Going for Growth

Generating Top Line Revenues with Marketing

White paper by Paul J.R. Renaud

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Introduction

Meeting needs profitably.

Probably the most effective definition of Marketing in the world, to use a cliché from a beer commercial.

Needs are fundamental and if we meet those and make a profit then we are effective marketers, pure and simple.

Marketing is a fun subject for all since we are all considered marketers. We all have opinions as to what makes a great product or a cool advertisement. It seems so simple.

My mentors however were quick to point out that although appearing simple there's a lot more behind effective Marketing then flash, funky banners and fun events.

Lately, the first gut reaction when it came to Marketing was to cut expenses, slash budgets and 'hope for the best'. Wiser companies took advantage of a recession, did the opposite and invested more in Marketing since they knew from the last financial crisis that most people will do just that – cut Marketing. As a result there was no better time to invest into Marketing since this catapulted those #2 or #3 players in the first spot when the dust cleared.

Instead of taking a 'cutting' approach, this white paper wants to re-energize and put Marketing back its place where it belongs: Creating Top Line Revenues and meeting needs profitably. As a marketer, if you plan well, organize and avoid some common pitfalls one can really generate substantial revenues from Marketing which is the purpose of this white paper.

You will enjoy this document if you are a seasoned marketer since the topics are common sense, back-to-basics in nature. Given the whirlwind of financial turmoil in the last few years, it is no wonder that we all became a little gun shy with our Marketing initiatives and a simple approach to Marketing is deemed necessary. Besides getting too comfortable with what you did in the past can make you step over land mines – hence the metaphor. Stepping over land mines can hurt!

If you are not a marketer or rather a Marketing *enthusiast*, you can use this document as a check list for all their right questions to ask your Marketing peers. Sometimes asking the right question is all that's needed. Sometimes it pays off to ask basic questions such as:

Who is the customer or,

Are we reaching the right targets or

How do we know if our Marketing initiatives are justified?

We will explore 5 areas of which I call land mines. Areas to avoid and to be vigilant when the goal is to create Top Line Revenues with Marketing:

Land mine #1 Marketing…Sales…what's the difference?

Land mine #2 Customer Experience-are we 'In Synch'?

Land mine #3 Dealing with apathy. How Branding can instill a killer instinct

Land mine #4 Of course the campaign is integrated

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Land mine #1 Marketing…Sales…what's the difference?

This is the first topic of areas to avoid and to be vigilant when the goal is to create Top Line Revenues with Marketing.

There is always a healthy debate between Marketers and Salespeople (at least from what I recall in my career) and the issue of which department matters most in a company. I guess you could compare this debate and logic to 'what comes first? The chicken or the egg?'

Marketers need to understand sales effectiveness. This seems terribly simple but ultimately the most direct effect of sales (as a result of Marketing) is that sales generate revenues.

Plus how can Marketers expect to drive Top Line Revenues from Marketing initiatives unless they have a thorough understanding of the company's sales department and how effective they are.

<u>Fact:</u>

There is a strong link between sales and Marketing and dynamic Marketing leaders are always seeking feedback from the sales team when it comes to reading the market, understanding competition and fine tuning products and services.

In fact Marketers should always welcome it.

Marketers should ask themselves when was the last time a sales peer gave them feedback on prices, the promotion or the new product launched last week?

If marketers can't remember – that's a problem.

Either:

1. As a marketer they are not getting feedback from sales since they don't have the phone number or email or a method/channel to give marketers any feedback,
2. Marketers are not welcoming feedback,
3. Marketers have not created an environment where sales can openly give feedback.

In all cases, something has to be done immediately.

Any customer centric organization has to provide an environment where sales can for example, get on the phone or email marketers to say 'hey…this client is telling us that our prices are too high' (common sales reply)…or this client has decided to leave for x/y/z reason because of the product.

Another reason could be that customers expect a higher group discount or they are asking if we can modify the product/package or distribution somehow. These are all legitimate questions and market feedback and it implies that there is a dialog between Marketing and sales.

As a Product Manager, I would get the distribution sales team to call me on a daily basis to complain (read, suggest) about one aspect or another about the products. This is healthy. Marketers have to welcome this kind of feedback and have to toughen their skin since they may get a lot of criticism.

In Romania we initiated this environment of informal feedback since the sales team simply did not know that they could or should give feedback to Marketing.

We also had a product development board (formal feedback) where new products and enhancements were presented because existing products lacked a better price/package or feature.

Informal since Marketers need to hear it 'live' or before someone has to write an email and formally since it's important that if they are getting similar feedback from many sales teams about the same problem, this implies that the problem must be addressed immediately or it has to be elevated to the head of Marketing or the next product development board.

Experience:

I am assuming that all good marketers have some form of sales experience. If they don't I would try to deflect this aspect about their career as long as they can. In my opinion they need to have sold *something* to be effective in Marketing.

Sales may seem easy but it's not.

There is a lot of work to even get a customer interested in a pitch and even then, that does not guarantee that the sales rep will close. Marketers must understand this pain of trying to 'make the sale'.

If Marketers wish to stay in Marketing and they cannot leave their Marketing job tomorrow to start a new sales career, then I strongly suggest that they engage in a MLM (Multi-level Marketing) or network Marketing organizations like Amway, Tupperware, HerbaLife, NU Skin, and Avon in their spare time. Even if they try it and don't like it, the fundamental part of this exercise is to understand what is required to sell. They will get free training and initial products to sell to their friends and family. After a while say, in 2-3 months they will either love it or hate it. That's the pain I am talking about.

Bottom line- Selling isn't easy.

Sales discipline: Basics

The success of any organization resides in the Sales department's ability to reach sales targets that were established in the Business plan – this is imperative.

Each sales representative – let's call them Account Managers (AM, for short), must go through a consistent prospecting process till a sale is made. I've described for illustrative purposes the most basic sales process below. I will assume for sake of example that the Account Manager is new and was not given any particular segment focus and he/she will be using a 'shot gun' approach.

<u>Day to Day Plan:</u>

Daily Activities
0930 – 1030

Account Managers starting their day early, on time to do Telephone calls
Returning phone calls of previous day
Leads generated internally
Cold calls to prospects
Confirm presentations booked by other team members
Call on new contact developed within existing clients
Follow up on Direct mail program
Goal: Book a meeting even if it's short in nature. The AM does not try to sell products/services over the phone.

1030 – 1230

Customer meetings either booked or "in the neighborhood" calls to existing clients.

1230 – 1300

Lunch

1300 – 1600

Customer meetings

1600 – 1900

Returning phone call messages on same day
Leads generated internally.
Follow up on Direct mail program.
Cold calls to prospects
Confirm presentations
Call on new contacts provided by Marketing leads or Customer Service.

This has to be done religiously – every day!

Adding to the rigor of cold calling, prospecting and meeting customers, the AM needs to initiate the following:

1) Direct mail to selected targets such as publicly traded companies, banks, manufacturing, trading firms, NGOs, insurance companies, government institutions or other relevant vertical markets.
2) Telemarketing to customers. Purpose of call is to introduce the company. Other reasons are to explain offerings, getting feedback on existing suppliers, product/service guarantees (but NOT on the phone).
3) Chamber of commerce/trade association events.
4) Accompanying the Sales Manager for customer visits, both to introduce company and prospect for more business.
5) Customer ownership focus:

Develop/add/ complement the customer profile and account review in your CRM for new contacts that you have developed.

6) Thank you letter after each call and place lead information in CRM that can be recalled for future prospecting purposes.

You get the idea.

The trick in sales is that if you repeat all these steps in a consistent manner, you will develop a small yet growing database of good customers.

It takes time.

I have sold lemonade (as a kid) and chocolates to raise money, water filters (yes…MLM), mobile phones, computer equipment, consulting contracts, sponsorships and coaching services. In my experience the AM starts to become effective and on 'top of his/her game' after approximately 1 ½ years of selling. It takes that amount of time to get to know your customers, learn the tricks of the trade; you avoid mistakes and become focused on customer needs and an expert at 'closing'.

Rome was not built in a day, nor do Account Managers become effective overnight.

Is there a difference between Marketing and sales?

I guess to sum it up: They share the same objective: Increase revenues.

One facilitates the sale, one makes the sale.

Successful organizations ensure that Sales and Marketing departments are talking, exchanging, challenging each other and win as a team!

Land mine # 2: Customer Experience - are we 'In Synch'?

This is the second topic of areas to avoid and to be vigilant when the goal is to create Top Line Revenues with Marketing.

I am always astonished when I see a respectable, consistent integrated media campaign- be it with classical media (TV, print or radio) or online only to see the '*wheels falling off the cart'* when it comes to a '**Moment of Truth** '. It almost seems like the left hand was not talking to the right hand in the company when it comes to the whole customer experience. In other words the customer facing departments are not *In Synch* or synchronized.

A moment of truth is that *one* magic moment where a company is evaluated - fairly or unfairly for the way its products perform, the way it interacts with the customer, the way it delivers its service or any instant that consumers come across a product/service.

I will always remember a speech given by Tom Peters (Passion for Excellence) where he was emphasizing a moment of truth by using a quote from an airline executive. The executive said 'Tom, when passengers see a coffee stain on the tray table in front of them, they automatically assume that we have engine troubles.'

A bit extreme but if you follow the logic from the passenger's point of view, the passenger is thinking ' Well if they can't at least take the time to clean the coffee stain, I hope that they are taking the time to service the engines…?'

Another example of moment of truth is when a fellow Romanian steps out his car to help you push your car out of the snow during our last snow storms. You certainly did not expect it but it gave you a renewed reminder on how hospitable Romanians can be when things are not going well.

Here's my example. Someone very dear to me received this SMS for an outstanding balance on her bank card:

Cod IDclient XX8644YY: La 06/02/2012 suma datorata este 67.41 RON. Restantele se raporteaza Biroului de Credit.

In English the translation is: Client code: XX8644YY, as of 06/02/2012 you have an outstanding amount on your bank card (owed to the bank). Unpaid sums will be reported to the credit bureau.

<u>Context:</u>

Yearly fees were accumulating on the card which had not been used for quite some time principally because my friend has other cards and her main banking was done with other banks.

I assume that banks know that clients have multiple cards and accounts.

<u>Assessment:</u>

First of all, total lack of politeness. No 'Dear Mrs.'…or 'we would like to rise to your attention'…

Second no explanation – we go straight to the credit bureau.

Third: No warnings; this came 'out of the blue'. No emails, no attempt to call and perhaps enquire as to why this was left unpaid or inactive. Perhaps there was some confusion; who knows what can happen when we call customers to get information or feedback!

I sound cynical (my Canadian heritage) but I am mostly disappointed as a marketer!

This bank which will remain nameless spends a tremendous amount of money on above the line (ATL) advertising in TV, Print and outdoor with 3 Romanian sport figures.

I mean the visuals are nice, creative, welcoming, and frequent and judging by how long these 3 celebrities have agreed to promote the bank, I assume that the campaigns are working. In fact my friend held on to the card (albeit inactive) for that **very** reason…it had a celebrity on the card. Now that is powerful Marketing.

<u>Result</u>:

My friend was upset with the message and she was not aware that the card had become inactive (I mean the last time I checked, we were all too busy to check to see how 'active' we have been with some of our bank cards right!?). This whole matter was unbeknownst to her. She proceeded to call the bank and cancel the cards, rather…all cards, if this is how they treat customers. Ouch!

The solution:

All touch points and customer facing departments have to be *in unison*, like a classical music symphony. They need to follow the same music, the same beat and the same song book. This seems terribly basic, mundane and obvious but as you can see for the example it wasn't that obvious. Product Managers and Marketing communications folks busy trying to get new customers need to be attentive what the customer care staff or retention/loyalty or collections teams are sending to the customer via SMS. This is inexcusable.

Don't spend money by swaying customers with nice ads with powerful icons **unless you as marketer have complete control of all touch point messages.** We don't expect the Marketing department to actually make collection calls however any message, let me repeat ANY message to customers has to be consistent with the brand and what you are conveying to the market.

All customers bring value even if their revenue seemed insignificant. The value they bring is how well they will refer you or speak about how they were treated by your company even if the relationship between your company and the customer ended. Do it gently.

Your homework

As the Marketing leader emphasize upon your peers that interact in some way or another with customers such as Sales, customer care, retention/loyalty, collection, PR and operations that all messages to customers, have to be consistent. Get your team to collect all messages ('canned' or pre preprogrammed) that were sent to customers in the past and insist that all need to be reviewed by Marketing.

This may be a long laborious task but well worthwhile the time – you may uncover other 'shockers'.

As the lead Marketer, make it a point to continuously communicate to all your peers that Marketing **owns** the messages to customers. By rallying your organization with this precious yet effective direction you will be on your way to ensuring that those moments of truth are **fair** ones.

Land mine #3: Dealing with apathy. How Branding can instill a killer instinct

This is the third topic of areas to avoid and to be vigilant when the goal is to create Top Line Revenues with Marketing.

Customer complaints are vital. It tells us how we are doing and it gives us the opportunity to solve problems.

Customers that raise complaints want immediate results but at the same time, are giving us the chance to show that we are worthy of getting their business. When customers stop complaining, this is sign that customers have given up on us.

In fact do you know what is worse than a customer complaining?

A customer that does not complain (...and walks).

We hear the cliché that ‘Customers comes first’ or ‘The customer is number one’ but those clichés remain clichés unless the brand has the ability to deliver the SOUL in our day-to-day transactions.

In simple terms, the Soul is what the brand represents…it’s the **promise *delivered*** every day. This is what a Marketing leader must convey but at times when it comes to frontline staff talking or meeting customers that ‘fire in the belly’ or that brand soul may not come across loud and clear when its desperately needed. This is an area where Branding can help.

Let me give you an example (yes banking).

I deal with a bank that it based in a country that has received a lot of attention lately. The staff is great, helpful and courteous. So far, so good.

4 years ago my debit card had to be renewed and the bank rep told me that I needed to wait for my new card. After 1 week I called and they told me ‘nope not ready yet’- pretty impractical since if I wanted money, I needed to go in person in a branch to get cash (when was the last time you did that?).

After another week – same answer and they could not tell me. Well this went on for total of 6 weeks when the paperwork or ‘form’ was lost or whatever (remember, I’m a customer – I really don’t care of the reason) I finally get my card.

In my next meeting with the Branch manager I tell him ‘Catalin, you’ve got great people at this bank but unfortunately your **processes suck**...’ I was sincere. How is it possible that a client has to wait 6 weeks to get a renewed card?’

Fast forward 4 years now. Same bank!

They called up my friend who recently traveled to Dubai and told her that because of recent fraud issues in Dubai, they strongly recommended to her to cancel her card and to get another one. That’s pretty progressive right…A bank calling you to deter potential fraud?

My friend agreed and also agreed to go to a nearest branch to fill out a form to get her card renewed.

At this point I started to worry!

It took 5 weeks to get a renewed card after multiple calls - probably for the same reason…again we don’t care about the reasons - we’re the customer.

When we went to a branch in Baneasa mall and spoke to a bright looking fellow and my friend told him the story about the card. Then I added then. ‘Yep in my case 4 years ago I had to wait 6 weeks.’ We were pretty cool and not upset by this point.

His reaction? ‘Humm’ is what he said; his head nodded and then went back to filling the form.

Not '*well we're really sorry about this'*…

Not '*well let me look into this...this is unacceptable to make customers wait 5-6 weeks to get card'*...

Not *'I will look into this and get back to you' or…at the minimum…'I will report this to our customer care team and I will ensure that someone calls you to give you an update/explanation. I will personally follow up with our customer care department to make sure someone gets back to you'*

In other words…Initiative, attention to the customer and a bit of empathy (not apathy).

Ok you're going to tell me Paul this is a customer care issue and the bank probably needs to take care of its customer care policy or this your fellow was not properly trained or worse… this is Romania. **NOT!**

I don't agree. Before that fellow gets on the phone and follows Customer care procedures, he needs **to WANT to** get on the phone and put out this fire! Training is important but you can't train people to HAVE the initiative. This has to come from the soul; the soul is what the **brand** is all about.

In other words are people going to kill themselves to solve a problem? If so, THAT is brand loyalty and brand affinity.

I had the pleasure of working for brands that I wanted to kill myself for those brands; I wanted to please my customer and I wanted to make a difference.

Why? Well because I felt part of the brand. When I showed people my business card I was proud that I worked for Bell Mobility, Connex or Orange. It was a cool place to work; we were going to 'invade the nation' with this brand and unbeknownst to me the Marketing leaders at the time (Tim McChesney, Aneta Bogdan and Paul Garrison) had managed to instill that sense of pride, joy and the SOUL that made me wake up every morning and do the best for our brand!

A little naive? Want more proof?

I challenge you to listen to any interview of an Apple employee that was involved in the iPod, iPhone or iPad. Look at how their face lights up when they explain how much they were part of the Apple development team. Of course Steve Jobs made this an amazing place to work but Apple employees are passionate. We don't all work for Apple but the same unbridled enthusiasm is possible for you, the Marketing Leader to instill regardless if you sell paints, pharmaceuticals or yogurt.

The brand makes it happen.

How to create a killer instinct

Branding is fundamental here. Branding will not change customer care procedures but Marketing leaders need to reach out to all touch points and get people to lock into the customer experience that you are desperately trying to convey to the market.

Here are four ways on how Branding can instill a killer instinct:

a) Assuming the responsibility
b) Delivery
c) Keep it warm

d) Validate

a) Assuming you've done step 2 above (having complete control of all touch point messages**)** by making sure the messages have been collected, filtered cleaned and then resent to the channels, you now need to personally communicate and convey these messages.

What? The Marketing leader is going to give a speech to the customer care department about our new quality message?

Answer: ***Yes!***

At times, when addressing the entire company it is customary for the CEO to lead and communicate the message to the entire company (web, email, memo, in the media) This works and judging on how good of a speaker the CEO is, this will definitely have impact.

What I am referring to here is grass roots, the people on the front line, getting you in front of an audience to convey these messages…Have I got you worried?

In my opinion the Marketing Leader is the next person right after the CEO to convey these kinds of messages.

Correction: it's your role as **Head communicator** after the CEO.

How you decide to get yourself in front of 6-10 customer shifts and convey the message is a logistics issue. The fact remains that YOU need to do this.

It's not unusual for the Marketing leader to instill change in an organization, and speak in front of the organization.

If the message is that ' at Ford quality is job 1' (famous slogan in the 80's) then once that message has been introduced internally through formal internal communications channels then it has to be **continuously** promoted (similar to the public and customers) to staff so that they hear it from you to understand the rationale behind this new message.

One way of reinforcing the message is to meet the audience, in person ideally.

Depending on the size of your organization and how widely dispersed are the employees it may also make sense to address them by web conference or video, although nothing replaces the 'Real Deal' of having you in front of them to explain why this message is so important.

I call this a *roadshow* and I can tell you the look on people's faces in the region when the Marketing leader comes to address 50-100 people. They walk away and say Wow that Marketing guy/girl was pretty fired up about that message; they go back to work with a better understanding, they are more informed (a common problem for staff in regions – lack of info) and if you've done well and you are lucky, they just might believe you. Even better they will start talking about you and the message and will feel that the company is doing good things and has become once again an exciting place to be.

The staff has to feel why Marketing came up with this message – you make it believable and relevant to their day-to-day job –otherwise this message is only hot air.

b) Delivery

Here is where the 'walk meets the talk'…Using the same example such as 'at Ford quality is job 1' staff will need to see/feel/hear and witness tangible actions about the campaign.

This is where your internal communications campaign has to be effective and pervasive.

If properly executed all staff will know: What the message is; why we are communicating this; the physical proof of the campaign will be omnipresent in a variety of ways such as posters, web messages, training programs, contests, teasers and weekly updates on the campaign, progress with quick wins on how you were able to win the hearts and minds of customers.

The effectiveness of the internal communications campaign will cement *the message* and the need to be more customer-centric.

c) Keep it warm

Once the message is out, there is usually a lot of excitement about the message and the direction, on why we are doing this. Problem is that after time we forgot about this message.

You need to keep the momentum going in a way to keep staff, and clients continuously informed and excited about this message. This can be done by newsletter or bulletins, internal contests and competitions.

d) Validate, validate, validate.

If the message has been communicated for a while now how are customers reacting? Are you seeing some progress?

If so this is the perfect time to use a testimonial that 1) the message got out, 2) Customers are reacting and 3) That the message has proven to be receiving customer attention.

Land mine #4. Of course the campaign is integrated…

This is the fourth topic of areas to avoid and to be vigilant when the goal is to create Top Line Revenues with Marketing.

It's a common question when the Marketing leader gets ready to listen to a campaign organized by the agency. Is the campaign integrated? To which the agency responds: 'Of course the campaign is integrated'.

An integrated campaign as a reminder means that the campaign does not use any one single component of marketing-be it advertising, public relations, sales promotion, or social media but rather a combination of these to make sure that most audiences will be addressed via one media or another.

Putting all your money in **one** medium is likely to fail because it is not supported by a full complement of Marketing initiatives that must reinforce one another, producing exponential results such as 1+1=3.

One may ask, “Isn't advertising in one medium only better than doing nothing at all?” That's question misses the point. A wiser approach is to ask what can be done to support the investment in advertising so that you achieve the objectives you established at the outset. What is preferred logically and in an efficient manner is an integrated set of Marketing tools and initiatives carefully planned within the framework of a multifaceted Marketing campaign.

To do that, you must create a media plan designed to make sure that all of your Marketing tactics work together.

As well, don't forget that Marketing that generates Top Line Revenues implies Marketing initiatives that produce a significant return on the Marketing dollars spent.

On the topic of integration, budgets and measuring results I have found that the following pitfalls are common when we think that the campaign is integrated.

Beware of these four pitfalls:

<u>Common integrated campaign pitfalls.</u>

Pitfall #1: Media that don't reinforce each other

Pitfall #2: Create a budget first, metrics second.

Pitfall #3: Awareness vs. sales

Pitfall #4: Delegate and forget

Pitfall #1: Media that don't reinforce each other

TV commercials are not always a success story, i.e. poor creative or a TV ad which was not sales actionable. At times if we are not careful, we can make the same mistake or worse, the TVC does not support other media used (ex. Radio and online). The messages have to be consistent and the choice of media needs to build a 1-2 punch and they must complement each other.

Now we can't cover every potential combination of one medium plus another but I feel compelled to remind you that when an agency proposes 2, 3 or 4 types of media it begs the obvious question of:

Why combine these?

What proof do we have that the combination of these 4 media will give us maximum impact?

Hearing things such as:

‘In our opinion we felt that these were a good combination’ or

‘This combination always worked well for us in the past’ or

‘We tested this on another client and the results were great’.

These are not justifiable reasons and they are a sure sign that this combination was made in haste or random.

If you are still not convinced, ask the agency or the team making the proposal:

‘The TVC will complement online how?’ or

‘Prove to me that some customers will see the same message in 2-3 different media and therefore creates a call to action?’

‘Explain to me the link between Outdoor and the web banners?’

Here is an example of how various media work together as parts of a sum and feed into each other. Let’s use a campaign example of a local real estate developer called *PrimeProperties.com.*

In addition to print advertising, the agency convinced the company to place banner ads on real estate websites. Additionally, they prompted the company to test TV and radio advertising designed to serve as a lead generator for all segments (residential, commercial) as well as office space prospects, notaries, real-estate agents, bankers, and inspectors.

This broadcast approach served as a “Go-to-the-Web” driver (“Go to PrimeProperties.com now and receive…”) and helped to build a database of leads that could be pursued through telemarketing and mailings.

Instead of sending the prospects a single piece of communication, which is rarely enough to initiate relationships, the agency suggested a multifaceted campaign that called for prospects to receive a personalized introduction letter offering a “Prime customer” gift, a follow-up postcard focused on the property’s key benefits, a direct-response brochure and Go-to-Web card, and a telemarketing call.

Adding any combination of media is easy; getting them to work ‘in synch’ (and therefore generate revenues) is not.

There is still room for taking risks here and testing combinations but there has to be a rationale; assumptions need to be noted and written down as to why you are combining this medium to another at the outset and the corresponding objectives as to why you combined them in such a manner.

By documenting the rationale (memo, assumption or stated objective) you can always go back and validate if the combination of media was successful – this is part of the monitoring function.

If on the other hand the combination was haphazard, not documented and no post mortem was done, you are simply wasting valuable Marketing funds since you have no way or tool to consider the cause/effect of your media combination.

Pitfall #2: Create a budget first, metrics second.

We’ll spend more time on metrics; analytics and ROI later but a common mistake is to set a budget first, then spend later on a variety of media.

The justification to coming up with a budget first could be:

a. Slow sales
b. Competitors are not advertising as much or,
c. The state of the economy.

In fact even if sales are slow during an economic downturn, they never stop altogether. And if everyone else is cutting back on spending during a recession, this is the worst time to cut back on Marketing as is frequently the case.

Studies show that businesses that continue Marketing through a recession (*http://www.renaud-investments.ro/five-steps-on-how-to-survive-in-a-recession-3*) are the ones that come out ahead when the economy begins to turn (ex. Orange in Romania or Samsung: http://venturebeat.com/2012/04/26/samsung-q1-2012-earnings/). This could be an opportunity for you to gain market share by being aggressive.

But at the same time coming up with a budget figure out of thin air because sales are down, orders have declined and inventories are growing is not rational thinking either. You must consider the following instead:

1. Who’s the target of the Marketing campaign?
2. Do these initiatives follow the Marketing plan?
3. What goals will this campaign seek to achieve?
4. How these funds will to help sluggish sales?
5. The messages used to position your product as **The** customer solution
6. How the campaign will be measured?
7. How leads will be captured?
8. How are you going to monitor the results?

Committing to X million Euros to a Marketing budget blindly implies that you will be spending big money without any clear plan for how it will generate additional revenues for the business.

This is certainly not the way to generate Top Line Revenues with Marketing!

Pitfall #3: Awareness vs. sales

Marketing agencies that are ineffective i.e. that struggle to turn advertising, public relations, direct mail, and other initiatives into sales probably will never admit to being ineffective, otherwise they are risking their credibility as ‘creatives’. Think about it. Awards are given out based on an agency’s ‘creative’ talent. Other awards – ‘Effies’ are awards that have proven that a particular campaign had a positive effect in revenues.

Rather agencies like to talk in terms of “image or awareness Marketing”. They will insist that although you can’t measure the performance of what they do, *you should rest assured that image is improving*, *the strategy is catering to your target audience*, *reach is attained, the awareness of the brand is improving* because you selected them

Horse feathers! If you hear such baloney from an agency pitching for your business, instruct them to go pitch for your competitor.

It is possible to design Marketing so that the initiatives and tools you create can generate customer revenues.

What you are looking for in a good agency or in a candidate to run your Marketing department-is that they understand the importance of integrating all of your Marketing initiatives.

It's normal for an agency to spend a lot of time on the creative, either to seize the newly found customer insight and to become unique in the way it intends to address that market or audience or its innovative way to communicate the message. After all, the client's brief did say 'we have to be different'.

By the time they have done the creative there is little time for execution or better still integration. So they go based on what they remember-what they did in the past, as a benchmark. In most cases, the benchmark or what they did in the past carries no tangible metric or measure that is, 'when we used TV+ Social media we saw a sales report from the client that sales increased by 20%.'

Rather, they use what they remember, and this seems to be a comfortable fit for what they consider as an *integrated campaign*. As a result the integration part gets 10% attention of the planning time. No wonder since you too were swayed by the really cool creative that you may have completely forgotten to ask the obvious…how is this integrated?

It's happened to me on many occasions. I too, got caught up in the 'sizzle' of the creative and forgot to ask about integration.

Pitfall #4: Delegate and forget

Another pitfall is when the Chief Marketing Officer decides to get involved, rolls up his/her sleeves with the team and assists them in launching his first campaign with the team then retreats to his management meetings leaving his deputy in full control of the subsequent campaigns.

Till then he or she set the direction and tone of the Marketing plan. "*I want us to be positioned as the company whose real estate project **owns** the concept of European living standards such as providing large green space, offices, large employer complexes, schools, retail, professionals, fitness centers, public transport'.* He made sure the message was communicated efficiently by signing off on all ads, and held the Marketing department responsible for the success of their campaigns ("If we don't generate revenues that are at least twice what this new Marketing program costs, I want it stopped"). The campaign was a huge success, improving sales and raising the company's presence to the point where it could demonstrate a correlation between sales and the advertising campaign.

Then he takes his eye 'off the ball', starts trusting the agency and then makes the decision that he would change from being an inspiration to becoming more involved in day-to-day management. He begins focusing exclusively on the dynamics of reporting systems and internal controls. Although he was a sale-and-Marketing pro who had built the Marketing department from the ground up, he/she now feels that time should be spent building an internal organization.

Soon enough Marketing was delegated to inexperienced staff that could go through the motions of creating Facebook pages, web-site banners, and the like, but who were lost without the leadership it takes to turn these elements into a powerful sales-building machine. No wonder revenues and earnings slowed down.

The team needs inspiration **all the time**. This means getting involved in all aspects if the Marketing leader wishes to see results while at the same time maintain the consistency of the message.

He/she is supposed to be diligent enough to have created a succession plan but rushing into management duties too fast is not going to help anyone.

Land mine #5. We'll measure it later

This is the fifth topic of areas to avoid and to be vigilant when the goal is to create Top Line Revenues with Marketing.

I always start my Marcomms (short for Marketing Communications) classes with this quote:

"I AM CERTAIN THAT HALF THE MONEY I SPEND IN ADVERTISING IS WASTED. THE TROUBLE IS, I DO NOT KNOW WHICH HALF"

–JOHN WANAMAKER

Wanamaker was the founder of a famous Philadelphia department store in the US.

I mean that applies to modern Marketing communications (Marcomms) today right?

What "works" best…Sustained brand advertising, or targeted retail promotions?

Is "classical" media advertising a more effective vehicle than hard-selling direct Marketing?

Can trade promotions help boost share permanently or do they destroy brand value?

Because companies believe they cannot tell which portion of their Marketing spend leads to steady increases in sales, share, and profitability, they rely on imperfect metrics and anecdotes to guide their Marketing programs, which today account for hundreds of billions of dollars in worldwide spending annually.

Some marketers typically rationalize the lack of metrics with statements like "Well, at least we're building awareness," they say rarely stopping to explain how, if at all, attitude changes translate into actual, lasting consumer buying behavior.

"We must support our brands" — not knowing whether that support does anything other than make the brand famous. Pressed, they will concede the gap in their approach to Marketing.

"Are we under spending and leaving money on the table, or should we spend more, and if so, on what?" they will ask. "No one really knows."

I want to discuss metrics in this section, but I have to admit that we are going to present some basic-yet effective examples since when it comes to the issue of metrics, analytics and Marketing ROI, it can get pretty scary in terms of complexity which is probably why we avoid it in the first place.

First I assume that we have a budget…humm, well we did and now we need to justify every expense. OK that's fine!

Normally expenses have to be justified to our boss who ultimately will need to convince a CFO. Let's see how CFOs think:

The basic function of the CFO is to allocate corporate resources. He/she is responsible for the financial resources of the company. He holds the purse strings for communications expenditures and communications expenditures compete with other projects such as plant upgrades, equipment replacement, R&D for a scarce resource called **Cash.**

Cash is King – you've heard that before. The recent economic downturn reinforces the importance of available cash. Cash doesn't decline in value like stocks or other investments. Cash now is worth more than in the future since you can deposit and earn interest; you don't need to borrow at high rates and lastly you can invest in business to improve future cash flow.

CFOs typically go through capital budgeting exercises, which are a process by which CFOs determine whether or not proposed expenditures are worthwhile. By examining every conceivable projected cost and resultant income over time, management is able to objectively develop, analyze and determine the inherent value of such ventures.

There are a few evaluation tools that are used to measure a project's viability: **IRR, NPV, Contribution margin** and **ROI**. Let's explore these:

1) **Internal rate of return (IRR)** is essentially the rate of return earned by a company from its investment in stocks, bonds or other financial products.

2) **Net present value (NPV)** compares the value of a dollar today vs. that same dollar at some time in the future after the consideration of inflation, cost of capital, and often perceived risk.

   It is believed to be the most widely-used evaluative tool. If NPV is positive, the project should go forward. If competing projects are under consideration, those with **highest** NPV should take precedence.

Let's see how we calculate NPV. If have two projects that generate cash flows and have a different investment (or initial cash outlay), how do you know which is best?

Consider the capital budgeting projects **A** and **B** in the table below which yield the following cash flows over their five year lives. The cost of capital for the project is 10%.

Therefore looking at the cash flows and using a simple NPV formula we determine that project A has a higher NPV than project B and is therefore preferred.

	Project A	Project B
Year	Cash Flow	Cash Flow
0	($1,000)	($1,000)
1	500	100
2	400	200
3	200	200
4	200	400
5	100	700

(Source: InfoTech Marketing , 2012)

Net Present Value

Project A:

$$NPV = -1000 + \frac{500}{(1+.10)^1} + \frac{400}{(1+.10)^2} + \frac{200}{(1+.10)^3} + \frac{200}{(1+.10)^4} + \frac{100}{(1+.10)^5} = \$134.08$$

Project B:

$$NPV = -1000 + \frac{100}{(1+.10)^1} + \frac{200}{(1+.10)^2} + \frac{200}{(1+.10)^3} + \frac{400}{(1+.10)^4} + \frac{700}{(1+.10)^5} = \$114.31$$

3) Contribution Margin

The Contribution Margin is the difference between total sales dollars minus the variable cost of goods sold expressed as a percentage.

The Contribution margin represents funds available to cover fixed costs, profits (see example below).

Beta Sales Company		
Contribution Format Income Statement		
For Year Ended December 31, 200X		
Sales	$462,452	
Less Variable Costs:		
Cost of Goods Sold	230,934	
Sales Commissions	58,852	
Delivery Charges	13,984	
Total Variable Costs	$303,770	
Contribution Margin	$158,682	34%
Less: Fixed Costs:		
Advertising	1,850	
Depreciation	13,250	
Insurance	5,400	
Payroll Taxes	8,200	
Rent	9,600	
Utilities	17,801	
Wages	40,000	
Total Fixed Costs	$96,101	

(Source: InfoTech Marketing , 2012)

4) ROI

The ROI approach requires diligent, hard work, applied over time in order to do it well.

Any ROI approach implies that you must establish a customer database in order to track ROI on any Marketing or sales initiative. Your database must include:

- Transaction data for your customers
- Demographic data about your customers

As you pursue measurement over time, your results will become both more precise and more predictable. As well you must create separate measurements for **new** accounts vs. improved results from **existing** customers.

We are going to use examples and some sections from a presentation that I borrowed from **Tim Walters** of **InfoTech Marketing.** Tim is by far a leader when it comes to measuring your Marketing activities.

Tim gave us this example of a Marketing initiative and corresponding expense – a trade show event to see how the numbers come together and to decide to GO/NO GO for a this Marketing initiative.

This is not the sexiest Marketing activity but for some companies it hits home and the methodology to measure it effectiveness is quite sound. We need to be ready to justify our Marketing initiative (trade show) in this case since it may be refused.

Any good marketer has to determine why he/she would be willing to invest say 20,000 Euros on a trade show.

This depends on the objectives that can range as follows:

Communications Objectives

Typical Objectives

- ✓ New Customer Acquisition — *Start with Potential Prospects*, *Refine into Segments*
- ✓ Customer Retention / Loyalty
- ✓ Incremental Sales to Existing Base — *Increased Usage*, *Up-selling*, *Cross-Selling*
- ✓ Brand Building

We will assume for the purpose of this exercise that the trade show will generate business from existing customer and from new customers. Therefore the objectives above are shared between existing and new.

Here is a breakdown of the trade shows costs and revenues:

Trade Show Expense	$20,000	
New Accounts	5	
Existing Accounts with New Business	15	
Total Accounts	20	
Acquisition Cost/Account	$1,000	
New Accounts		Year After
Revenue Generated		$50,000
Gross Profit Percent		40%
Gross Profit		$20,000
Tax Rate		35%
After-Tax Gross Profit		$13,000
Working Capital @ 10% of Revenue		-$5,000
Cash Flow		$8,000
Trade Show Expense After Tax		$3,250
ROI		146%

(Source: InfoTech Marketing, 2012)

In order to establish the ROI for this trade show project, we need to follow these steps:

- Combine gross profits from new customers along with incremental gross profits from existing customers to get total gross profits from the show (indicated in the table).
- Formula for ROI is: (Cash Flow – Total Show Costs) / Total Show Costs
- 8000-3250/3250 = 146%

The ROI of this trade show is 146%. Therefore based on gross profits from new customers along with incremental gross profits from existing customers and the corresponding costs of getting involved in this trade show, we end up with a positive ROI of 146%. This project is therefore worth pursuing.

We would then compare this project versus another with the same methodology to pick the better project in terms of ROI.

Finally, don't be a **sissy** in front of the CFO. A sissy (not to be confused with the former Austrian queen) is a term kids in the US would use when the *bully* would push you around (The CFO being the bully in this case).

Next time you have a project, you need to have your metrics or analytics ready. That way the big bad CFO can't beat you up or your project.

I am having fun here but this may be the case.

Let's face it CFOs are not the most 'people-friendly' folks in an organization but they do need to make decisions on cash-the same cash you need to pursue your Marketing projects.

By doing your homework on ROI or NPV or IRR you can not only push back the bully but gain a friend in the process.

The above graphs, tables and numbers were simple examples but real nevertheless. Clearly if you wish to quantify a complex campaign using Social Media, TV, Radio, Newsprint and some digital Marketing this will be a more complex but the tools used above are the most common.

Product Managers habitually prepare a full business case before a product is launched. Wise product managers use templates that were provided by finance (and the CFO) to avoid any arguments.

Make it a point to always use one form of metric or analytic when undertaking large projects. It requires a bit more work but it's an investment in time. The more diligence you put into analyzing a project the easier it will be to convince your boss and the CFO.

Summary

Meeting needs profitably can only really happen if you generate Top Line Revenues. It does not have to be difficult for marketers.

First, take an active interest in the sales department. You cannot work in isolation in Marketing. Get the feedback, hear the customer and keep this channel open. There will always be tension between Sales and Marketing but this is a **good** thing. A healthy debate will drive both teams in the same direction: getting and retaining customers.

Second, make sure all messages to customers regardless of their source are managed by Marketing. You will be spending tremendous amounts of money to convince customers to choose your product only to lose them if you don't manage the messages.

Moments of truth can be unfair but this is something you can control. The brand is the soul of the organization. The messages have to be consistent and these same messages and the soul can compel employees to react when customers think of leaving.

Third, your job as Head communicator is to make sure that staff, all staff understands the relevance of these messages and the brand's intended direction. Make it a point to keep company slogans warm and pervasive - internally and externally. The brand, if properly managed is the soul that can compel employees to acquire and retain customers.

Fourth, remember that any combination of media has to be integrated and this combination requires a 1+1= 3 effect. It has to be exponential as a result and any money spent on media has to generate more funds than it costs.

It's human nature to spend a lot of time on creation and finding shortcuts when it comes to execution and integration. Be vigilant and ask the right question when it comes to asking why the combination of one medium will support the other. If you don't like the answer, push it back!

Lastly, measuring results later' means that you won't. You need to be proactive with your projects by showing what metrics or analytics you used. The more practice you get at ROI or NPV methods, the easier it becomes to sell projects when they require senior management approvals.

The CFO really doesn't have to be a bully–he can be your friend too!