

WHITE PAPER

Marketing Sourcing: 10 Learnings From the Field

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Companies often put more analytical rigor and require more business justification for \$200 PDA purchases than they do for double digit million dollar advertising investments. Marketing is one of the last green sourcing pastures in corporate America and one that is particularly ripe in the current business environment.

What follows are ten learnings that might benefit anyone getting ready to make a run at this elusive space.

1. Procurement fundamentals are no different for Marketing purchases.
 - » Savings are captured from de-fragmentation.
 - » Savings are captured as suppliers compete for your business.
 - » Audits often find recoverable spend.
 - » Professional service costs are a function of labor: the number of resources, the seniority mix, and the market cost for the expertise.
2. Get "C" level executive support and air cover before you dive in.
 - » Ideal support comes from the CMO, but the CFO or CEO can make it work, too.
 - » If the CMO and his/her lieutenants do not want you there, make sure the CFO is willing to stick out his/her neck to keep you there, otherwise, hunt elsewhere.
3. The big efficiencies are where the big dollars are: media.
 - » Most companies focus on ad agencies (20% of spend) vs. media (60% of spend).
 - » Saving ranges in media sourcing are 10 to 30%+; do the math on what that equates to at your company.
 - » Media procurement is technical, so you'll need an expert to go head to head with the incumbent media buyers and ad agencies.
4. If you're new to Marketing sourcing, train under an expert, then go it alone.
 - » Any good, analytical sourcing professional can source advertising once they learn the terminology, the techniques, and the space.
 - » Come up the learning curve by reading Ad Age, taking ANA (Association of National Advertiser) courses and reading their publications.
 - » Once you've trained under an expert for one cycle, you can perform subsequent iterations alone.
5. Expect the popular defenses (usually in this sequence).
 - » Nothing to find here defense: "We've already cut to the bone."
 - » The money defense: "We'll lose revenue if we do this."
 - » The competitive defense: "We're already outspent by our competition. This will make things worse"
 - » The brand defense: "If we do this, it will harm the brand."
 - » The "we're different" defense: "Buying Marketing is different than buying paper clips." (see #1)

- » The question the data defense: “The conclusions are accurate, but I don’t know where they got their data.”
 - » The “shoot the messenger” defense: “They only care about cost.”
 - » With data and executive support, all objections will ultimately be overcome and efficiencies will be delivered.
 - » It should be noted that many marketing professionals are not defensive, are open minded and willing to innovate. (see #6)
6. Market your sourcing wins under the “innovation” banner.
- » Innovation is rewarded by corporations whereas overspending by millions is not.
 - » Done correctly, marketing sourcing is a win-win.
7. Consider starting with an agency audit or sourcing commercial print to build momentum.
- » Auditors are less threatening and nobody is against recovering owed money.
 - » Proactively performing an audit demonstrates fiduciary responsibility for marketing executives.
 - » Recovering money via an audit is a “base hit” one can build momentum on to move up the value chain.
8. The best way to succeed is by building relationships of trust and credibility.
- » Consultants can break glass, deliver results in a few months, then walk away whereas corporate professionals have to take a longer term (1 – 2 years), patient perspective.
 - » Building trust and rapport will make Marketing colleagues start to view the glass as “half full.”
9. Bring something beyond academic sourcing to the table.
- » Bring an idea that you learned from a functional industry peer or at a conference.
 - » Perform analysis which uncovers an insight that suggests a course of action.
 - » Smart marketing personnel can replicate academic purchasing theory and practice (e.g. 3 bids and a cloud of dust), so you need to bring more.
10. Marketing is still part science and part art. Don’t kill the creative process.
- » The companies with the strongest brands have market capitalizations 3x vs. their peers, so done right, it is a tremendous investment vs. a cost to minimize.
 - » There are rarely definitive rights and wrongs, just cost-benefit trade-off decisions.

About the Author

Prior to becoming an OnDemand Professional Network member in 2007, Chuck was a Senior Manager and a Marketing Efficiency subject matter expert in Deloitte Consulting’s Sourcing practice. Additionally, his experience includes senior executive positions at Bank One, Nationwide Insurance and ABN AMRO. Chuck has nearly fifteen years experience in strategic procurement and outsourcing and has collectively saved over \$100M for eleven Fortune 100 companies across multiple industries.