

Audits Help Companies Maintain Marketing Fitness

By Kathleen M. Hosfeld

This article first appeared in the Puget Sound Business Journal, June 11, 1990

When was the last time you gave your marketing department a “physical?” Just as annual physicals help spot health problems before they become serious, an audit – the marketing equivalent of a physical – can help spot troubles before they turn into financial or customer-relations crises.

And they can do something more than a medical physical can do: they can spot opportunities a company may not yet have realized.

What Is An Audit?

A marketing audit is a comprehensive, objective, systematic and periodic review of a company’s marketing planning, organizational and control processes, and their results. It looks at the framework for action as well as performance and potential.

Also called a horizontal audit, it examines the company’s mission, its markets, its sustainable competitive advantages, its marketing plans, coordination of its marketing mix, its processes for planning, its human and informational resources and other critical factors.

Measurements of performance in a horizontal audit can include market share and sales data, as well as marketing cost analyses.

Who Does Audits?

I recently phoned a number of Puget Sound area companies and asked their marketing directors if the company conducts marketing audits. If so, how often?

Few conduct audits; most consider their annual marketing planning process a sufficient review of their efforts. I beg to differ. Managing a marketing function without regular in-depth reviews and analysis of strategies, plans and process is like writing checks without ever balancing your checkbook. You never really know where you are.

Audits had their birth in the ‘50s, when we saw the beginning of the shift from a production-oriented market to a customer-driven one.

In the intervening four decades, marketing audits have not achieved a level of standardization comparable to accounting audits. Nor should they. Different industries and companies require their own approach, and the scope of an audit should be defined by how its results will be used.

How Can We Do An Audit? Self-Audit/Outside Auditor?

The audit should begin with a statement of its objectives, and its scope and approach should be outlined to achieve those objectives.



The “employee relations” aspects of conducting an audit are extremely important. Care must be taken at the onset to minimize anxiety among employees participating in an audit, or whose work is reviewed during the audit.

Companies can conduct an audit themselves or hire an outside resource to conduct it for them. “The Marketing Audit Workbook” by Charles Macdonald (Institute of Business Planning, A Prentice Hall Co.) is a helpful tool for conducting an internal or self-audit.

Self audits, although useful and enlightening, of course, lack the objectivity required to achieve maximum benefit from the exercise. Few managers can set aside the two to six weeks needed to conduct a thorough audit.

Some management and/or marketing consulting companies list marketing audits among their services. The type of consultant you might choose would depend on your objectives and your assumptions about where your problems and opportunities might be found.

Some advertising agencies and public relations firms are asked to conduct audits in the agency’s area of specialty. An audit that focuses strictly on advertising, public relations or any other slice of the marketing pie is called a vertical audit. When agencies decline the opportunity to perform an audit it is because historically, audits have been short-term propositions that do not lead to more profitable long-term account relationships.

Most communications agencies are not prepared to perform horizontal marketing audits, although agency personnel might contribute significantly to an audit team of professionals representing different marketing disciplines.

The auditor should develop a list of questions the follow from the defined scope and objectives of the project. Answers to these questions would be derived from interviews with company executives, with customers, with marketing and sales staff, with suppliers and industry analysts, etc.

Answers can also be derived from proprietary and public-domain research. The company being audited should provide the auditor with any and all research, competitive information and other industry data it may have on hand.

As the answers come in, new questions or whole new areas of inquiry may emerge.

When Should Audits Be Done?

Marketing audits should be conducted regularly. Experts disagree on the frequency: they recommend every year or once every three to five years. Vertical audits of advertising and public relations are recommended between scheduled horizontal audits.

Audits can be conducted at the end of the fiscal year or at the end of the calendar year. Horizontal and vertical audits are most helpful when they are conducted prior to the annual marketing planning process.

Other times when a marketing audit can be helpful include:

- Before engaging a new advertising, public relationships or design firm. The points of view emerging from the audit would help point the agency in the right strategic direction.



- Following a company merger or acquisition. An audit will identify resulting strengths and weaknesses, which areas of the marketing function can be streamlined or what needs are unmet, and what new market synergies have emerged from the combining of companies.
- Following or preceding a significant change in marketing management. An audit is an efficient method for a new manager to assemble a comprehensive, objective view from which to make decisions.



Kathleen Hosfeld is the President of Hosfeld & Associates, Inc. Since 1989, Hosfeld & Associates' marketing expertise and services have launched, grown and inspired visionary for-profit and non-profit organizations and projects. We help clients think more clearly and boldly about their goals. We provide the skills and resources clients need to implement breakthrough strategies for profitability, service, and contribution. For more information, please visit <http://www.hosfeld.com>