



News

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Small tech companies must make big decisions on Marketing budgets

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Many companies, particularly technology firms, wonder how to establish an appropriate marketing budget. Marketing is frequently regarded as an expense item that supports sales as a service. Thus, the marketing budget of most companies is low and focuses on collateral material such as brochures, data sheets, exhibit stands for trade shows, and advertising in industry publications. Tech companies frequently view sophisticated marketing programs as the realm of consumer products. The reality of good marketing, however, is quite different. Marketing represents integration with sales and must become a part of a company's strategic plan, not just a service expense item. Proper marketing will drive customer leads, increase sales and improve profitability. Determining a realistic marketing budget allows a company to intelligently make the appropriate choices for the company.



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The Answer Is ...

You will not have to wait until the end of this article to find out the answer to the big question. Check out multiple sources in libraries and on the Internet and you will reach the same number: your marketing budget should represent three to ten percent of your total annual sales. I recently saw a great quote by Bruce Kupper, Founder, President and CEO of Kupper Parker Communications, Inc. who stated, "The meek shall inherit bankruptcy". The comment was pointed at marketing. The lesson is: Spend early; Spend well; Reap the benefits of growth.

Don't Work Piecemeal

Successful high tech products arise from the work of closely integrated teams. Successful marketing programs develop exactly the same way. Unfortunately, most companies relegate print production to one company, advertising to another, website development to a third, market strategy to a fourth, public relations to a fifth and so on. Furthermore, most companies' executive management and sales groups do not actively participate in either choosing or working closely with marketing firms providing these services. Many tech executives feel their function is product development- or operationally-related, so they steer clear of the "artsy" side of business.

If you want effective sales, you must have effective marketing. Effective marketing depends on an integrated approach focusing on your company's sales and growth needs. A capabilities brochure is not about your products and factory. Creating a website is not about computer code or artistic style. An advertising campaign is not about clever slogans or maximizing coverage. Everything in your company's stable of materials including business cards, data sheets, brochures, direct mail, advertising, email stationery, website, and exhibit displays must support the same goals, ideally with measurable results. A piecemeal approach to marketing services may provide attractive materials, but rarely attain substantial results. Find firms that can integrate more than one service. Involve executive leadership and sales management in identifying corporate goals. Ask your marketing company how they will measure the effectiveness of advertising or marketing campaigns.

Get Your Head Together and Your Budget Will Follow

Rethink your sales and marketing strategy in specific terms beyond just "growing sales". Conduct an open dialogue with some select marketing companies about the industries you wish to penetrate, the level of sales growth you desire, and the corporate image you mean to portray. Find out each marketing firm's approach if they had access to the three to ten percent budget number suggested above. Then ask how they will integrate all aspects of marketing into one cohesive plan? How will they measure results in order to identify what does and does not work? Balance their suggestions against your needs and goals and readjust your budget accordingly. The result will be a marketing budget built by you and a marketing specialist with the highest chance of success for growing your company.

Think Big. Spend Smart.

Use the three-to-ten percent of gross sales rule of thumb as a starting point for your marketing budget. Find a marketing firm that integrates multiple services into a cohesive, measurable marketing campaign. Once you find a firm you trust, work openly with them to construct a budget based on a total marketing strategy that supports your company's goals. The result will be faster growth, better profitability and greater success.

