WHY OUTSOURCE YOU’RE MARKETING?
THE CONCEPT AND ITS BENEFITS.
Few business strategies are more misunderstood than “outsourcing.”

For most executives, outsourcing is simply a smart strategy to better manage resources and keep control over the cost of various inputs, such as accounting, payroll and HR functions. But to many customers—and consumers—the concept of outsourcing carries a lot of baggage.

Some critics assume that outsourcing means shipping American jobs overseas to low-wage environments. Others see the process only as a stopgap—a cut-rate method of getting needed work done on the cheap.

In truth, marketing outsourcing could incorporate some of those tactics, but only rarely. It is more accurately defined as an innovative—some would say revolutionary—strategy that represents an entirely new “third way” to accomplish a company’s marketing objectives.

That is what makes this strategy unique. Outsourcing various marketing functions itself is nothing new. Companies have long hired outside vendors to execute direct mail, advertising, public relations and many other deliverables. But the complete outsourcing of the marketing function goes beyond such tactics.

A family could seek out and buy vegetables or fruit directly from a local farmer, and that would be “outsourcing its produce needs.” Or buy milk and cheese right at a dairy farm to “outsource its dairy product needs.” Instead, most would rather work with a trusted grocer who has carefully selected from thousands of options and formed vendor relationships to offer the convenience we have all become accustomed: In a single shopping trip, you can purchase everything on your list with one simple transaction.

That’s what marketing outsourcing can do: Simplify procurement of services, as well as remove the time, expense and uncertainty of building and maintaining relationships with marketing service providers.

Of course, the value of any strategic concept is only as good as the results it delivers. On that basis, marketing outsourcing—though still in its infancy—may ultimately affect a change in how companies conduct marketing that will be as powerful as it is profound.

For example: It can be extremely challenging—even for larger companies with significant resources—to maintain marketing momentum during uncertain economic times, or when advertising budgets get scaled back to accommodate fluctuations in sales.

But smart companies understand that when times are tough, marketing and advertising are more important than ever. In fact, it is often easier to consolidate market share when other competitors within the category are struggling. The question is: How can the necessary resources be acquired when funding, personnel and infrastructure are often significantly curtailed?

The answer, many companies are discovering, is to be found in outsourcing the marketing function.

**WHAT IS MARKETING OUTSOURCING?**

When a company outsources its marketing, a single resource assumes responsibility for the marketing function. That might include everything from research, analysis, strategy, planning and management to execution of advertising, public relations, direct marketing, internal communications, Web marketing and even media buying, placement and printing.

Outsourcing provides access to expertise in every marketing discipline—from an experienced team of specialists that can be scaled to suit projects of any size and scope. Such flexibility represents the first and most critical benefit of marketing outsourcing: A company pays only for the services used for the length of time needed.

That said, it should be noted with equal emphasis what marketing outsourcing is not.

It is not the use of so-called “marketing temps,” a short-term solution at best that does little to build value into a company’s staffing infrastructure.

It also does not involve merely outsourcing one or two disciplines, such as PR or advertising, within...
an overall marketing program, leaving the management of multiple resources to an already-busy staff person.

And it does not involve having an outside firm assume responsibility for employment of a company’s marketing department. Although that may be a legitimate strategy, such a process is properly called “marketing insourcing” and is not the province of this white paper.

By contrast, marketing outsourcing is an integrated process that seamlessly pulls all marketing functions together because it is based on strategic analysis. At its core, marketing outsourcing is the targeted analysis of objectives, coupled with the tactical deployment of resources, all focused on meeting a company’s goals as effectively and efficiently as possible.

**WHAT ARE THE BENEFITS OF MARKETING OUTSOURCING?**

In addition to its strategic value, marketing outsourcing delivers several important benefits, including the following:

- An improved focus on core competencies. Even if a company has its own marketing department, a reliance on marketing outsourcing frees up in-house personnel for certain responsibilities, so they can play to their strengths. If a firm does not maintain its own marketing staff, outsourcing can provide a full-fledged marketing strategy, support and deliverables, while allowing the business to focus on its core competencies.

- Media and discipline neutrality. With marketing outsourcing, every strategy, every media, every discipline is on the table. That is significant, because no matter how hard a traditional agency tries to serve its customers, the fact is that it basically exists to sell advertising or public relations or production of marketing collateral. An outsourced team has a different objective: Identify and deploy the resources needed, based not on what its in-house talent can produce, but on a strategic analysis of a company’s goals, market position and budget.

- Reduced overhead. By engaging a marketing outsourcing firm, businesses can avoid or reduce the cost of additional office space, computers, vendor relationships and access to credit required when marketing projects are handled in-house.

- Access to an expanded talent pool. In-house marketing staff may not always have the skills needed, especially on larger, more complex projects requiring extensive coordination among various components of the plan. Outsourcing to an experienced marketing team that can integrate smoothly into the organization not only brings in innovative ideas and added energy, but also the high-level talent needed to execute the goals of the marketing campaign.
• An outside perspective. An overlooked advantage of using outsourced marketing is that the team is not of the company’s culture. No matter how dedicated and engaged management might be in meeting a company’s performance goals, it’s quite possible to become too close to the business—too involved to be able to step back and analyze strategies from the customer’s perspective. A marketing outsourcing team can supply that all-important “objective viewpoint” that is difficult for any company’s executives to consistently maintain.

• Maintenance of momentum. Every company experiences certain business fluctuations, whether as a result of market forces or competitive pressures. Unfortunately, when economic factors mandate staff reductions, or when key people leave to pursue other opportunities, crucial projects can become stalled for lack of time, attention and resource deployment. With outsourcing of the marketing relationship, an outside team assumes the task of navigating a marketing initiative through to its conclusion—or ramping up its implementation if market conditions dictate—no matter what changes take place internally.

• As American business moves through the 21st century, it must cope with a rapidly changing marketplace. Staying nimble and maintaining quick response capability requires a commitment to staff training that few organizations are willing to make. As budgets for development of in-house specialists decline, the need to access resources well-versed in cutting-edge strategies—in this case, marketing—grows exponentially.

• For all these reasons, marketing outsourcing delivers real value, bringing unprecedented efficiency and functionality to the often daunting task of marketing a company’s products, services and points of differentiation to what is increasingly a demanding, difficult-to-reach audience.

WHO SHOULD CONSIDER MARKETING OUTSOURCING?

With its attractive advantages, marketing outsourcing might be assumed to be a logical choice for nearly every company looking to grow its business. But certain key characteristics of a company’s culture are necessary to fully capitalize on the benefits, and fully integrate the efficiencies, of marketing outsourcing.

Perhaps the most important characteristic is a culture of innovation. Staying smart in today’s volatile business environment requires access to resources well-versed in current practices across all marketing disciplines. But focusing on innovation of a company’s products and services and its marketing mission is generally not manageable. One or the other suffers, often with disastrous results.

Those companies that commit to innovation—that position themselves as technology or service delivery leaders—understand the importance of prioritizing that function above all others. At the same time, such firms are more “culturally suited” to take advantage of the innovative approach embodied by marketing outsourcing.

Management that constantly shops for a “best-price” deal in sourcing its marketing services is usually unable to appreciate or capitalize on the strategic capability a knowledgeable outsourced marketing team can bring to the table. Worse, the full integration available from having a single resource coordinate all aspects of a marketing initiative is rarely put into place.

That’s not to suggest that only innovators should investigate the potential of bringing a marketing outsourcing team onboard. Companies that undergo rapid expansion, experience a sudden growth surge or have a compelling need to reduce overhead (see the list below, “The Top Ten Reasons Companies Utilize Outsourcing”) are also candidates for successful utilization of marketing outsourcing.
THE TOP TEN REASONS COMPANIES UTILIZE OUTSOURCING

1. To improve company focus. Outsourcing sets up a framework which an outside expert assumes responsibility for operational details. That leaves management free to focus on more important business issues related to customer service and marketplace demand.

2. To obtain world-class capabilities. Because of their specialization, outsource providers bring an extensive skill set into the corporate environment. Such leading edge technology and expertise helps companies better satisfy customers and increase productivity.

3. To accelerate re-engineering benefits. Organizations realize the benefits of re-engineering more quickly if they contract with an outside organization that is itself already re-engineered to state-of-the-art standards.

4. To share risks. Outsourcing enables management to turn over to its suppliers certain risks, such as demand variability and capital investments. Unlike the buyer, the outsourcing provider can spread those risks over multiple clients.

5. To free up corporate resources. Outsourcing permits an organization to redirect its resources from non-core activities to ones that have the greatest impact on business performance.

6. To make capital available. Contracting out certain functions as operational expenses can reduce the competition for capital, since the outsourcing entity provides the capital investment as part of its overhead.

7. To obtain a cash infusion. Outsourcing can involve the sale of assets to the provider, typically as a combination of cash and a loan.

8. To control operating costs. Access to an outside provider’s lower cost structure is one of the most compelling reasons for outsourcing.

9. To obtain resources not available internally. Outsourcing is a often viable option for companies experiencing rapid growth, expansion into new geography or spin-offs from the parent company.

10. To deal with management or control problems. Control problems are often cited as the reason for outsourcing. However, the underlying cause, such as unclear expectations or difficulty in measuring performance, is often not solved by outsourcing.

Source: The Outsourcing Institute, 2004
TRADITIONAL MARKETING VS. OUTSOURCED MARKETING

TRADITIONAL MARKETING STRUCTURE
• Multiple vendors
• Multiple professional relationships
• Multiple bills
• Institutional knowledge passed on one vendor at a time
• Management and integration left up to the client

OUTSOURCED MARKETING STRUCTURE
• One vendor
• One professional relationship
• One bill
• Institutional knowledge passed on once
• Management and integration handled by marketing outsourcing firm (or co-managed by both parties)

All Marketing Disciplines Seamlessly Integrated
• Advertising
• Public Relations
• Direct Marketing
• Sales & Promotion
• Brand positioning, naming and graphic identity
• Communications audits
• Competitive analysis
• Copywriting
• Crisis communications
• Environmental design
• Graphic design
• Internal communications
• Internet marketing
• Market research
• Media buying
• Multimedia development
• New product/service development
• Packaging design
• Photography
• Print and broadcast production
• Event planning
• Sales materials and presentations
• Video and audio production
• Web site development
• Web usability

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HOW DO YOU QUALIFY A MARKETING OUTSOURCING PROVIDER?

As the concept of outsourcing has grown in usage as a general business strategy, the number of providers advertising their firms as “outsourcing specialists” has grown proportionally. But not every organization making this claim has the capabilities, the competence and the commitment to meet the challenge of successfully integrating another organization’s marketing mission.

How do you evaluate a marketing outsourcing company’s bona fides? Four criteria should guide your decision-making:

1. The company’s business model. To deliver true integrated marketing outsourcing, a company must be built specifically to deliver it—not just another ad agency or PR firm with a new tagline. What is the company’s heritage and history? How much of its business comes from one or two marketing disciplines? Does it have:
   • The objectivity to analyze your needs strategically?
   • The depth to deliver effective implementation?
   • The systems to seamlessly integrate all the components?

2. The principals. As with any vendor, a company’s service level and performance depend on the quality of its people. What are the experience levels, background and qualifications of a marketing outsourcing firm’s key players? How much time do senior level staff spend on individual projects? What collateral resources and outside vendor support is available for larger, more complex projects?

3. The portfolio. A client list, with specific project details, will disclose much about a marketing outsourcing provider’s track record. Have they served a range of clients, across different industries and in different revenue ranges? Do they have specific experience with client service and marketing projects with companies in the same industry? Can they provide examples of finished products and materials that would be suited to your needs?

4. The professionalism. A shorthand way of evaluating a provider’s professional quality level is to examine their own promotional materials. Does the firm’s own marketing deliver its messages with impact? Does its website communicate the image of a solid, professional service organization? Would you hire this firm based on how they present themselves?

Any competent outside marketing services company can supply the additional talent needed to develop strategy and execute deliverables. But only a qualified marketing outsourcing firm has the essential ingredients needed to take the marketing function to a higher level: Planning guided by strategy, deep experience with marketing outsourcing, and the leadership needed to seamlessly integrate and synchronize dozens of resources at once.

The results: Companies that outsource marketing can focus on their core competencies while marketing is handled by a seasoned team of experts. Marketing is improved across the board as the entire function becomes driven by goals, objectives and strategy, not guesswork (or the bias of the marketing firm retained). Even the most reactive marketing departments are able to become proactive and accomplish more. And mid-market companies are able to level the playing field and take on larger, more established competitors.

For more information on the benefits of marketing outsourcing, or to arrange a strategic assessment, contact Outsource Marketing at 800.803.3229 or visit www.outsourcemarketing.com.

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