



internal vs external cost comparison

inflowing

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introduction

As a growing company, you recruit in line with your needs. Once you've come out of the 'do everything myself' phase in the early days, you probably look to onboard salespeople, delivery people, and in time, support functions. Initially it's likely to be general admin/finance and then you might turn your attention to marketing. Previously, marketing was seen very much as a sales support function: to provide 'air cover'. This can still be true to some extent, but the internet has revolutionised the way that people buy stuff nowadays. Now the domain of marketing: the business' reputation, the way it communicates with its audiences and the way in which it goes to market are of business-critical importance.

At some point, for your business to achieve its full potential, you're gonna need to address your marketing. You're going to want to build an actual brand to go with your business, one that boasts consistent communications, one that spans all the different ways in which your prospective customers research buying decisions, and - as an SME - you're going to want to do that in the most efficient and cost-effective way possible. Not much to do then!

Like many businesses, you face a dilemma: do you recruit a marketing person or team, or do you outsource?

And that's the purpose of this comparison white paper. As a business owner, when you get to this juncture, there are different routes available. A core value of Inflowing is honesty.

So here it is. I hope it's useful.

Cheers,



Daley Robinson
Marketing Director

the costs

in-house

We've tried to use high quality sources for all the costs where possible (see page 15). Ever the optimists, in the areas where we couldn't get data, we've been very conservative with these estimates so as not to skew the analysis.

Rather than think about the top-end, if we couldn't find a specific average, we've just focused on what you might actually spend - you know - if you're actually trying to run a business: buying efficiently to minimise costs.

We've developed costs for a standard UK marketing manager rather than a big hitting CMO or marketing director. It's common for a first hire to be in a middle management position, who'll then build a team out from that once they've written a strategy and proven their approach.

Description	Cost (per annum)
Salary for Marketing Manager	£42,000
Employer National Insurance (NI) contributions	£4,669.37
Recruitment cost	£4,500
Payroll cost	£180
Office costs	£4,638
Absenteeism	£554
Pension costs	£1,260
Total for comparison	£57,801.37



in-house

By far the most significant in-house exclusion is the marketing budget. As you're going to be recruiting a single person, they're not going to be able to do it all. Some of that will be because of competence, some will be because of experience, some will be down to time. Either way, they're going to need to spend money on some stuff: graphic designers, web developers, copywriters, SEO consultants, branding, software licensing. No internal marketing person worth their salt is going to be able to work with no budget. And it can be a greater challenge as these costs are often not known up front - which can make forecasting a year-end GP performance a rocky road.

When outsourcing through a business like Inflowing, the whole arrangement is designed to be a true marketing-as-a-service offering. It encompasses everything a business needs to do to deliver end-to-end campaigns - branding, graphic design, web development, social media work, SEO, even down to the administration and monthly reporting back into the management team. It's designed as an all-inclusive monthly fee that leaves no gaps and means you know upfront exactly how much your year's worth of great marketing is going to cost.



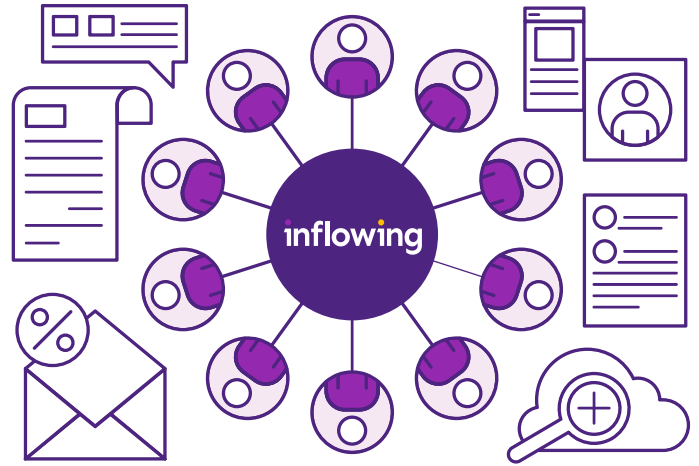
Rather than lead you down the garden path, and following the transparent approach all the way through, we've not added costs for many other common expenses associated with an employee:

- ➔ Annual bonus
- ➔ Expenses/travel costs
- ➔ Company car/car allowance
- ➔ Legal/HR costs
- ➔ Relocation
- ➔ Ongoing cost of line manager resource

Although not all of these will be relevant to your business, some of them will. So if you're doing a thorough assessment of whether to recruit your own internal marketing resource or work with a third party, you'll want to take this into consideration. Calculator time!

outsourcing

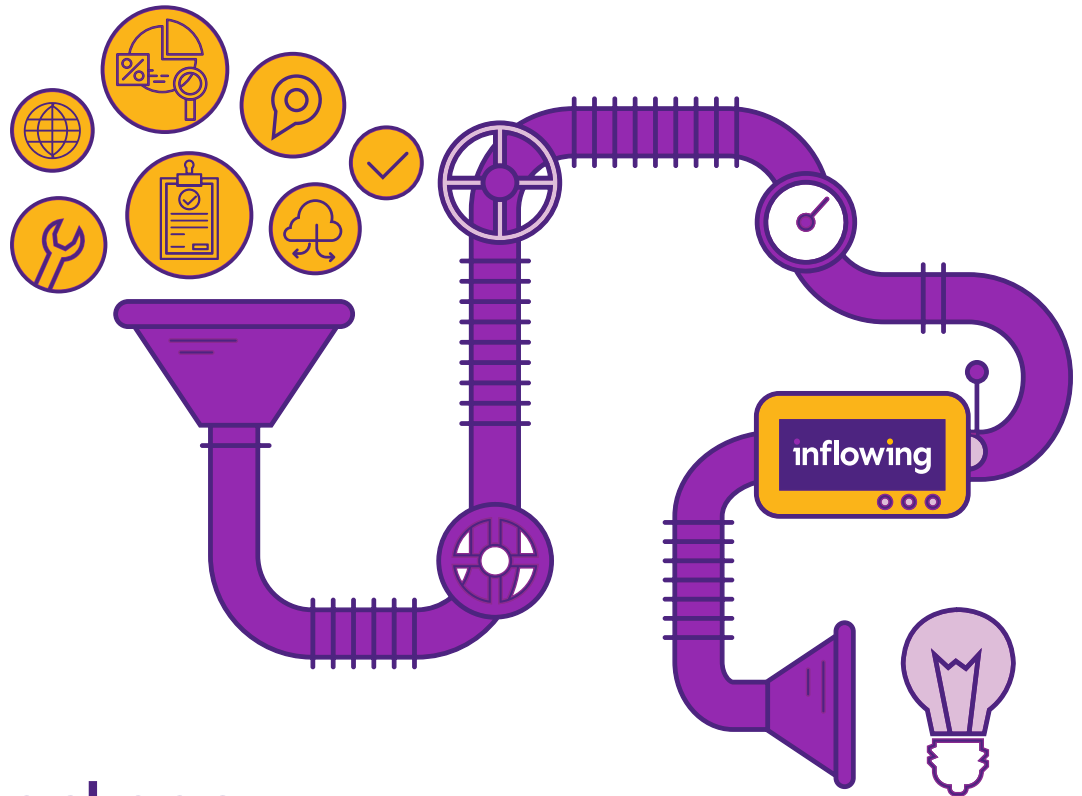
This was easy for us to put together. Here we're going to concentrate on building a transparent picture of our prices. As you'd hope, we know what we deliver and how much it costs. From what we gather, we offer good value. We're some way off the most expensive, and to get better value you'd arguably have to look away from any Western economy. We offer this approach, because we run a tight ship (and we outsource most support functions like admin, finance, HR to keep us focused as a lean, mean marketing machine!).



It's designed as a turnkey approach, to provide content for all the channels you have, and for your salespeople, that helps move prospects through the buyer's journey. From the very beginning, when they have the symptoms of a problem, through to selecting which company in your market they work with - our approach encompasses it all to make sure you have everything you need to start crushing lead generation.

In terms of our actual approach, we provide everything a business needs to build traffic, generate leads and close customers as a single monthly payment. All costs associated with campaign creation like graphic design, coding of websites, copywriting of content. Everything is included basically.





a typical package:

All our packages include design and marketing as standard.

- ➔ Discovery/strategy work
- ➔ SEO/keyword analysis
- ➔ 4 written blogs/press releases per month
- ➔ 1 conversion campaign
(e.g. white paper, research paper) per quarter
- ➔ 1 landing page per quarter
- ➔ 1 email newsletter per month
- ➔ Monthly reporting
- ➔ Website optimisation
- ➔ Quarterly content planning
- ➔ 1 video update per quarter
- ➔ All email automations from landing pages and form fills
- ➔ 2 updates on Facebook/ Twitter/ LinkedIn per day
- ➔ Management & support
- ➔ Implementation of the software



Overall annual cost
for comparison
of **£48,000**

comparison

in-house



VS

outsourcing



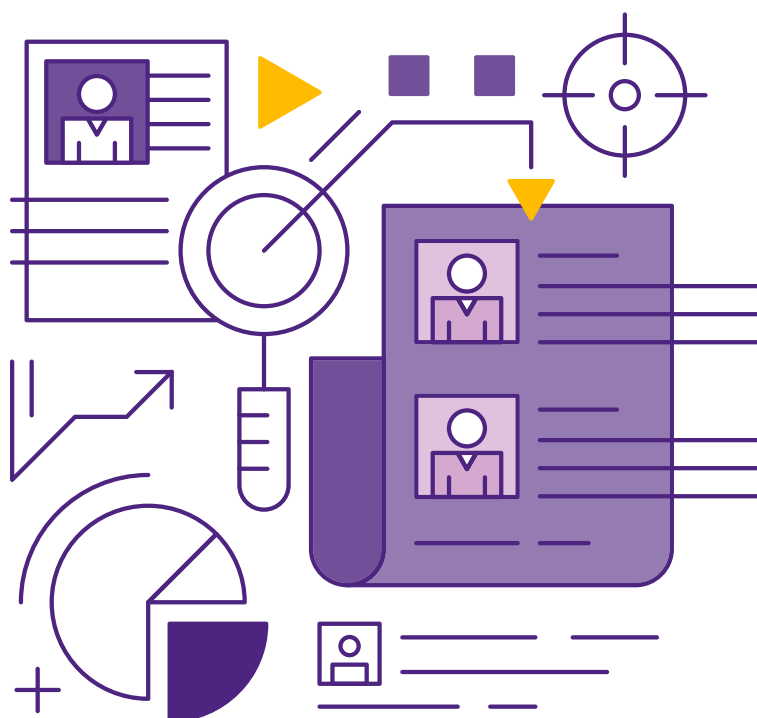
Outsourcing
saving =
£9,801.37



make the rubbish someone else's problem

When you're running a growing business, there's never a shortage of stuff to deal with. Payment pestering, delivery disputes, customer confrontations. The list seems endless and it makes mornings early and nights long trying to sort it all out. Managing people is no exception. When you have internal resource, in its purest form they get paid a salary in exchange for doing their job (if life were only that simple). In reality, people are complex. They want rewarding financially, yes, but there's loads more to consider:

- ✓ They need leading.
- ✓ You need to invest time and effort in finding the right person (which can take months).
- ✓ You need to get them up to speed, to understand your business.
- ✓ They will then need nurturing and looking after.
- ✓ You'll need to give them a development path and a medium to long term vision of where they can get to.
- ✓ They'll go on holiday and have days off sick, and your business will still need to be churning out a performance. In a small business, managing holiday and sickness cover alone can be a real challenge.



When you outsource, you get people who get it done. All the other stuff mentioned above that's often extremely difficult to find the time for within a growing business gets managed by someone else. You rely on them to do all of that, so that the interaction between you and your marketing partner of choice is purely about getting the job done. They manage employee wellness, retention, development, resource swaps, holiday cover. They work on getting it done rain or shine.

contractual commitment rather than best endeavours

The reality of life in the fast lane in a growing business is everyone has to muck in. There's definitely a beauty in that. If something needs doing, it gets done. Everyone goes way beyond the scope of their role on a weekly basis to get the jobs done that need doing to keep the business moving forward. It means people end up doing all sorts of stuff in a typical working week. Some of that is quite valid, but often it's not.

The outcome? You make it through whatever the short term needs, and each employee goes home at the end of the week feeling like they've been well worked. But at the end of the quarter or indeed the year - you haven't made the expected progress against your strategy. You haven't shifted the needle, or achieved the KPIs you set out to. The reasoning is watertight: "I couldn't do X or Y because I was doing Z."

You know this, you could see it happening at the time and were possibly a driver behind some of this defocusing, but let's face it - it's needs-must when you're in the office!



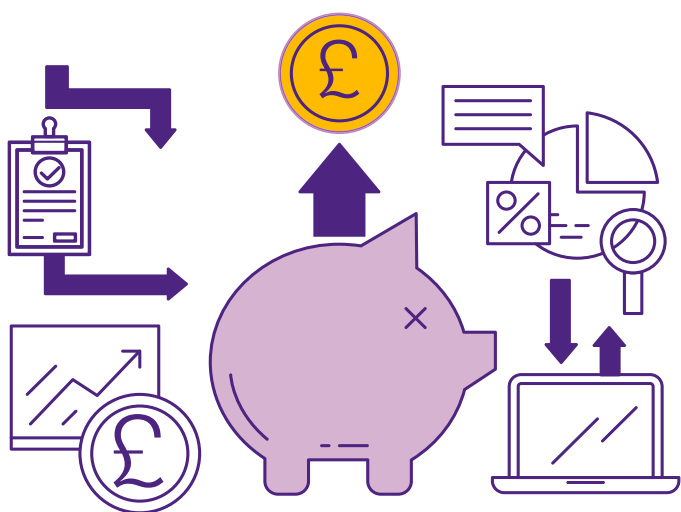
With outsourcing, you see a shift from this best endeavours towards contractually committed outputs. The KPIs in terms of delivery are written into the partnership agreement, so each month, it gets done. This removes any deviation from your original strategy and means at the end of the each quarter or year you make the progress you need to. You get all the marketing activities that were deemed to be important done. You move the needle forward - and it just happens. This is level of focus that's extremely difficult to achieve in house when everyone's getting pulled from pillar to post by the realities of business life.

concentrate on your **core**

In the Harvard Business Review's seminal 1990 article by C.K. Prahalad and Gary Hamel, The Core Competence of the Corporation, they inspired over a decade of management thinking on how businesses should operate. If you've never read the article, check it out, but the interpretation is simple to summarise: successful businesses seemed to shape their businesses to concentrate on that one thing that they do really well. Rather than trying to do 15 things averagely, figure out what it is that you do better than anyone else and structure your business in support of delivering that. The theory being that this is the way to lead to financial performances that are well above the market average.



I really like this train of thought. I think trying to do too much leads to defocusing and a challenge when it comes to making any degree of progress against what's actually important. Following this through to the central debate of this white paper, outsourcing is a great way to stick to your core competence. If you're an engineering business that makes metal widgets, stick to making metal widgets. It's what your customers buy, it's what you're proud of making. We're a marketing company. We don't know how to make metal widgets. But we're really good at marketing. So you can pay us to look after your marketing and carry on making great widgets. We'll help tell the world about it. A core competency view of the world lets subject matter experts do what they do best: it keeps business life simple in its purest form.



The infographic features a large purple circle on the left containing the 'infloving' logo and a statement about their team structure. Four lines radiate from the right side of this circle to four smaller circular portraits of team members. To the right of each portrait is a title and a short bio. The background is a solid orange color.

infloving

We structure all our partner relationships with a team of four people.



strategist

A CIM qualified MBA who has operated at board level to help set you on the right path.



digital specialist

Who is Google certified up to the eyeballs, to get your digital content firing on all cylinders.



social supremo

To show off the best sides of your business on the channels that are right for you.



creative genius

To make sure everything you do looks awesome.

4 brains are better than 1

When you've historically had no marketing and no one driving your brand forward, when you get a single person who knows what they're doing - they can make great strides. No single person can do it all though. If you recruit hard and take your time, you might find a marketing person who can write and knows a bit of design, so you save on design costs. What about web development, or SEO? Or social?

You can find multi-skilled marketing people who might know a bit about a number of these things - but they're not going to be able to know it all. The marketing world is moving crazy fast now due to huge advances in marketing technology.

And what happens if your single marketing person gets stuck? They might have an external network to lean on, they might not.




summary

Well there you have it. As far as we're concerned, the case for outsourcing is pretty clear cut. Not only will you save on average £10k a year, which we're sure will come in handy, you'll get a whole team of people with significant experience to deliver against your strategy.

sources

1. Average cost of a UK marketing manager, according to Glassdoor (data from August 2017)
https://www.glassdoor.co.uk/Salaries/marketing-manager-salary-SRCH_KO0,17.htm
2. Employer NI contributions calculated for 2017/2018 year using
<http://goodcalculators.com/employer-nics-calculator/>
3. According to Monster, the average cost for either internally or externally recruiting an employee in the UK is £4500
<https://hiring.monster.co.uk/hr/hr-best-practices/recruiting-hiring-advice/managing-hiring-costs/what-are-the-general-costs-of-using-recruitment-agencies.aspx>
4. Payroll cost - based on cost of £15 a month to cover employee onboarding/setup cost, auto enrollment, administration of payroll slip, and management of PAYE process with HMRC
5. Office costs - average cost in 2012 (most recent data) per annum of having a UK employee office based GBP4,638
<http://www.propertyfundsworld.com/2013/09/27/190563/empty-offices-pushing-cost-uk-employee-five-year-high%E2%80%A8->
6. Absenteeism - Based on catapult statistics, 2016. UK employees on average have 6.9 days a year off sick
<https://www.recruitment-international.co.uk/blog/2016/05/absenteeism-costing-average-uk-business-554-pounds-per-employee-finds-research>
7. Employer pension cost of 2% of salary based on legal requirement from April 2018 for those with qualifying earnings
<https://www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/automatic-enrolment/how-much-do-i-and-my-employer-have-to-pay>



we'd love to be
your team and become
part of what **you do.**

get in touch **for a chat.**

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