

**The Business Case for
Marketing Resource
Management (MRM):**
*Increasing ROI Through More
Efficient Use of Marketing
Resources*

Prepared by Aquent and Unica

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Introduction

The marketing landscape has changed dramatically in recent years, and marketers are taking full advantage of new media channels, segmentation strategies, and capabilities to produce an ever-expanding volume of work. To keep pace with escalating demands on their time, people, and budgets, marketing executives are investigating marketing resource management (MRM) solutions. An MRM solution that includes best-in-class software, process changes, and measurement tools can have a profound impact on such critical areas as planning, production management, workflow, and reporting. By automating and streamlining day-to-day operations, an MRM solution helps marketing departments work smarter and more efficiently.

Marketers immediately “get” these benefits of an MRM solution. They want the information, collaboration, and reporting tools. They know it will allow for easier production of output, increase job satisfaction, and reduce the burden of managing a growing workload. But these critical qualitative benefits aren’t sufficient to close the deal with senior management. C-level leaders need to see a quantitative return on investment before approving an MRM solution.

This white paper presents a framework for demonstrating a measurable ROI for MRM and provides benchmark numbers to fill in that framework. Through a financial model based on our clients’ actual savings, we will validate that MRM is not a “nice to have” tool but a “need to have” solution with strong financial impact. In short, we are giving marketers the initial information they need to make the business case for acquiring an MRM solution.

Using our established financial model, we calculate where the savings come from in three marketing spend categories: internal labor spend, agency fee spend, and media/production/materials spend. Having calculated the considerable cost efficiencies of an MRM solution, we then present three options for applying the savings to the organization, depending upon the corporation’s financial status and inclinations.

Our calculations show that companies using an MRM solution typically achieve the same marketing results with:

- One-third fewer internal resource costs
- One-half the agency spend
- One-eighth reduction in media, production, and materials spend

...all without losing marketing effectiveness.

Where the Savings Come From

The life cycle for a typical marketing initiative is fraught with inefficiencies. Using outmoded processes or old technology from project request through delivery can lead to the misallocation of talent, time, and financial resources every step of the way. It starts with an outdated planning process; continues with the wrong people assigned to the wrong tasks; drags through a lengthy, revision-filled approval process; and often ends with someone asking, “Why did we do this project and didn’t we do it last year too?”

MRM attacks problems endemic to marketing processes, improves efficiencies, and reduces resource investment across the full spectrum of the project life cycle.

The following section (Calculating MRM Savings) quantifies the percentage savings a marketing department can reap from the implementation of an MRM solution. The data was generated using a model based on our clients’ actual savings.

ABOUT THE MODEL

With decades of experience helping marketing organizations work smarter, Aquent and Unica have considerable historic data from which to build a financial model for calculating MRM efficiencies. The model incorporates various facets of a typical client’s marketing and creative services operation: internal staff size and labor spend; staff utilization; quantity and types of projects; external spend on agencies, vendors, and media.

Using these typical indices we then model the effect of an MRM solution on that operation, assuming significant “fixes” to the use of people, processes, and technology. our “what gets fixed” categories range from eliminate wasted jobs and increase utilization to reduce canceled jobs and shift work from high-cost vendors to lower-cost internal options.

Model Assumptions

- Staff of twenty being paid for 38,400 hours per year (or 1,920 hours per staff member)
- Internal labor costs of \$1.33 million
- Agency and vendor labor costs of \$4 million
- Production, materials, and media spend of \$75 million
- Total spend: \$80 million

DEFINITION OF TERMS

Marketing Spend Categories

- **Internal Labor Spend.** The total cost of labor for a company's marketing workforce
- **Agency Fee Spend.** The aggregate cost of fees and hourly/project labor costs for any external agencies and associated vendors such as designers, Web programmers, and production artists
- **Production/Materials/Media Spend.** All spend on such tangible expenses as media buys, printing, postage, and film

"What Gets Fixed" Categories

IMPROVED PLANNING

- **Eliminate Wasted Jobs.** When marketers have a platform for seeing and measuring every project and initiative planned across business units and affiliates, they can eliminate those that are ineffective, redundant, or no longer connected to specific marketing goals.
- **Shift Work From High-cost Vendors to Lower-cost Internal Options.** Segmenting projects to distinguish between those of higher complexity and lower complexity allows an organization to develop lower-cost in-house solutions that focus on lower-complexity projects and thereby better manage their external spend on higher-complexity projects.
- **Increase Utilization.** Marketing schedules are seldom static; the work rises and falls with seasons or business demands. Using an MRM solution to forecast peaks and valleys, marketers can shift work schedules to match available resources and improve utilization.

IMPROVED PROJECT SEGMENTATION

- **Increase Reuse of Existing Designs Through Templates.** Instead of creating each new project from scratch, marketers can use templates—for projects with particular characteristics—to reuse existing designs.
- **Improve Work-Title Match.** Staffing each job to the lowest appropriate skill set reduces the average labor rate and frees up senior team members to focus on more strategic initiatives.
- **Reduce Time Spent on Approvals.** Managing the approval process is a tax on marketers' time and resources. Automating the approval process lets all reviewers see others' comments and collaborate more efficiently.

IMPROVED OPERATIONAL PROCESSES

- **Reduce Rounds of Revisions.** A precise, more efficient project request process requires marketers and their clients to clarify project goals and expectations before work begins. A better project request process yields more complete information, reduces miscommunication, and cuts back on revisions.
- **Reduce Canceled Jobs.** Following a specific, automated project request process with safeguards and “gates” before initiation reduces midproject surprises and the chance of job cancellation.
- **Reduce Time Spent Searching for Existing Assets or Recreating Assets.** Far-flung organizations with multiple locations, agencies, and vendors spend too much time searching for or recreating assets. The digital asset and/or content management capabilities of an MRM solution alleviate this problem.

Calculating MRM Savings

IMPROVED PLANNING

These changes create a coordinated set of marketing projects to be executed, and then match resources, both internal and external, to the needs of the projects.

WHAT GETS FIXED	TYPICAL IMPROVEMENT	% SAVINGS INTERNAL LABOR SPEND	% SAVINGS AGENCY FEE SPEND	% SAVINGS MEDIA/ PRODUCTION/ MATERIALS SPEND
Eliminate wasted jobs	Potential to eliminate 10% of marketing initiatives by identifying ineffective legacy projects or those that don't align with overall marketing objectives	10%	10%	10%
Shift work from high-cost vendors to lower-cost internal options	One-third of internal hours (the savings generated in the above categories) can be used to assume work now being done at agencies; the organization can replace \$150/labor (external resource) with an internal resource at \$35/hour (market-dependent)	Taking on agency work internally can approximately double the savings from the above efficiency gains	28%	Less than 1%
Increase utilization	Increase in internal staff utilization from 75% to 80%	6%	0%	0%

IMPROVED PROJECT SEGMENTATION

These changes ensure that more complex or more strategically important projects get a higher level of skill and more management attention assigned to them.

WHAT GETS FIXED	TYPICAL IMPROVEMENT	% SAVINGS INTERNAL LABOR SPEND	% SAVINGS AGENCY FEE SPEND	% SAVINGS MEDIA/ PRODUCTION/ MATERIALS SPEND
Increase reuse of existing designs through templates	Simplify the work effort on 10% of projects	7%	7%	Less than 1%
Improve work-title match	Use lower-skilled resources on 6% of hours assigned to projects	2%	0%	0%
Reduce time spent on approvals	Eliminate at least one review on 80% of projects with corresponding decrease in management time	5%	3%	Less than 1%

IMPROVED OPERATIONAL PROCESSES

These changes ensure that once projects are started they move through established processes that have been designed specifically for the type of project being executed.

WHAT GETS FIXED	TYPICAL IMPROVEMENT	% SAVINGS INTERNAL LABOR SPEND	% SAVINGS AGENCY FEE SPEND	% SAVINGS MEDIA/ PRODUCTION/ MATERIALS SPEND
Reduce rounds of revision	Eliminate at least one round of revisions on 30% of projects	4%	3%	Less than 1%
Reduce canceled jobs	Cut jobs stopped midcourse from 5% to 3%	1%	1%	Less than 1%
Reduce time spent searching for existing assets or recreating assets	Reduce asset search time by ten minutes per project; eliminate asset recreation on 2% of projects	1%	0%	Less than 1%

SAVINGS BASED ON:

- \$1.33 Million in Internal Labor Spend
- \$4 Million in Agency Fees
- \$75 Million in Media/Production/Materials Spend

TOTAL SAVINGS

36% Internal Labor Spend	\$475,000
52% Agency Fee Spend	\$2.1 Million
12% Media/Production/Materials Spend	\$9 Million

What to Do With the Savings

In our model on the previous page, we calculated a total savings of about \$11.6 million to a marketing budget of \$80 million by implementing a comprehensive MRM solution. Presented with these results, the natural question a corporate decision maker will ask is, "What would we do with the savings?"

The following scenarios represent choices our marketing organization clients have made when presented with a considerable reduction in the number of hours and total budget required to complete tasks.

OPTION 1:

Reduce or Slow the Growth of Next Year's Operating Budget

For some organizations, the choice is clear: translate reduced work directly to dollars through head count and cost reduction. This could mean either a lower marketing budget next year or a reduction in budget growth.

Senior management may gravitate toward this option, while marketers will likely prefer to allocate savings toward expanding current initiatives (option 2) or launching new ones (option 3).

OPTION 2:

Extend Reach and Impact of Current Initiatives Without a Budget Increase

With more time and resources available, marketing organizations can build on the success of current initiatives without increasing costs. More segments to target. More languages to translate the message into. More direct mail campaigns to test.

This option maintains an organization's traditional marketing program while using added resources to extend its reach.

OPTION 3:

Launch New Initiatives That Require More Labor Spend Than Media/Production/Materials Spend

"New media" initiatives such as viral marketing, blogs, and online video campaigns typically demand more human capital than financial. Allocating resources toward people-intensive processes and projects lets organizations test and explore new channels without costly media buys.

This option enables marketers to spread their wings with minimal financial risk and significant potential benefit.

Internal Assessment Worksheet

CONDUCTING AN INTERNAL ASSESSMENT OF YOUR DEPARTMENT

Marketing departments need to take a hard look at how their organizations are structured, how efficiently they operate, and where improvements should be made to people, processes, and technology. An MRM solution can have a significant impact on each of the areas outlined below.

Questions to Ask When Considering a MRM Solution

PROJECT PLANNING

- Do we have a standardized project request process?
- Does the team follow the project request process?
- Do clients respect the project request process?
- Must each new project meet established criteria?
- Is each project vetted for alignment with organization objectives?
- Are projects frequently canceled prior to completion?

TASK ASSIGNMENTS

- Do we have a standardized process for assigning resources to each project?
- Do our staff's talents align with our changing responsibilities?
- Do senior team members frequently work on tasks that are below their skill level?
- Have we established criteria for assigning tasks to external vendors?

EXECUTION

- Do we have a standardized process for managing projects?
- Have we established workflows for typical job types?
- Are there fewer than three rounds of revisions for most project?
- Does the individual who approves a project output vary by the importance and/or the complexity of the project?
- Are a high percentage of projects on budget?
- Are a high percentage of projects on deadline?

MEASUREMENT

- Have we established criteria for measuring a project's success? (e.g., cost effectiveness, quality, adherence to brand)
- Do we know how our team measures against industry benchmarks?

About the Sponsors

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AQUENT (aquent.com)

Aquent pairs marketing and design specialists with challenging jobs to create inspired, productive partnerships that produce meaningful work for our client companies and the talent we represent. We're a world-leading innovator in improving the way companies, and talent, work.

Our agents are organized into four specialized practice areas: Marketing, Online Marketing, Graphic Design, and Interactive Design, each with a practice leader who's a senior expert in that space. Practice leaders bring on agents who have complementary expertise so that as a team they can cover every type of work done in that practice area.

This level of specialization provides a significant advantage to our clients and talent. When you talk to an agent who specializes in your exact field, she or he will not only understand your needs and concerns, but also will be able to provide valuable context based on what is working these days for other people in similar situations.

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UNICA (unica.com)

Unica Corporation (NASDAQ: UNCA) is a leading global provider of enterprise marketing management (EMM) software and services. The most comprehensive EMM suite on the market today, Unica's Affinium® software streamlines the entire marketing process from analysis and planning to project management, execution and measurement. More than 600 companies worldwide depend on Unica for their enterprise marketing management solution.

Founded in 1992, Unica is headquartered in Waltham, Massachusetts, with additional offices in the US, Australia, France, Germany, India, the Netherlands, Singapore, Spain, and the UK. For more information, visit www.unica.com.