



## Three Critical Steps for Securing Your Marketing Budget

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*In this article, learn how to get your budget by...*

- *Securing clearly defined business outcomes*
- *Establishing outcome-based marketing objectives*
- *Developing performance-based programs*

Ted Levitt, author of *The Marketing Imagination*, writes, "The role of marketing is to create and keep customers." A marketing plan is a valuable instrument in helping Marketing plot a course of action for how it will go about creating and keeping customers.

Now that fall is here, you are likely tackling your marketing plan and budget. The pressure for marketing organizations to justify their spending, prove their programs' contribution to the organization, and demonstrate value is only increasing.

A study this summer by Forbes Insights found that being able to measure marketing is "not taking a backseat" and that proving "how budgets are used remains a strong priority."

Given the current economic climate, it is important to make every investment count. The issues of alignment and accountability are inextricably linked. Without alignment between Marketing and the business, it's impossible to quantify the value Marketing is providing to the business, let alone focus on the right metrics to establish progress toward helping the organization achieve its goals.

And without the ability to demonstrate value, the budgeting process becomes a game of guesswork because there is no link between expenditures and desired results.

This past summer, a study with more than 4,000 top marketers by The CMO Survey found that marketing spending is expected to increase—with the caveat that Marketing be able to measure its impact.

An initial step every marketing organization can make, regardless of whether it has sophisticated data systems or measurement tools, is to develop a customer-centric, metrics-based marketing plan.

Such a plan serves as the foundation for improving marketing accountability. If developed properly, it will provide you with guidance on how to measure Marketing's effectiveness and value.

These three steps can help ensure you are properly aligned with your organization and help you secure your marketing budget:

1. Secure clearly defined business outcomes.
2. Establish outcome-based marketing objectives.
3. Develop performance-based programs.

### **1. Secure Defined Business outcomes**

One of the most important steps you can take to help Marketing be more successful is to ensure you are aligned with the organization's business outcomes.

An organization needs clearly defined business outcomes to be successful. Business outcomes need to be quantified so it's clear what change is required. Since Marketing doesn't market to buckets of revenue, marketing organizations that work from a revenue target are operating blind when it comes to business outcomes.

When you are working with your leadership team to clarify the business outcomes, be sure you secure the following information:

- How many "customer deals" does the organization need?
- How many of those deals will come from current customers buying current products?
- How many of those deals will come from current customers buying new products?
- How many of those deals will come from new customers, and where are those new customers located? In the same verticals and geographies we've always done business with? In new verticals and geographies?

Once the business outcomes are defined, you want to clarify what the organization expects Marketing to do with regard to those business outcomes and how Marketing's effectiveness and contribution will be measured.

Keep in mind that the business outcomes are how the organization will measure success at the end of the time horizon. They are specific and quantifiable, for example:

- X% of Tier 1 current customers will adopt WIDGET X, resulting in \$ of revenue.
- Acquire X number of net new customers in ABC segment to increase market share by Y%.
- Marketing is expected to contribute 100% to X% of Tier 1 current customers' product adoption of WIDGET X.
- Marketing is expected to contribute 100% of the net new customer qualified opportunities in ABC segment.

## **2. Establish outcome-based marketing objectives**

The business outcomes serve as the foundation for your marketing objectives, and each marketing objective should align directly to at least one of the business outcomes.

Measurable marketing objectives articulate how Marketing will move the business closer to reaching the business outcomes. The objectives should be measurable and time-bound.

For example:

- Increase preference for ABC product among top share determiners in XYZ markets from A to B by end of 2Q.
- Generate X number of qualified leads within six months of product launch at \$Y/lead.

Outcome-based measurable marketing objectives facilitate metrics development. The example shows share of preference, qualified leads, and cost/lead-related metrics.

Frame your objectives to reflect Marketing's three core responsibilities: finding, retaining, and growing the value of customers. Those responsibilities directly relate to what most organizations are trying to

improve as a result of revenue and sales: increased market share, customer lifetime value, and customer/brand equity.

Once you craft the objectives, secure agreement from the leadership team that accomplishing those objectives will constitute success. It is essential to secure this agreement before tackling the strategic and program-development elements of your plan. Without the agreement, you may be in for a significant rework.

### **3. Develop performance-based programs**

A study by Forbes Insights suggests that marketers need to determine the overall success of a marketing program prior to implementation and then measure performance against those targets.

That exercise refers to program performance target-setting. Difficulty in setting performance targets is one of the most common challenges marketers face.

Long gone are the days when we can list something as generic as public relations or advertising. And the days where we could use output-based targets, such as a monthly email campaign to prospects or one webinar per month, have also gone by the wayside.

Today, marketers need to set outcome-based targets for their programs. So instead of a performance target of one webinar per month, an outcome-based target might be generating some number of Stage 1 phone appointments.

What are performance targets, and what does setting one entail?

A performance target is basically a stake in the ground that indicates what the program needs to achieve to be deemed successful. The selected measures and targets must be relevant to the objectives and outcomes.

The value of performance targets is that they help drive performance improvement, bring focus, enable course adjustments, and assess effectiveness.

Having baseline data is very helpful when setting program performance targets. A program's past performance doesn't necessarily indicate its future performance, but understanding what has been achieved, at what cost, and in what time frame can be useful information.

To establish the performance target, you need to clarify what result or action constitutes success. The closer success can be behaviorally defined, the better.

Once you know what behavior you want to motivate, then set a numerical range of performance (i.e., rather than setting a hard target of X, consider using a range, such as from X to Y). It will be important to attribute the action/behavior to the program and to verify the results.

### **Be accountable for the money**

Organizations give Marketing money to invest on their behalf. The leadership team expects Marketing to use those funds to develop and execute strategies that will result in consideration and preference for the organization's products and services.

Over time, they want us to achieve results better, faster, and less expensively. If Marketing is unable to meet that expectation, the leadership team will reallocate its investment.

When you tie investments back to outcomes and performance, you stand a better chance of securing your budget. The three steps suggested in this article enable Marketing to communicate how it is investing its resources to provide business value.

To be effective, Marketing needs to ensure alignment to business outcomes and to develop outcome-based marketing objectives and performance-based targets for its programs, tactics, and activities.

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