



Why Should I Spend More On Marketing?

This question has been asked of thousands of marketing executives in the last decade. And it's a good one. Why *should* you be given additional marketing dollars? Advertising, branding, PR – none of these has an immediate impact on sales, do they?

Nothing spurs the demand for a clear picture of marketing ROI more than the current business climate. As competition continues to go global, corporate spending is increasingly under the microscope as business leaders are charged with finding that elusive return on investment.

For decades the marketing function was immune from the demands of accountability for performance, seen as a necessary function that could not be measured. But like other infrastructure investments, the executive team now demands near-immediate payback from marketing spending, or at a minimum, a schedule of when and how much ROI will be achieved.

Two key issues are behind the achievement of marketing ROI - a thorough understanding of the customer's objectives, and an alignment of operational business processes with the customer's buying process. Despite the proliferation of sophisticated CRM systems, few successful efforts have been made in the SMB market to properly segment and communicate with the customer base. This has led to poorly-targeted marketing spending, where the "shotgun approach" rules the day – broad messages that ignore unique customer needs and communicate irrelevant information to the vast majority of the audience.

These dynamics have also created operational processes so distant from customer buying preferences that prospects are forced through a series of hoops and mazes that would alienate even the most determined of buyers. Is it any wonder why traditional response rates to advertising and direct marketing are so low?

Marketing executives faced with demands from management to quantify the results of their efforts, substantiate claims of success, and support their arguments for increased budgets should consider following these steps:

1. Analyze the Business Process From Prospect to Paying Customer

- a. What are the steps in the sales cycle?
- b. Can you employ a simple Attract, Cultivate, Close, Retain model?
- c. What must occur to move a prospect through each step?
- d. What can marketing do to improve conversion at each step?

2. Design Marketing Communications Based on the Customer's Goals

- a. What are prospect customers trying to accomplish at each step?
- b. What must they be convinced of before they willingly move onto the next step?
- c. How can marketing help them achieve their goals?



3. Test and Measure, Then Test Again...and Again!

- a. Define objectives, metrics, and measurement processes
- b. How much do you expect to improve sales cycle conversion at each step?
- c. What must be measured to determine your success?
- d. How will those metrics be gathered? Manually, using existing/new CRM tools?
- e. Start small, prove your concepts, and then commit to larger investments

4. Document and Distribute Results – Good or Bad!

- a. Produce verifiable, fact-based reports that quantify results vs. goals
- b. Identify initiatives that accomplished pre-set goals, and those that didn't
- c. Have a plan to eliminate or test improvements to unsuccessful efforts

I've used this process a number of times over the years, and in doing so the support for the marketing function and budget grew exponentially. Why?

From Cost Center to Profit Center

It's focused on making the sales team successful

Without entering a new discussion about the common gap between the marketing and sales functions, following this process illustrates the marketing team's commitment to understanding and improving the sales process. When the sales team sees that you're listening, understanding the customer, and helping them generate more sales (read: commissions.) they, and their leaders, will support you 100%.

It eliminates the notion that marketing is all about fluff

A marketing team that's devoted to breaking down the sales process into identifiable, measurable steps, improving each one, and delivering communications that increase customer wins is seen as a strategic asset to growing the business.

It demonstrates that you're completely focused on results

A marketing team, plan, and budget that is substantiated by a committed estimate of incremental revenue for each and every dollar, and that measures and reports results, is no longer a corporate expense. Rather, the marketing function becomes an indispensable profit center.

Case In Point

A privately-help healthcare staffing provider faced the challenge of achieving above-industry-average growth in a market where competitors were literally "popping up everywhere". The end goal was to grow fast enough to achieve an exit strategy for the private investors in the form of an IPO or strategic buyer. After a couple of years of marginally-effective, grass-roots marketing efforts, the firm decided to re-evaluate its brand position, corporate identity, and marketing communications strategies to deliver more value to the market.

Including the steps outlined above in our planning process, we analyzed the business from top to bottom. Conducting a process mapping exercise uncovered the most critical steps in the sales cycle and the criteria



for moving prospect customers along that cycle. We also streamlined several key functions, and illuminated areas where marketing could have a dramatic impact.

The next step was to understand the customers and how they entered and interacted with the sales cycle. We spent weeks interviewing customers individually and in focus groups. Among other things, we uncovered the buying process that they were most comfortable with and the changes we had to make to keep them coming back. Through a familiar process of education, review of alternatives, reference checking and credibility analysis, customers made their final purchase decisions. However, it was clear that this was traditionally an arduous task for medical providers. Countless forms, license checks, and other verifications were necessary before they could be placed on assignment. Our research told us the most effective ways to help them through that process.

Using our findings, we designed a marketing communications system that addressed their needs and concerns at every step of the buying process. We educated them on the company, helped them draw distinctions between our services and those of competitors, referred them to other satisfied customers, and empowered them with the right information to make the best decisions.

Sound simple, right? In theory, it was. However aligning the operational side of the business with the buying process the customers were most comfortable with was no small task. It required a total commitment to the customer, and to simplify the steps a customer had to go through to choose our company.

Finally, and perhaps most importantly, we tested every marketing communication that was employed. We made small investments, tested for concept validity, adjusted, tested again, and only then made larger commitments. We were able to identify unsuccessful efforts quickly, minimize trial and error, and maximize our return on marketing investments. And everyone in the company was responsible for customer feedback in light of new marketing efforts. Finally, everyone knew what worked and what didn't using a thorough reporting process.

Results

By analyzing our business, understanding our customers, designing marketing communications that made it easier for customers to choose us, and measuring and reporting our successes and failures, we achieved extraordinary results.

For starters, revenues grew from a run rate of \$26 million in March 2001 to nearly \$90 million in by December 2001 – just 9 months. Further honing our marketing measurement system and enhancing the sales process further with even better tools and information, revenues grew to a run rate of over \$200 million by December 2002. What's more, the marketing communications system never achieved less than a 514% return on investment (for every \$1 spent, we generated \$5.14 in sales,) and many times achieved returns of several thousand percent.

After such impressive growth rates, the company attracted a strategic buyer and was sold to a publicly-traded medical staffing company for \$150 million in cash and stock in April of 2002. An overwhelming success.



The Lesson Learned?

Once you demonstrate your ability to directly grow revenues, to deliver profitable customers, and that an investment in marketing pays more than an investment anywhere else, you'll find that the marketing budget is no longer a pot that everyone dips into to fund other initiatives when times get tough. It's a marketer's nirvana, and it can be yours with a little work.

About The Author

Brian LeCount is founder and president of R.O. Why! Marketing, Inc. a Cincinnati, Ohio based, results-focused marketing communications firm. The firm creates marketing programs that deliver increased sales and profitable customers using a process focused on the customer buying cycle, accountability, performance measurement, and dramatic return on investment. More information can be found at www.rowhymarketing.com or by calling 513.791.8670.