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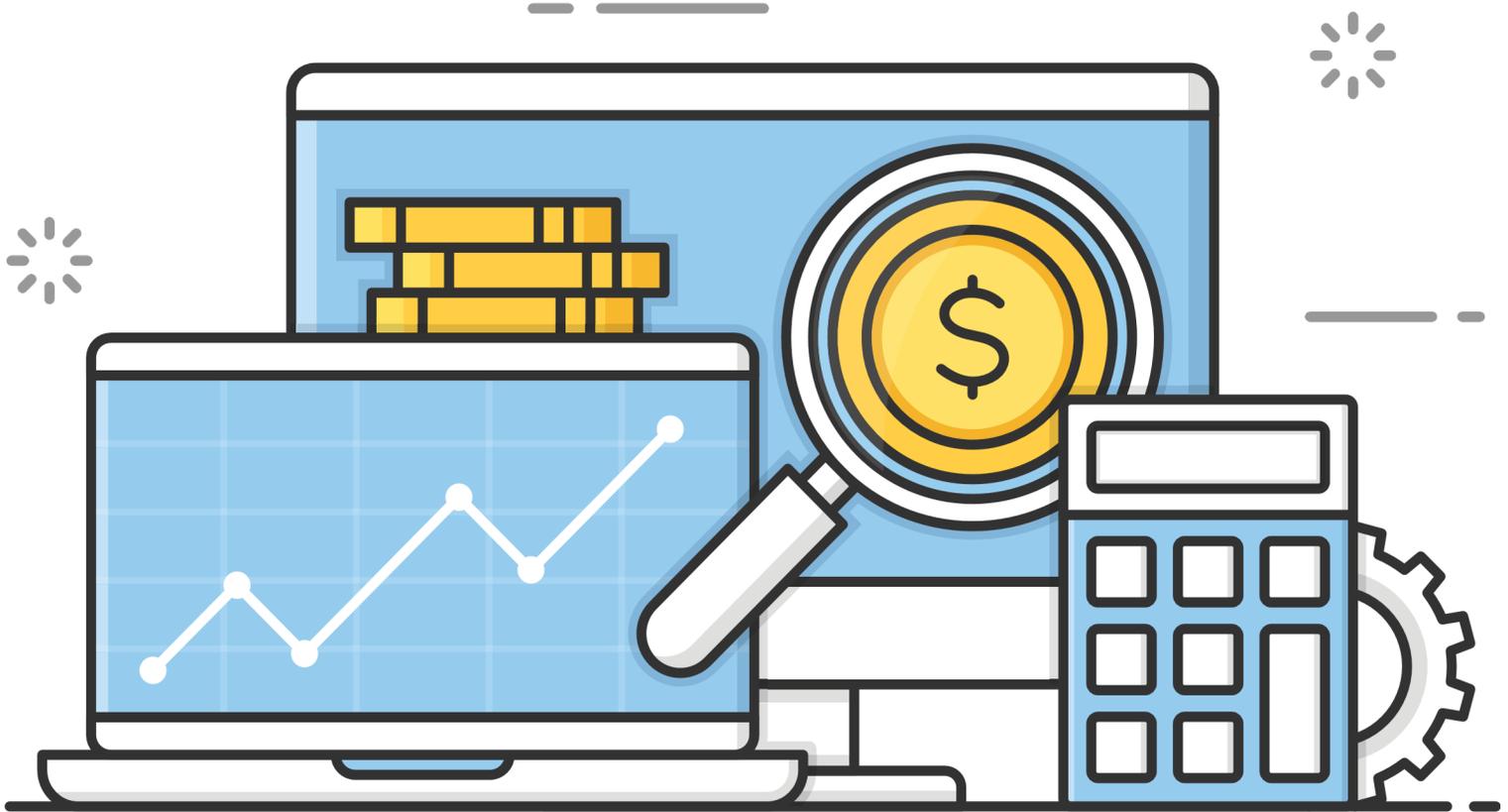
MEASURING THE VALUE OF CONTENT

Making Content Count

By MELISSA RACH

THE "KNOWLEDGE ECONOMY" started in the 1950s. The "information age" began somewhere in the 1960s or 1970s (depending on who you ask). Basically, we've known for 50+ years that information—and the content used to communicate it—is critical to business. Funny, then, that the question "What's the value of content?" is still met with blank stares.

Here's the thing: you can measure the value of content. It's not even that hard to calculate. It does, however, require that you challenge 250-year-old, foundational economic theories; confront deeply entrenched beliefs about value and measurement; and face fears of inadequacy. No big deal, right? Now you know why people don't do it.

Don't worry. It's not as bad as it sounds, and it's worth the effort. What's more, as an information professional, you're exactly the right person in your organization to do it.

What You Need to Know Before You Get Started

Most people in content careers don't consider themselves experts in economics (or even math). The good thing is you don't have to be an economics professor or a math genius to measure the value of content. In fact, it's probably more important that you understand—and accept—the following four concepts:

1. There's only one reason to calculate content value.

Few people go through the trouble of calculating the value of content just for sport. We do it because we want something. As content professionals, we're often asking for project funding, a pay raise, or increased institutional respect for our work. People throughout an organization want to use content values to garner support from investors, attract prospective partners, build customer loyalty, etc.

It boils down to this: the only reason we need to know the value of content is to influence decisions. Calculating content value isn't about getting to an exact number—it's about providing enough information to help stakeholders make a confident decision.

2. This is really about storytelling.

The first—and most important—steps in calculating content value are figuring out what the decision is, who is making it, and what factors are important in making the decision. Once we answer these basic questions and do some research, we can supply numerical information that specifically addresses the decision maker's concerns and interests.

Does the process sound familiar? It should. It's the same process we use to generate persuasive, user-friendly content every day. Numbers are just a different kind of content. Estimating content value is about telling a compelling story.

We use numbers to tell stories in our daily lives all the time. -20°F/-28°C sends a shiver down your spine. 90 years old is an intriguing achievement. When we tell a content "value story," the numbers we provide give decision makers a frame of reference—a way to compare one project to another and quickly understand why content is important.

3. Content is an "intangible asset," and that's ok.

Some people think content can't have value because it's not a "tangible asset." Like the name suggests, tangible assets are things you can touch. In the 1770s, when philosopher Adam Smith laid out the foundations of modern economic theory, the economy was focused on the exchange of tangible, material goods (e.g., muskets, barrels of tea, itchy powdered wigs). Accounting is still based on tangible assets today. Like their historical counterparts, modern tangible business assets—like buildings, pencils, or printers—can be easily valued, bought, and sold. They add up nicely on a financial report. It doesn't matter who is using them or if they're used at all. They have value just because they exist.

As you might guess, "intangible assets" are things you can't touch. Content is almost always "an intangible" (unless it's packaged as something tangible, like a book). Being an intangible isn't unique. Other important intangibles include proprietary processes, software, customer lists, patents, and brands.

Intangibles are the bane of accountants' existence. They're the key to the knowledge economy, but they don't fit nicely on an accounting balance sheet. Unlike tangibles, which have inherent value, intangibles only become valuable when they provide benefits to the organization or its customers. It takes creativity and context to assign value to intangibles. Lots of organizations don't even try. Bill Gates once said, "[Microsoft's] primary assets, which are our software and our software development skills, do not show up on the balance sheet at all."

The impact of intangibles can be huge. A few years ago, Google was valued by the market at roughly $355 billion. Google's balance sheet only showed $96 million in total (tangible) assets—the other $259 billion was intangibles.

4. Estimates and assumptions are not cheating—they're required.

As kids, we learn that number problems have one right answer and assumptions "make an ass out of 'u' and 'me'." But as the Google example above shows, people regularly make educated guesses around intangibles. Actually, all value measurements are based on educated guesses. Even tangible asset values—which seem so absolute—are usually based on "market prices" generated from somewhat subjective formulae.

Calculating the value of content requires educated assumptions and estimates, too. The key is the word "educated." Your estimates or assumptions need to be clear, researched, and reasonable, and must make sense in the value story you're telling.

Making assumptions is often scary for content people. We take pride in "the rules"—fussing over commas and fact-checking details. We don't like to be wrong, and we certainly don't want to look unprofessional in front of decision makers. People often say, "assumptions will never fly in my organization." However, even in the most hardcore, data-driven, number crunching organizations, finance teams make assumptions and educated estimates

every day. How do you think they came up with your salary? Or the financial projections for next year? They defined a decision, analyzed some data, compared some stuff, and made an educated guess.

So, repeat after me: educated assumptions and estimates are normal and necessary.

The Formula for Measuring Content

Lots of people ask, "What's the formula for estimating content value?" Luckily, there's an easy answer to that: **Value = Benefits – Costs.** (Just between us, "Value = Benefits – Costs" is the formula for finding the value of pretty much everything.) With content, the hard questions are really:

- What constitutes "value"?
- What are the benefits?
- What are the costs?

The answers to these questions are different in every content situation, but the process for figuring them out is pretty consistent.

How to Estimate Content Value

Now that we're past the hard stuff, we're ready to get into the nitty-gritty of how to measure content value and successfully present a value story to decision makers.

Step 1: Identify the decision.

We talked about the importance of defining the decision earlier in the article. Here's where that comes into play. You need to get as specific as possible about:

- **What decision you're trying to influence** (e.g., Should the company revise technical specs for all products? Can we hire another writer?).
- **What's your preferred outcome and why** (e.g., We need a healthy budget to completely overhaul the tech specs because they're out of date and causing problems for employees and customers).
- **Who will make the decision** (e.g., The CTO is the final decision maker, but the CMO has a say).
- **What's important to decision maker** (e.g., The CTO is new and wants quick wins, and she's worried about limited budgets and employee efficiency).

Although the decision to fund a content project might seem obvious to you, decision making isn't easy. It's about balancing an investment in content with investments in other worthy assets. The goal is not to win; it's to come to an agreement that benefits the decision maker, you, and the organization as a whole. Being able to clearly state and cost. Measurement expert Douglas Hubbard made this process easier for us by defining three ways information provides value to businesses. After you pick one of Hubbard's options (or a combination of them),

Step 2: Create a hypothesis.

When you're clear on the decision, you can create a hypothesis about the components you need to measure: value, benefits, and cost. Measurement expert Douglas Hubbard made this process easier for us by defining three ways information provides value to businesses. After you pick one of Hubbard's options (or a combination of them), determining high-level benefits and costs is fairly straightforward.

Table 1 shows Hubbard's three values with examples that illustrate content type, benefits, and costs.

Table 1: Three ways content provides value to a business.

Three ways content provides value to a business.	
1. Content reduces uncertainty about decisions that have economic consequences.	
The content is... A journal article that assures physicians that the drug is safe for patients.	**Benefit:** Increased profit as the result of the physicians' decision to prescribe the drug **Cost:** Cost to create the content
2. Content affects the behavior of others which has economic consequences	
The content is... Updated and improved tech specs for all products (replacing out-of-date specs.)	***Benefit:*** Cost savings due to employee efficiency using the specs; profits based on increased customer sales/satisfaction **Cost:** Cost to create and publish the content
3. Content has its own market value	
The content is... Help content that can be licensed to partners for use on their websites.	**Benefits:** Profit from the sale of a product **Cost:** Cost to create, maintain, market, and distribute the content

The examples above show what happens if company choses to create content. Sometimes it can be equally (or more) convincing to think about what happens if the content is *not* created (see Table 2).

Table 2: Content affects the behavior of others.

4. Content affects the behavior of others which has economic consequences.	
The content is... Out-of-date tech specs without updated or improved specs.	***Benefits:*** Budget savings from rejecting the project; profits resulting from allocating employees to other projects ***Cost:*** Cost accrued from employee inefficiencies; profit loss from lost sales and longer sales cycles; cost accrued from customer service calls

Step 3: Gather data and support.

Here's where the numbers come in. You need to gather numerical data and context about the content, benefits, and costs in your hypothesis. In the tech specs update example, research questions might include those shown in Table 3.

Answers to some questions might be easy for you to find, but others will take a little work. Don't be afraid to:

- **Ask for help**: Collaborating with people—from finance to sales—makes your calculations more accurate, gives your story more depth, and gets other business functions invested in your project.

Table 3: Sample research questions.

Content	Benefits	Costs
• How many products/product specs documents are there? • What percent of the specs are good/OK/ bad/ unusable? • How many formats/versions of the specs are required? • Do we have user research on the specs?	• How much employee time could be gained by improving the specs? • How many sales do we have per product? • How would improved specs impact sales? How many customer care calls could be eliminated by improved specs?	• What is the cost of developing a new specs template? • What will the average cost of updating specs for a product be? • What are the costs for training sales and customer service on new specs?

- **Get creative with data**: Traditional data sources—like website analytics and or sales numbers—are usually essential and expected. But often, unconventional metrics pique decision makers' interest and change their mindset. For example, in the field of bibliometrics, they count citations in journals (ranked by relevance) as a factor in calculating the value of scientific research. Let the questions in your hypothesis lead you to what's relevant in your case—even if hasn't ever been measured before.
- **Make educated assumptions**: When data can't be found, make educated, reasonable assumptions. Just make sure decision makers are clear about what the assumptions are and how you go to them.

Douglas Hubbard says when calculating value, "you probably have more data than you need, and you need less data than you think."

Step 4: Tell the story and do the calculations.

Let's use an over-simplified version of our tech specs example to see how this step works. In reality, there is usually (but not always) substantially more detail, and the numbers would be more realistic. Still, it illustrates how the numbers tell an overwhelmingly positive story. What decision maker would turn it down? Note: Pay special attention to the estimates (assumptions). They are:

- Informed by the data
- Transparent enough that decision makers can adjust them easily
- Conservative (e.g., 250 customers is only 0.01 percent of annual customers)

It's Up to You Now

Estimating content value—and using the estimate to influence decisions—can be challenging, but you are the right person in your organization for the job. Because it's really about storytelling, you have the right skills. Because you're immersed in company content and the content creation process, you have the right knowledge. And, because it means the most to you and your work, you have the responsibility to try. Go forth and calculate! ∎

The decision: Is it worth it to update tech specs for all of our projects?
Decision maker: CTO, with input from the CMO

What we know
- There are 25 products
- Average product sells for $5,000
- Average number of products sold per year: 25,000
- 2 out of 10 customer care calls are about specs
- There are 5,000 customer care calls a year (average of 20 minutes)
- Customer care employees' cost to the company is $150 per hour
- User research shows the specs are confusing and a barrier to purchase

What we estimate
- 500 prospects annually choose a competitor after looking at specs on the Web
- 250 of the prospects who previously left after viewing only specs, would convert with better specs (a difference of approximately $1,250,000)
- Nearly $50,000 is spent on answering specs-related customer care calls
- Creating new formats for specs would cost $8,000
- Updating specs for each product (research-approvals) would cost $2,000
- Estimate of cost: $58,000 (creating new formats + updating specs)

Estimate of benefit
$1,300,000 (Web conversions + customer care savings)

Estimated value of the project (updating specs for 25 products):
$1,242,000 (value = benefit - cost)

Note: In this case, we don't need to know the value of each piece of content (each product spec) to tell the value story. But, if you're curious, the value of single spec is $49,680 (value ÷ the number of products that need specs).

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