CPA
Practice Advisor

Scott Cytron • Oct. 04, 2010

From the October 2010 Issue

Accountants love numbers, but they also love to slash the numbers in a budget as much as they enjoy adding them. Unfortunately, two of the areas usually cut are marketing and public relations because they are often perceived as overhead expenses in which the return on investment (ROI) is hard to prove.

Before this happens to you — or if you are a witness to a budget-cutting bloodbath — here is my advice on how to construct a better budget and how to hold on to your money.

1. SET YOUR BUDGET AS A PERCENTAGE OF REVENUE
One of the questions I am most often asked is what percentage of any organization's budget should be devoted to marketing and public relations. The numbers vary widely between firms. Although most firms will want to consider their annual goals, the size of the firm (number of professionals), geographic location and other factors, I think it all comes down to estimating a budget based on annual revenue.

Certainly, you have to consider what to fund, but you also need to realize the amount of money with which you have to work. I found this chart on ImageWorksStudio.com,
and I agree with its numbers:

It's not an exact science by any means, but you can use this as a guideline. Years ago, marketing gurus would lead you to believe your budget should be as high as 15 percent of revenue, but I really don't know any firm or organization in the professional services sector that has that kind of structure. In retail or manufacturing, 15 percent may be about right, or even a little low. Still,

If you've ever dreamed of winning the lottery, imagine what it would be like to have an unlimited amount of money to market and promote your firm. Think of the things you could do, and let your imagination carry you away.

One of the best ways to figure out your marketing budget is to blue-sky your ideas. Start with an empty whiteboard and think of all the activities you would like to accomplish. Want to buy time on a local television channel? How about running an ad in each issue of Fortune magazine?

Sure, these are cost-prohibitive items — and pretty outrageous to even consider for most firms — but you get the idea. Once you have your blue-sky list, you can begin to get more realistic. For example, let's go back to buying time on a local television channel. Instead of purchasing a 30-minute slot, how about budgeting enough money to underwrite a local talk show that discusses responsible finance? You'll find that if you go for the stars, you'll end up with some great ideas that just need some grounding before they materialize.

A key piece of advice: Don't do this activity in a vacuum; treat it as a group activity involving decision makers in the firm or organization ... all the way up to the managing partner and shareholders. The more buy-in you get up front, the more likely you are to walk away with what you want.

3. RATIONALIZE YOUR BUDGET

This leads to the most crucial part of the entire process — finding a way to hold on to what you want to accomplish. Everyone is vying for the same precious dollars so you must think in terms of how you're going to prove you need the money. Instead of taking a defensive approach, try these tips:
Build on previous programs. This is the simplest and easiest way to keep your

money intact because you can explain that the dollars are needed to continue

friends of the firm in order to know the answer to this … or you can go on qualitative feedback. Still, the bottom line is to be prepared.

Develop Several Shoestring Programs. Your management will appreciate it when you create a few shoestring marketing and PR programs that do not cost very much money other than staff time. This shows you really considered the economy and the marketplace in your thinking. Be careful, though, not to dwell too much on shoestring low- or no-cost items. You don't want to get a reputation for spending little to no money because it will be very hard to ask for money when you really do want it.

Revenue	Marketing Budget
Less than $5 million	7–8%
$5–10 million	6–7%
$10–50 million	5–6%
$50–100 million	4–5%
More than $100 million	1–3%

Get creative. I always encourage my clients to get creative when it comes to developing their marketing and PR budgets. You don't want to sacrifice reality for creativity, but the more unique programs and activities you devise, the more likely you'll stand apart from the competition.

Find the one whopper and take a risk. There's probably a few "amazing" items you want to tackle, but they may also be very risky. Here's where an accountant can really climb out of his or her comfortable space. Explain why you want to fund the activity and be honest with your assumption that this is risky. How will you know if it works unless you try it? Ask the question. You may have to give up a sacred cow here and there, but the long-term benefits may be worth it.

4. DON'T BACK DOWN & STAY IN THE GAME

and I'll run your responses in an upcoming blog entry on CPATechViews.com.

For more than 23 years, Scott H. Cytron, ABC, has worked with CPAs and accountants,
providing public relations, marketing and communications services, and teaches firms how to use social media more effectively. Author of *The CPA Technology Advisor's* "MarketingWorks" column, he tweets, and is
on Facebook and LinkedIn. Contact him at scottcytron@cpata.com.

Marketing • Technology