



## **Bridging Marketing & Finance: Don't Get Lost in Translation**

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*"If you wish to persuade me, you must think my thoughts, feel my feelings, and speak my words." —Marcus Tullius Cicero (c. 106-43 BC).*

Whether your goal is to obtain a seat at the table or to prove the value of Marketing, you need a viable relationship with Finance. Unfortunately, too often, there is a disconnect between the marketing and finance departments. That gap can lead to various challenges for marketers, including the obtaining of approval for Marketing's budget.

Finance works from the general ledger, which contains all the accounts for recording transactions relating to your company's assets, liabilities, owners' equity, revenue, and expenses. One of the key accounts is marketing, which often contains what are known as subaccounts. Those subaccounts might be advertising, events, PR, etc.

Not surprisingly, then, when Finance asks Marketing for its budget, our first inclination may be to organize our investments by these subaccounts and submit our budget accordingly. But here's the rub! With this approach we leave ourselves wide open for questions such as these:

- *Why ads in these publications?*
- *Why so many webinars or tradeshow?*
- *Why so much money for the email automation platform?*
- *Why so much money for new content?*

And, right away, we're playing defense!

And we are then at the receiving end of all kinds of suggestions from our partners in Finance for how to reduce our spending. Before we've even gotten out of the gate, our budget is eroding.

If that scenario doesn't describe your world, congratulations! If it does, here's the shocker: It's your fault.

As marketers, we need to think beyond the subaccounts in the cost accounting system, and understand how the dollars we're requesting are actually going to move business needles.

Businesses are based on revenue and profits generated by customers who buy our products/services—hopefully, profitably. That is the very essence of Marketing. Accordingly, we need to think about our budgets in terms of the customers and what they buy.

So, instead of submitting a budget for activities, imagine submitting a budget that allocated funds into buckets such as these:

1. Marketing-generated business from net new customers buying existing products
2. Marketing-generated business from existing customers buying existing products
3. Marketing-generated business from net new customers buying new products
4. Marketing-generated business from existing customers buying new products

Obviously, these categories don't exist on the general ledger, but this approach enables you to have a different kind of conversation with Finance—and, what's most important, in terms they understand.

Of course, Finance will still want to know why we need so much money. But instead of defending an activity, we'll be having a discussion about the business: how many customers; which ones; how easy or hard it will be to acquire, retain, or grow those customers; our competitive situation; and our product innovation situation.

I'd rather have those conversations (any day!) with the CFO or other members of the leadership team than a conversation about which tradeshows to attend.

Being able to allocate your marketing dollars in this fashion and to engage in that conversation requires some different thinking on our behalf. First and foremost, we need to see ourselves as businesspeople who happen to be performing a marketing role.

Here are three tips for making such a shift:

- **Learn and speak the language of business.** Businesspeople think in terms of customers and revenue. Be able to translate what you do into those terms.
- **Focus on the word "market" in "marketing."** As marketers, we should have our fingers on the pulse of the market and customers at all times. Be able to translate and communicate market and customer trends and requirements back to the business.
- **Manage performance.** Business leaders are accustomed to seeing data and metrics that help them make fact-based decisions and understand what is and isn't working. Move from measuring and communicating outputs to measuring and communicating outcomes, and translate those outcomes back to how Marketing is generating value and impact.

Once we have clarity around marketing's contribution via customer acquisition, retention, and growth, we will also have achieved better alignment with the business, gained insight into how to measure and account for our value, and increased our credibility as a business leader. Plus, we will have created maneuvering room and the ability to select the activities best suited to achieve the desired result.

When you work with Finance and craft a measurable outcome-based marketing plan, the finance team can then help translate the work of Marketing into the right subaccounts.

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