

High Performance Marketing

Budget Season: Getting What You Want

By
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Summer can be a harried time of year. There is that flurry of activity related to sending the kids to this camp and that camp, getting them ready for the next school year and squeezing in that family vacation. All of this I often remember fondly in comparison to my least favorite end-of-summer activity - the budget cycle. If your budget cycle, like mine, starts in mid-summer and goes into early January, perhaps you need some strategies for the marathon that can help you get the customer relationship management (CRM) investments that you want.

Chances are you already know how to identify what you want: attend trade shows, take meetings with vendors, talk with your staff and your peers in marketing and IT, talk to peers at other companies about what works and does not work and prune a few consultants to get as much free advice as possible. You also know how to put together your budget "sales pitch": link your wants to one or more top corporate initiatives or strategic objectives, define business benefits as a nice mix of cost-based and revenue-based benefits, highlight the risks of not giving you what you want, include a little padding for inevitable cuts and establish how this is part of the multiyear foundation that you are x percent through based on previous year budgets (to illustrate the patience and foresight associated with your funding requests).

I would like to spend some time strategizing with you about what to do when your funding commitments do not provide enough funds to achieve your current year objectives, in spite of the padding that you inserted. For those of you who are bargain shoppers, this list will seem very logical. For those of you who are accustomed to being on the leading edge of purchases and paying the full retail price, I hope this helps you get all that you want and then some. The following are some shopping strategies to stretch those budget dollars to get more of your CRM wants.

Buy On Sale: All organizations have sales. However, unlike department stores and car manufacturers, most organizations are not as direct about their year-end or season-end sales. For the investments that you want (whether software, hardware or professional services), understand the fiscal cycles of potential vendors. Almost everyone has quarterly

or annual objectives to meet, and the willingness to cut prices near the end of the fiscal quarter or year may be just what you need to help fit into your approved budget. Also, do not be afraid to ask for those quarter or year-end prices at other times. What do you have to lose?

Have Options: One of the things all bargain shoppers know is that to get a real deal, you cannot be searching for one specific brand and model of the item. The real bargain shopper knows what the difference is among brands and models and has identified the “bargain price” for several brands. This makes the ability to purchase within your budget and to satisfy your needs easier. You have more negotiating power with each vendor if you have several vendors who are acceptable. One note of caution here, make sure you do not arbitrarily set the same “bargain price” for all your options. You need to understand and adjust for the quality of what you are purchasing - see the “Understand the Total Cost” point below.

Buy Off-Season: For the shopper who is “okay” not being on top of the latest trends, buying at the end of a season and saving the new purchase for the same season next year can save a lot of money. While this strategy may not help with software or professional services purchases, it can definitely help where hardware is concerned. Understand your performance parameters and be willing to buy last year’s model as long as it meets your needs. You are planning on “wearing” it for three to five years anyway, so do you really care whether it is the 2006 or 2007 model?

Forget New: “Not new” is not the same as not useful or not valuable. If you are leery of the “used” moniker feel free to substitute “vintage” or “pre-owned.” Moreover, “not new” does not always mean old. Again, this can be especially true of hardware. Businesses go out of business; leading-edge businesses dispose of their previous, still current models; “floor models” and “sales rep samples” still exist for many manufacturers. These situations provide an opportunity for the knowledgeable shopper to get first-rate, current products at discount prices. Remember, eBay is not just for your personal shopping.

Do It/Make It Yourself: Sewers and handy homeowners around the world can attest to the ability to get an “A” list product for “B” list product prices using sweat equity. While I would not encourage anyone to start a hardware shop, there are some DIY equivalents for software and professional services. In software, there may be an open source option that can meet your needs. For professional services, especially when your company has talented, quick learning individuals, consider a joint implementation team to reduce the costs of those services. Not only do you benefit from lower acquisition costs, you may find that your road to self-sufficiency is also improved.

Be the Fashion Plate: While this is not a shopping strategy in the strictest sense, this strategy is designed to mirror the technique used by the celebrity to get one free (or at reduced cost) in exchange for showing it off and helping create desire for others to want it (at full retail price). This strategy can be used effectively for hardware, software and professional services needs. Agree to become an alpha or beta user of software in exchange for price concessions; agree to be a reference for that firm trying to solidify

itself in a new services space or to keep competition at bay. This strategy is not for the risk averse because being a fashion plate always comes with the risk that the fashion turns out to be a fashion “don’t.”

Understand the Total Cost: As shoppers know, buying that \$200 suit and spending \$200 on alterations is the same as buying a \$400 suit. The same holds true to CRM purchases. Always understand your total cost of ownership over a relevant time period. For hardware and software that means purchase prices and maintenance - for the core software and any other components you need which “may be priced separately.” Remember, buy only those components you are sure you need. Paying more for these when a vendor throws in components that you may never use “for free” may be the same as paying more than you needed for what you wanted. Similarly, in professional services purchases, understand the duration and dependence you will have with different vendors - sometimes paying more for the services and being self-sufficient after implementation is better than getting a “deal” on the implementation services and needing to keep the vendor around after implementation for ongoing support.

I wish you all the best as we enter the long budget cycle. I hope you get what you want after the first round of budgeting. If not, I hope some of the shopping strategies above can help you get what you want with the funds you get. Don't you just love the end of summer?

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