
THE CMO POCKET GUIDE TO

SELLING INBOUND

TO A CFO

AUTHORS

WRITTEN BY JOHN KINZER, JD SHERMAN, MIKE VOLPE
& LAURIE AQUILANTE



John Kinzer
Chief Financial Officer
HubSpot
[@jkinzer](#)



Mike Volpe
Chief Marketing Officer
HubSpot
[@mvolpe](#)



JD Sherman
Chief Operating Officer
HubSpot
[@J_D_Sherman](#)



Laurie Aquilante
Corporate Marketing Manager
HubSpot
[@LAquilante](#)

CONTENTS

- Introduction
- CFO Pressures & Concerns
- Speaking the CFO's Language
- Speak Finance to Explain Inbound Marketing
- Why CFOs Relate Well to PPC
- Handling C-Suite Objections to Inbound Marketing
- How to Present “*Optimizing Our Marketing Investment with Inbound*” to your CFO

INTRODUCTION

As a CMO, you know Marketing must make radical changes over the next few years to prove its value to your company. You've been watching how inbound marketing is outperforming traditional marketing. Every day you hear about how another brand leader is growing its business because of inbound marketing.

If you're reading this, you've probably implemented pieces of inbound marketing, but have realized that pieces here and there aren't enough anymore. You need to shift resources around (or get more of them) to make the changes needed to increase lead generation, reduce costs, and grow new markets. ***But between you and your vision for more effective marketing is your C-suite — especially your CFO, and in many cases, your CEO.***

We've been hearing from CMOs how hard they struggle to convey the value of inbound marketing. Despite their many successes, they express frustration in getting their message across to the C-Suite, and CFOs in particular.

They asked for resources to help make a business case for inbound. A case that the C-Suite would hear, get excited about, and endorse.

This offer: ***Proving The Value of Inbound: The Ultimate Kit for Convincing Your CFO*** is the result. It's designed to help you use financial terms in ways that make light bulbs go off in your C-Suite's heads.

INTRODUCTION (CONT'D)

Devour this pocket guide. Customize the accompanying presentation with your own firm's data and perspective. When you're done, we bet your C-Suite will finally "get" the value of inbound marketing. And you'll finally be able to implement your inbound marketing vision.

With inbound, everything's digital and its analytics play a major part in **attributing dollars spent to revenue generated**. (←Remember that phrase.) Today, with some companies spending as much as 10% of their annual budgets on marketing, putting hard numbers against marketing performance is **music to the C-Suite's ears**. That's inbound marketing's strength. That's the key to opening the C-Suite's minds and winning their support.

CFO PRESSURES & CONCERNS

It's easy for us to get wrapped up in our own responsibilities and forget to walk a mile in someone else's shoes. And the [more alien their perspective](#) the harder that can be to do. So although you and your CFO share similar pressures, he has profit and growth objectives for the company, with a finite budget. And he still needs to get ROI from the firm's investments.

CFOs are always thinking about:

- Profit
- Shareholder value (think: value of the company's stock)
- Return on investment
- Finding and pursuing the right growth strategies
- Measuring and monitoring business performance
- Controlling spending and doing more with less

SHOW GENUINE INTEREST IN YOUR CFO'S WORLD

Find opportunities to [get to know your CFO better](#). Ask about what issues she's up against in that moment. Pay close attention to what she says. Ask questions to learn more and to show you're paying attention and are truly interested.

It will become easier to create an authentic connection with her when you come to understand her concerns, and learn about her on a more personal level. More importantly, you'll learn what her hot buttons are, what matters most to her.

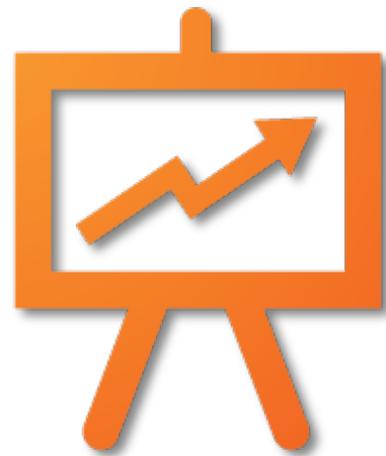
CFO PRESSURES & CONCERNS (CONT'D)

As you become more adept with the financial terms we'll discuss in a bit, you'll find it easier to help her understand what you're doing in marketing, how that relates to company performance, and why she should care.

HOW DO YOU GET YOUR CFO TO SEE THAT INBOUND MARKETING IS WORTH THE LONG-TERM INVESTMENT?

Prove that a dedicated approach to inbound can provide greater returns. Show that the longer you wait to do it, the longer it will take to get those results.

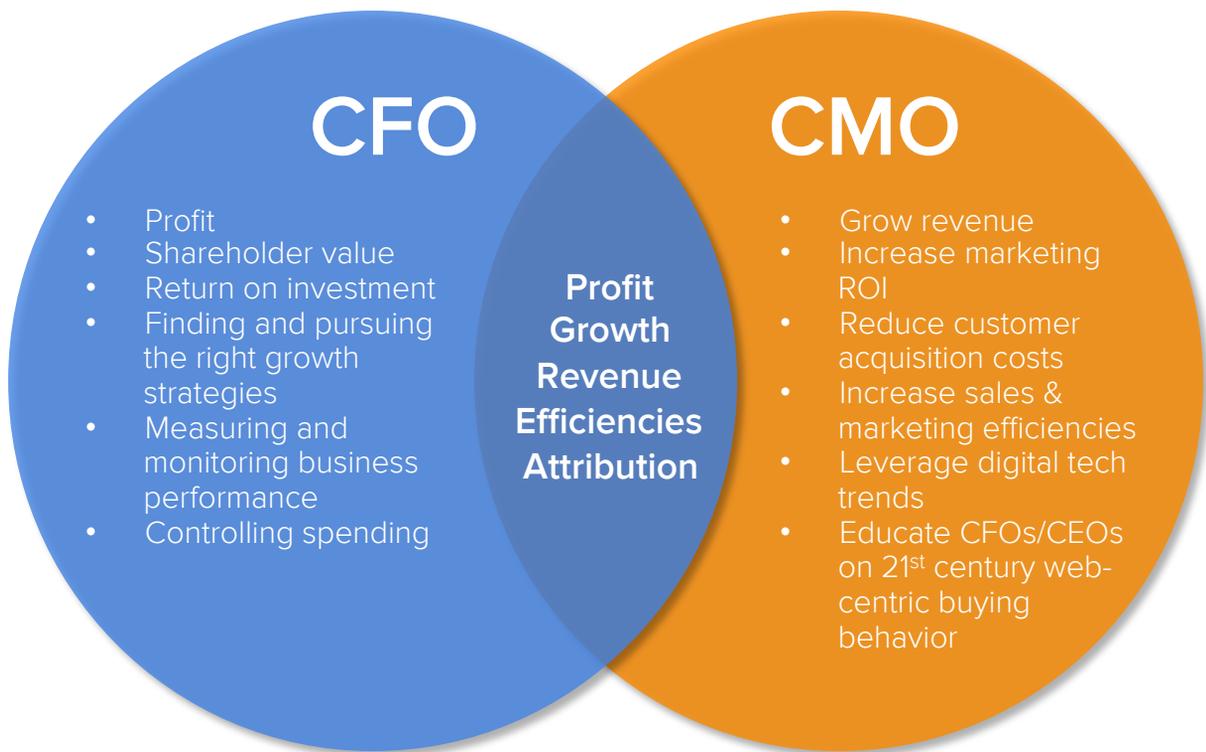
CFOs are all about the data and measuring results. They look to marketing to add to the company's bottom line in an easily **attributable, predictable, and efficient way.** (←Those are the reasons why PPC advertising often makes sense to them.)



We'll talk more about this later.

FIND COMMON GROUND

Build your partnership on inbound marketing **increasing profits and revenues through greater efficiencies** because inbound marketing is **measurable, predictable, and attributable**.



SPEAKING THE CFO'S LANGUAGE

For Marketing and Finance to become true partners and build trust, you [must speak a common language.](#)

Here are three tips when communicating with your CFO:

- ① Explain **marketing concepts using financial language** your CFO understands.
- ② Speak about **high level strategies**, not marketing tactics. *(The most successful CMOs recommend no tactical details or your CFO may challenge them.)*
- ③ Understand and be comfortable discussing **the high level goals and metrics you should share**: e.g. LTV, CAC, MQLs/month, and ROI.

If you can't frame tactics to show how they directly connect to financial gains, you'll lose credibility — and maybe even budget.

Your CFO is focused on safeguarding the company's future. She's focused on watching the money and helping the company become more valuable. Her language doesn't include marketing terms such as brand awareness, impressions, or followers. If anything, the moment you use those terms, you'll put her on edge because she can't figure out how to attribute those terms to how profits, revenue, and growth are generated.

As you know, C-level relationships work best when there is open and direct communication. You can build mutual respect by looking for ways to help each other. **You'll win your CFO's confidence and respect when you identify and track metrics for Marketing that your CFO can directly attribute to profits and revenue.**

SPEAK FINANCE TO EXPLAIN INBOUND

It's no surprise that your CFO wants hard numbers. She likes **backing into numbers**. Being able to do that implies there's a formula to be derived, which feels concrete to her. She looks for cause and effect — spend this dollar, get these dollars back. (No attribution? Lots of skepticism.)

This is where you've been struggling.

No longer. With **inbound marketing, you've got hard data**. You can create predictable models with it. Attribute (<— aka “track”), measure, analyze, and improve. You can show how marketing adds value to the company's bottom line.

Here are our suggestions for describing inbound marketing using familiar financial terms. *(If you have an MBA or a financial background, you'll be on familiar ground, so feel free to skip what you already know.)*

INBOUND CONTENT = ASSETS

In the traditional financial sense, an asset is a building or machine. In inbound marketing, the content you create is an asset, just like the workflows and processes you create to go with them. **Inbound marketing's methodology creates assets that have a compounding effect because they continue to generate value (leads) over time without additional investment.** [<— Your CFO should love that!]

SPEAK FINANCE TO EXPLAIN INBOUND (CONT'D)

INBOUND MARKETING HAS A COMPOUNDING RETURN

Compound interest is interest added to the principal of a deposit (or loan or credit card) so that the added interest also earns interest from then on. The **compound interest effect is a powerful concept you can use to describe the long term benefits** of a successful inbound marketing plan.

Here's a [real-life example of a compounding return](#) for the blog by Tomasz Tunguz, Partner at Redpoint.

Here's a sample explanation that you can edit and leverage:

“ As we continue to do inbound marketing month after month, it's as though we're making deposits to different savings accounts.

The savings accounts are held by Google's search engine and various social media networks. Our deposits are the assets we create and publish (blog and other content, including processes, systems, and workflows). Our assets constantly earn interest, which shows up as higher search engine rankings and ever-growing social media networks that share our assets widely. They in turn provide us with on-going income in the form of traffic and leads that we nurture until they're ready to hand-off to sales.

Collectively, these assets have a lasting return with no additional cost. [← Another great statement your CFO will love.]

In 2015, an MIT Sloan MBA student completed a research study on the ROI of using HubSpot's marketing software. Highlights include:

3.15x
more visitors per month within one year

4.77x
more leads per month within one year

72%
of customers saw an increase in sales revenue within one year

SPEAK FINANCE TO EXPLAIN INBOUND (CONT'D)

COMPOUND INTEREST, (cont'd)

“ The first month of inbound, we may only do one blog post, that attracts 20 new followers on social media, and generate 10 leads.

The second month, we may publish two more blog posts, add two content offers, attract 40 new followers, and increase our search engine ranking for eight keywords, and generate 20 leads.

By the sixth month, we may have published a total of 30 blog posts, created 10 content offers, have a total of 200 followers, and are showing up on page one of Google for five keywords, and generated 100 leads.

The **compound effect** from **creating those assets over time** didn't just double the leads the second month, **they generated 10x the results in only a few short months.** ”

Average two-year lead growth with HubSpot's software

STARTING LEADS PER MONTH	6 M	1 YR	2 YRS
Less than 10	6.46x	6.98x	8.52x
10-49	4.24x	4.80x	5.00x
50-499	2.23x	2.23x	2.66x
500-4,999	1.04x	1.62x	1.28x
ALL CUSTOMERS	4.29X	4.77X	5.72X

SPEAK FINANCE TO EXPLAIN INBOUND (CONT'D)

COMPOUND INTEREST, (cont'd)

Of course, the exact numbers you use will depend on where your firm is starting from (traffic, content, social media network size, etc.), how much content you're producing and how quickly, the competitiveness of the keywords you choose, the value of your content offers, and your conversion and close rates.

Use the [HubSpot ROI Calculator](#) to help you gauge the average results for traffic, leads, and customers you can expect based on the 13,500 customers that use HubSpot.

Note that the numbers shown here are for example only and should not be used literally.

COST PER LEAD (CPL)

CPL is how much you spend to acquire one lead.

Divide marketing costs by total leads generated. Marketing costs and leads can be as granular as a specific asset or campaign, or based on all costs and leads in a particular time period.

CPL shows how cost-effectively you invest marketing dollars. The more granular you get

(e.g. content, landing page, CTA, campaign, etc.), the faster you can determine which ones are more effective. Tracking CPL also helps you continuously improve for greater efficiency.

CPL can also help **isolate which assets are better at converting leads** at the different stages of the marketing funnel.

CPL =

Marketing
Costs

Leads
Generated

SPEAK FINANCE TO EXPLAIN INBOUND (CONT'D)

CUSTOMER ACQUISITION COST (CAC)

CAC is total sales and marketing cost divided by the number of customers acquired, over a specified period of time (a month, quarter, or year).

If you spent \$300,000 on Sales and Marketing in a month and added 30 customers that month, then that month's CAC is \$10,000.

Also calculate marketing CAC (M-CAC) and Marketing's percent of CAC.

M-CAC and Marketing % of CAC tells your C-suite how (much more) efficient and effective inbound marketing is at delivering qualified leads to Sales than traditional marketing.

As you begin to **reallocate budget from traditional marketing to inbound, M-CAC will eventually decrease** because inbound brings in more qualified leads at a lower cost

CAC =

Sales & Marketing
Costs

New Customers
Acquired

M-CAC =

Marketing
Costs

Customers
Acquired

Marketing %
of CAC =

M-CAC

CAC

SPEAK FINANCE TO EXPLAIN INBOUND (CONT'D)

LIFETIME VALUE (LTV)

LTV is one of those metrics that keeps your CFO up at night. It's the estimated revenue that a customer will generate during the entire span of their relationship with your company. Precisely how it's calculated depends upon your company's business. A SaaS company will be different than a consulting firm or semiconductor manufacturer.

Your firm should already be tracking this metric. (If it isn't, what a great place to start a conversation with your C-Suite!) Meanwhile, on the right is a quick back-of-the-envelope formula.

Whatever formula your company uses, **LTV provides a good indication of the maximum amount your company should invest in CAC.**

LTV =

Average Value
of a Sale

X

Average Number
of Repeat
Sales

X

Average Retention
Time (Months
or Years) for a
Typical Customer

SPEAK FINANCE TO EXPLAIN INBOUND (CONT'D)

RETURN ON INVESTMENT (ROI)

Return on investment is the profit you collect from the investments you make. Your C-Suite wants the highest ROI in the shortest period of time possible. (Don't we all?!)

The reality is that inbound marketing isn't instantaneous, but you should see significant results in about six months.

PPC is an immediate investment play. (You put your money in and you immediately get leads out but only as long as you keep buying PPC.)

In contrast, **inbound marketing has a much higher ROI** than PPC. It **takes time** to build the lead generation factory which produces that higher ROI. But **your firm will own that factory** and can look forward to an **on-going higher ROI** than PPC **even if you stopped producing content for a period of time.** [See more under PPC section.]

WHY CFOS RELATE WELL TO PPC

CFOs easily relate to PPC campaigns because PPC advertising is a reliable and predictable tactic. You can instantly generate leads, which over time can easily be tracked and measured to accurately predict sales and revenue. However, **there are downsides to using PPC** when compared to inbound marketing:

- **PPC is** the equivalent of **renting space** (on someone else's website). You don't own that space and you have to keep competing for it (pay more to stay in that same space).
- Your **CFO hates to rent assets** because **rented assets don't generate long-term value**. And in PPC's case, it can increase in cost daily, if not hourly, to generate the same number of leads.

Think of **PPC as a lead factory you rent**. Whereas **inbound is a lead factory you build, own, and can resell with the company**.

- **With inbound marketing you create assets** (content, systems, processes, workflows) that you own, which grow in value over the long term. In other words, **inbound marketing creates assets that generate leads over time**. [←This is probably one of the most powerful statements you can use with your CFO, whether or not you're doing PPC.]
- As soon as you **stop spending money on PPC, the leads stop immediately**.
- Whereas with **inbound marketing, its assets keep on producing** traffic and leads, long after those assets were created. **Inbound marketing opens up new markets** because the assets can be found, shared, and passed along — forever.

HANDLING C-SUITE OBJECTIONS

Below are common objections to inbound marketing we've heard from other CMOs and CFOs. The presentation should pre-empt most of these objections. However, before giving your presentation, we recommend reading through this Q&A below and make any necessary edits to your slides.

Why should we do this and why now?

Inbound marketing builds a lead generation factory. We create assets we own that keep delivering value forever with no additional investment. Although it takes longer than PPC to ramp up, IM delivers a consistently higher ROI. As with all assets, it takes time to build them, so the sooner we get started, the sooner we'll get a return.

If PPC ain't broke, why fix it?

PPC has an important place in our overall marketing mix. However, we don't want to become overly dependent on PPC. PPC is not an investment. It's pure expense. In fact, PPC can be extremely volatile depending upon how competitive keywords become. We would either hold spending steady, and get fewer leads. Or have to increase spending to get the same number of leads. If we ran out of money for PPC, leads would dry up. With inbound, the more assets we build over time, the easier we can withstand any budget crises with minimal harm to our lead generation factory.

How reliable is this strategy?

The methodology has been proven. The system works. We need time to put content, processes, and workflows into practice and gather our own data. With enough trend data, we will be able to consistently execute and deliver results based on data-driven formulas.

HANDLING C-SUITE OBJECTIONS (CONT'D)

How predictable is this strategy? / What's the expected ROI?

We have access to an ROI calculator that is based on an annual report done by MIT's Sloan School of Business. It predicts the average 2-year rates for traffic and leads based on 13,500 customers actual usage of HubSpot.

However, we **need at least six months of tracking our own data**, using our original content, offers, processes, and workflows **before** we can accurately gauge and **commit to a performance range** for ROI, Marketing CAC, traffic, conversion, lead generation rates, and cost per lead.

We won't be able to say with 100% certainty what one individual blog post will do, but we will know monthly averages over time. We'll be able to figure out that if we produce about X blogs per month, we will generate about X number of leads. [Fill in with your own estimates.]

Can we test this first? *(Choose from one of these...)*

- Yes, we've already conducted a 30-day trial. We've already had sufficient experience with the methodology to see that *(whatever you've experienced)*.
- Yes, we've been testing pieces of the methodology for *(period of time)*. But we're being less efficient than we could be. Time to bring it all together in a cohesive strategy, streamline processes, and really drive results.
- Yes, we could do a 30-day trial, but it's not the most efficient or effective use of resources to start a major initiative without the commitment I've laid out here.

HANDLING C-SUITE OBJECTIONS (CONT'D)

Can we produce enough content that people would be interested and even read it? Do we have enough interesting things to say?

No industry is boring to the people in it. Our industry is [growing, mature, competitive — describe your industry]. There are many topics we can write about. We can't only write about our products or services. We'll be writing about the concerns and issues our customers and industry face. We'll talk about trends, innovations, new ideas. We'll publish strong point-of-view articles that demonstrate the depth of passion in our company for what we do and why we do it. We can publish our interviews with leading experts. We can take other people's content and do reviews of summaries of them. There are a thousand and one ways to produce content that people are interested in and will find valuable and useful. That's our job. That's our expertise. That's the art of marketing. [Point back to your competitors and industry trade associations and what they are doing.]

“WE'RE NOT GOING TO **OUTGROW OUR
NEED** FOR INFORMATION.”

Seth Godin

Author, *Permission-Based Marketing*, *Tribes*, *All Marketers Are Liars*

HANDLING C-SUITE OBJECTIONS (CONT'D)

How long before we see results with inbound marketing?

We estimate six months before we have significant results. It will take somewhat longer before we see reliable and predictable data we can confidently use to accurately predict future marketing performance.

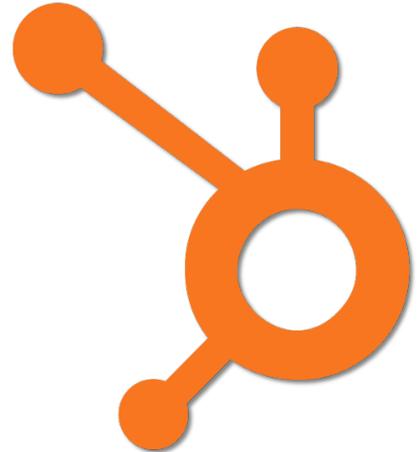
Will inbound marketing work outside the US? What regulations / problems can it cause (EEU privacy laws, for example)

Yes, it works outside the U.S. The methodology has been widely adopted throughout the EEU and Canada. And the software we plan to use, HubSpot, has various features and workflows we can use to ensure that we are compliant.

TIPS FOR PRESENTING

① Be sure **you've already done a 30-day free trial with HubSpot.**

- It will help you gather **your own data to make your case.**
- Get first-hand experience in HubSpot with creating content, offers, landing pages, lead nurturing campaigns, social media publishing / monitoring to give you more **confidence about how it all works / comes together.**



(Do NOT go into that detail with your CFO. He doesn't care. You'll distract him from where you want him focused.)

Do it because YOU need to know, without any doubts, that inbound marketing will work for your team and your firm.

② We already know you're a good presenter. The most successful presenters practice.

- **Familiarize yourself** with the financial terms in this guide
- **Use those terms casually in conversation** to explain inbound marketing to friends and colleagues who are financially / numerically savvy. Get comfortable with them.
- **Customize the presentation** to add in **your data** where it makes sense.
- **Practice presenting your deck out loud several times with a constructive audience.**

You'll be spectacular! We just know it!!! Let us know what worked and what didn't. Feedback welcome!

NEXT STEPS

- ① Formulate your plan
- ② Customize the presentation included in this kit with your data, brand identity, and POV
- ③ Practice makes perfect
- ④ Do inbound*
- ⑤ Reap the rewards
- ⑥ Open the champagne and celebrate!

** Don't forget we can help you, and so can our partners. You don't have to go it alone. Ask your HubSpot sales rep about our professional services and our partners.*