Six Steps to Building a Successful Database
A Primer for Marketers

by David Bernard

DTC marketers depend on marketing databases to steer and evaluate their marketing programs. Yet, few marketers really understand how their databases work; much less can evaluate the accuracy and reliability of their output. This article is designed to give marketers a basic knowledge of how to work with their marketing databases to ensure success.

What are marketing databases?

Marketing databases ideally combine technology, process and people to efficiently collect information and generate invaluable insights that direct marketing programs to be more effective in lead generation, improved customer relationship management and increasing sales.

- **Technology** includes hardware, software, databases and management tools.
- **Process** includes operations management, campaign management, quality control, design planning, and disaster recovery.
- **People** includes company and agency stakeholders, marketing database vendor personnel, and other related vendors.

Successful management of marketing databases requires a broad knowledge of how these three components interact. This expertise enables marketers to proactively address issues before they significantly impair delivery.

The challenge is that many marketers are not very technically savvy and shy away from taking on this responsibility.

Whether it is because they are unfamiliar with the more technical side of their world, lack the staff to dedicate to this aspect of marketing, or prefer to focus on directing creative development, the result is a "hands-off" approach to managing their databases.

"Hands-on" management is essential. "Hands-off" management is costly.

The idea that marketing databases can be simply turned on and run indefinitely without error is appealing, but false. There are several situations that typically occur in the normal operation of a marketing database that require oversight:

- Changes in marketing requirements that require the database to adapt
- Changes in personnel that impact the quality of services
- Variable quality in the delivery and servicing on the part of 3rd party vendors, which require the database to adapt

Each situation forces marketers to make decisions regarding the management, growth and/or development of the database – decisions that can only be made properly by a marketer who

Requirements	Description	Result of "Hands-off" management
Accuracy	The degree the marketing database solution properly delivers on requirements, including correct execution, fulfillment and accuracy of reporting deliverables. Information delivered from the marketing database must be valid and reliable so that marketers can steer their programs in the right direction to generate more sales.	Poor design and/or management of the database are often the root cause of errors and omissions in fulfillment, which can have significant financial and legal consequences. Errors in reporting interfere with marketer's ability to measure programs properly, determine how to best adjust programs based on performance, and provide accurate updates to senior management.
Value	The degree the ongoing cost of the marketing database solution lines up with the benefits of the services provided to meet the usual ongoing marketing needs.	Poor flexibility and ongoing marketing database management issues result in significantly high additional costs – either to adapt to reasonable and customary changes to marketing programs or to correct program and reporting errors and omissions caused by the database. This "budget-burn" is often represented by additional development costs, regenerated fulfillments, additional printing charges as well as labor charges from other vendors to deal with the issues.
Scalability	The degree the marketing database solution is able to elegantly (time, cost) support capabilities beyond the initial requirements.	Poor design and/or limitations in database capabilities limit the brand's marketing capabilities and increase costs over time.

is engaged on the team. Marketers therefore have a critical role in ensuring that marketing databases remain tuned to their business throughout their lifetime.

The impact of "hands–off" management can be severe. The chart on the following page outlines this impact on the three core requirements of marketing databases – accuracy, value and scalability:

Dysfunctional marketing databases have both a direct financial impact as well as an indirect organizational impact. Direct financial impact as expressed as annual budget-burn for a single brand at the hands of a dysfunctional marketing database can range from $500K to $1MM or more. Indirect impact can be just as severe, through degraded confidence in the database, dissatisfaction from senior management and hamstrung marketing capabilities. No matter how you slice it, marketing databases cause painful failure when marketers take a "hands–off" approach.

Ensuring marketing database success
Marketers must complete six steps properly to ensure that a marketing database delivers successfully:

1. Develop Database Requirements
Marketers, with the help of their IT folks, consultants and agencies, should fully articulate the brand's business and opera-

tional requirements, compiling and updating documentation and highlighting known issues in current database marketing practices. Assuming that – as occurs with most pharmaceutical companies – the database will be hosted by a third-party, the "Requirements Document" drives the development of an RFP to select a marketing database vendor and is used by the selected marketing database vendor to efficiently transfer knowledge of the brand's marketing database requirements.

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Unfortunately, many marketers do not take this step. As a result, marketing database vendors incorporate their own "requirements phase" into the project. With minimal input from marketers, these requirements are completed forensically – inferred from a seemingly unconnected set of documents, data and vendors. The result is improperly designed systems, elevated "budget-burn," delays, and error-laden output.

2. Find the Right Vendor
On a high level, all marketers need five things from their marketing databases:

- **Speed & Reliability.** A solution that is deployed quickly, delivers fully on business requirements and consistently executes programs and reporting accurately in a timely manner.
- **Efficiency & Value.** A solution that maximizes automation and, as a result, optimizes spending.
- **Access.** A solution that provides full access to data and insight so that marketers understand what they're getting, improves how marketers use data, and increases system adoption which, in turn, increases ROI.
- **Insight.** A solution that provides real-time view of program operations, deep insight into customer and campaign performance and clear summarized reporting for senior management.
- **Innovation.** A solution that proactively meets company needs with its robust operational platform and supporting strategic/analytic expertise.

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Finding a vendor who will deliver on all five of these components consistently over the course of their engagement is not easy, but is possible if the relationship is managed properly. The vendor relationship begins at the point of the RFP and marketers must demonstrate their level of commitment to database marketing through the rigor of the selection process.

Rigor is achieved in vendor selection as follows:
- Development of a robust RFP based on detailed requirements.
- Detailed review of RFP responses including an objective scoring approach.
- Site visits that include questions related to the RFP, review of tools and technologies as well as interviews of potential key staff members. As much as the vendor would like marketers to believe that they are engaging a turnkey capability, the success or failure of the project rests with the vendor team assigned to the project. Each member should be interviewed as though they were applying for a position with your company.

3. Negotiate Service Level Agreements and Dynamic Pricing Models

The structure of the deal with the marketing database vendor has a direct impact on the degree to which the solution maintains its value to the business and how the vendor performs.

- **Develop and execute service level agreements.** Marketers need their vendor to meet minimum performance levels for delivering their services, otherwise the solution can become unworkable and costly. At the point of contracting, these performance expectations (deliverable response time, resolution of issues, etc.) should be articulated as quantifiable and measurable requirements and agreed to by the vendor.
- **Fixed price drill-down.** Vendors usually offer a fixed price for both the upfront build as well as the ongoing management of the database based on a set of scope assumptions. When negotiating, it is important to have the vendor provide detailed backup for fixed-price proposals linking marketing database scope with labor hours and rates.
- **Multi-brand pricing.** If the vendor will be used by multiple brands over time, it is very important to define a dynamic pricing model that will accommodate changes in scope and that will allow the company to benefit from pricing efficiencies due to economies of scale. For example, when a new brand is added, both the pricing and the scope should take into account that a new database build is not needed, only incremental configuration.

4. Avoid Errors in the Build

Of course the best way to ensure success of a marketing database is to build it right the first time. Follow these steps to avoid on-the-fly decisions that will ultimately hamstring you down the road:

- **Get the best vendor resources assigned to your team.** Skill and experience vary widely among vendor personnel, and vendors are looking to assign all their resources to projects – the good and the not-so-good. Marketers must thoroughly evaluate potential team members and not simply accept the team assigned.
- **Maximize the quality of the vendor team and their deliverables.** Database vendors need to make sure that their team members are sharing project knowledge and communicating regularly. Deliverables must be thoroughly vetted prior to delivery to ensure that the right solution is delivered the first time. Marketers must reject deliverables that lack substance or accuracy and insist that the full team actively maintain a comprehensive knowledge of their business.
- **Ensure that your vendor is prioritizing the marketing team's needs over the database vendor's pre-built solutions.** Vendors strive to re-use pre-built solutions to reduce their costs in delivering services. This can reduce database fees and costly errors that crop up in un-

tried solutions. However, marketers must verify that the savings is passed along and that client needs are not improperly shoehorned into solutions. Marketers must challenge their vendors to fully deliver on their requirements in the most efficient way.

- **Scrutinize the design and development approach.** Vendor technical decisions have a direct impact on what marketers will be able to do with the database once it is completed. On-the-fly build decisions can doom a database's longevity. Marketers must rigorously vet technical decisions prior to their implementation.

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5. Stay Engaged After the Database Rollout

Once the marketing database build is complete, marketers must remain engaged on an ongoing basis. Responsibilities can be delegated, but not at the price of disconnecting from the solution management.

- **Pick the right manager.** Marketing databases are generally managed by the marketing department, and it is important to ensure that the person in this management role has the broad knowledge needed to effectively run the database.
- **Always take a leadership role.** Regardless of technical skill, a member of the marketing team must take a primary leadership role in managing the operation of the marketing database. At a basic level, this involves holding weekly meetings during which time the status of the database is clearly articulated by all partners.
- **Enlist expert help.** To the degree needed, engage internal or external domain experts in CRM/Database Marketing who are not affiliated with the agency or marketing database vendor. Objective/skilled partners ensure that the right decisions are made the first time, and this saves marketers time and money.
- **Avoid agency over-delegation.** Marketers frequently look to their advertising/direct/relationship marketing agency for database management support. This is understandable since agencies tend to position themselves as the "go to" vendor for everything else the marketer does. As it turns out, agencies generally lack the skills and objectivity to play a database manager role effectively. Agencies have a vested interest in demonstrating positive performance for their creative strategies and marketing tactics, while mar-

keters require absolute objectivity and accuracy in reporting and analysis to make good decisions. Agencies are therefore conflicted and should not be asked to take on a major role in database management any more than you would ask a fox to guard a henhouse..

- **Avoid marketing database vendor self-management.** In the absence of skilled partners, it is just too easy to leave the database vendor without any oversight at all. But even the best database vendors will not perform optimally without being challenged by an engaged client – making sure the solution continues to meet evolving business requirements, capitalizing on efficiencies and making sure database decisions are consistent with business direction. How well would your staff do if you stopped coming into the office?
- **Foster a proactive, forensic approach.** Ninety percent of the time, large problems first appear as small anomalies in a report or a seemingly insignificant comment in a meeting. Unfortunately, these "tells" are often ignored, increasing the cost and time impact of the error. Repeated missed opportunities to proactively identify and correct errors are usually due to a complacent team culture and/or a lack of domain expertise on the team. Marketers must follow up on these anomalies and require their vendors to provide direct and immediate feedback when things do not look right on paper.

6. Audit the Database Every Two to Three Years

No matter how good the database or vendor, marketing databases evolve out of phase with marketing requirements over time and must be adjusted to maintain their effectiveness. Just like your car engine needs a periodic tune-up, the engines of your sales and marketing organization need to be examined and refreshed every so often to ensure that they are running efficiently and optimally delivering on business requirements. By anticipating this shift and auditing/adjusting the marketing database every two to three years, a marketer can avoid system errors and inefficiencies that have significant time and cost implications.

Marketers who are engaged in the management of their marketing databases benefit from improved marketing performance and exponentially reduced costs from errors, omissions and unnecessary corrective action. **DTC**

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