

How to Build a Marketing Budget That Actually Works

A practical guide for founders and growing B2B businesses.



For part of my career, budget planning looked like this: open last year's spreadsheet, defend the line items, and try to hold the budget together with surface metrics: impressions, click-through rates, follower counts. It is a completely normal way to approach it, but it makes it very hard to have an honest conversation about whether marketing is actually contributing to growth.

This guide is the approach I now bring to every marketing budget conversation. It will not make the politics disappear, but it gives founders and growing businesses a more grounded way to think about where marketing money goes, and how to make the case for it.

Sources

[Gartner 2025 CMO Spend Survey](#)

[IPA Bellwether Report Q3 2025](#)

[SaaS Capital 2025 Spending Benchmarks for Private B2B Companies](#)

[LinkedIn B2B Marketing Benchmark Report 2024](#)

The environment you are working in

Before the framework, it helps to name the pressure most businesses are operating under. *Gartner's 2025 CMO Spend Survey* found that marketing budgets have **flatlined at 7.7% of total company revenue** for the second consecutive year, still well below the pre-pandemic norm of around 11%. **59%** of marketing leaders say they still lack the budget to fully execute their strategy. The gap between what businesses want to do in marketing and what they can afford to spend is not closing.

In the UK specifically, the *IPA Bellwether Q3 2025* report showed a fragile recovery: UK marketing budgets grew for a second consecutive quarter, but the overall 2025 adspend forecast is a sluggish **+0.6%**, well below the long-term trend. The mood across the market is consistent: there is appetite to grow, but every pound needs a clearer case than it did three years ago.

For founders and growing businesses, this pressure lands differently than it does in a large corporate. There is no marketing department to absorb the uncertainty, and every pound spent on marketing competes directly with product, people, and operations. Which is exactly why getting the structure right matters even more.

What should you actually be spending? Benchmarks by stage

One of the most common questions founders ask when marketing budgets come up is simply: what is a reasonable amount? The honest answer is that it depends on your stage, your category, and how much of the work is building awareness versus converting demand that already exists. But benchmarks give you a useful starting point and a way to sense-check whether you are in the right territory before the conversation goes further.

SaaS Capital's survey of over 1,500 private B2B companies found the median marketing spend at **8% of ARR** in 2024, down from 10% the prior year as businesses tightened against a more cautious growth environment – consistent with the broader Gartner data showing budgets plateauing across market.

Company Stage	Typical Budget Range	Primary Focus
Pre-revenue / seed	20–35% of ARR	Heavy testing, building awareness
Scaling (£1M–£10M ARR)	15–25% of revenue	Balancing growth and efficiency
Growth stage (£10M+)	8–15% of revenue	Proven channels plus experiments
Mature / enterprise	5–8% of revenue	Optimisation focus

Indicative ranges based on SaaS Capital and Gartner data. Adjust for your sector, competitive intensity, and growth ambition.

If you are spending significantly below these ranges and expecting aggressive growth, that is a resourcing mismatch, not a strategy. If you are above them but cannot connect spend to outcomes, adding more budget will not fix it.

Step 1: Get clear on what marketing is supposed to do for your business this year

This is the step most founders skip; not because they don't care, but because it feels obvious. You know the targets. You know where you want to grow. The assumption is that the marketing budget will naturally follow.

In practice, that assumption leads to budgets built around activity rather than outcomes. You fund the channels you have always used, allocate a similar amount to last year, and hope the results follow. Sometimes they do. Often they don't. And when they don't, it is very hard to diagnose why, because the budget was never tied to a specific job to be done.

Before you set any numbers, it is worth making explicit what role marketing needs to play in your commercial plan this year. Most businesses need marketing to do more than one thing, which is fine, but those things can pull in different directions and have very different cost and timescale profiles:

- **Generating new demand** – reaching people who don't yet know your business exists or why they should care. This takes time and consistent investment, and the returns are rarely visible in the short term.
- **Capturing existing demand** – getting in front of people who are already looking for what you offer. This is faster and more measurable, but only works if your category has established search behaviour.
- **Retaining and growing existing customers** – often the highest-ROI marketing activity available, and the most underfunded in early-stage businesses.
- **Building enough market credibility to be taken seriously** – relevant if you are in a category where trust and reputation drive buying decisions before anyone makes an enquiry.

You do not need to do all of these equally. But you do need to be intentional about which ones matter most for where your business is right now; because that decision shapes everything that follows in the budget.

The most common mistake at this stage is not making a wrong choice – it is not making a deliberate choice at all. When marketing has multiple goals and none of them are **prioritised**, the budget tends to spread thinly across everything and move the needle on nothing.

If you don't have a marketing lead, you are not alone.

Most businesses at the start-up and early scale-up stage are making marketing decisions without a dedicated strategist in the room. The risk is that budget decisions get made by whoever is most vocal, most available, or most recently impressed by something they saw a competitor do. Setting clear commercial goals for marketing before you allocate any spend is the best protection against that.

Step 2: Review last year honestly – even when the data is imperfect

Rather than looking at total spend versus total revenue, map spend by channel and initiative against the outcomes that actually matter:

- Revenue or pipeline generated by source, where you can trace it
- Cost per qualified lead or sales opportunity
- Conversion rates through the funnel – lead to opportunity to closed customer
- Impact on strategic priorities: new market entries, product launches, retention rates

Questions worth reflecting on:

- Where did growth *actually* come from? Not where you hoped it would, but where the evidence points?
- Where did you spend a meaningful amount and see very little back?
- What had strong surface metrics (impressions, clicks, followers) but did not move revenue or margin?
- Which channels would your sales team, or you as the founder, say generated the most useful conversations?

A combination of your analytics platform, CRM or pipeline data, and the simple but underused question — *how did you first hear about us?* — will get you further than you might expect. You do not need perfect attribution to make better decisions. You need directional confidence.

LinkedIn's 2024 B2B Marketing Benchmark found that **90%** of B2B marketers feel confident about their ability to drive revenue, yet only **51%** saw their budget increase. Part of that gap comes from not building a clear enough link between marketing activity and business outcomes.

Perfect attribution is rare, especially in businesses that are still building out their tracking and CRM. **The goal is not precision;** it is a directional view honest enough to make better decisions than last year. Do not let imperfect data be the reason you skip this step.

Step 3: Build the budget in two layers — fixed first, then strategic

This is the structural shift that changed how I think about budget planning. It came from sitting in too many budget conversations where every line item felt equally up for debate, which meant nothing important ever got properly decided.

The problem with a pure line-item budget is that it implies all spend is discretionary. In most growing businesses, a significant chunk is already committed before the conversation starts. Separating those two things out changes the entire dynamic.

Layer one: Fixed commitments — account for these first

Start by pulling out everything you are already contractually committed to, or would need regardless of strategy:

- Software subscriptions and marketing tools
- Existing agency retainers carrying over from last year
- Any team or contractor costs allocated to marketing
- Events or sponsorships already booked or in negotiation

In most growing B2B businesses, these fixed costs consume **40 to 60% of the total marketing budget** before any strategic decision is made. Making that visible as its own layer, immediately resets the conversation from **how much are you spending on marketing?** to **here is what we are already committed to**; now let's talk about what to do with the rest.

Layer two: Discretionary spend – structure by outcome, not channel

What remains after fixed commitments is where strategy lives. The easy path is to allocate it back into the same channels as last year: a pot for social, a pot for paid search, a pot for events. That satisfies the line-item requirement but makes it very hard to see whether money is going to the right places.

A more useful structure organises discretionary spend by what each pound is meant to **do**:

Budget Bucket	What Goes Here	Approx. Share	Flexibility
Fixed commitments	Software, tools, retainers	Known upfront	Low
Proven BAU channels	Search, content, email, events	~70% of discretionary	Medium
Scaling bets	Channels with early, clear ROI	~20% of discretionary	High
Experiments	New formats, platforms, partners	~10% of discretionary	High
Opportunity pot	Unassigned – released quarterly on data	5-10% carved from the 3 rows above	Maximum

This structure works for founders and growing businesses because it makes trade-offs explicit. Instead of debating whether to spend more on social or more on events, you are debating whether to prioritise demand creation over demand capture, which is a much more useful commercial conversation.

Opportunity pot - This is the line most likely to get cut in a tight budget. The framing that tends to work: call it evidence-based deployment – budget agreed upfront but released only once performance data justifies it, not on assumptions.

It shifts the question from 'why do you need a contingency?' to 'when will we have enough data to deploy this?'

Step 4: Think in outcome buckets, not channel buckets

In Step 1, you got clear on what marketing needs to *do* for the business. Step 4 is the translation: how do you actually structure the discretionary budget to reflect those priorities?

The common approach is to allocate by channel: paid search gets its pot, social gets its pot, and events get theirs. That answers the question 'where does the money go?' but not 'what is it supposed to achieve?' Organising instead by outcome makes the connection between spend and commercial intent explicit highlighting when money is going to the wrong places.

Imagine two founders reviewing their marketing budgets with an advisor. The first presents by channel: paid search 30%, social 20%, events 25%, content 15%, email 10%. The second presents by outcome: demand capture 35%, demand creation 30%, customer retention 25%, brand building 10%. The second conversation is immediately more useful, because it connects spending to commercial intent.

The four outcome areas for B2B marketing spend:

- **Demand capture:** reaching people already looking for what you offer. Search, retargeting, review platforms, partner referrals. High ROI if your category is established; weaker if you are still building one.

- **Demand creation:** reaching people who do not yet know they need you. Content, thought leadership, events, organic social, sponsorships. Slower to build but more durable (and the first thing cut when budgets tighten, which tends to be the wrong call).
- **Customer growth and retention:** getting more from the customers you already have. Lifecycle programmes, on boarding, account-based activity, upsell campaigns. For most growing businesses, this is the highest-return marketing investment available, and the most underfunded.
- **Brand and category building:** earning the right to be seriously considered before anyone is even searching. PR, original research, flagship content. The IPA's long-running effectiveness research shows that brands that cut brand investment during lean periods take years to recover their market position.

Most growing B2B businesses are over-invested in demand capture and under-invested in everything else. LinkedIn's 2024 B2B Marketing Benchmark found CMOs allocating **60%** of resources to acquisition and only **40%** to retention. This is worth questioning when acquiring a new customer typically costs five to seven times more than retaining one.

A pattern worth watching - Early-stage businesses often mirror what they see larger competitors doing: heavy on paid acquisition, lighter on retention and brand. That can make sense at a certain scale.

At an earlier stage, it can mean spending heavily on channels that require volume to work, while underfunding the relationships and reputation that actually close deals.

Step 5: The 70/20/10 rule: how to split your discretionary budget

In Step 3, you built a budget in two layers and identified three discretionary rows: proven BAU channels, scaling bets, and experiments. The 70/20/10 rule tells you how to split your discretionary spend across exactly those three rows.

- **70% on proven BAU channels** – the channels and formats that already reliably generate returns for your business. Protect these. Do not cannibalise them chasing novelty.
- **20% on scaling bets** – what showed real promise in the last six to twelve months but is not yet fully mature. This is where you double down on early signals before competitors notice them.
- **10% on experiments** – new platforms, formats, or approaches you cannot yet predict the outcome of.

So in practice: if your total discretionary envelope after fixed costs is £100,000, you are allocating £70,000 to what you know works, £20,000 to what is showing early promise, and £10,000 to genuine tests. The opportunity pot, if you have built one, is carved from across those three rows before you allocate them, not added on top.

The 10% experimental budget is the one most often surrendered when budgets tighten. It is understandable: it is the hardest to defend because by definition you cannot prove it will work. But it is how you discover the next growth drivers before your competitors do, and without it you are optimising the present at the cost of the next 12 to 18 months.

This framework assumes you already have a meaningful body of proven activity in the 70% row. If you are earlier-stage and still working out which channels actually perform for your business, you may need to flip the proportions: more experimentation, less defending the familiar. **Stage matters as much as any rule of thumb.**

For the 10% experimental budget: set success criteria before you spend, **not after**.

- What would make this worth scaling?
- What is the time and budget limit?
- When do you make the call to continue or stop?

Without those guardrails agreed upfront, experiments quietly become permanent fixtures – and the whole point is lost.

Experiment governance - The most common failure mode is running something without defining what success looks like before it starts. If you cannot answer 'at what point would we scale this?' before the spend begins, it is not really an experiment. It is hope with a budget code.

Step 6: Build in flexibility and make the case for it properly

Annual budgets are by nature rigid. Markets are not. The question is not whether your budget will need adjusting partway through the year – it will – but whether you have a structure that makes adjustment possible without a difficult internal negotiation every time.

The way to make that case to a board, investors, or a co-founder who wants certainty: do not ask for flexibility in the abstract. Build it into the structure so it reads as governance rather than guesswork.

What to put in place:

- **A quarterly reallocation window:** a formal, agreed moment each quarter to review what the data is showing and move money between outcome buckets accordingly. Not ad hoc changes, but a scheduled decision point built into the operating rhythm.

- **Performance-linked triggers for the opportunity pot:** tie the release of unassigned budget to defined performance thresholds. If a channel hits a target cost per lead or pipeline contribution, the next tranche deploys. This gives anyone reviewing the budget confidence that reallocation is earned, not assumed.
- **Flexible scope in key contracts:** make sure agency retainers and supplier agreements allow for scope adjustment mid-year. Many don't by default, and this is where good intentions get stranded regardless of how well the budget is structured.

The goal is not a flexible budget. The goal is a budget that earns flexibility by being transparent about what is known, what is uncertain, and what the data will reveal over time.

On tracking - The most common reason mid-year flexibility fails is not that the board or co-founder won't approve it; it is that there is not enough consistent performance data to make the case when the moment comes.

Basic, regular tracking early in the year is what makes the Q3 reallocation conversation possible. It does not need to be sophisticated, it needs to be consistent.

Step 7: Budget for thinking, not just doing

A marketing budget is not just media spend and tools. It is also the people, partners, and strategic capacity that make everything else work. For growing businesses without a dedicated marketing lead, this is the category most likely to be missing entirely.

Imagine a founder who has funded a reasonable set of marketing channels: some paid search, a content programme, attendance at a couple of industry events. Each activity has someone responsible for executing it. But there is no one whose job it is to look across all of them and ask: are these working together? Are they pointed at the right goals? Is the money going to the right places given what we are seeing in the pipeline?

That is a coordination and strategic capacity gap, not a channel gap. And it often costs more in wasted spend than it would cost to address directly.

Before the budget is finalised, it is worth asking:

- Do we have someone (internally or externally) who can set the strategic direction for marketing and hold it accountable to commercial outcomes?
- Are we relying on execution without enough direction?
- Would a fractional or specialist resource make the rest of the marketing budget work meaningfully harder?

For many growing businesses, a fractional or interim marketing lead is the right answer here: senior strategic thinking and an external perspective, without the cost and commitment of a full-time hire. *Gartner's 2025 CMO survey* found that **39%** of CMOs plan to reduce broader agency spend as AI-assisted productivity improves; which makes focused, high-quality external support a smarter use of a tighter budget than broad retainers with mixed output.

Worth noting - The return on strategic direction is hard to measure directly. That's why it is often the first thing cut or never funded in the first place. In practice, a modest investment in senior marketing thinking tends to unlock significantly better performance from the execution budget that surrounds it.

Step 8: Treat the budget as a living system, not a filed document

The budget you set at the start of the year will be partially wrong within a few months. That is not a failure of planning; it is the reality of operating in a live market where customers behave unexpectedly, channels shift, and opportunities emerge that were not visible when you were planning.

The question is whether you have a mechanism to notice and respond before the damage compounds. A practical review cadence that works for most growing businesses:

- **Monthly:** A focused check on key performance indicators against spend, not a full audit, but enough to catch early signals. What needs to be paused? What deserves more resource? Where are results diverging from expectations?
- **Quarterly:** The bigger reallocation moment. What is clearly outperforming? Which experiment has run its course? Is the opportunity pot ready to deploy? *These should be scheduled decision points, not crisis conversations.*
- **Year-end:** The honest reckoning before the next planning cycle. Where did growth really come from? What would you do again without hesitation? What should never happen again? *Let those answers, not this year's line items, directly shape next year's structure.*

The businesses that get the most from their marketing budget are rarely those with the most sophisticated plans. They are the ones who stay honest about what is working and move quickly when the evidence says something has changed.

On external perspective - The review rhythm is where an outside lens tends to add disproportionate value, not for specialist knowledge, but for the willingness to raise the question everyone else has quietly agreed not to ask.

Someone without investment in last year's decisions is far more likely to say: why are we still funding this?

The question worth reflecting on

A marketing budget is more than a line-item exercise. It is a chance to stop funding what no longer serves the business, double down on the few things that reliably create growth, and deliberately build in space to learn what comes next.

Whether you are planning from scratch or rebuilding what you already have, the useful question is not *how much should we spend?*

It is: *how can we design this budget so that we **learn faster, adapt more easily, and come out the other end with genuine clarity about what drives growth** – not less?*

That is the difference between a budget that serves the business and one that just accounts for it.

Planning your marketing budget and want a second perspective?

I work with businesses as a fractional marketing partner helping you build a marketing strategy and budget that is grounded in your commercial goals, not just your channel history. No retainer required to start the conversation.

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