

Best Practices for Marketing Budget Agility During Crisis & Disruption

Three actions marketing organizations can take and how Allocadia can help

As marketers we all wish that we could set our plan and budget at the beginning of the year or quarter and we are able to execute exactly as planned. But even in the best of times, priorities shift, programs fail, and change has to happen.

How you set yourself and your organization up to react to the unexpected, without having to do days' worth of work, or worse become risk averse on your spend, is key to maximizing marketing effectiveness.

Whether it be COVID-19 or another event that is creating change in your budgets and plans, here are 3 steps to take to quickly assess and readjust your plans.

1. Document spend that has been forecasted, committed, and spent

What we suggest: This is good practice at all times, but in times of uncertainty you need an understanding of which spend is actually adjustable vs which spend is long gone.

what each of these means:

- “Forecasted” means that the marketer is expecting to spend dollars in this area, but no contract has been signed or commitment made. 100% of this money can be reallocated.
- “Committed” means a contract has been signed or order has been put in for the activity, but the activity has not occurred yet. These may be refundable, an opt out may exist, or there may be a way to negotiate dollars back.
- “Spent” means that the contract has been signed and even if actuals are not already reconciled the activity has already occurred. This budget is gone.

How to do this in Allocadia: Use forecast tags (these can be customized to meet your company's terminology, you don't have to use the above) and have each budget owner tag their budget items to update the status of the spend.

Work with the team at Allocadia, through Allocadia Assist, to make sure you have a proper dashboard to report on this. We recommend updating these tags at least monthly if not weekly.

What this will provide: Again, this is good practice 100% of the time, and sometimes we rely on PO and actual integrations to help here. But in times where you need a 95% accurate view of what the status of spend is TODAY, this tagging system works well.

2. Take inventory and document the risk of cancellations or change within your budget

What we suggest: Categorizing spend along the lines of: “Cancelled, High Risk, Medium Risk, Low Risk”. In the case of COVID-19 travel, events, and anything that involves in person interaction would probably be High Risk. Anything involving partners may be Medium Risk. And anything digital would be low risk.

How to do this in Allocadia: Create a new details panel dropdown “spend cancellation risk” (or a similar name) with each of the categories above as an option to select.

Once complete have all budget owners categorize 100% of their line items.

What this will provide: On its own this step will allow you to report on the percentage of budget that is at risk across your different departments and business units. It will also show which months and quarters budget will come available. On top of that, when you combine this step with step #1, you can create a quick filter or matrix report that lets you see multiple scenarios:

Scenario	Status	Risk
Dollars you should look to reallocate ASAP	<i>Forecast</i>	<i>Cancelled High risk of cancellation</i>
Dollars you should look into potential refund, opt out, or cancellation clauses	<i>Committed Spent</i>	<i>High risk of cancellation</i>
Dollars you should be thinking about contingency plans for	<i>Forecast Committed</i>	<i>Medium risk of cancellation</i>

3. Reallocate dollars and create scenarios for future spend

What We Suggest: Once you have a view into what dollars are free (Steps 1 and 2) you should immediately re-allocate those dollars to new programs.

To help guide these decisions analysis must be done on how the cancelled programs will affect results. Ideally, there is a view into what alternative programs can drive the needed results, but regardless, decisions must be made on where dollars should go.

In this instance, think critically, just because the events team *had* budget does not mean they should retain it. Should you be shifting event dollars to digital? Consider reinvesting in efficiency projects vs effectiveness if the ROI is not there or keep some of the dollars for slush for flexibility as the situation continues to progress.

How to do this in Allocadia: Ideally you are connecting Allocadia spend dollars to results data from downstream systems like salesforce to get a view on the highest performing channels and campaigns so you can quickly prioritize and double down on those.

Regardless of the above, the first part of Allocadia you will want to adjust is your budget target fields (typically on the home tab within the roll up panel). To do this, add two fields: “budget added to target” and “budget shifted from target”. These fields should then add and subtract budget targets from the appropriate activity or budget grids.

Once complete you can reduce the spend targets in those budgets that are losing funds and increase the spend targets in those that are gaining. Then budget managers can reforecast their spend by creating budget folders and line items within their budget grid.

You will also want those budget managers who may have more dollars shifted to them to prepare for more cancellations and adjustments. This is done with scenario tags. Have the budget managers build plans for an additional \$XX,000 of budget so you can quickly move to action and make adjustments if and when those funds free up.

What this will provide: This will provide clarity on where new budgets are going, what the new targets are across all budget managers, and how new forecasts line up with those targets. Providing this visibility across and up the organization is imperative when major change is occurring. This will also help your marketing organization communicate how priorities and plans are changing to broader stakeholders.

Lastly, creating different scenarios as budget shifts (even at a high level), will allow your organization to move quickly as the situation evolves.