

# How Much Should I Spend?

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No matter what you budget for marketing, it's probably more than you'd like to spend. The experts offer theories calling for a certain percentage of revenues, and some "do it yourself" types fund marketing with whatever is left after all the bills are paid.

If the budget is too small, you might not generate enough in sales to justify it. It's true that, if you spend the right amount, you'll probably get the best return on your investment. While every situation is unique, these guidelines can help you see if you're in the ballpark

1. **Check your competitors.** You've seen your competitors' ads. If you collect everything you can find, you can probably estimate what the other guy is spending. If it's working for them, you might consider spending at least as much.
2. **Check non-competitors that are similar.** Trade associations and the Internet are great places to find faraway people in your line of work. Since you're not vying for the same customers, you may find business owners in non-competing markets are eager to help. Entrepreneurs love to share their success stories.
3. **Start-ups need more.** It takes more work, and sometimes a lot more money, to make a name for a new business.
4. **Have a plan—and review it periodically.** Your plan shouldn't be written in stone. Determine what's working and what needs to be modified, then adjust your expenditures when necessary.
5. **Measure Response.** Whatever marketing program you develop, measure results, every day, every ad, every time. Find out what works (measure ROI) and keep doing it until it no longer delivers.

Small businesses that grow usually maintain marketing as a central part of their overall business plan. More than 100 years ago, Philadelphia's celebrated retailer, John Wanamaker, famously said, "Half of what I spend on advertising is wasted. But I don't know which half." Wanamaker's department store was one of America's largest, and he became extremely wealthy.

While there are dozens of possible mistakes in a marketing campaign, here are the most common pitfalls for new entrepreneurs.

1. **Too much information.** It's tough enough to break through the promotional "clutter" and actually communicate with someone. When you jam in too many messages, you risk losing your audience. Focus on one or two key messages and stick with it.
2. **Inconsistency.** If each piece of your print, stationery and display materials looks like it's from a different company, you will be less effective. Your materials can develop synergy if they match.

3. **Dropping out when times are tough.** When cash flow drops, it's harder than ever to dedicate your monies to marketing. Plan ahead and stick with your first priority to attract and keep customers.
4. **Hiring an agency that's too big.** Advertising, PR and marketing agencies come in all sizes and price points, just like other businesses. If you're on a shoestring budget, look for a midsize or small agency where your dollars and your business will be treated with the attention and respect they deserve.

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