

TOP-DOWN vs. BOTTOM-UP BUDGETING COMPARISON

When it comes to budgeting, where does your organization stand? Do you start at the top or build it from the bottom up? But what are the differences to consider and why OYO.Digital proposed [Zero-Based Marketing as a viable post-pandemic option worth considering](#)

TOP-DOWN vs. BOTTOM-UP

FAVORED?

- Most popular due to the fact it is easier. Calculating what you need and why you need it is harder

- Still feared and loathed by many in marketing

METHODOLOGY OF EACH?

- This leads to a discussion over last year's budget and the need to justify increasing the budget for the coming year based on cost and increases
- The reference point is previous budget/budgeting benchmark such as marketing spend to revenue

- Start with nothing, and build the budget based on requirement and the proposed return on spend
- Requires reasonably detailed plan and an approximate spend level for each element to justify the budget

BUSINESS PERSPECTIVES?

- Focuses on whether to maintain the expenditure of the previous year, increase it, or even decrease it
- The considerations for which way to go could be influenced by economic, financial, strategic and myriad other variables

- Budgets are allocated to particular tasks and programs, with specific outputs and outcomes justifying the expenditure
- Each component of the plan has a cost and a priority based on what is required and is focused on delivering against the objectives and the strategy

POTENTIAL RISKS?

- The concern is there is not enough budget as an invariable consequence of the top-down approach
- The problem is that when dividing up the top-down budget, the tendency is to buy as much as possible with the budget at hand and expectations can be misaligned with reality
- Trying to squeeze the budget at every opportunity risks the outcomes

- Allocations are discussed, set and prioritized at the outset and purely focused on the highest return, efficiency, and optimal budgeting practices
- Can cause potential complexity when allocating budgets to your agencies and will require an adapted approach

THE FACT IS!!

For setting an annual budget, the bottom-up approach results in a far more considered and strategic approach. When supported by ROI projections, it helps marketers to re-frame the budget from a cost to an investment.



This comparison will help you to decide what drives the best impact on your 2022 post-pandemic marketing ROI and contributions. Please contact us by email and request a 30 minutes introduction session or - learn more at www.oyo.digital

