

Manage Marketing With a Budget

By Jean Marie Caragher

Partners continue to demand a return on marketing investment. This is not possible without a marketing budget. Your budget provides the financial resources required to implement your marketing plan and track your return on investment.

There are at least two ways you can look at developing your firm's marketing budget. First, you can look at the amount spent in the prior year and increase/decrease, as appropriate. Second, you can look at what you would like your firm to accomplish in the upcoming year and determine the amount necessary to help make it happen. The latter strategy is proactive and gives your marketing program a greater chance to succeed.

Focused on niches

Michelle Class, marketing manager, Barnes, Dennig & Co. (11 partners, 92 total staff, 1 office) has been responsible for developing her firm's marketing budget for the past six years. Class starts the process in mid-September and forwards the draft budget to the controller by mid-October. She also evaluates the "surprise" categories with her managing partner.

"Our marketing plan and budget focus on our niches," explains Class. "Our budget categories include four industry niches, two service niches, public relations, referral source development, promotions and firm development (activities

with prospective clients, membership dues and anything that isn't niche related)."

The largest portion of Barnes Dennig's marketing budget—23%—is client development, including entertainment and sponsorships. The next largest line item is charitable contributions, at 12%. "I've learned to think like an accountant," says Class. "Standards have been set for our charitable contributions. We evaluate the number of relationships a contribution may impact before it is approved."

Barnes Dennig organizes 20 seminars each year. The marketing budget helps Class determine the number of joint venture sponsors that are needed.

Barnes Dennig's marketing budget is 2.59% of net revenue, not including marketing staff salaries. Each month, Class prepares a Monthly Allocation Sheet indicating the marketing dollars being spent that month. "This is a great cash flow tool for our managing partner and controller," says Michelle.

Focused on projects

Brian Falony, director of marketing, Habif, Arogeti & Wynne

(24 partners, 200 total staff, 1 office) creates the firm's marketing budget around marketing projects.

Falony reviews the prior year's budget. Then he meets with each practice group director and other key partners to determine the marketing projects necessary to achieve their revenue goals. "Tying the budget to specific projects enables us to discuss the expected results," says Falony.

What Falony calls marketing infrastructure items, for example, advertising databases, are determined without partner input. "The budget is reviewed by our Executive Committee," explains Falony. "If reductions are necessary, then I determine how the budget will be reduced." HA&W's marketing budget is 2.8% of net revenue, including marketing staff salaries.

Start with a marketing audit

Jill Lock, director of marketing, Isdaner & Co. (9 partners, 65 total staff, 1 office) created the firm's first marketing budget when she joined Isdaner & Co. four years ago.

"I conduct a marketing audit every year to help determine

	Managing Partner Responses	Marketing Professional Responses
Less than 1%	2%	11%
1%-2%	29%	23%
2.1%-3%	35%	31%
3.1%-4%	15%	8%
4.1%-5%	8%	5%
5.1% or more	4%	1%
I don't know	6%	17%