost to gain the customer might be spread over more than just the first sale.

Calculating ROI: An Example

Then, sum these costs to figure your investment. Table 9.6 shows sample ROI calculations for TropiCo, with investments in different activities, small investments in website optimization for organic search, a relatively larger investment in paid search, link building to generate referrals, and a direct mail pilot program.

In this simple example, the profit on sales is always 10%, regardless of volume. Here we see that paid search made the company the most profit, yet had a lower ROI than investing in organic search.

Table 9.6 Sample ROI Table on a Handful of Initiatives, Accounting for the Investments Made, in Particular Marketing Channels and Their Return in Sales and Profit

Channel	Investment ($)	Sales ($)	Profit on Sales ($)	ROI (Profit/ Investment)
Organic search	30,000	1,000,000	100,000	3.3
Paid search	300,000	4,800,000	480,000	1.6
Referral	15,000	270,000	27,000	1.8
Direct mail	8,000	60,000	6,000	0.8
Data acquired from	Finance or department budgets	CRM or order-fulfillment system	Finance	You

When ROI Doesn't Matter

Sometimes, an initiative is critical regardless of its ROI. You might not track ROI if your effort is considered by your company as so basic to being in your market it is a "cost of entry" activity or critical to reputation or brand management.

Here are some example activities that may not need ROI support:

- Being seen on your competitor's brand names in paid search.
- Monitoring online conversations about your brand to prevent damage to your reputation or retain customers rather than gain new leads. It's hard to quantify what losses you might have incurred through inaction.
- Sponsoring a high-visibility trade show.

How to Set Projections for Future Performance

After you get your data, share it with your team, and then work with them to create goals for your future initiatives. This review and planning step is where key feedback from the online sales engine feeds additional metrics-driven growth.

Having real data on past performance or pilot projects is critical to projecting future performance. We typically take past trends into account and then project changes in performance, based on factors such as changing budget for paid search spend, new initiatives in organic visibility, updated website or landing page improvements to get on conversion rate improvements, and more.

How to Set Projections for Future Performance

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Projecting Return on Paid Search Optimization

In "Extending Your Reach with Paid Search Advertising" in Chapter 8, "It's All About Visibility," we discussed best practices for your campaigns. Landing page improvements were covered in "Optimizing Your Landing Pages" in Chapter 6, "Putting It All Together and Selling Online."

Now we cover projecting the effect of improvements after you've gathered some initial benchmark data. Table 9.7 shows some the effect of sample paid search optimization activities and how they will influence your sales metrics.

Table 9.7 Sample Projection Considerations for Paid Search Optimization

	Paid Search Optimization Activity		
Metric	Increase paid search ad spend in existing search engine (for example, increase spend within AdWords)	Increase paid search spend in a novel search engine (expand to adCenter)	Usability improvements to landing pages
Web traffic	Increase traffic. How much? Likely with diminishing returns. Leads are not entirely proportional to ad spend, as shown in Figures 9.3 and 9.4.	Increase traffic. How much? Could be proportional to ad spend, because you may be able to snag similar or lower costs-per-lead in the new engine.	Indirect effect. By increasing conversion rates, your costs per lead will decrease and your paid search budget will get you more leads.
Conversion rate	No effect, unless higher-cost keyphrases converted better or worse than previous set.	No effect, unless visitors are of lower quality.	Increase conversions. How much? Depends on the severity of the impediment you're removing.
Leads	More leads, with diminishing gains, as above.	More leads, proportional to increases in traffic.	More leads through increases in visits and conversion rates.
Sales	More sales, with diminishing gains.	More sales, if quality is equal.	More sales, if quality is equal.
Retention	Unaffected, if quality is equal.	Unaffected.	Unaffected.

Because of the influence of your bids in paid search, you might not be able to project proportional increases in lead counts with increases in ad spend. The bids can work as a step function of subsequent plateaus, with certain bids and certain keyphrases providing you with certain costs per lead, as shown in Figure 9.1.

Eventually, your team will saturate the demand for those keyphrases, and you will not be able to allocate more budget for those bids and keyphrases to gain more traffic. To get more traffic, your team will have to bid on higher cost per lead bids or terms, which will drive up your average cost per lead across the account.

In Figure 9.1, the gray line shows the cost per lead for additional leads as the budget increases. This cost jumps from $10 to $15, then to $20, and to $30. The average cost per lead for the account, shown in black, is the average across the leads gained at the different prices.

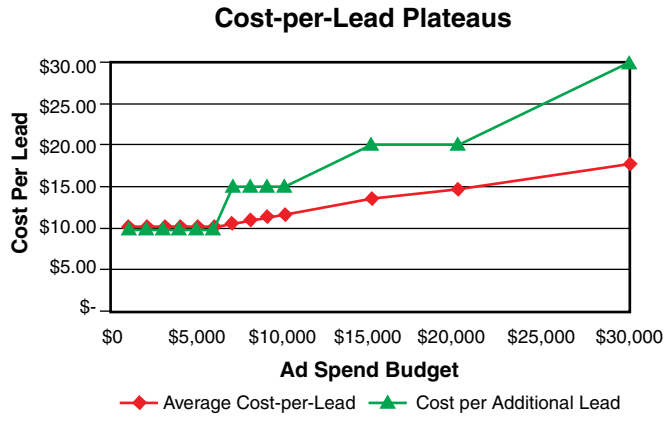

Figure 9.1 *Sample cost-per-lead plateaus in paid search.*

Taking these increases in cost per lead into account, the actual lead count (gray line in Figure 9.2) will be less than the best-case projection of unlimited leads at the best price (black line in Figure 9.2). You will still get additional leads, but a higher cost per lead, so your count will increase more slowly than your spend.

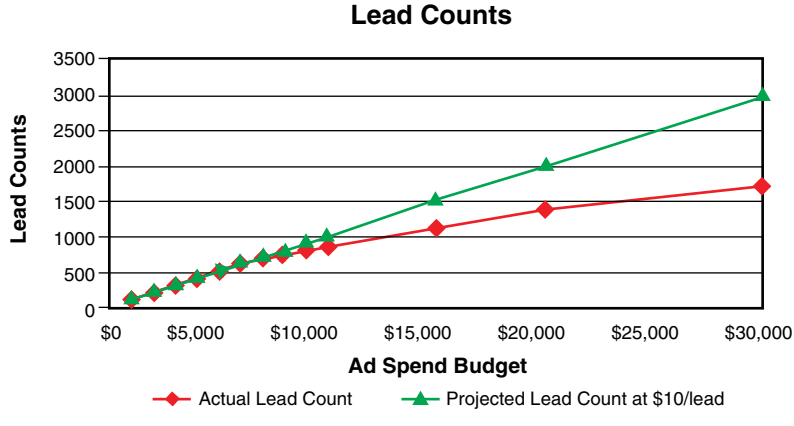

Figure 9.2 *The cost-per-lead plateaus illustrated in Figure 9.1 will cause a flattening of gains in leads even as ad spend budgets are increased.*

If you will also be doing some landing page or conversion rate optimization activities on your website, you may be able to project increases in conversion rates that will get you leads at a lower cost per lead.

Projecting Return on Organic Search Optimization

We covered optimizing for organic visibility in "Writing Web Content for Users and Spiders" and "Increase Your Findability via Local Search and Link Building" in Chapter 8.

To justify expenditures on these activities, you might need to calculate the effect. Table 9.8 shows some the effect of sample organic search optimization activities and how they can influence your sales metrics.

Table 9.8 Sample Projection Considerations for Organic Search Optimization

	Organic Visibility Optimization Activity		
Metric	Increase visibility in local searches through "hCard formats" on location pages.	Increase visibility in image searches.	Blog to increase visibility on target keyphrases.
Web traffic	Increase traffic. How much? Proportional to demand (ascertained by keyword search estimation tools).	Increase traffic. How much? Proportional to demand (ascertained by keyword search estimation tools).	Increase traffic. How much? Proportional to demand (ascertained by keyword search estimation tools).
Conversion rate	Perhaps a slight increase, given location-based searchers are late in the buying decision process.	No effect, unless visitors are less relevant to target audience.	No effect, unless visitors are less relevant to target audience.
Leads	More leads, proportional to increases in traffic and increase in conversion rate	More leads, proportional to increases in traffic.	More leads, proportional to traffic increase.
Sales	More sales, proportional to lead increase.	More sales, if quality is equal.	More sales, if quality is equal.
Retention	Unaffected, if quality is equal.	Unaffected.	Unaffected.

Projecting Return on Conversion Rate Optimization

Improving your website for its visitors will pay off across many, if not all, marketing channels. For more implementation and process details, see the section "Improving User Experience and Conversion Rates" in Chapter 7.

Table 9.9 shows the effect of conversion rate optimization and usability improvements and how they cut across all marketing channels and sales metrics.

Table 9.9 Sample Projection Considerations for Conversion Rate Optimization Activities

	Conversion Rate Optimization Activity	
Metric	Increase visibility of calls to action on informational pages	Improve website search results on an e-commerce website
Web traffic	No effect	No effect
Conversion rate	Increase across all marketing channels (paid search organic search, referral, and so on)	Improved
Leads	More leads, proportional to increase in conversion rate	Not applicable
Sales	More sales, proportional to lead increase	More visitors find products of interest. Visitors may also purchase more per visit
Retention	Unaffected, if quality is equal	Unaffected

The Beauty and Danger of Pilot Tests: Your Mileage May Vary

Pilot tests are a great way to explore new ideas with smaller projects. Example pilot tests might include training a small group of local store owners to start and maintain their Facebook pages to determine Facebook's influence on lead generation or customer retention. Or, you might run a pilot call-tracking initiative for a subset of your marketing initiatives, websites, or locations if you have a local presence.

These pilot tests can help your team scope what it might take to roll out a new procedure across your entire organization. Data from these initiatives can help to build the business case for a larger effort.

Yet, pilot tests by their nature include only a subset of tactics, phone calls, web visitors, or outcomes. And for that reason, their results might not hold true when the process or tactic is extended. Your results, in terms of efficacy of the new process or ROI, may vary when you "really" do it.

Promising pilots may turn to fizzled initiatives depending on a few factors:

- **Cherry-picking your pilot group:** If you roll out your Facebook test to the small group most clamoring to try it, their ardor and commitment may not be typical, and they might invest more and see a greater return than the nonpilot group.
- **Small sample sizes:** Avoid this by running a pilot long enough to pass statistical tests, such as t-tests or confidence intervals on differences between groups. Note that even statistically supported inferences are overturned with the addition of more data.

- **Confounding factors:** If you run a pilot in your time of peak customer demand, you might not see equivalent results during your quiet period.

By all means, do a pilot. Just don't project the results to be exactly the same for all times and under all circumstances. Your pilot predicts performance of a larger effort with similar characteristics as the pilot, a similar time frame or seasonality, similar enthusiasm of the participants, and so on.

Boardroom-Ready Reporting

No matter how high a position you have in your company, you are accountable to someone: your board, the CEO, or your team. With that in mind, it's worthwhile to plan how you will share the highlights from Your Online Sales Engine implementation process with them.

Provide Context for the Numbers

Numbers are great, but they're not fulfilling in themselves. They must be interpreted and made into actionable next steps. Review trends in the numbers, taking into account specific explanatory factors for variance, or stasis. Pull in market-level trends using things such as the Google AdWords keyword tool or Google Insights for Search to show changes in demand for your services.

Sometimes the answer lies outside your own data. For instance, economic factors may drive dips in performance. Figure 9.3 shows a decline in market-level interest in dog- and puppy-training services in the period 2004 to 2011.

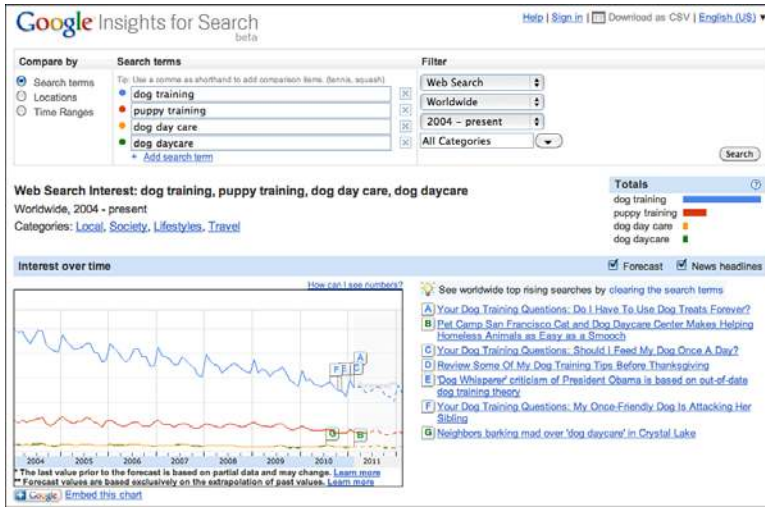

Figure 9.3 *Decline in traffic on dog and puppy training and daycare terms.*

What Is a Good Value?

Is a 2% conversion rate good? Bad? Well, it depends. Is it better than it was last year? Worse? Did the conversion rate stay the same after a sizable investment in new landing page design? Do you calculate that getting the next 0.1% growth will cost $10 or $10,000,000?

Is a $270 cost per lead good? Not if the eventual sale made the company less than the cost of acquiring the customer.

We are typically asked by clients for benchmark values for comparison within an industry. They need to know whether their conversion rate of website visitors to leads is more, less, or similar to their competition.

Unfortunately, without some corporate espionage (which we do not advise), this is impossible to know. This data is held quite close to the vest. Industry professional societies or networking groups may provide you with some informal intelligence, but we'd question the value of comparing yourself against the competition.

The Best Benchmark Is Your Own

Instead of getting distracted with where your competitors stand, you need to compare your marketing efforts against your prior history. Are you improving? Stagnant? Compared to what? Where are the opportunities for growth?

Comparing Against Prior Performance We love "same time previous year" comparisons, because looking over the same period (a week, four week period, or quarter) alongside a previous year helps to smooth out some of the predictable fluctuations in your web volume and lead numbers that happen, due to seasonality.

Comparing Against Your Goals Use your goals to create projections for future performance.

Projections keep us honest. In planning cycles, we pause to budget for our activities and project returns, either in ROI or in the number of leads, sales, or other business-critical metrics. The clearest way to show progress is to show progress against a goal.

Figure 9.4 shows the actual performance (filled bar) against the performance forecast (open bar) for web form leads. The 100% mark at the top of graph is the projection for the entire fiscal year, and the open bar shows the forecast for the part of the fiscal year that had completed as of the report.

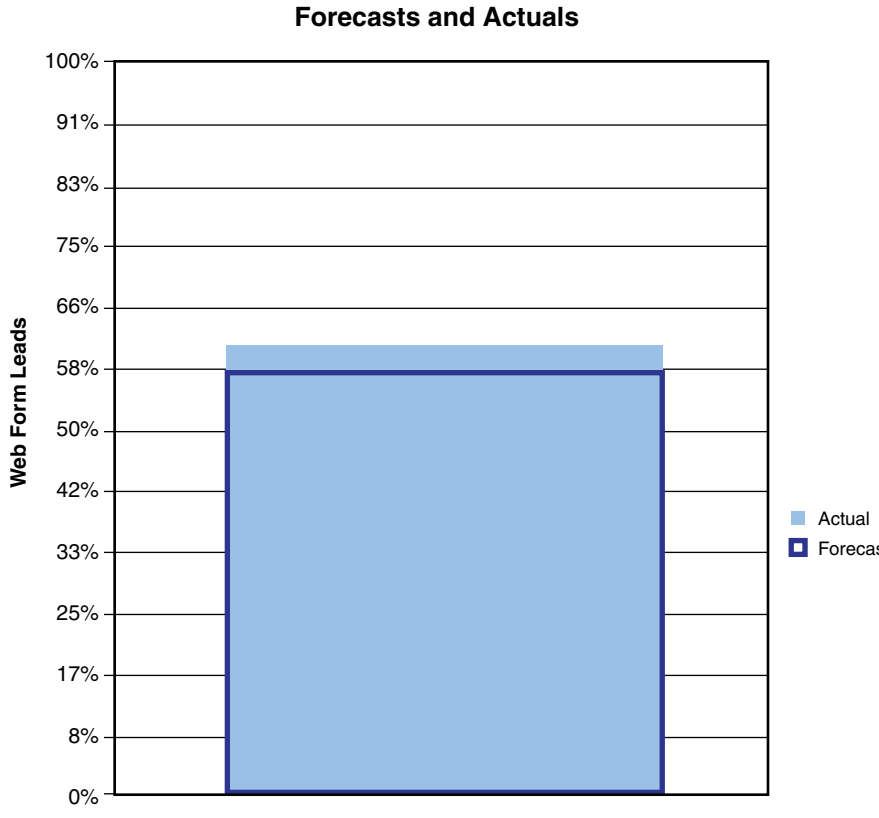

Figure 9.4 *A graph of actual web form leads versus forecasted leads.*

Boardroom Reporting Best Practices

The right balance of visual presentation, prose summary, and tabular data will vary for different audiences. It will depend on their interest and learning style, and it will depend on how the information is best presented.

Reporting best practices include

- Speak to the key concerns of your audience. This likely includes ROI and schedule to realize the return.
- Connect your metrics and your narrative with strategic initiatives and overarching themes.
- Explain your metrics them with appropriate context.
- Focus on quantitative results, explanations for variance, and actionable next steps.

Avoid implementation details (avoid details like "we then got the cost per click down to $0.33 through eliminating several nonperforming keyphrases").

- Invest extra time to whittle your narrative down to the minimum. A short executive summary may get you farther than a long and insightful analysis.

  Graph your data. In many cases, a picture substitutes for a paragraph.

Summary

Here's how to bridge traditional divisions between marketing and sales data to see Your Online Sales Engine from your marketing planning, through your web analytics, to your lead nurturing and sales, in your CRM:

- Focus on a handful of KPIs critical to your business.
  - Monitor the systems that generate your metrics to prevent critical data gaps.
  - Gather these from across the enterprise, regardless of source system.
- Commit to a regular reporting cycle to
  - Share your progress.
  - Keep your goals top of mind.
  - Revisit your goals and projections as your understanding matures.
- Make decisions thoughtfully.
  - Define in advance what your decision threshold will be, and back it up with a little statistical analysis.
- Examine ROI on your initiatives, and use your own past performance and carefully interpreted and carefully planned pilot projects to make projections whenever possible.

Gather data on your goals and performance. With a common dashboard measuring your progress against your goals, you'll have the information you need to make informed decisions about both the website and Internet marketing. Interpret the data cautiously, and when you decide to take action make a compelling case for change to your larger team.

Just as you have to consider the audience for your website, you need to consider the needs of your team and the needs of your stakeholders when sharing insights and next steps gleaned from Your Online Sales Engine dashboard.