



## WHICH OUTSOURCED MARKETING PARTNER IS RIGHT FOR YOU?

by Donna McFadden | Marketing Research Strategist  
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Business philosophies are changing. At one point, organizations maintained all or most business functions in-house as a way to protect competitive and sensitive information. Today, however, the trend favors outsourcing as a way to accomplish all key tasks while allowing in-house expertise to focus on core activities. Although marketing is “core”, many firms are taking advantage of outsourcing in order to capitalize on expertise at significantly reduced costs.

### Benefits of Outsourced Marketing

The benefits associated with outsourced marketing are many and have been touted in numerous articles. Briefly, these benefits include the ability to ramp up or scale down marketing efforts as need and budget dictate, enhanced innovation, lower labor costs, reduction in downtime associated with new product or service implementation, access to award-winning expertise, the ability to focus in-house expertise on core operations and the ability to capitalize on the vendor's economies of scale. Outsourcing provides small and mid-size companies with access to marketing strategies and tactics in line with those developed by larger companies who maintain in-house expertise on the payroll. For many organizations, the major benefit is directly related to dollars saved.

Professionals in design, corporate communications, advertising, public relations, and strategic and competitive positioning command top salaries in the marketplace. Statistics published by the U.S. Census Bureau confirm the average hourly wage for professional, specialty and technical workers in 2003 was \$27.73 per hour in the private sector. When salaries, company benefits and benefits required by law are added together, the cost of keeping one entry or mid-level marketing professional on the payroll can top \$41 per hour, or \$80,000 plus a year. And, as many organizations have learned, it takes far more than one professional to create and maintain a strong market presence.

The cost per hour is exceedingly higher for outside expertise, yet the costs associated with the marketing function are actually lower in the long run. Professionals associated with outsourcing firms are experts in their field, which reduces the time needed to accomplish each specific project. Further, these experts have the experience and contacts needed to maximize the value of every marketing dollar spent. When you add the value of high quality, the price of outsourcing is considerably lower than that of maintaining a staff of in-house professionals.

### The Key to Outsourcing Success is in Vendor Selection

Outsourcing part or all of the marketing function in no way guarantees a company will realize all of the possible benefits. If not handled properly, outsourced marketing can lead to increased business risks, delays or missed deadlines, drops in levels of employee satisfaction, and unexpected costs. Marketing in today's business environment is exceedingly complex, with most organizations needing both creative and strategic marketing to gain and maintain a competitive edge. Rapid changes in national and global markets, lower barriers to entry, and changes in consumer needs and tastes require organizations to keep track of a large number of variables. The right outsourced marketing partner can help an organization take advantage of opportunities, maximize strengths, and reduce the risks associated with weaknesses because it has access to expertise and data many firms do not.

### Matching Vendors to Organizational Needs

Avoiding the pitfalls associated with outsourcing requires the same level of due diligence as other strategic business efforts. The first step involves an in-depth analysis to determine organizational needs. Smaller or midsize organizations may prefer to outsource the entire marketing function while larger organizations may use outsourcing as a way to eliminate overtime during crunch situations or to handle special projects on a case-by-case basis. Other organizations may have a good strategic plan yet lack detailed knowledge concerning media placement and promotion. Gaining a firm understanding of business needs is the first step in knowing what questions to ask prospective vendors

Asking the right questions during the vendor selection process can help eliminate potential problems down the road. Is the vendor experienced in handling small and multi-million dollar accounts? Does the vendor offer customized marketing packages? Is the vendor willing to negotiate shorter-term contracts or to partner with the company on a project-by-project basis without a contract? Does the vendor have access to top level, high quality expertise in a variety of areas and industries? Does the vendor offer detailed project scopes with clauses that protect the company from cost overruns? Is the outsourcing vendor dedicated to working on projects from the customer's point of view? Is the protection of intellectual and proprietary customer information cemented in writing? Does the vendor offer project management?

### It's All in the Details

A vital area of concern in vendor selection deals with the specifics of the contract. When the outsourcing vendor requires long-term contracts, companies may witness a drop in the quality of services provided or an increase in costs. Without detailed project scopes, cost overruns can eliminate any cost-savings potential. Managers may feel left out of the decision making process if one-on-one project management is not part of the vendor's offerings. Moreover, many companies may find they pay significantly higher costs for their marketing endeavors if their selected vendor does not offer customized packages tailored to fit a company's specific needs.

The key to avoiding the pitfalls of outsourcing begins with choosing the right marketing partner for your company's strategic needs. Dedicating time and resources to the due diligence effort during the vendor selection process eliminates surprises down the road and ensures marketing dollars are spent on the purposes intended. That's outsourcing the right way!

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