

**Executive Brief**

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# Is Your Communications Program Worth the Money?

Measuring the Value is not  
as Hard as it Seems

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**For CEOs and Communications Executives**

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## THE IDEA IN BRIEF:

### Measuring your organization's communications program:

*Success will be measured differently at each organization, and often the definition can change from project to project. However, measuring the effectiveness of your communications efforts is not only possible, it's easier than most people think.*

- *The real goal for every organization should be to get a return on measurable objectives.*
- *Include measurement in your communications plans and budgets – from the start.*
- *Define each project's success and choose measurement methods based on what works for your organization.*
- *Fail Fast: Monitor progress over the course of each project to avoid costly, ineffective communications work.*
- *Expect your communications team to demonstrate their value.*

In the past few years, corporate communications has established itself as a major contributor to the bottom line. The proof can be found in a recent national study showing that effective communications is a leading indicator of an organization's financial performance. The study revealed that companies capable of communicating effectively have a 19.4 percent higher market premium than those who do not.

The point is that communications works. But not all forms of communication are created equal. Mass-market advertising returns roughly \$1.20 in sales for every dollar spent, while public relations efforts generate an average of \$6 on each dollar invested.

So, is your organization getting the most out of its communications dollars?

The odds are that you don't know. Don't feel too bad though; professional communicators have struggled for years to quantify the worth of their programs — with varied results. The reality is that there is no off-the-shelf, cookie-cutter solution for every organization to follow. But, with the help of some straightforward guidelines, you can identify the correct answer for your organization.

### 1. Look for a return on measurable objectives, not just a return on investment

Communications campaigns can have any number of goals and the success of your organization's efforts can vary on a project-by-project basis. Before you can quantify success, however, you must first answer the question: "What do

I expect from this work?" Your objectives can be traditional goals such as improved sales for a particular service or product or more personal targets, such as improving employee morale.

### 2. Choose measurement methods that make sense

Once you've chosen objectives that fit both your project and your expectations, you need to choose measurement methods that make sense and that can be integrated into existing processes and formats. In a sense, there truly is no right or wrong here. If you've set a goal of building relationships with the media, a traditional measure such as number of clippings and their placement may be appropriate. If you are looking to improve employee morale, measurement may entail a "before and after" survey of employees, or simply noticing an improvement in the mood around the office. Crafting a sensible measurement program will also help you avoid situations where the costs of measurement put your project budget out of reach — regardless of whether you spend too many hours evaluating results or invest too much in the latest reporting software.

**3. Include measurement in you plans and budgets**

Often measurement isn't included in communications plans until the end of a project, at which time there is a mad scramble to prove what everyone already knows, that the work was worth it. To be truly effective, measurement must be a part of your organization's communications work from the beginning of each project.

**4. Fail Fast**

You've planned a communications campaign, you've budgeted for measurement methods that match your objectives — now what? Report early and report often, this allows you to monitor the success of your project from the beginning and in a worst-case scenario enables you to fail fast when your program isn't working. At that point you can evaluate what has gone wrong and create a new plan to avoid wasting valuable resources and capital on campaigns with no value.

The bottom line is that you deserve to know if your communications program is effective. Bill Gates, for example, has been widely quoted as saying that if he was down to his last dollar, he'd spend it on PR. He can make such a claim because he knows his communications program works. Can you say the same about yours? You can if you know how to properly measure its effectiveness.

SAMPLE MEASUREMENT METHODS	
Traditional	Leading Edge
<ul style="list-style-type: none"> <li>• Number of Media Clips and Their Placement</li> <li>• Foot Traffic/Attendees</li> <li>• Traceable Custom Telephone Number</li> <li>• Pre and Post Tests</li> <li>• Write Fors/Call ins/Entries</li> <li>• Focus Groups</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Mix Model</li> <li>• Psychographic Analysis</li> <li>• Customer Satisfaction Analysis</li> <li>• Communication Optimization Model</li> <li>• Communication Analytics</li> <li>• Cluster Factor Analysis</li> </ul>

**MEASUREMENT IN ACTION**

*The following are examples of how smart organizations have assessed their "return on measurable objectives":*

- *How can you determine the effectiveness of your Web site? As one example, we measured the number of click-throughs from the organization's home page to track and measure the percentage of visitors that enrolled for the organization's services.*
- *A classic organizational dilemma involves determining the worth of purchasing tables at all the civic and community events you're invited to. The worth of each event can be determined by looking at measures including the amount of exposure your organization will get at the event, the amount of competitive intelligence gained, or the business opportunities presented as a result of attendance.*
- *An easy but expensive way to measure the ROI of your communications efforts is through custom phone numbers. These numbers allow you to identify the communication method that prompted the customer to make the call and any subsequent purchases.*
- *Preparing for an organizational crisis, which includes analyzing your organization's vulnerabilities, can be costly and time consuming. How do you know your efforts are worth it? Simple, success happens when you avoid a crisis, when the event is easily minimized, goes away quickly or it turns into a positive for your organization.*
- *When success for your campaign equals increased sales, traditional ROI measures can be appropriate. For example, years ago, a client was paying \$8 million to sponsor a NASCAR program – and that just paid for the car and team. The cost of a full-scale public relations and marketing campaign was going to be another \$4 million. At the time it was a gamble but it was worth it. How did we know? We compared benchmark sales from the start of the campaign and after, the result: our \$4 million campaign gave us a 500 percent ROI.*
- *What about the lawyers? Harvard law professor Lawrence Tribe, when commenting on major business litigation, stated that "a strong company media response was critical to winning. It changed perception in the legal and investment communities."*

*About the Authors:*

**Terry Hemeyer** is one of the few public relations executives that have attained C-suite status beyond typical communications functions.

In his 35-year career, he has been a senior executive for multiple consumer brands, serving seven years on a top management team at a Fortune 150 company. There, he oversaw company-wide operations — including advertising, marketing, public relations, human resources, administration, environmental and safety affairs, government relations, investor relations and corporate security.

Under his management, two nationally dominant brands increased their market share to command their industries. He has always measured his programs for effectiveness and reported the results to enhance confidence in communications and marketing expenditures.

He has also worked in executive management for two international communication firms and completed a 20-year career in the United States Air Force, where he was selected for the rank of colonel and earned the Bronze Star for service in Vietnam.

His education includes the Stanford University Graduate Business School Executive Program, an MA in communication from the University of Denver and a BS in education from The Ohio State University.

He teaches public relations strategies at the University of Texas at Austin and crisis management in the Rice University Jones School MBA program.

**Jonathan Rucket** has more than 12 years of public-relations experience, with a strong specialty in media relations and writing.

He has spearheaded a number of high-profile projects. Most notably, he guided all media-relations efforts for one of Houston's public-housing authorities during the Hurricane-Katrina crisis — helping it move almost 10,000 evacuees off the floor of the Astrodome and into apartments in the Houston area. He currently leads programs for large clients, including a full-scale communications effort promoting Halliburton's broad range of oil-and-gas software products.

Prior to joining Pierpont, Jon worked for a top agency in Boston, where he conducted public-relations campaigns for high-tech stalwarts such as Kodak, CompUSA and Furniture.com. He has also worked for public-relations agencies in New York state and Atlanta, managing a broad range of activities for the likes of Pfizer, Progressive Auto Insurance, Pizza Hut and QUIKRETE. Jon also possesses international experience, having worked in West Africa assisting non-profits like Save the Children UK and SOS Sahel UK.

*Research Manager:*

**Lindsey Donnell** possesses frontline experience in media, government and community relations at leading communications firms in Houston and Chicago. She holds a bachelor's degree in news-editorial journalism from the University of Illinois at Urbana-Champaign.