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# TalkBack Central: Marketing communications/PR strategies in a slowing tech economy

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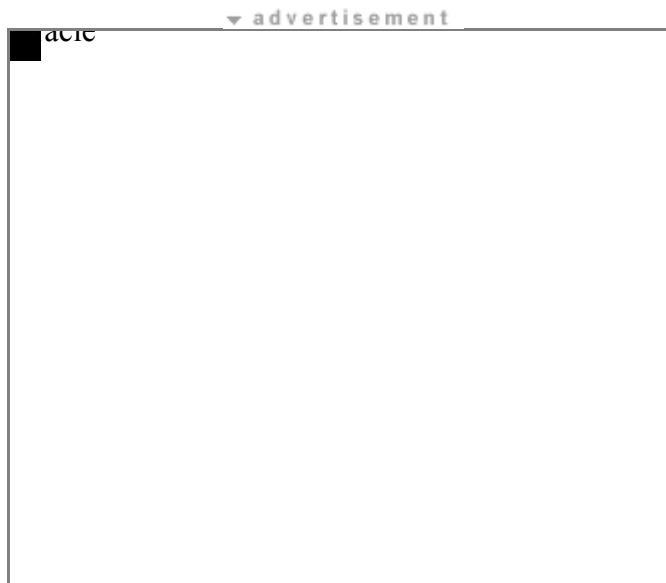
Despite the economic slowdown and dot-com layoffs, many tech companies are remaining in business, doing their best within a tight labor market. Because they have been reluctant to cut highly sought technical personnel, their public relations and marketing departments are often the first to be downsized, often to the point of counter-productivity.

Some tech companies cutting back on marketing communications (MarCom) in-house have begun looking outside their organizations for cost-effective public relations and other MarCom services. They often discover that traditional tech PR agencies provide more services than necessary or require retainers in excess of \$20,000 per month, which is frequently beyond their budgets, especially when a company is simply looking to beef up their own efforts.

As they curb spending or downsize, economically astute companies will outsource MarCom to providers who can pick up the slack and provide services on a smaller, flexible scale, often on a project-basis. Most traditional tech agencies have pricing and business models that are not designed to accommodate these needs, but smaller ("boutique") agencies, virtual PR teams, and individual practitioners are a growing alternative for companies of all sizes, particularly those with monthly MarCom budgets under \$10,000. Like their clients, these outsources have to work smarter, faster, and cheaper in a slowing economy.

Working on a project basis usually goes against the grain of the profit models of larger agencies. Downtown offices with skyline views, employee salaries, benefits, and equipment are all overhead costs that must be passed along to the client. Large agencies need steady retainers to make sure financial goals and obligations are met. They may offer prestigious addresses and recognizable names, but young, inexperienced, staffers often perform the actual account work.

In adapting to market changes, agencies are starting to resemble consulting firms, and smaller clients are again desirable as outsource providers find ways to profitably service them. Embracing the free agent economy, senior MarCom practitioners living in the suburbs (better schools and affordable housing) are starting to "just say no" to adding two hours of daily commute time -- departing downtown agencies (or being let go out in favor of cheaper, junior staff) to work for their own clients and smaller agencies closer to home. This is creating more affordable, project-based PR/MarCom options for many tech companies with refined,



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For many clients, outsourced and project-based MarCom has an economic rationale, even in a strong economy. It allows companies to do more short-term activities without a large commitment. It makes sense to find a MarCom outsource that will work on a project basis, or adapt to a flexible, needs-based budget that allows clients to pay for resources and counsel on an "as-used" basis. If a project proves successful, they certainly can lead to longer-term relationships. Projects are a great "test drive" for both the agency and the client - a way to see if they enjoy working together.

Advice for tech companies looking to outsource marketing communications:

- \* Your needs and budget may vary from month to month. Your outsource should be able to work with a flexible budget. Most outsources will require prepayment of fees. All time spent ramping up for a project is considered billable time.
- \* Make sure that your outsource has a conceptual understanding of your company, the technology, and your marketplace. Have them visit your Web site before the first meeting.
- \* You can find an outsource provider through networking and referrals, online searches (use relevant key words such as PR, tech PR, outsourced PR, MarCom, etc.), or look at press releases from similar-sized tech companies in industries related to yours. Remember that if they advertise or attend trade association meetings, those costs will be recouped in their fees.
- \* Pay attention to the "structure" of the first meeting. Does the outsource listen to you, or are they in "sell" mode? If they don't listen, how can they understand and meet your needs?
- \* Location location location - NOT! A prestigious address does not make an agency do better work or increase the chances of media coverage. Are you paying for the view from your agency's conference room instead of results?
- \* Agencies love to drop names of media contacts, but these may not be the right reporters, editors, and analysts for your company. Experienced pros develop new press relationships as needed.
- \* Look at their clip book, but don't be too impressed, especially by clips for big name clients. See what they've accomplished for clients that are about your size and budget. The people showing you past results should be the same people who will do the actual work on your account.
- \* Outsources are a limited resource, often working simultaneously for several clients. Make sure they have the bandwidth to take on additional work for your account and can meet your deadlines.
- \* Chemistry counts - you'll have regular contact with your outsource. Remember, nobody will ever show you a bad reference, so trust your gut instinct. Marketing communications is an investment. Selecting a source that matches your company's culture/personality is likely to give you the best return.

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