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How CFOs Think about the Marketing Budget

By now your 2015 marketing plan is in full swing. According to Gartner more than half of Chief Marketing Officers (CMOs) surveyed expected to increase their 2015 marketing spending by 10.4 percent over 2014. Hopefully you were lucky enough to get your CFO to approve the increases you requested. But in case you didn't, there's no better time than present to ensure your programs get their rightful share of the pie next year.

Recently I met with long time CFO and business executive, David Eskenazy, most recently CFO/President at Aegis Living. He has years of experience reviewing budget proposals. David and I discussed what CMOs can do to ensure more successful budget outcomes with their CFO.

Accommodate for differences in how we think

How do you close the gap created when CFOs tend to think scientifically and CMOs are generally more intuitive, especially when proposing difficult to measure initiatives? Most experienced CFOs are used to a certain amount of budget fuzziness, however CMOs must find balance. Work to validate gut instincts. If initiatives are challenging to measure, start partnering with finance early for help. For example, David recalled a pre-budget meeting where marketing asked for help in designing an excel spreadsheet to measure a program that seemed intuitively spot on, but was challenging to measure. The exercise created both a bridge of understanding and the perception that marketing didn't want to waste money because they were actively seeking ways to validate gut instincts.

Executive Insights



Cheryl Isen

What impressions have you created?

CFOs are human and will resort to reading a CMOs body language to measure confidence, thinking and approach. Subtleties can be deal breakers. It is imperative to

believe deeply and passionately in your marketing plan and budget. For example, the detail in how questions are answered will reveal the depth of your passion and thinking. Do the work needed to ensure that the CFO feels confident in your approach. Unprepared answers like "I just know" become warning signs. Conversely, don't be afraid to be open and vulnerable and ask for help when you are struggling to quantify things.

Show how you think

When selling the CFO on the marketing strategy and plan, demonstrate your thinking process. Weave impact stories into your explanation when answering questions. Clarify why your recommendations will be successful and why you are asking for specific amounts. For example, be prepared to clarify how the strategy maps back to key business objectives, what alternatives were not selected and why you aren't asking for more budget for a critical program. KPIs are important. Translate the value of the marketing investment requested into the 5-7 most important KPIs that explain your strategy.

Arm the CFO to defend your spend

The CFO will reconcile and justify the marketing budget against other budget requests to the CEO and Board. Package your budget with the marketing vision for the company and outline the top three priorities to achieve success. As part of this clarify any sacred cows required to achieve success and why they are critical for the long term. For example, specify how the 40M unique site visits your content marketing investment will achieve enables X and how ensuring X is sacred to marketing supporting company growth objectives.

Although CMOs may not be able to quantify every expenditure to a CFOs comfort level, a successful middle ground can be found for gray areas. Remove vagaries by demonstrating your depth of thinking, which will reveal your passion fueling the decision and work together to find ways to measure KPIs so everyone can assess and learn from.

To ensure that you get what you need in 2016, start tracking and planning your programs now. Better yet, meet with your CFO throughout the year to seek counsel. It will make your next budget planning meeting even easier.

Cheryl Isen is president of Isen and Company, a strategic marketing and public relations founded in 2001. Serving as an organization's "CMO to go", Cheryl and her network of talented associates run or supplement a company's Marketing and Public Relations efforts.

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