

# CATALYST



Business Strategy | Marketing Communications

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## The Perfect Storm – Marketing Style

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It seems life for the marketing department becomes more and more complicated each Fall. At this time of year, many of us are still pushing through the current year's marketing programs, while some industries, such as the automotive and heavy duty Aftermarket's, are in the midst of finalizing getting ready for major Fall trade shows. Everyone is focused and genuinely wants to make the sales numbers.

On top of this flurry of end-of-year activities, along comes management demanding planning and budgeting for next year's marketing programs. It's the perfect storm — marketing style.

Much of next year's marketing strategies, including tactics, may exist only in the minds of the marketing execs – with a lot of the ideas still on napkins and notepads. How can marketing respond to management's request for a budget without a plan being in place? Which comes first, the chicken or the egg?

Many of you intuitively know how to allocate marketing resources that will help achieve the sales numbers for the following year. Yet, for some, the conundrum of establishing grounded budgets quickly for next year, while finalizing the current marketing tactics, is daunting at best.

Fear not my fellow marketers! Here are simple guidelines for you to follow that may help to make this process easier, less time consuming and less stressful.

First, in order to put the marketing budget into perspective, find out from your partner, the sales manager, what sales budget is being asked for by management and factor this number into your current year's budget. This will help give you a guideline for where marketing needs to focus its efforts in the next fiscal year. Then, follow the steps below.

### **Step 1:**

Evaluate the effectiveness of current year programs

Develop a spreadsheet that lists the marketing activities that were executed this year, i.e. PR, media, trade shows (national, regional, customer events, etc.), promotions, agency and consultant fees, sales tools, promotions and so on.

For each marketing activity, establish specific measurements for effectiveness such as:

- A. Overall Effectiveness
- B. Return on Investment
- C. Ease of Implementation
- D. Sales Team's Response (to specific activity)

Beneath each heading, use a scale of 1-7, measuring the effectiveness of each activity (7 being the most effective and 1 being the least effective). Use your intuition. This is not a science project.

For an example of this guideline spreadsheet, [click here](#)

### **Step 2:**

Estimate spending needed by marketing to achieve the sales budget

Using the same spreadsheet as in Step 1, add 3 more columns:

1. Current Year Spending
2. Projected Spending to Maintain Current Year Sales
3. Spending Needed to Achieve Desired Sales Growth

Trust your instincts. The "Current Year Spending" column can be determined by adding YTD spending with what you anticipate spending for the rest of your fiscal year. The next column indicates what you will need to spend next year to maintain current year sales.

The "Spending Needed to Achieve Desired Sales Growth" column of your spreadsheet requires you to balance realism with possibility. For example, if you believe that a lead generation program will require an investment of 50% more than your current year's allocation, and you've never before received an increase of more than 10%, go for an increase of 20-25%. Provided the increase is substantiated, this may be more easily approved – whereas a 50% increase could fall onto deaf ears.

You can also drastically reduce the budget of a less effective "legacy-based" marketing tactic to allow for increased spending on marketing activity that you believe will be more effective.

### **Step 3:**

Evaluate

Putting this program evaluation together is the perfect time to sit down with your team for a strategic brainstorming session. Where should your marketing programs really be focused for the biggest impact? What are your legacy-based categories and spending; those sacred cows that show up each year yet don't have much positive impact on sales success; sacred cows that should be put out to pasture? What programs/tactics/strategies worked well, or not, this year?

Of course, as needed, you can add categories to the spreadsheet, delete, or substantially reduce the budget for those programs/tactics that really don't make the impact you want or need.

### **Step 4:**

Look at the Results

Now you can take a look at the totals on your spreadsheet and make some grounded assessments. There should no longer be a question of which came first: the chicken or the egg. You should be able to go to management with a high-level budget outline and have the confidence that you're very close to being accurate. Management will find it easier to back off on their demands for a more detailed plan and budget, and you can get on with the matters at hand.

As an added bonus, when you come back to do your strategy/budget design, you'll already have your initial information and have far less pressure to complete your marketing plan.

This is a comprehensive process, but with our guidelines you can do it. I always try to remember the immortalized words of one of my teachers and mentors: "It's simple, it's not easy."

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## "Tom's Tip"

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### DON'T SWEAT THE DETAILS!

When it comes to budgeting, get comfortable with the 80/20 rule. If your projections are 80% accurate, 80% of the time, and you are shaving off days or weeks in the planning process, management will shine a positive light on you. Delivering your budget late because you think you need to spend countless hours trying to achieve the remaining 20% accuracy will likely have a far more negative impact on your reputation.