



AIA Best Practices: Simple steps for measuring your marketing ROI

Contributed by Craig Park, Assoc. AIA, FSMPS

Summary

Many professional design firms fail to create a system to determine the effectiveness of their marketing efforts. The unintended result of this negligence is money wasted on unsuccessful marketing efforts or, worse, not knowing which marketing strategy tanked or which one triumphed. A systematic review of a firm's marketing ROI (return on investment) will help a firm increase its client service and satisfaction.

Developing effective metrics of value

Is your marketing program delivering value? Do you ever feel like you're wasting money? Unfortunately, most systems—design and integration firms do not track return on their promotional efforts. The good news is that there are simple steps you can take to ensure your investment in marketing is paying off.

Lawyers and accountants do it

Why don't you? Surveys of non-building-industry service firms show that most (more than 50 %) have some method for measuring marketing ROI. However, most building-related organizations—more than 75 %—do not.

Measuring ROI on marketing is a multidimensional process that many firms might overlook. However, it is important to maintain some type of metric for marketing dollars and time spent. Many firms spin their wheels with marketing, partly because they do not have a system in place to measure the effectiveness of their marketing tactics.

Developing a marketing ROI system requires you to:

- Know what you want to measure. Agree on simple metrics at first; expand as you build the process.
- Know how you are going to measure. Set up systems to record, tabulate, and sort the required information.
- Create a plan and follow through. Communicate and train all of your staff on the importance of participating in the project, and communicate ongoing results.
- Measure against expectations. Check at regular intervals against assumptions, look for anomalies, and adjust the process.

- Formalize the process. Make it a regular part of your business plan.

A database of relevant marketing history should include:

- Leads (e.g., sources of referrals, direct sales, direct marketing, indirect marketing, public relations)
- Expenses (e.g., all direct and indirect costs associated with marketing and project development)
- Revenues (e.g., resulting revenues from services or products)
- Sources of inquiry (e.g., non-project-specific interest in your products or services)

The benefits to you

By formalizing and making routine the process of measuring, you can quickly build a database of experience. This storehouse of both objective and subjective (anecdotal) information helps you map, track, and direct the evolution of the client relationships you are trying to build. Data should include:

- Number of proposals written (see if they are increasing or decreasing per month)
- Dollar value of proposals written (look for trends upward or downward)
- Client sector (e.g., business, education, or government; the segment you use will depend on your business type and focus)
- Number of wins (i.e., hit ratio)
- Cost per proposal (overhead and expense)
- Remarks (great success stories and cautionary failures)
- Incremental expense/revenues generated (ROI)

Remember

It doesn't count if you don't count it. The only way to justify new or continued marketing expenses is to develop an accurate and relevant measure of ROI. You may be surprised at the results, but the benefits to your organization will be better focused on client service and satisfaction. In the end, that's all that matters.

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AIA Best Practices is a collection of relevant, experience-based knowledge and expert advice on firm management, project delivery, contracts and more, aligned with the *Architect's Handbook of Professional Practice, 15th edition*. See the full AIA Best Practices collection at aia.org/aia-best-practices.

This article corresponds to:

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Chapter 06 – Marketing and Business Development

Section 04 – Networking and Business Development