



Tactical Skills
for the Growing Business

Secret Formula For A Social Media Marketing Budget

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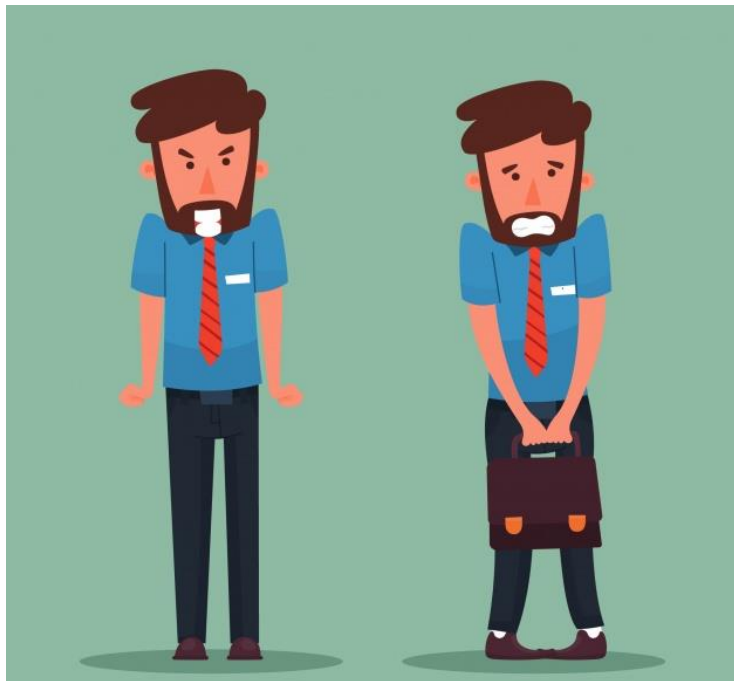


Jason Johnson

Chief Marlin

I am the owner of Marlin Consulting Solutions. Marlin Consulting Solutions is an internet marketing company located right here in beautiful North East Florida.

We have helped businesses generate leads and market effectively online for the last 10 years. We are a Google Badged Agency, AgileCRM, GroundHogg, Call Rail, and Grow with Google Certified Partner.



**Determining a
marketing budget
can be frustrating**

Are you investing enough?



**Are your marketing dollars
being spent efficiently?**



**How do you know
if what you're
doing is working
or not?**




2018

What worked last year
isn't necessarily going
to work this year.

2019

**What works to attract
one type of client may
not work for another.**

A solid green horizontal bar with a decorative notch on the left side, spanning the bottom of the slide.

For many years, I have watched companies struggle with this



Over the past 20 years, however, I've discovered that there are two simple equations that can take a lot of the guesswork out of the process.



- If $T \leq 5$ then 15% of Gross Revenue / 4 - Labor Cost
- If $T \geq 5$ then 10% of Gross Revenue - Labor Cost



Let's take a step back...

There are subjective answers that are easily disprovable from one budget period to another.



The Marketing Budget Dilemma

A lot of companies tend to have a **love/hate** relationship with social media marketing



They **love** to talk about how wonderful their brand, products and services are, and to see them advertised in print and video.



They **hate** that their audience often doesn't seem to identify with or buy in to the brand narrative they've created.



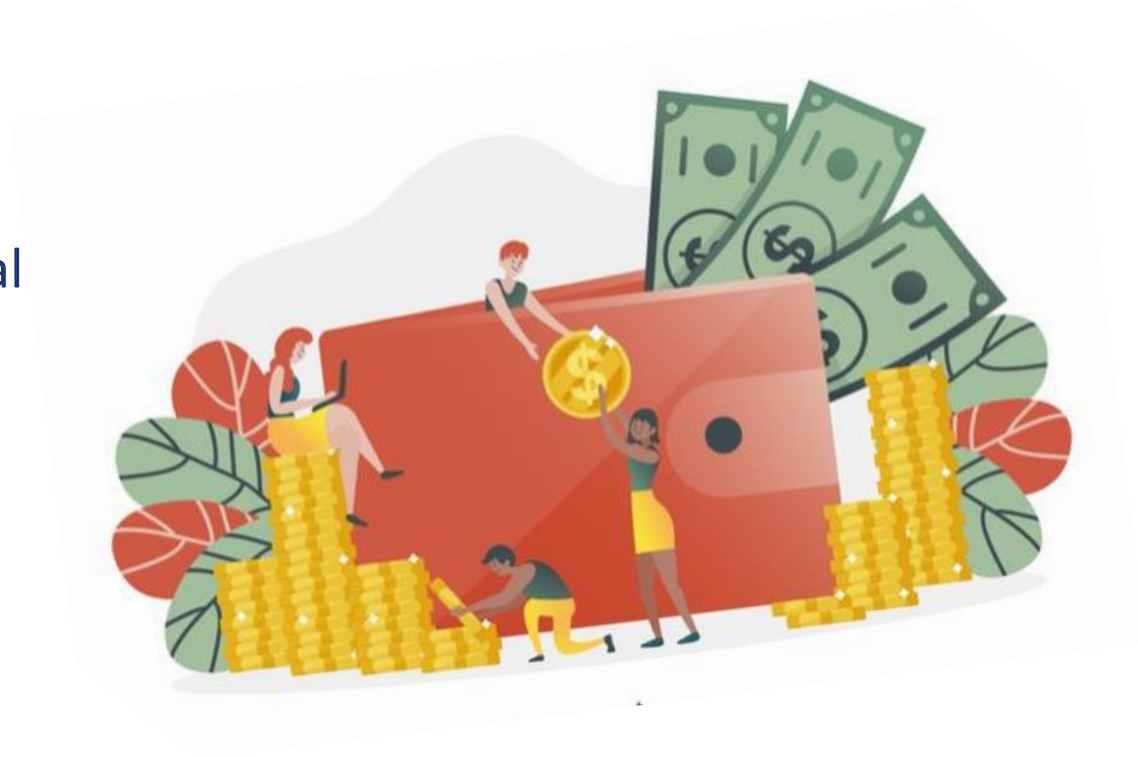
They **love** buying marketing tools and services so they don't have to hire experienced marketing staff.



They **hate** paying for these tools and services when they don't have experienced staff who will be able to **learn how to use** them.



There are lots of businesses that claim to have large social marketing budgets.



More often than not,
the lion's share of those
budgets is actually **in**
sales, not **marketing**



There's a good reason
for this: **Sales have
an obvious impact**
on the bottom line.

**Social Media
Marketing**, not so
much.





When a company figures out marketing they'll happily invest in it. FACT



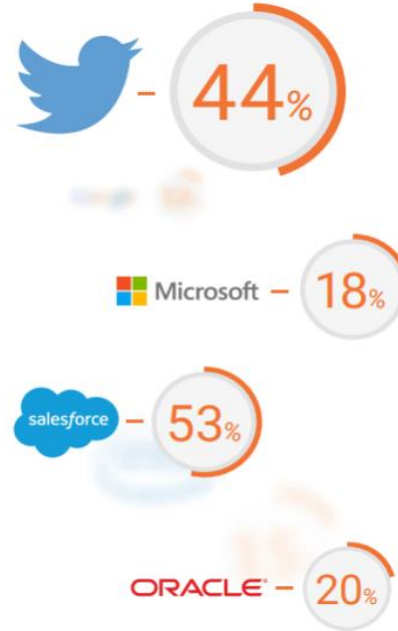


But figuring out the value and the cost of the marketing efforts can be elusive – and it often gets put on the back burner as a result.

Still, the benefits of marketing are clear. All successful companies invest a significant amount in marketing tools and services



Marketing Budgets of Major companies



Going back to our first equations

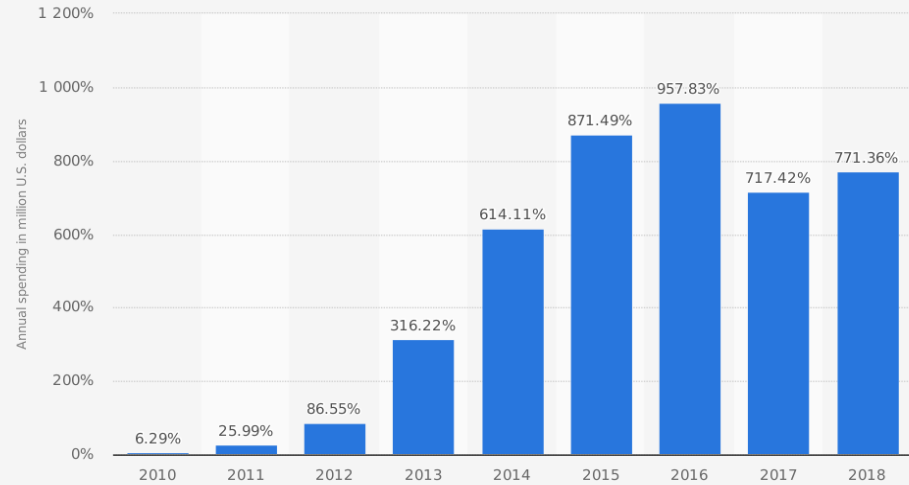
- If $T \leq 5$ then 15% of Gross Revenue / 4 - Labor Cost
- If $T \geq 5$ then 10% of Gross Revenue - Labor Cost

Spending more, however, does not automatically mean you will see more revenue. It all depends on how you spend the money.



There are reports that companies like **Twitter** and **Salesforce** put a lot more than **10 percent** into their marketing,

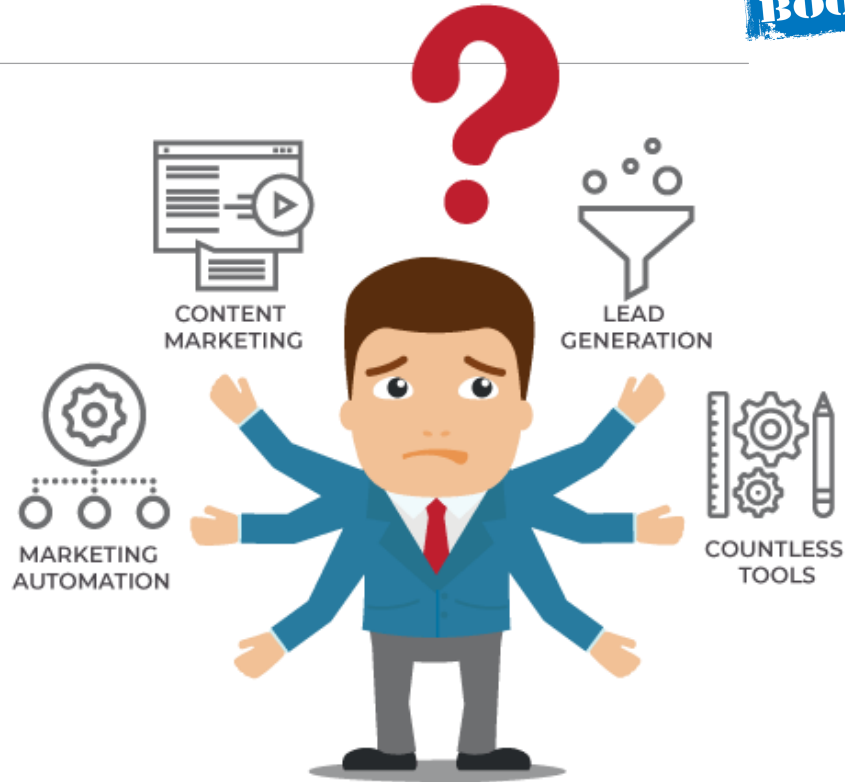
**Annual sales and marketing expenditure of Twitter from 2010 to 2018
(in million U.S. dollars)**



Source
Twitter
© Statista 2019

Additional Information:
Worldwide; Twitter; 2010 to 2018

But as we have mentioned, those numbers usually include sales infrastructure.



Let me reiterate



Sales is not

marketing



If your marketing budget includes sales, and it stands at 10 percent, your actual marketing budget is more likely around 3 percent.





This creates a classic conflict between sales and marketing staff.

Marketing blames Sales for being incompetent, and Sales blames Marketing for being clueless.



In the end, the real blame lies in the C-suite for not properly allocating resources.



It's not just about money.
It's about time and
resources, too.



No matter how much you spend on the right tools and services, if you put little or no strategic thought into your marketing and just emulate what your competitors are doing,



You'll see minimal ROI.





Take the real estate industry, for example.

We have been doing some significant work with real estate agents in the past two years, and to their credit, they generally spend money on the right marketing tools and services.



The problem is that most of them don't actually use the tools, and they often regret having spent that money because they don't see the ROI they hoped for.



Very few agents actually use their resources effectively, which ends in them wasting a great deal of time.



Just spending the right amount of cash is not the complete answer. You can have all the latest gadgets and tools, but without the knowledge to use them, they are as useful as a bag of rocks.



And that brings us to another equation...



Time Equals Money (T = \$)

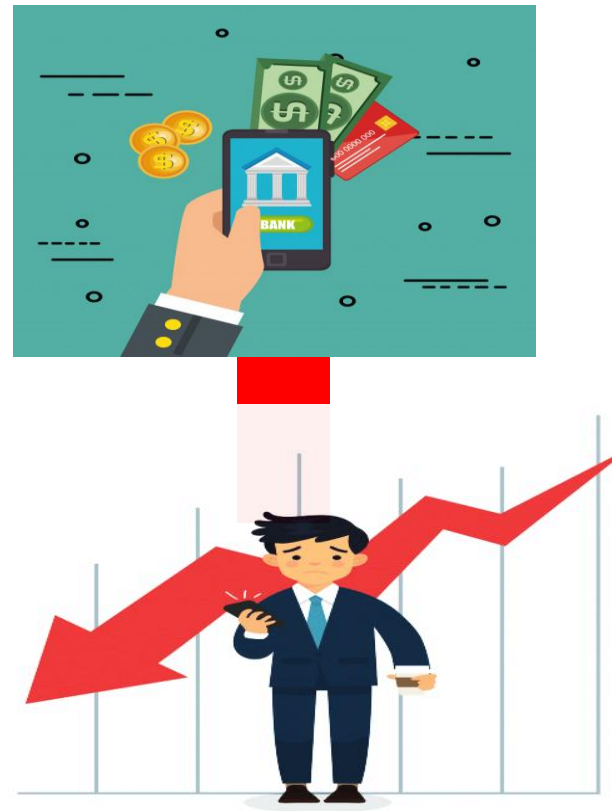
Personnel is an integral part of the budgeting process, so when you are looking at **how much money you are budgeting for marketing**, factor in the time it takes for people to learn and use the tools and services you invest **in**.



For example, let's look at marketing automation.



Many companies in several industries are adopting software and services but few are getting maximum results.



Company managers often seem to think that simply having a platform in place is enough to drive sales.



If you spend big money on marketing tools but hire inexperienced personnel to manage it (or don't devote any personnel to it at all)

You won't get optimal results, and the tools will end up being a wasted investment.



Lacking competent personnel
degrades the ability of the tools and
services to deliver ROI.



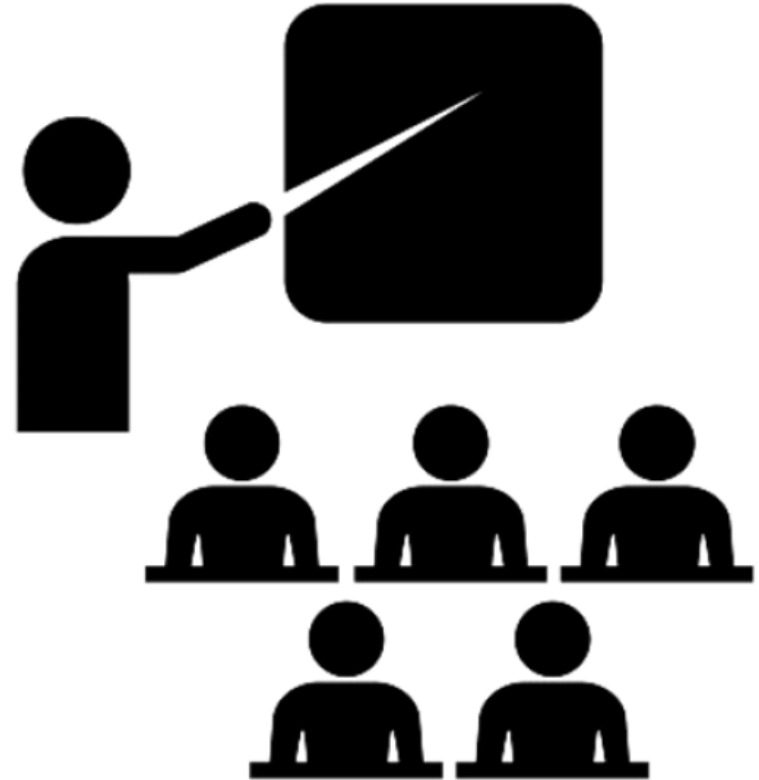


A study released by **CMO magazine** in February showed that even market leaders, despite investing heavily in analytics tools

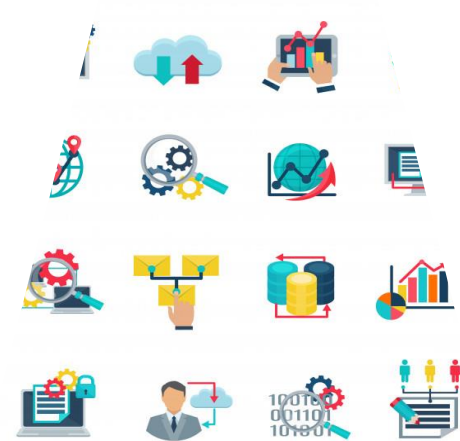
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■■■ are not getting a significant return on their investment due to lack of training and personnel.

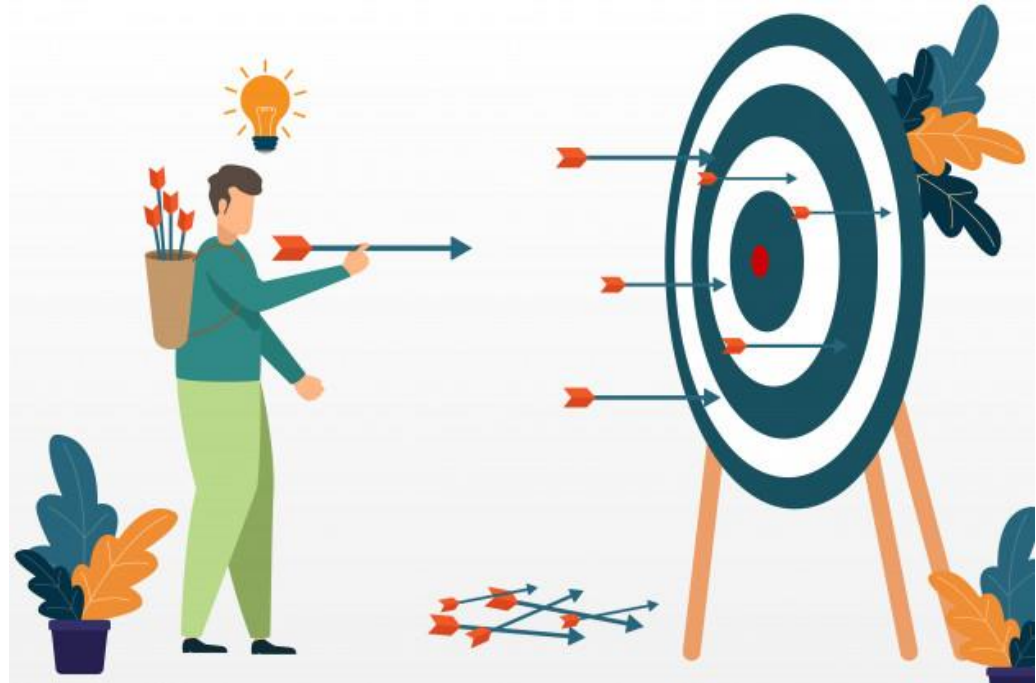


And because they are not seeing the ROI, they are reluctant to apply analytics to almost 70 percent of their marketing programs.



Coming Up With That Magic Number

So when you are determining your marketing budget, you have to think about more than how much the tools cost.



You also have to factor in the time you and your staff will have to put into the program, because **T = \$**.



How does this play out from a practical standpoint:



First Step

- ☐ Take a look at your marketing team and identify who is full-time and who is part-time.
- ☐ Add up the hours they put into marketing,
- ☐ Divide their salaries by the number of hours.

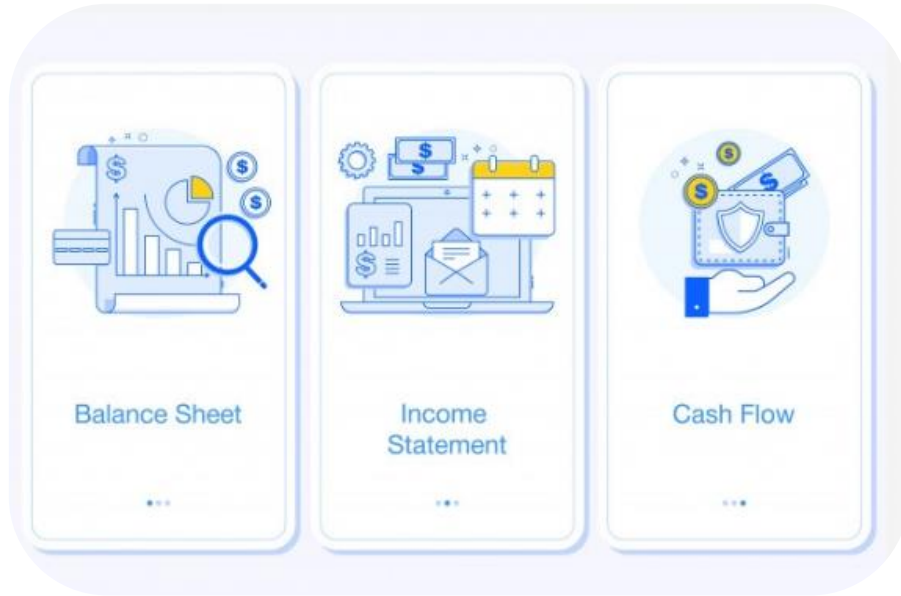
That will give you the hourly time investment in the form of cash.

Second Step

Then take a look at how much you spent last year on external services (events, tools, agencies). Add this amount to your internal investments.



Third Step



Next: Compare that total to your end-of-year revenue.



If you are right around **10 percent**, then you did OK.



Now, consider what you want to do in the coming 12 months.

Is that budget, including expenditures and personnel time, sufficient for driving you to your goal?



If not, then you need to
consider a greater
investment.



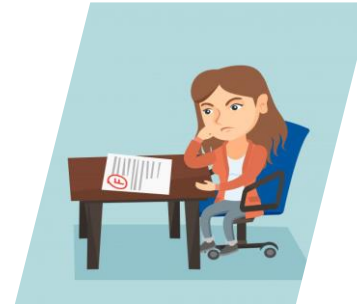


The question is, **people** or **services**?

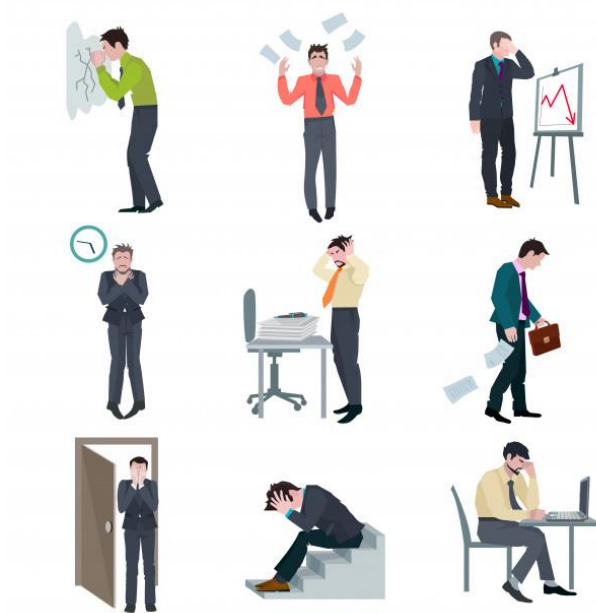
The answer is **both**.



If you hire experienced personnel but don't give them adequate tools, you won't get optimal results.



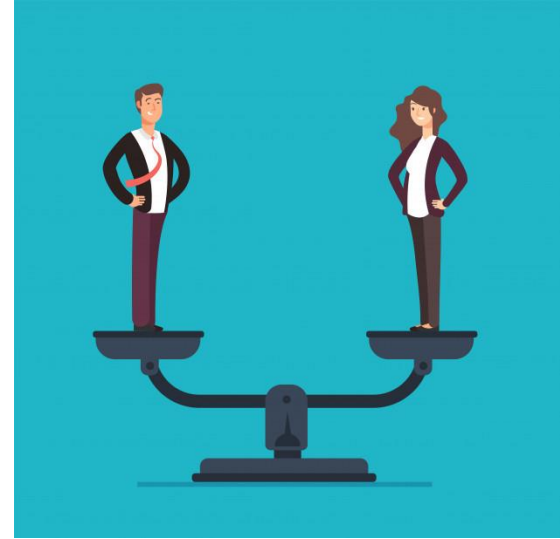
Similarly, if you spend all of your budget on tools and services without bringing in experienced team members, or at least investing significantly in training, you will also be disappointed in those results.



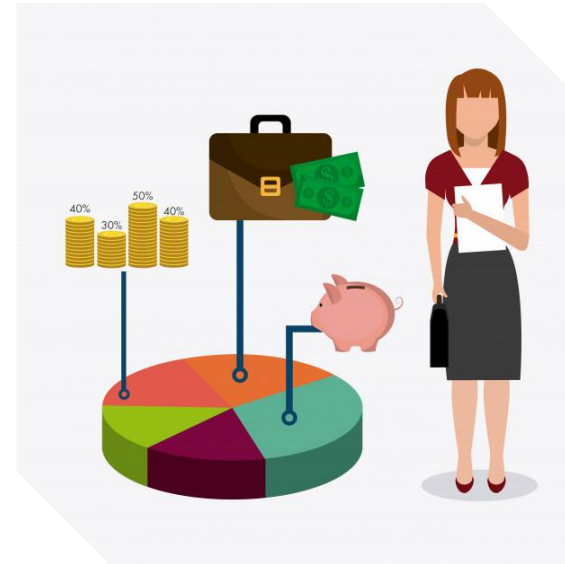
The evidence is pretty clear that a modest investment in marketing tools and services offers a positive ROI, but you don't have to be spending a ton of cash to make it happen.



It's all about finding the right
balance and allocating your
resources in optimal ways



Just because you don't think you have enough money to spend **10 percent** (or even **5 percent**) of your revenue on marketing services, that doesn't mean you don't have the resources to do it.



ANY FINAL QUESTIONS



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