

Manage Collateral Better To Cut Costs

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Companies are realizing that marketing collateral represents a significant portion of their operating budgets. Printing costs alone consume 1 percent to 3 percent of the average company's gross revenue. Direct and indirect costs of creating, producing, distributing and warehousing these materials add to business expenses.

Understandably, management wants to know what return they're getting for their investments. Often the answer is less than they could and should be getting. Studies show that as much as 60 percent of print materials end up being discarded, because of irrelevance, obsolescence and other factors. And materials that aren't discarded may deliver less than the desired response rates.

How can marketers wring more value from their collateral dollars? The solution lies in aligning a company's overall marketing objectives with communication best practices: in other words, communication optimization.

What is communication optimization? Communication optimization aims to increase the efficiency and effectiveness of collateral, thereby cutting costs and time to market while enhancing results. It encompasses three steps:

- A thorough analysis of collateral materials covering factors like overall marketing objectives, specific objectives for each piece, audience demographics, desired response, design constraints, industry norms, competitors' programs, product life cycle, privacy requirements and other regulatory compliance issues. This analysis helps the firm create just the materials it needs, in the quantities it needs, using the most cost-effective formats and delivery methods (e.g., electronic vs. print documents, offset vs. digital print), in line with the value of the transaction.

- Appropriate use of advanced production methods like personalization and digital print to improve collateral effectiveness. People quickly discard materials that don't address their needs and interests. Companies also risk alienating their audiences by sending materials of questionable relevancy. In contrast, mater-

ials tailored to prospect needs and interests get attention and response, even more so when personalized. But customization and personalization add to costs, so the key is to use these techniques judiciously by segmenting prospects and customers based on their value to the organization.

- Automation of printing, ordering and fulfillment functions through a robust online interface that provides real-time reporting for better inventory management and business decision making. This interface should let department management define access to key functions and reports as well as allocate inventory, according to each employee's level of responsibility, function, department and so on. This ensures that everyone has what they need to do their jobs, but maintains control at the chief marketing officer level.

It's not necessary to work through these three steps in the order presented above. Many companies find it advantageous first to automate ordering and production of existing collateral (which generates immediate savings), then analyze their overall marketing program, leaving optimization of individual pieces as the final step.

No matter where they enter the process, completing it lets companies streamline collateral production while producing materials that are current, relevant and available when needed. Companies have realized savings of 30 percent or more by eliminating unneeded or redundant materials, creating more focused messaging and using electronic documents instead of print, where appropriate.

Management buy-in. In companies seeing high costs for rush reprints, storage or waste, it's easier to gain management cooperation for communication optimization. Less-obvious situations may require "selling" to gain approval, with attention to the concerns of each department.

While sales and marketing will want to know how, and how much, the process will improve results, the finance department will look closest at the bottom line, and the legal department will be concerned with regulatory compliance, document retention and archiving. Your fulfillment provider, as your partner in the optimization process, is your most valuable resource in developing the information you need to obtain the go-ahead. Its

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personnel should be available to participate in presentations to key decision makers. Once the green light is given, the process goes something like this:

- Establish overall goals.
- Develop a core team of internal and fulfillment company personnel.
- Analyze the current environment and materials. From that analysis, develop the overall business logic and any exceptions.
- Develop prototype materials. This may require testing and focus groups.
- Redesign collateral and streamline production processes.
- Perform a cost-benefit analysis to ensure the program can deliver on the established goals. (This actually begins early in the process and continues in the "background" throughout.) Adjust as necessary.
- As products and services change, revise and improve collateral, using further testing and analysis as needed.

Depending on the size and scope of your company's marketing program and the number of departments involved, the process can take from several weeks to six or more months. In complex situations, where significant change is likely, it's important to have an executive sponsor or "champion" to see the program through to completion.

Does your company need to optimize? If your marketing program experiences any of these problems, communication optimization can solve them:

- You send bulky, generic packets of materials to every prospect, regardless of demographics.
- Your sales people, distributors, agents and others stockpile inventory.
- You experience frequent rush reprint charges for out-of-stock materials.
- You are continually destroying obsolete materials.
- You need multiple variations on a single document to comply with varying demographics or regulatory requirements.
- You get lower-than-expected response rates, even though you send materials germane to prospects' stated needs and interests.

Virtually every business could benefit from communications optimization. In addition to quantifiable savings and improved results, this process also can enhance cash flow — an important advantage in uncertain economic times.

Equally important, collateral serves as an ambassador for your company's brand. It's critical that your initial and subsequent communications speak well of your organization, laying the foundation for long, rewarding relationships with customers. A communications optimization program helps ensure that this happens.

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