

What Marketers Can Learn From Wall Street

THINK LIKE AN INVESTOR FOR BETTER
BUDGETING & PERFORMANCE

**LESSONS FROM THE FINANCE WORLD:
MAKE SMARTER MARKETING INVESTMENTS
& GET THE MOST OUT OF YOUR BUDGETS**

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IT'S ALL ABOUT BUCKS, KID. THE REST IS CONVERSATION.

GORDON GECKO, AS PLAYED BY MICHAEL DOUGLAS IN THE 1987 MOVIE 'WALL STREET'



Mention that you work in marketing at a cocktail party, and most people will assume that you get paid to be creative. It's not an unreasonable assumption, but that's only half of the story.

Much has been written about the ever-increasing pressure on marketing departments to prove the impact of their efforts. Yet until relatively recently, marketing was the one corner of the business world where decisions weren't necessarily based on dollars and cents, costs and benefits.

Back in marketing's "Mad Men" days of yesteryear, creative ideas were the main currency.

That era, of course, is long gone. It's no longer enough to be creative. Marketers are now expected to be full-fledged businesspeople, accountable to their departments and companies to deliver programs that increase revenue — and prove it.

Creative ideas are still essential, of course. But the main currency of a marketing department today is, well, currency.

Marketers are now expected to be full-fledged business people.

It's all about ROI. As marketers, we are stewards of the dollars entrusted to our care. CEOs and boards expect marketing organizations to be revenue-generating machines: dollars go in one side and sales opportunities come out the other.

In short, marketers are **investors**.

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AN INVESTMENT IN KNOWLEDGE PAYS THE BEST

BENJAMIN FRANKLIN

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MARKETERS ARE INVESTORS

It's time to think differently about the 'dollars & cents' side of marketing.

Let's face it: budgets and financial planning aren't the sexiest parts of a marketer's job. On the surface, budgets are boring. They're not visible to the public, they're not seen as creative, and they're often kept on headache-inducing and error-prone spreadsheets.

Indeed, there's a good chance you think of your marketing budget as a means to an end, or a hoop you need to jump through in order to get the funds to do your job. The financial side of marketing can be political, too. Tugs-of-war can erupt among

ambitious marketers when there are only a certain number of marketing dollars to go around.

Budgets are an opportunity to think strategically about where to 'place your bets'

However, this type of thinking doesn't recognize the more strategic side of marketing plans and budgets — they have more power than many marketers recognize.

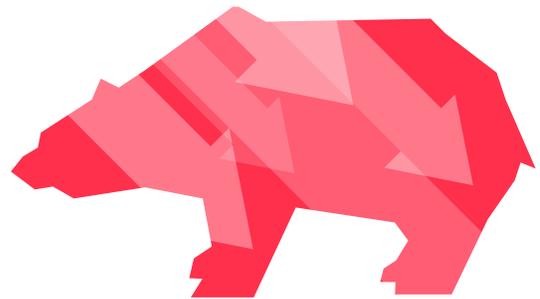
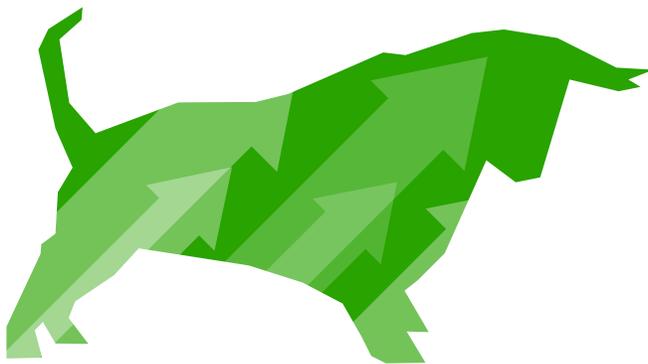
Budgets are strategic! They go far beyond just a simple list of cash outlays happening in the marketing organization. They're an opportunity to think strategically about where to 'place your bets': which activities, programs, sponsorships, etc. are worthy of your resources. Marketing investments are a core part of Marketing Performance Management (MPM).

The humble budget can be one of your biggest tools in running a marketing organization, not just doing marketing activities. One of the key findings of Allocadia's 2016 research into Marketing

Performance Management was that the best-performing marketing organizations focus on core operational data — including, you guessed it — marketing investments.

In this publication, we'll borrow the mindset of a financial investor. We'll explore three lessons the real investment pros on Wall Street can teach marketers about how to manage their marketing investments more strategically — which will ultimately lead to a better-organized, more united, and higher-performing marketing organization.

BULLS & BEARS



In the the financial world, a **bull market** shows the promise of stocks increasing in value. A **bear market** is the opposite: values are on a downward trend.

In this guide, our “bull” will highlight the benefits of our recommendations, while the “bear” will offer notes of caution and things to watch out for.

LESSON ONE:

MICRO FOCUS, MACRO PERSPECTIVE



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THE MOST VALUABLE
COMMODITY I KNOW
OF IS INFORMATION.

GORDON GECKO, AS PLAYED BY MICHAEL DOUGLAS IN THE 1987 MOVIE ‘WALL STREET’

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Wall Street’s best investors start with the big picture in mind.

They’ve constantly got their fingers on the pulse of what’s happening in the markets at the global, national, and industry levels.

You can bet your bottom dollar that long before pressing “buy” on a stock, a good investor hasn’t simply evaluated the performance of that one specific company. The pros also consider the company’s competitors, its industry, its geographical area, and the market as a whole. They combine a micro focus with a macro perspective.

WHAT MARKETERS CAN LEARN

A combination of micro and macro focus is essential for marketers when mapping out your budget dollars. Especially for Marketing Ops pros and Field Marketers, it can be tempting to put together a wish list of programs and activities without always stopping to consider what's happening at the macro level.

Factors like these can all have outsized effects on even the nitty-gritty details of a marketing budget or plan:

- **industry trends** (*How can I use insights from industry analysts or benchmark data in my strategic investment plan?*)
- **competitive threats** (*What are existing competitors doing, and which new ones are*

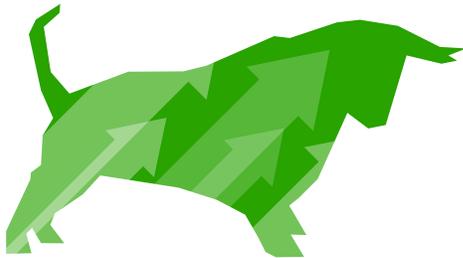
emerging? Where can I invest to stay ahead?)

- **trends in buying behaviour** (*Which investments will resonate best this year with my customers, buyers and prospects?*)
- **shifts in technology** (*What technologies do I need to invest in to bring my organization to the next level?*)

For example, armed with the awareness of a new well-funded competitor in your industry, your events team may choose to invest in making a bigger splash at industry conferences.

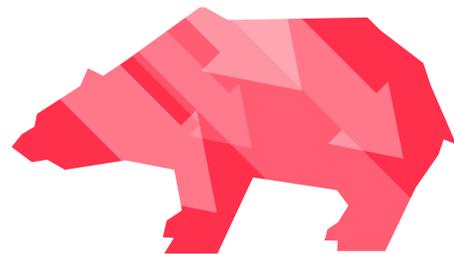
Marketing teams who keep the macro perspective in mind will be rewarded.

BULL & BEAR



When faced with a time crunch, many teams are tempted to resurface last year's budgets or plans and simply tweak them. But when marketers take the time to consider the macro factors affecting their world, their budget becomes something strategic to rally around. Rather than just mapping out where the team's dollars will be spent, a carefully-crafted marketing budget or plan communicates the team's strategy for how to help the company achieve its goals and triumph over its competition.

This macro/micro perspective introduces even more moving parts into the marketing planning cycle. In order to get the macro insights you'll need, you must gather insights from salespeople (who are in front of customers and prospects), product marketers (who are experts on the market and the competition) and even the CMO (who has their finger on the pulse of the company's strategic priorities). It's always a challenge to separate signal from noise.



LESSON TWO: STAY ON COURSE



KNOW WHAT YOU
OWN, AND KNOW
WHY YOU OWN IT.

PETER LYNCH, FORMER MANAGER OF VANGUARD'S MAGELLAN FUND,
CONSIDERED ONE OF THE BEST MUTUAL FUND MANAGERS OF ALL TIME



Investment pros have a very clear recipe for which investments go into their fund or portfolio. If they've promised that 30% of a fund will consist of American blue-chip company stocks, their clients expect them to stick to that — no matter what.

That's why, from the opening bell of the markets until the close of the business day, investors keep a keen eye on the performance of each stock and bond in their portfolio. The pros are sure to course-correct if they ever find that they've over- or under-invested in a particular area.

WHAT MARKETERS CAN LEARN

Marketing investors need to be conscious of their investment mixes, too.

Most enterprise organizations have a very clear set of company goals that the marketing team's efforts must support. For example, growth in Latin

America and current customer upsells may be identified as the two top priorities for the year ahead.

These priorities — the ones at the corporate level — should be your guide when allocating marketing budget dollars.

BULL & BEAR



When a marketing organization can prove how its plan supports the initiatives their company's leaders have identified as important, everyone benefits. The CMO gains the trust of her peers, while non-executive marketers will have an easier time knowing which activities to prioritize.

Marketers who spend in alignment with company priorities will also have an easier time advocating for more budget. When crunch time comes (and it always does!), they'll also be able to tell a convincing story about the impact of budget cuts — maybe even convincing enough to stop the cuts from happening!

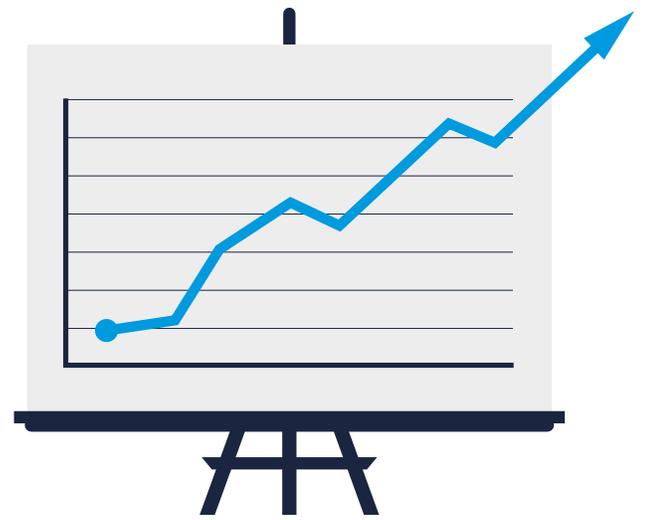
In a perfect world, every marketing penny spent would map perfectly to one or more corporate objectives. But some things we do in marketing simply don't lend themselves to easy categorization. The classic example is a trade show that you just have to attend because it's a 'who's who' of your industry. Don't expect every item on your budget to fit into neat little boxes.

As well, corporate goals can sometimes compete with each other. For example, your business probably wants to drive as much revenue as possible this quarter, yet also build a world-leading brand. From a marketing point of view, these goals may conflict — a careful balance must be struck.



LESSON THREE:

LEARN FROM PAST PERFORMANCE



IN THE BUSINESS WORLD,
THE REARVIEW MIRROR IS
ALWAYS CLEARER THAN
THE WINDSHIELD.

WARREN BUFFETT, LEGENDARY INVESTOR, WORLD'S THIRD-WEALTHIEST PERSON



People have long memories in the financial world.

Finance pros are constantly looking at the past performance of each individual stock in their portfolio, as well as their portfolios as a whole. Why?

While every investor knows that past performance does not guarantee future returns, it certainly does influence investors' decisions about where to place their money.

As well, if you're a professional investor, your job security depends entirely on the past performance of the dollars you manage. The best investors (and funds) thrive and are handsomely rewarded, while underperformers are quickly replaced. An investor's reputation is tied closely to his or her portfolio's performance.

WHAT MARKETERS CAN LEARN

One of the most frequent question a marketer faces is: ‘where should I invest my next dollar?’

The best way to answer that question is by looking to the past.

Examine a report on last year’s marketing performance and “pivot” according to specific objectives, product lines, geographies, and regions. This will reveal all kinds of interesting insights about where to place your bets.

Did your digital advertising campaigns make a huge impact in Europe? Were an outsized number of deals influenced by a particular live

conference? Did a big bet on industry analyst programs pay off in a major way? Let those past insights guide you as you plan the next period’s budget. It’s surprising how few marketers rely on anything more than gut feel when allocating funds.

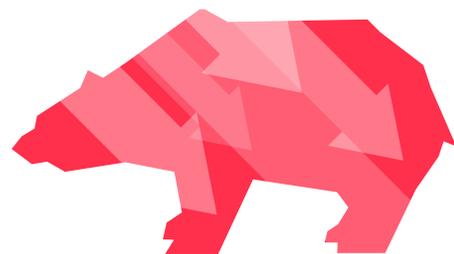
There’s another reason marketing leaders should keep tabs on their teams’ past performance. Like investors, CMOs are rated on how much revenue they helped drive. The best ones are rewarded with bonuses and additional budget dollars. Those who can’t quantify their impact will have a harder time holding onto their position in the C-suite.

BULL & BEAR



If you devote the time to take a hard look at past performance before allocating this year’s funds, you’ll get an additional benefit: the ability to set meaningful performance goals. The better you understand your past performance, the better you’ll be able to know whether you’ve managed to surpass it.

This is far harder to accomplish than it sounds. In Allocadia’s 2016 survey on marketing maturity, only 9% of marketers report they have full visibility into past marketing investments and 56% of marketers have below average visibility. To fully understand your marketing performance you’ll need a system or tool that can tie your spend to results.



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SUCCESSFUL INVESTING PROFESSIONALS ARE DISCIPLINED AND CONSISTENT AND THEY THINK A GREAT DEAL ABOUT WHAT THEY DO AND HOW THEY DO IT.

BENJAMIN GRAHAM, BRITISH-BORN AMERICAN ECONOMIST AND
PROFESSIONAL INVESTOR, CONSIDERED THE FATHER OF VALUE INVESTING

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Just like the pros who work at Wall Street firms, marketers are stewards of someone else's resources.

Marketers are allotted money and time with the expectation that they'll produce a positive return. That return could come in the form of leads, web visitors, brand equity, or a host of other factors depending on the nature of the business. But the ultimate way marketing investors return value to their companies is in the form of revenue.

Working in marketing can be creative, experimental

and often fun. However, by applying a little of the disciplined, analytical thinking common to the

**Marketers are stewards of
someone else's resources.**

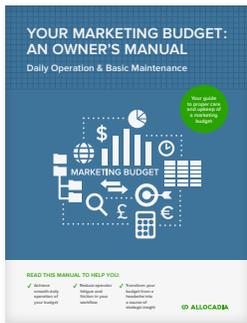
world's best financial investors, marketers can become the best possible managers of every dollar entrusted to their care.

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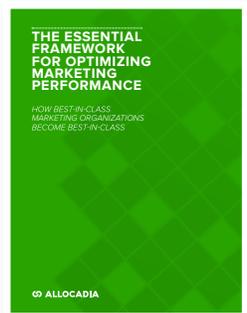
THE GOLD MEDAL PLAYBOOK OF MARKETING PLANNING

This 14-page playbook outlines the three levels of strategic marketing planning: Bronze, Silver and Gold. Putting them into practice will help you successfully advocate for more budget and increase your leadership team’s confidence in marketing’s outcomes.



YOUR MARKETING BUDGET: AN OWNER’S GUIDE

This is the instruction manual your marketing budget should have come with, but didn’t. Tips, guidance and best practices to turn your marketing budget from a headache into a source of strategic insight for your marketing team.



THE ESSENTIAL FRAMEWORK FOR OPTIMIZING MARKETING PERFORMANCE

Every marketing organization has a different level of maturity when it comes to the process, people tools related to its marketing performance. This publication will help you understand where your company stands today, and how to improve. There’s also an online interactive assessment tool — try it!

ALLOCADIA

Allocadia is purpose-built to help marketing teams manage their marketing investments and truly understand their marketing performance.

To learn more about how Allocadia could help you become a better marketing investor, visit allocadia.com or contact us at hello@allocadia.com — we’d love to show you how our software works with a [custom demo!](#)

