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# Outsourcing The Marketing Function

by JOHN R. GRAHAM

Not only is everything moving faster than ever, everything is questioned. "How can we do this better, faster and at less cost?" This question is the mantra of today's business.

Examples are found everywhere. Hewlett-Packard's extraordinary \$199.95 laser printer comes with a "starter" toner cartridge. It's like the emergency tire tucked away somewhere in your car. If you don't want to be caught running out of toner after the first 50 pages, you'd better buy a regular cartridge when you order the printer.

The logo on the steering wheel of a recent Honda CRV is simply embossed in the vinyl covering, saving a few cents. The vehicle also came with one armrest, on the driver's side — another savings.

Retailers offer extra savings if we order on the Internet. Fewer customers coming to the stores translate into reduced overhead. Is it just a coincidence that mall traffic is dropping?

And then there's the rush to move millions of white-collar jobs overseas. It started with computer programming, now it encompasses help desks and call centers. What's next? Count on it — there will be a "next."

Finding ways to wring out costs while getting the desired results is the way of life in business today.

But what about a company's marketing functions? Those in charge of marketing complain about slashed budgets, while the threat of further reductions hangs over their heads like a Damocles sword.

It's ironic that this occurs the very moment when the need for "integrated marketing" is the greatest. The most efficient way to maximize the effectiveness of every marketing dollar is to design a marketing strategy that results in the whole becoming greater than the sum of the individual marketing activities.

Yet, even in larger companies, marketing is often handled by one or two people who spend virtually all of their time meeting marketing vendors. What little time may be left is more than absorbed by a

myriad management tasks that pile up after staff reductions in other parts of the company.

The outsourcing of the marketing functions is an intriguing alternative to the once robust in-house marketing staff and its "ad agency."

Four years ago, a large regional agri-business downsized its home office staff, including its marketing vice president and support personnel. Its ad agency was let go about the same time.

In the place of all this, it engaged the services of a marketing agency and charged it with the responsibility to develop, implement and manage an integrated marketing program. Not only was the new program far more comprehensive and inclusive, it moved ahead fast and effectively.

Instead of managing a series of vendors, the vice president of marketing and sales managed the process and had at his disposal a

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flexible, multi-skilled organization operating at all times. He was free to spend his time leading rather than coordinating.

The marketing agency served as a valued resource, providing the vice president with the broad range of business and marketing experience that helped him make sound decisions. At the same time, the agency's implementation capabilities brought about the desired result in an integrated marketing effort.

Outsourcing the marketing function to a marketing agency has distinct benefits that parallel the benefits manufacturers enjoy when working with independent manufacturers' representatives.

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### **The Focus is on the Customer**

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The major hurdle for any in-house marketing organization is serving its only worthy master — the customer. The management pressures, not to speak of those involving job preservation, tend to skew the way marketing programs are conceived and implemented. There's no effective buffer between management and the marketers.

Even though the in-house marketer presses to keep the eye on the customer, forces from above push for a more "corporate-oriented" approach. What started out as customer focus shifts to one that is far more about "us."

Can a marketing agency avoid all such pressures? Of course not. But with a broad range of experience in "having been there and done that," it can offer a level of assistance that can help keep the marketing focus where it belongs — on the customer.

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### **Immersed in Your Whole Business**

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The issue is marketing integration, a goal that's difficult to achieve when the tasks are divided among various vendors. Each one sees only their part of the total program and they naturally contend for a bigger piece of the marketing pie.

On the other hand, the single-source marketing agency is charged with both a total picture responsibility and implementation duties. The marketing vision emerges from working together, performing the necessary research, analyzing results, developing and testing programs, making changes, and reacting to emergency situations with eyes that are immersed in your business.

Ad agencies strive to drive customers to a banner ad. Direct marketers carefully document the return on their offers.

But what does this really tell us? Do people buy now and not later? How many customers were attracted by the campaign and what was their lifetime value?

The result is missed opportunities to acquire, convert and retain customers. A vendor approach tends to obscure vision and sees marketing as a series of pigeon-hole-type activities. Michael Eisner does not focus on how Disney's profitability can be improved. Rather, he asks the question, "How much does a family spend on a vacation and what percent of that can Disney capture?" This strategy opens new markets such as hotels, taxis and restaurants.

ROI needs to be viewed in terms of increasing overall mar-

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ket share, rather than the isolated response to a single effort.

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### **Keeping the Right Focus**

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"Why does it take marketing so long to get anything done? By the time they get around to it, we've missed the opportunity." Marketing is constantly under fire, particularly from the sales department. At the same time, marketing finds itself inundated with time-draining tasks and describes itself as the "dumping department."

At the same time, the outsourced marketing department is better positioned to remain focused on the agreed-upon responsibilities. Yet, it has the flexibility to bring more of its staff to work on special projects while fulfilling the regular marketing tasks.

This is no minor matter. Being close to the client is necessary, but maintaining a businesslike distance on the other hand helps filter out those tasks which eat up time and deflect energy and resources from the primary mission.

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## Speed and Efficiency

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The right marketing agency is prepared to handle contingencies. When emergencies arise — and they always do — the systems are in place to bring together the disciplines required to deal with the exigencies of the situation. The players are always prepared to act. They know and understand the account because they have been working on it as a team. As a result, they are a tested and efficient resource.

Always being up to speed is a benefit of having the outsourced marketing resource on board.

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## Integrated Disciplines

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The value of the single-source approach is not simply having a variety of disciplines under one roof, although that is a distinct benefit. While various disciplines — such as advertising, direct mail and public relations — are readily available individually, having them on a team that works together all the time, sharing the same marketing philosophy and focusing on a unified objective, is the true benefit.

Having the disciplines on the same team frees the participants from constantly thinking about how to grab a larger share of the business. Here's the point: Downsized in-house or minimally staffed marketing departments inevitably become dependent on vendors, not just for quality and timely implementation, but as the source of ideas, even though the vendor is not immersed in the client's business.

While any vendor should be expected to offer recommendations for carrying out a project in

the most cost-effective way, it's not the vendor's project. The role is filling an implementation need — nothing more.

The challenge is not just getting a prospect out the door, but getting it launched so that it meets the agreed-upon objectives and fits properly into an integrated marketing effort. That's where the marketing agency is key.

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## Getting the Job Done Right

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Like anyone else in a company, marketing directors have both strengths and weaknesses. It shouldn't be surprising that a company's marketing activities tend to reflect the individual's capabilities and interests.

A marketing agency developed a multi-faceted program for a fashion manufacturer that provided support for the company's retail channel; assistance for the sales force; and consumer awareness activities, including a highly successful community relations program. When a new in-house marketing director was hired, the

individual took a "vendor approach." The results were a damaging loss of creativity, unity, consistency and quality in the marketing activities.

Missed deadlines became the rule, not the exception. Although in-house staff was added, everyone was spread so thin the stress level was damaging.

On the other hand, the marketing firm was set up to be more fluid and flexible to adapt to changing needs on a consistent basis.

In summary, the marketing agency as the outsourced marketing department offers perhaps the best opportunity for companies to achieve the objective of integrated marketing — of looking at the whole, instead of just dealing with advertising, PR, direct mail and media relations.

Because the outsourced marketing function is close to the company — far closer than the average ad agency relationship, for example, but still not within the company itself — it can bring insights from its total experience to bear on meeting a client's business objectives. □

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