

“Marketing? – Strategically
Sourced? - it can't be done”

“Marketing – Strategically Sourced, they said it couldn’t be done”



Is Marketing an art, a science, neither or both? Is truth stranger than fiction or is the magic really that we can save big by applying sound sourcing principles to our marketing spend. For companies that have applied these principles to their marketing spend the results have been impressive with much of the gain coming from relatively simple steps (supplier rationalization, standardizing the RFI or RFP process). Despite the advantage strategic sourcing has proven, many companies are reluctant to impose this discipline on their marketing departments. In the end it's all about positioning the best practice of evaluating strategic value and cost. Learn to help marketing maintain both relationship building and supplier confidence while gaining reduced cost, improved quality and levels of service.

Just like in other areas of spend, good Strategic Sourcing helps companies “have it all”.

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You don’t buy Marketing (creative service, consulting, print, direct to consumer, etc.) like you buy PCs.



True
 False

You sacrifice quality and creativity when you apply fundamental Strategic Sourcing principles to this category of spend.



True
 False

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Defining the Marketing Category:

- *Market research*
- *Design Services*
- *Agency – Creative*
- *Agency – Promotional / Planning (Media, Buying, etc.)*
- *Commercial Print*
- *Commercial Broadcast*
- *Other Media (Internet, Telemarketing, Direct mail etc.)*



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Most companies don’t even try to use basic sourcing principles because:

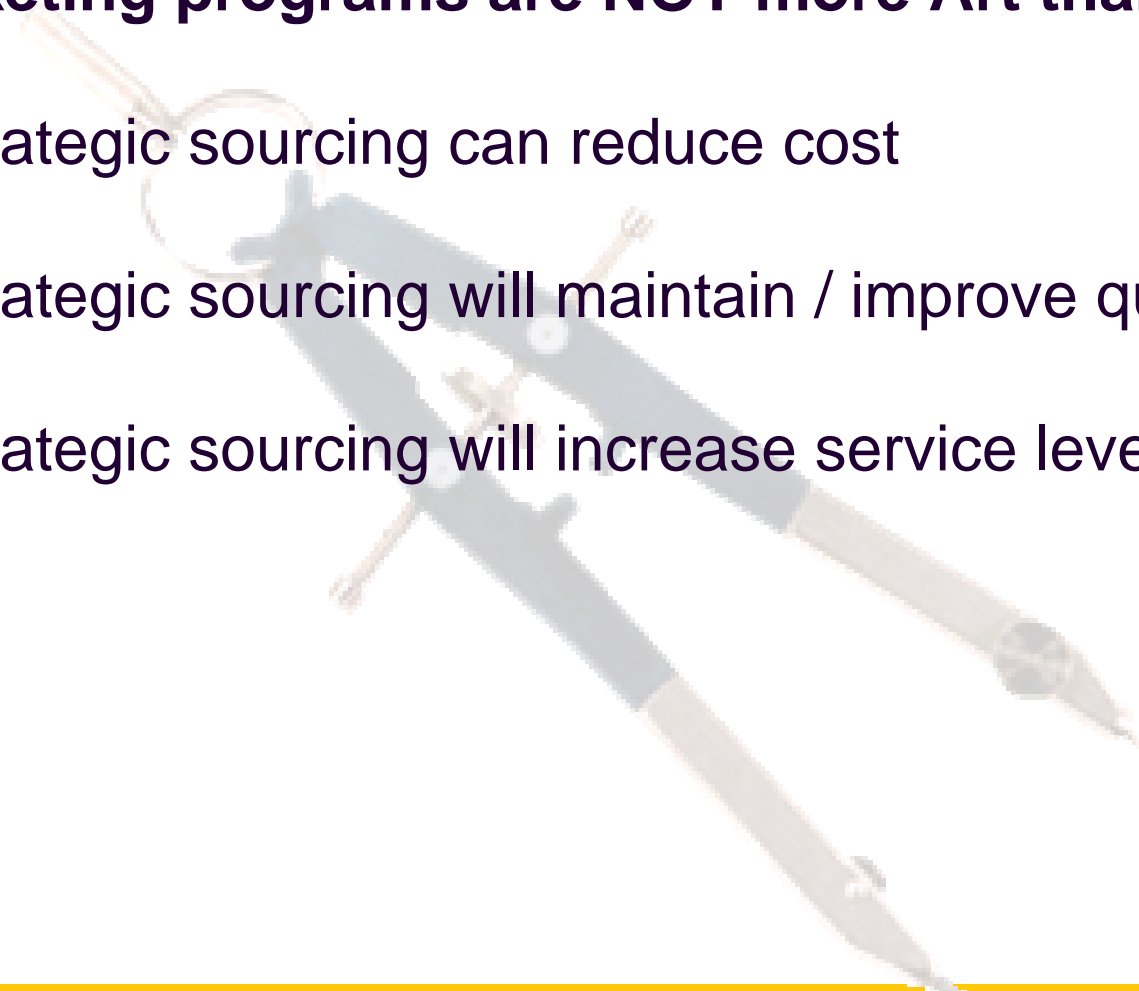


- ✿ Marketing is DIFFERENT; it can’t be sourced using traditional methods
- ✿ Marketing suppliers don’t respond to competitive situations
- ✿ Sourcing efforts that create approved suppliers lists will not be complied with by internal marketing staff

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Marketing programs are **NOT** more Art than Science:

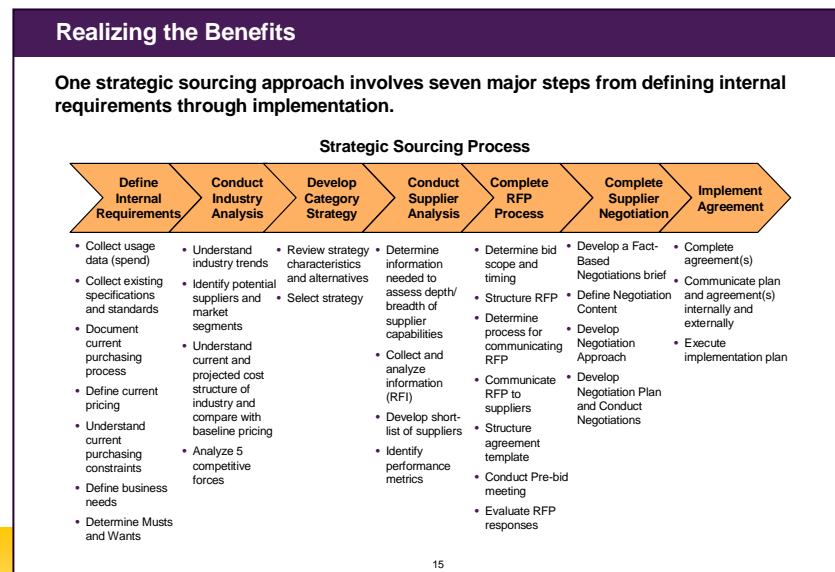
- ✿ Strategic sourcing can reduce cost
- ✿ Strategic sourcing will maintain / improve quality
- ✿ Strategic sourcing will increase service levels



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Success means building the Strategy First:

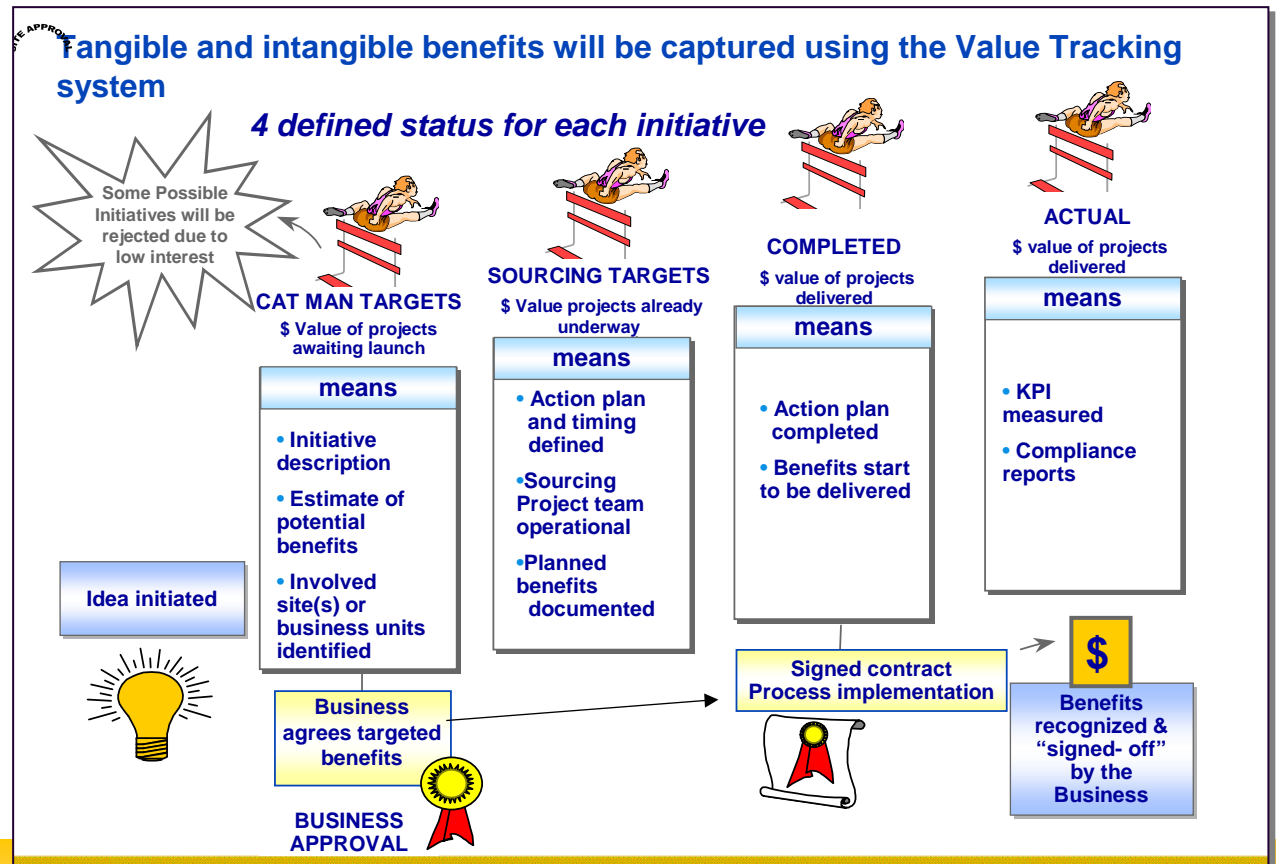
- ☀ Measured sourcing process (5 step / 7 step etc.)
- ☀ Company “Buy in” through early understanding as to savings distribution
- ☀ Sourcing / Category teams with clear and concise team goals



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Understanding Strategic Value vs. Cost

- 🌟 Deliverable quality
- 🌟 Service level
- 🌟 Market impact



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Economic Evaluation:

☀ Creative cost

☀ Charge for services based on resources assigned –

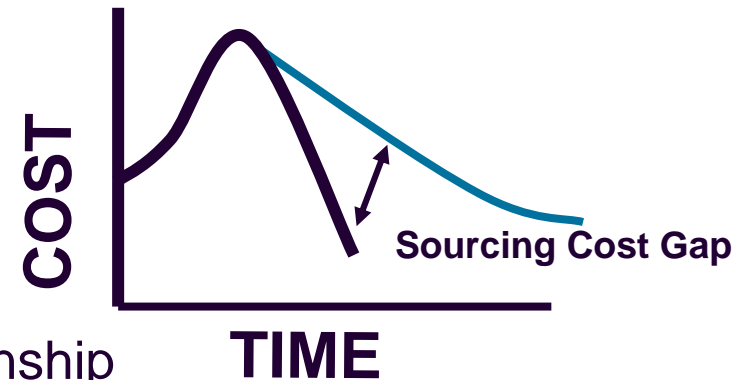
- ☀ rate cards,
- ☀ Fees,
- ☀ out of pocket expenses

☀ Production cost

☀ Ownership of production supplier relationship

☀ Logistics

- ☀ Bids vs. expenditure levels
- ☀ Final terms
- ☀ Relationship building



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Companies that never previously used strategic sourcing of marketing services see significant benefit through basic principle application:

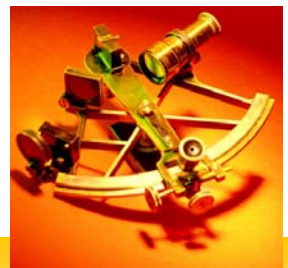
- ✿ Rationalizing (reducing) the number of suppliers
- ✿ Standardizing the RFI / RFP
- ✿ Organizing the requirements into logical groupings
(creative, production, logistics, etc.)



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How do I start ?

- ✿ Define Category of Spend
 - ✿ Promotional
 - ✿ Advertising
 - ✿ Brand Management
- ✿ Objectives
 - ✿ Cost Effectiveness
 - ✿ Value/Quality Enhancement
 - ✿ Change Supplier
- ✿ Spend Analysis
 - ✿ Cost Drivers
 - ✿ Spend by category
 - ✿ Spend by Supplier
- ✿ S.W.O.T. Analysis
 - ✿ Define strengths, weaknesses opportunities and threats
 - ✿ Five Forces Summary
- ✿ External Benchmark and Survey
- ✿ Short Term Opportunity
 - ✿ Timelines
 - ✿ Quick Wins
 - ✿ Standardize Work Plan
 - ✿ Summaries
 - ✿ Key Performance Indicators
- ✿ Long Term Objectives
 - ✿ Supplier Compensation Assessment
 - ✿ Demand Management Planning
 - ✿ Contract Monitor Plan
 - ✿ Training Requirements
 - ✿ Internal Benchmarking



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Summary Conclusion

Strategic sourcing of the marketing category requires significant support at all levels of an organization. Teams must be cross functional and comprised of expertise from all areas of the company (marketing executive management, procurement, finance, company / corporate management) in order to be successful. A good strategic sourcing process will afford marketing teams and staff better service with a greater range of possibilities. Additionally, it will enhance revenue contributing to increased shareholder equity. There must be upfront agreement as to how financial gains from individual sourcing projects will be distributed (reinvestment, held from budget for revenue, etc.). When all these pieces come together “strategically sourcing marketing” positions a company to be the “Best of the best” (with apologies to AstraZeneca for stealing it’s tag line).

About our Speaker



Sarmiento Silva, C.P.M., is a 25-year career Purchasing Professional, currently serving AstraZeneca Pharmaceuticals as Director, Purchasing System Development and Re-engineering on assignment as Leader for their current mySAP ERP and Ariba Buyer implementation project. AstraZeneca is a Global leader in the Pharmaceuticals industry whose 2002 sales totaled more than \$8 Billion in the US. Prior to coming to AstraZeneca, Mr. Silva was Global Manager of Packaging and Printing for Rubbermaid® Corporation. He is a Life Certified Purchasing Manager carrying the certification since 1984. He has been an active member of the Institute for Supply Management (formerly NAPM) since 1980 and has served at every level of the organization including National Vice Chairman for Membership Activities. He currently serves on the Editorial Review Board for “Inside Supply Management” ISM’s signature Magazine. He has a BA in Communications and a MBA in Marketing. In 1993 he was awarded the Distinguished Service Award from the Western New England Purchasing Management Association, Massachusetts House and Senate and received a citation from the Governor’s office for statewide excellence.

