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HOW TO BUILD A MARKETING MACHINE

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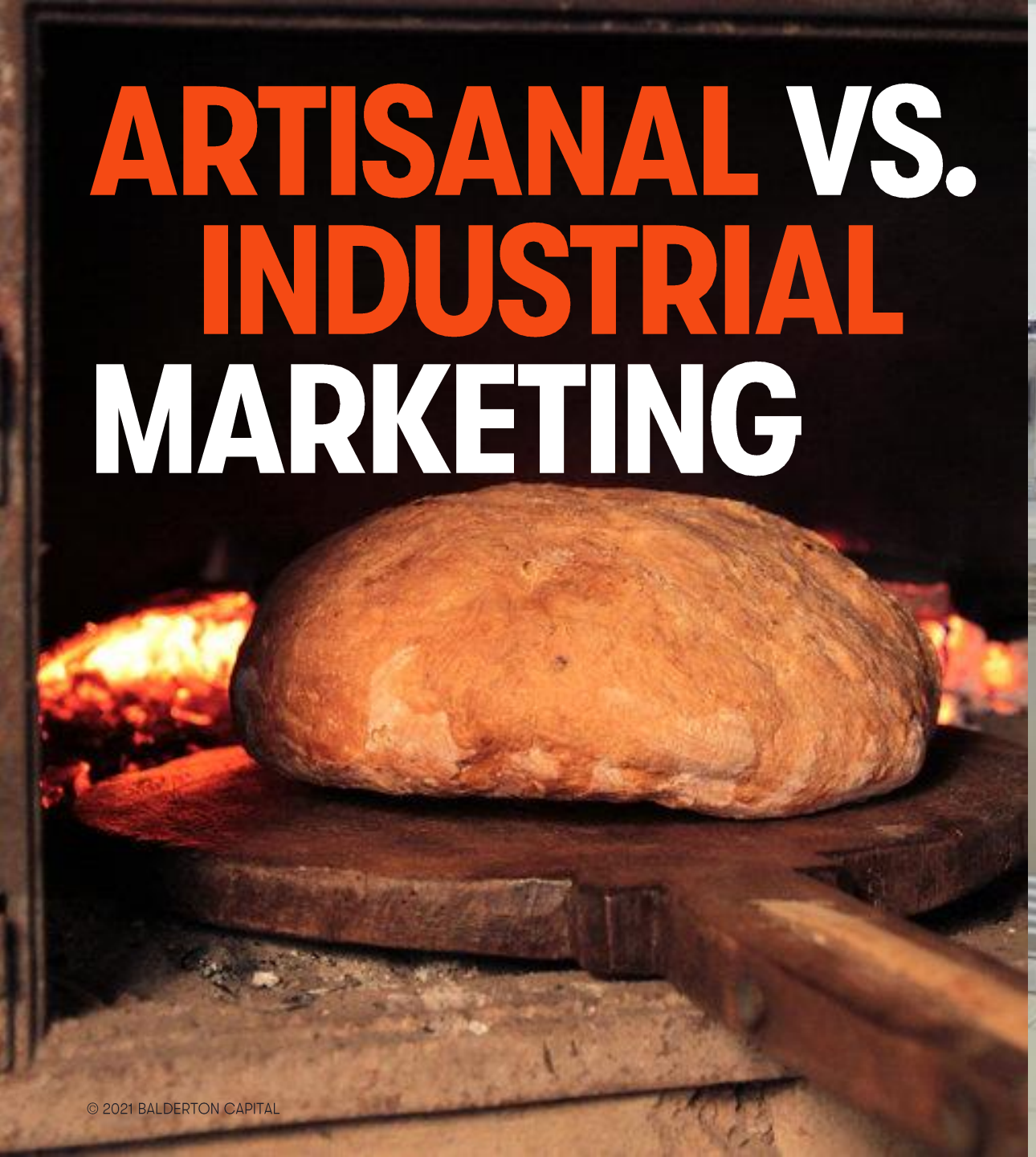
ARTISANAL VS. INDUSTRIAL MARKETING



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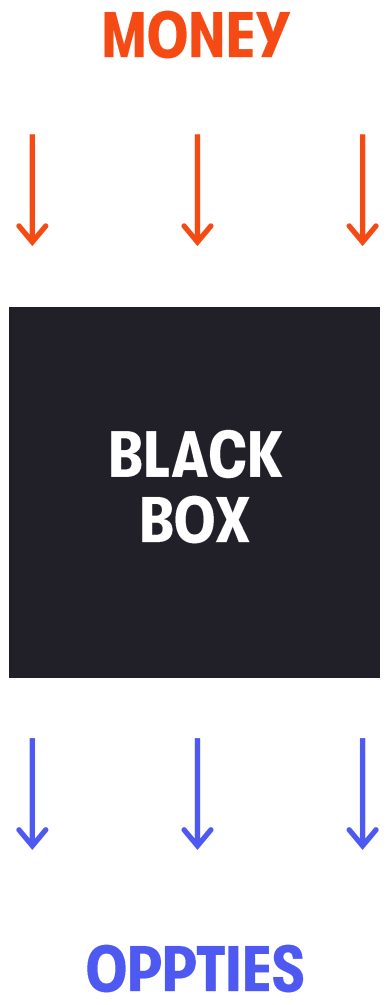
WHAT IS A MARKETING MACHINE?

- Money goes in, sales-accepted opportunities come out
- Predictable output (cost per oppty, time to generate)
- Variable input (productively absorb incremental money)
- Nobody really cares how it works on the inside



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BUDGET-WISE IT LOOKS LIKE THIS

Marketing Budget 2021		$K						Sales-Accepted Oppties					
		Q1	Q2	Q3	Q4	Year	%	Q1	Q2	Q3	Q4	Year	Avg Cost
People													
	Compensation	431.3	431.3	431.3	457.1	1,750.9							
	T&E	30.0	30.0	30.0	30.0	120.0							
	Subtotal	461.3	461.3	461.3	487.1	1,870.9	29%						
Corporate Programs													
	PR/AR	82.5	82.5	82.5	82.5	330.0							
	Research	25.0	25.0	25.0	25.0	100.0							
	Userconf	-	-	850.0	-	850.0							
	Brand/website	40.0	40.0	40.0	40.0	160.0							
	Subtotal	147.5	147.5	997.5	147.5	1,440.0	23%						
Demandgen Programs													
	Digital	400.0	425.0	450.0	500.0	1,775.0		100	125	150	175	550	3.2
	Events	100.0	200.0	250.0	100.0	650.0		20	30	50	50	150	4.3
	Webinars	50.0	50.0	75.0	75.0	250.0		15	25	30	40	110	2.3
	Content mkt	50.0	50.0	50.0	50.0	200.0		10	20	30	30	90	2.2
	Field mkt	50.0	50.0	50.0	50.0	200.0		9	9	9	10	37	5.4
	Subtotal	650.0	775.0	875.0	775.0	3,075.0	48%				305	937	3.3
Total		**1,258.8**	**1,383.8**	**2,333.8**	**1,409.6**	**6,385.9**	**100%**						6.8

INTEGRATED OPPTY BUDGET; LINKED VIA INVERTED FUNNEL TO SALES TARGETS

BOSS LIKES A BIG CONFERENCE (BUT IT DOESN'T GENERATE OPPTIES)

COST/OPPTY (BEWARE ATTRIBUTION AND RETINAL IMPRINT)

INCREMENTAL AND AVERAGE COST/OPPTY

~50% DEMANDGEN (HARD, BUT GREAT OPTICS)

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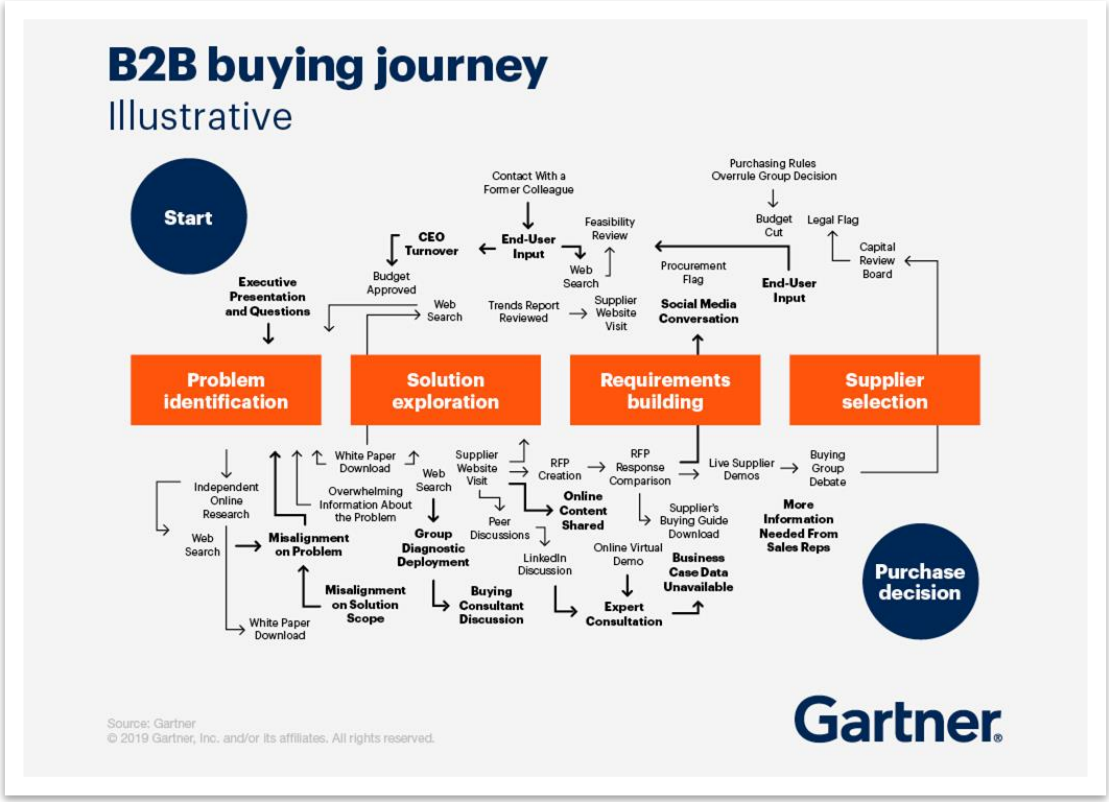
IMPORTANT THOUGHTS ON COST/OPPORTUNITY

- We know the buyer reality anything but linear
  - **Attribution** is the Achilles' Heel
- We **have** to calculate cost per opportunity
  - It's an opportunity generation machine
- Use **research** to stay grounded to reality
  - Win/loss and win-touch analyses at every QBR
- Calculate demandgen **and** total marketing cost
  - Incremental: how much cost to buy 10 more?
  - Average: how much do they cost overall?
- Beware CEO retinal imprint



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RETINAL IMPRINT

ONCE BURNED IN, YOU CAN'T DISCUSS

- Flaws in attribution method
- Quality of opportunities generated
- Existing pipeline accelerated
- Any rational conversation

- Lessons
  - Be careful what you put up
  - Put disclaimers up **BEFORE** numbers!

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THE MACHINE IS LINKED TO SALES

FIXED DRIVERS

SALES CAPACITY MODEL

ANNUALLY VARYING DRIVERS

INVERTED FUNNEL MODEL

THESE CHANGES BASED ON HIRING AND PRODUCTIVITY

RATES FROM HISTORY AND BENCHMARKS

PHASE-SHIFTING

Sales-Linked Interverted Funnel Model									
		This Year				Next Year			
	Drivers	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
First Qtr AEs	0%	1	2	3	4	5	6	7	8
Second Qtr AEs	25%	1	1	2	3	4	5	6	7
Third Qtr AEs	50%	2	1	1	2	3	4	5	6
Fourth+ Qtr AEs	100%	3	4	5	6	9	11	16	19
Total AEs		**7**	**8**	**11**	**15**	**21**	**26**	**34**	**40**
Attrition	20%	-	-	1	-	2	-	3	-
Ramp-rep equivalents (RREs)		**4.3**	**4.8**	**6.0**	**7.8**	**11.5**	**14.3**	**20.0**	**23.8**
Quota capacity	1,200	1,275	1,425	1,800	2,325	3,450	4,275	6,000	7,125
Cushion / judgement	20%	255	285	360	465	690	855	1,200	1,425
New ARR target		1,020	1,140	1,440	1,860	2,760	3,420	4,800	5,700
Expansion ARR	20%	204	228	288	372	552	684	960	1,140
New logo ARR		816	912	1,152	1,488	2,208	2,736	3,840	4,560
New logo ARR ASP		50	50	50	50	60	60	60	60
New logo deals needed		16.32	18.2	23.0	29.8	36.8	45.6	64.0	76.0
SAO to close rate		13%	13%	13%	13%	15%	15%	15%	15%
SAOs needed (3-qtr shift)		**229**	**245**	**304**	**427**	**507**			
MQL to SAO rate		6.5%	6.5%	6.5%	6.5%	6.5%			
MQLs needed (1-qtr shift)		**3,774**	**4,677**	**6,564**	**7,795**				
DG cost / MQL ($)		200	200	200	200				
DG budget needed ($K)		**755**	**935**	**1,313**	**1,559**				
DG cost/SAO ($K)		3.3	3.8	4.3	3.7				

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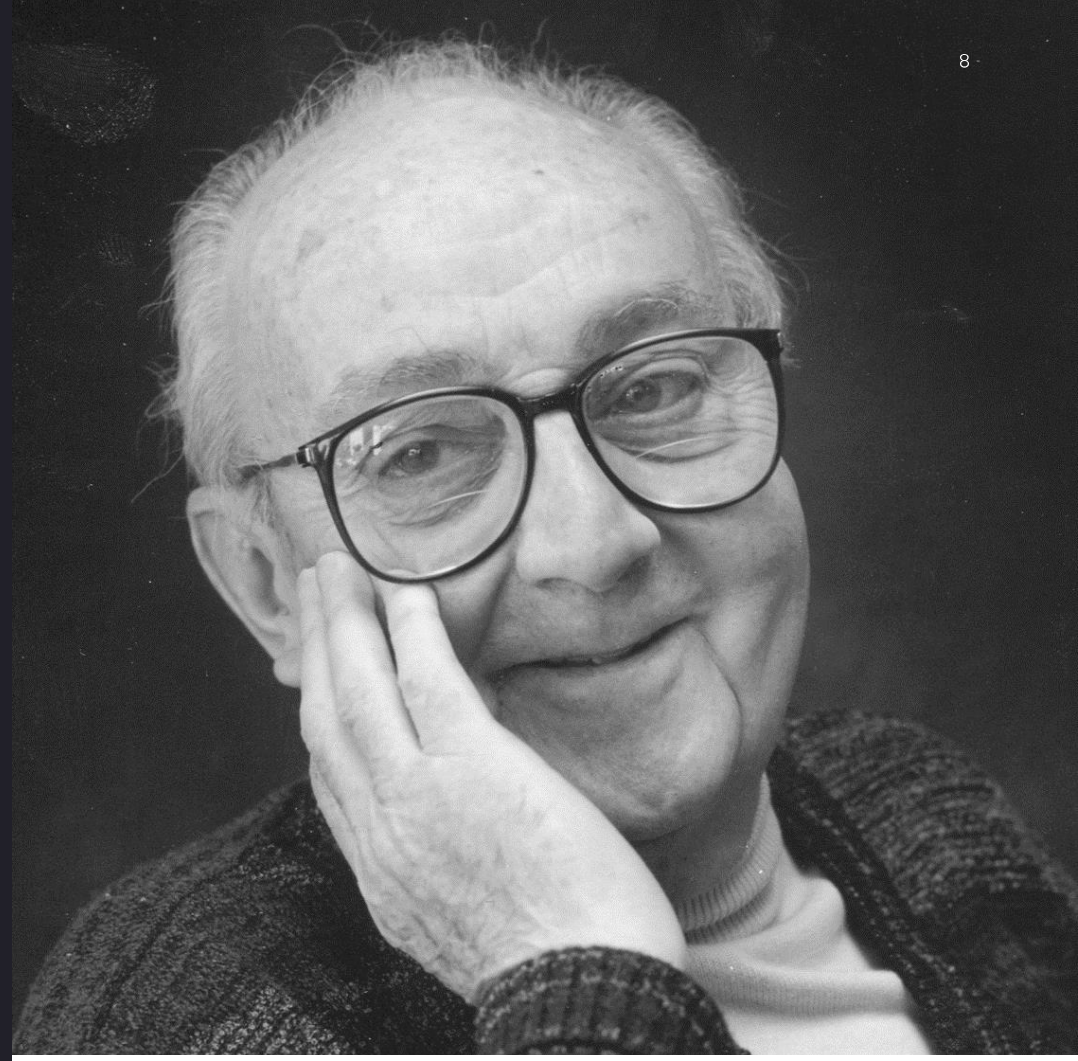
YES, I KNOW...

- Reality is way more complex and not linear
  - We're not selling toothbrushes!
- There are 17 contacts involved across 8 quarters with 43 touches
- Maybe you track AQLs or PQLs, not MQLs
- Corporate marketing programs (e.g., PR) can also generate leads

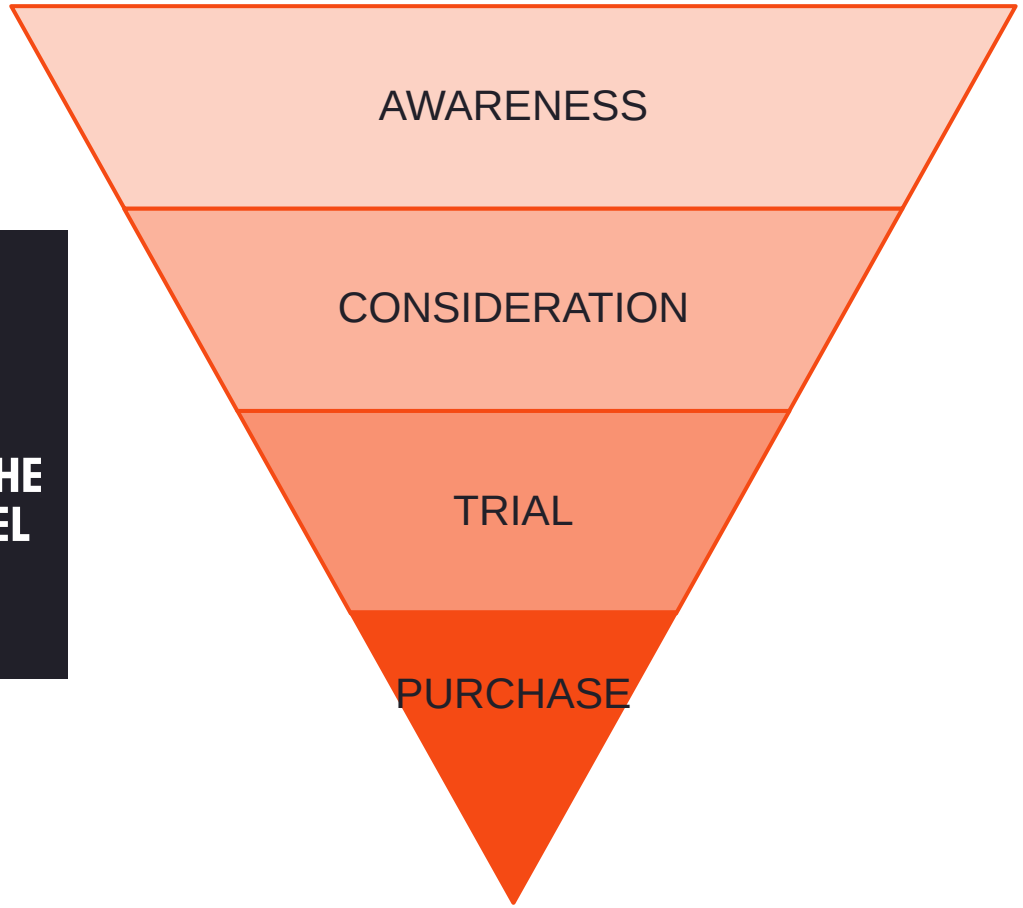
- A funnel is not even the best metaphor
- There are other pipegen sources besides marketing



> **ESSENTIALLY, ALL MODELS ARE WRONG, BUT SOME ARE USEFUL.**
>
> **GEORGE E. P. BOX**

YOU'RE RIGHT, IT'S MORE OF POPCORN MACHINE

BUT LET'S KEEP EVERYONE EMPLOYED AND STICK WITH THE STANDARD FUNNEL METAPHOR



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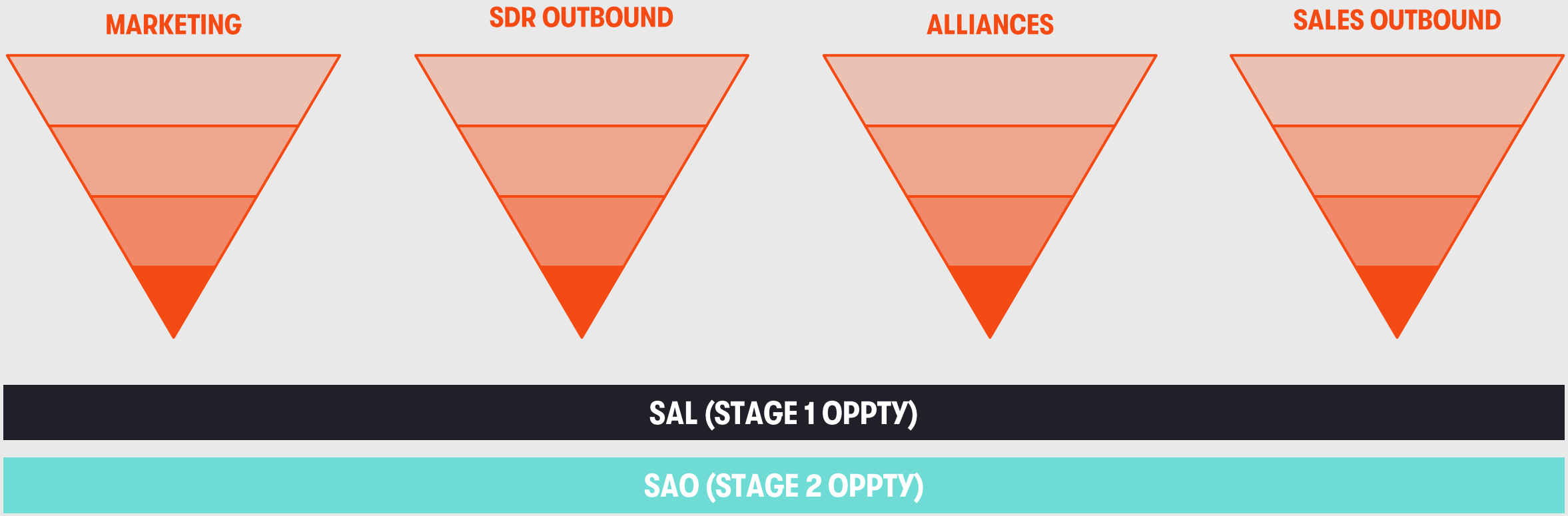
THERE ARE FOUR OPPTY SOURCES

We should document sales-accepted oppty generation goals for all of them



(Each with their own average sales price (ASP), average sales cycle length (ASC), and conversion rate (SAO-to-close))

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KEY ASPECTS OF A MARKETING MACHINE

- ✓ It turns money in sales-accepted opportunities
- ✓ It does so at a predictable cost and timeframe
- ✓ It is hard-linked to sales
- ✓ We can vary the input (e.g., productively absorb new money)
- ✓ Nobody really cares how it works on the inside
- ✓ It is part of a bigger oppty-generation machine

- It makes by-products
- The pieces should all work together
- We should build them in layers

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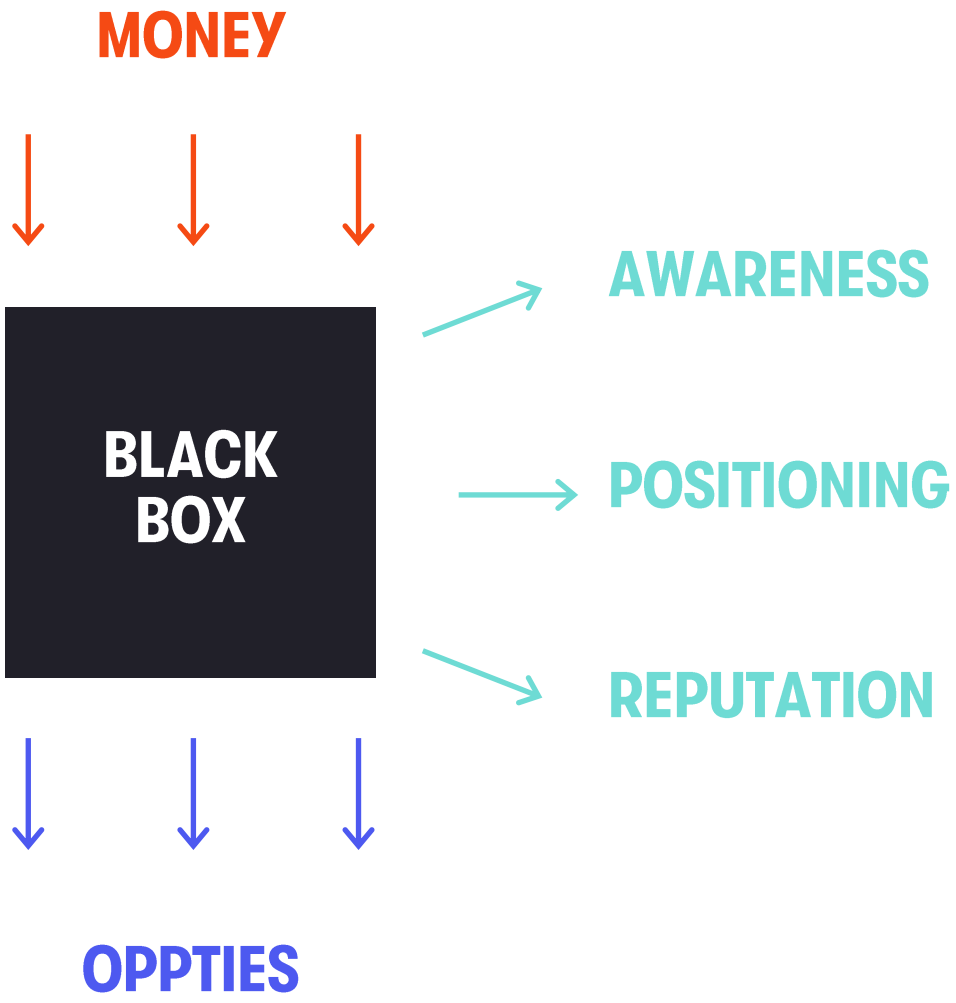

BY-PRODUCTS FROM THE MARKETING MACHINE

Important that we don't keep the comms people too far from the demandgen people

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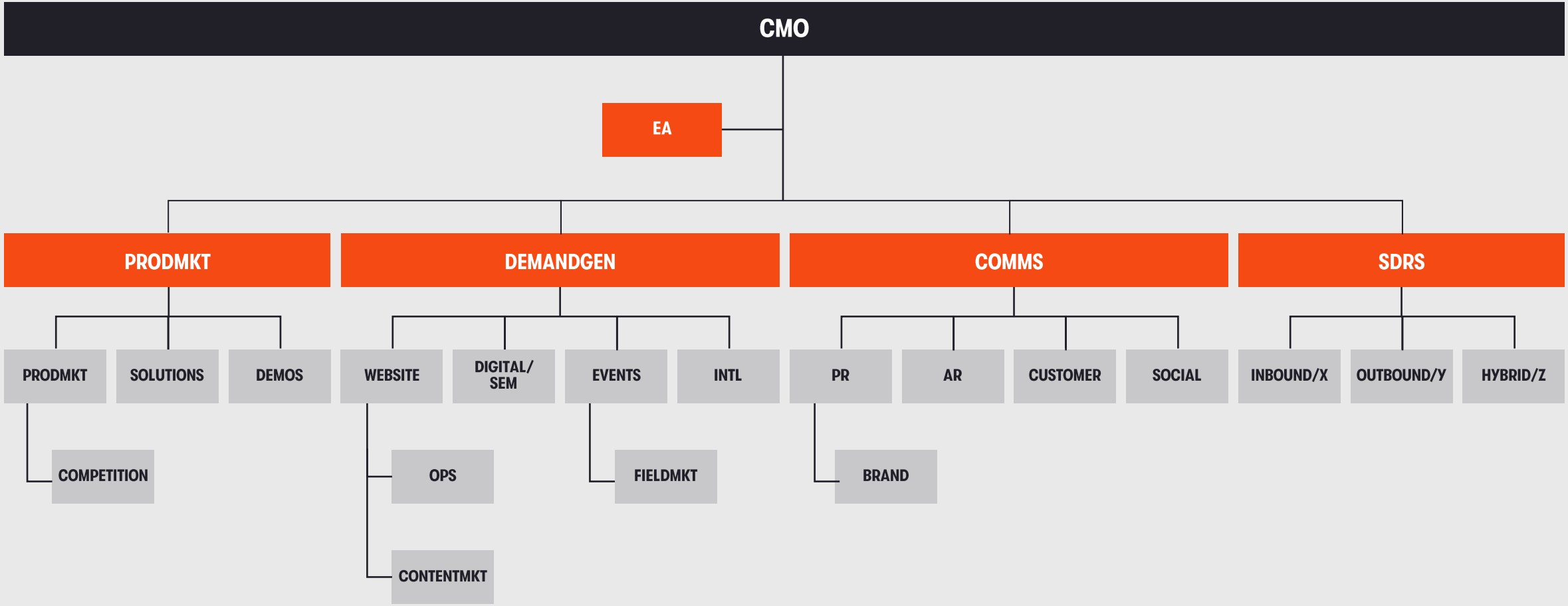
THE PIECES SHOULD ALL WORK TOGETHER, BUT ...

Functional marketing organizations inadvertently encourage “random acts of marketing” done in silos



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THE BEST MARKETING CAMPAIGNS ARE INTEGRATED

Commit to integrated campaign planning regardless of who reports where in the org chart

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WE BUILD THE MARKETING MACHINE IN LAYERS

Once I start a campaign,
I assume it never stops.

I'll be doing weekly demos
4 years from now

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“

YOU AREN’T ADVERTISING TO A STANDING ARMY; YOU ARE ADVERTISING TO A MOVING PARADE.

DAVID OGILVY

SUMMARY:
KEY ASPECTS OF A MARKETING MACHINE

- ✓ It turns money in sales-accepted opportunities
- ✓ It does so at a predictable cost and timeframe
- ✓ It is hard-linked to sales
- ✓ We can vary the input (e.g., productively absorb new money)
- ✓ Nobody really cares how they work on the inside
- ✓ They are part of a bigger oppty-generation machine

- ✓ They produce by products
- ✓ The pieces should all work together
- ✓ We should build them in layers

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APPENDIX:
FOR MORE INFORMATION

- https://kellblog.com/category/marketing/
- https://www.balderton.com/build/
- https://kellblog.com/2019/12/03/why-every-startup-needs-an-inverted-demand-generation-funnel-part-i/
- https://www.qualified.com/podcast-demand-gen-visionaries/make-sales-easier-the-blueprints-of-a-marketing-titan
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- https://blog.hubspot.com/marketing

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