

Catalyst

A magazine of the Greater Indianapolis Chamber of Commerce

Winter 2009-2010

The Importance of Building a Marketing Budget

By Marc Zucker, CEO of Synergy Marketing Group, Inc.



Whenever I talk to business leaders about providing their companies with marketing services, I start the conversation by asking about their current marketing budget. Nine times out of 10 these executives tell me they

don't have a budget for marketing so they're not sure what they can afford. Once we delve a little deeper, I discover three things.

1. They are spending money on marketing (sometimes a lot of money)
2. There is no overarching strategy guiding a long list of discrete marketing activities
3. They have no measurable results to show for their marketing investment.

At this point I usually counter their contention that they can't afford marketing, with "you can't afford to do marketing *without* a budget."

Without a marketing plan and a marketing budget you are extremely vulnerable to impulse decisions that don't generate results. Think about how many

vendors call or e-mail with compelling offers (printers, advertisers, list resellers, etc). Add to these solicitations, well-intended marketing suggestions from your employees and peers. Without a plan in place, how can you possibly ferret out the good marketing investments from the fad? You can't. You end up conducting many disjointed marketing tactics that have no common goal.

I'm a big advocate for benchmarking, setting quantifiable goals, developing strategic plans (with associated budgets) and establishing measurement systems before you start actively marketing. In fact, my firm's clients usually spend about 15 percent of their annual marketing budgets developing metrics-based plans and systems to track results. If this seems too high, think about the alternative - executing a litany of marketing tactics with no direction and no ability to evaluate ROI (return on investment). By allocating resources upfront to develop plans, track results and manage to a budget, you can actually calculate a return on investment for nearly every marketing initiative. You know what works and what doesn't.



SYNERGY
MARKETING GROUP, INC.

A Certified Woman-Owned Business Enterprise (WBE)



Indianapolis
GREATER INDIANAPOLIS CHAMBER OF COMMERCE

If you're still thinking – "yeah, that's great, but I don't know how much money I spent on marketing last year." Don't worry; this is a very common dilemma. But I have some answers for you. Try these calculations to figure out what you spent on marketing in 2009 so you can create a benchmark for 2010:

1. Add up all of your tradeshow and industry event costs. This should include your tradeshow booth (amortized), entrance fees, travel costs, percentage of staff salary during their time at events, per diem per employee, client entertainment costs and any tradeshow or event advertising or sponsorships.
2. Add up all of your printing costs. Make sure to include business card reprints, letterhead, brochures, sales sheets, manuals, logowear, branded promotional items, etc.
3. Add up your direct mail and e-mail costs. Be sure to include printing, postage, list rentals, e-mail distribution software licenses.
4. Add up your industry memberships, dues and fees. For example, chambers of commerce, trade associations and certifications.
5. Add up your advertising costs. This should include any company directory listings, actual ads (print and online), Yellow Pages, search engine advertising on Google or Yahoo!.

6. Add up your miscellaneous vendors. Think about graphic designers, illustrators, writers, Web site developers, Web hosting companies, etc.

Now that you have a figure for your hard costs, rate each investment to determine if you've gotten your money's worth (meaning you generated at least that amount of revenue for each line item). Could you have gotten more for your money if you partnered with someone that had relationships with your vendors – and could have negotiated better costs? Was each investment done to your satisfaction? Are these really good marketing investments?

Now that we've calculated your HARD costs, let's take a look at your SOFT costs. These can be more difficult to identify and value, but it can be done.

1. How much is your time worth (break it down hourly)? Now calculate how many hours you spend each year thinking about, managing or executing marketing activities. Add to this, the time you spend networking, tracking your competitors and managing your marketing vendors.
2. How many staff members spend time on marketing efforts? Calculate a percentage of their annual salary.

If you and your staff are focused on marketing (let's estimate conservatively 30 percent of the time) what are you sacrificing? What parts of your

jobs are being ignored? How knowledgeable and effective are you at marketing? Do you and your staff have the full range of experience and skills to develop strategic marketing plans, set metrics-based budgets, implement the tactics and measure the ROI? Are you fluent in best practices in marketing? If not, you may be better served by bringing in the experts and holding them accountable.

So, you don't have a marketing budget? But you're sure spending a significant amount of

money on marketing activities (in both HARD and SOFT dollars). And, you don't think you can afford marketing? Again, I say, "you can't afford to do marketing **without** a budget." You're already making a sizable investment in marketing. With proper planning, management and tracking, you can make it a good investment.

Marc Zucker can be reached at 317.205.9690, ext. 221, or via e-mail at marc@synergy-mg.com.

About Synergy Marketing Group, Inc.

Synergy Marketing Group is one of the industry's top marketing firms in Indianapolis and Dallas/Fort Worth, Texas. The agency also is known as one of the most experienced public relations (PR) firms in the Indianapolis and Dallas/Fort Worth Metroplex markets. Our team of marketing and public relations specialists provides strategic counsel and hands-on support to help our clients generate awareness, build credibility, create demand and meet revenue objectives. We leverage quantifiable marketing processes and proven best practices to deliver measurable results. Synergy differentiates itself through our partnership approach, dedication to client satisfaction, culture of accountability, and commitment to quality and excellence. Synergy is a certified Women-owned Business Enterprise (WBE). We offer the following services: advertising, strategic marketing, brand strategy, corporate communications, event planning, lead generation, market research, public relations, media relations, custom Web site development and search engine optimization. To learn more about the firm, please call 888-284-0555 or visit <http://www.synergy-mg.com/>.



SYNERGY
MARKETING GROUP, INC

A Certified Woman-Owned Business Enterprise (WBE)



Indianapolis
GREATER INDIANAPOLIS CHAMBER OF COMMERCE