Successful Marketing Takes Planning

Marketing. A very simple word, and one that we all know, but what does it mean and how important is it to our success?

For the “short” time that I have been involved in the construction industry, I have noticed that most of my competitors don’t put much of an effort into marketing. They might spend some money, but there just doesn’t seem to be any rhyme or reason for what they do. Why is that? Do they not understand what significance and importance marketing has for a company?

Simply put for purposes of this article, I will define marketing as the effort and resources that a company dedicates to enhance the sales process. I know this is not the “technical” definition, but it can work. That being said, how much money should be spent on marketing? What should you spend the money on, and what kinds of things can you do that will enhance your sales processes?

I have been taught that a company should spend between 1 percent and 2 percent of gross revenue on marketing. If we use the lesser amount and say 1 percent, that means for every million dollars of sales, a company should dedicate about $10,000 to marketing. That can be a lot of money, especially for a company that performs $25,000,000 of work. That company would spend at least $250,000 per year, and that seems like a huge amount of money to spend!

Each year, as an estimator, my boss requires that I submit my own plan for marketing. I use 1 percent of sales to establish my total dollars, and I use $4,000,000 as my gross volume of sales. That means I have a budget of $40,000 for marketing.

Establishing the total amount for my budget is the easy part. I have to plan for the coming year, and then during the year, I need to justify the spending of that money. I have to convince my boss that we got additional sales volume, or a higher margin on sales as a result of spending the money. In the words of my boss, “failure to accomplish that will result in unemployment.”

The result is that the company sets aside $40,000 for my use. I am required to spend that money. Our company is convinced that we must “prime the pump.” If we don’t do that, if we don’t dedicate time and money, either our sales volume or our margins will deteriorate.

During the year, I make the decision to take a client or potential client to lunch or to play golf. I decide to charter a boat and take the staff of one of our general contractors fishing. I decide if I want to take a client or potential client to a concert. Those are my decisions, and I am held accountable.

Each month, I do a marketing report. That report consists of three parts. In the first part, I review the past month and show how I spent the marketing money. I also report on what the results were from that investment.

Part two is to state my plans for the current month and what results I expect, and part three requires me to list all my clients and corresponding amount of sales and marketing money spent for each. That seems like a lot, and you probably think I spend a great deal of time on this report, but in reality, it is time well spent.

I know this program is unique and that it probably won’t work for everyone. The important thing I hope you get out of reading this is that you should have a marketing plan. You need to dedicate money to be spent on marketing, and you should be able to see the results.

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