

## BrandKnowledge

Written by:  
*Alvin W. Brown, Jr., Chief Strategist*

Welcome to this edition of **BrandKnowledge** as we continue providing you with relevant communications in regards to your marketing strategy and securing your brand real estate with your target market. In this segment, we aim to provide you insight about why outsourcing your marketing and information technology could prove to be a profitable move for your business.

### **Why outsourcing your marketing and information technology could prove to be a profitable side of your business.**

Too outsource, or not to outsource? Many small and medium-sized business owners ponder this question in regards to marketing and information technology functions within their business model. This is not just a local issue but a global issue no matter the size of the company. Many justify to the ends about whether either or both are cost centers. One can argue rather refute the subject of marketing being a cost center, but information technology has long been the center of controversial talk. With marketing and technology integrating at the speed of light, it now sparks a new question of the 'new animal' should be kept in-house or outsourced...

So why would or could outsourcing prove to be a profitable side of your business? Let us examine the cost of having an in-house staff. The typical median salary for acquiring both marketing and information technology professionals is \$42,000 and \$48,000 respectively. This assumes that both professionals have at least a bachelor's degree and 2-4 years experience (having certifications is a plus!). Now, add another 30% for taxes and if your business offers benefits of any type. So, what is the big deal so far, everyone does it this, right? Please keep reading... Then you add on another 25% for any costs or reimbursement for office space, supplies, vacation, sick, holiday, certification or professional development needed. Now you're looking at a total compensation of approximately \$66,000 and \$75,000 respectively. The catch is you do not receive a full 8 hours of work for this salary once you include meetings, office talk, restroom breaks, lunch, and any other non value-add office activities. So out of an 8-hour work day, an employee is typically only working 4-5 hours of value-add work. That is just a mere example of the cost to have both marketing and information technology professionals in-house staff.

What if we take the same 4-5 hour value-add work scenario utilized in the in-house staff model? I'm glad you asked! Seeing your company will receive approximately 40-25 hours per week for one marketing and one information technology in-house, your company can outsource marketing and information technology functions to a marketing and technology firm for about \$75 to \$200 per hour depending upon the type of services your company needs. You may say, WHOA, that is WAY TOO MUCH MONEY! Please keep reading... The catch in this model is with a firm you can decide the hours of needed service and still receive a great service! What does this mean? Instead of paying nearly \$141,000 for approximately 1900+ work hours, you would pay only \$89,000 for a marketing and information technology firm to work approximately 700+ work hours at \$125 per hour rate (equivalent to a two-day work week of a full 8 hours billable time). You get the same if not a better service in a lesser amount of hours and management, and in addition you add at minimum 25% - 30% back to your bottom line! Would you like to have a check for nearly \$52,000 back in your business at the end of the year, not to mention more profitable and sustainable customers and cash in addition?

The biggest question now... if outsourcing is such a great thing too have and so profitable, then why are most businesses not doing it? This is a great question, to answer in short, the number one reason most businesses some times choose not to outsource is due to lack of control and relationship management – and this can be quite costly to your business' bottom line. Some would say total cost is the biggest indicator; however, this is a false statement seeing most businesses, including our business, are willing to pay any price for a great value-add service that truly benefits the business. So companies who put effort and time into managing their provider relationship and control aspects reap great benefits for their business that prove to be very profitable... long term too! Read more about managing profitable relationships in our recent article in the 2006 February edition of BrandKnowledge: Successfully managing the relationship with your marcom outsource provider.

If you have comments on this article, please send your comments to [editor@brownstonestrategies.com](mailto:editor@brownstonestrategies.com). We would greatly appreciate understanding your perspective on this article.

## **Need a fully managed and support web solution?**

Click For The Answer To Your Problems!

Catch next month's article on creating an effective eMarketing Newsletter your customer's value.

[www.brownstonestrategies.com](http://www.brownstonestrategies.com)