

Should You Outsource AdWords Account Management?

Howie Jacobson and Kristie McDonald, The PPC Agency

If you've read Timothy Ferriss's *Four Hour Work Week*, you may remember the story about someone hiring a guy from India to get on the phone and read bedtime stories to his kids. Which begs the question, at what point has outsourcing crossed a line?

Just two years ago, I was advising business NOT to outsource their AdWords management. Now, for many of them, I'm suggesting just the opposite. But in every case, it's a judgment call.

In this article, I help you make that judgment call. I share the pros and cons of letting a professional firm manage your AdWords account, and give you some criteria to help make that decision.

Then I'll end with a subtle but effective call to action to promote the AdWords management services of my company, The PPC Agency. Oh, did I write that out loud? ;)

Let's start with a metaphorical framework: your AdWords account is your child.

Opening an AdWords account is like having a baby. When it first comes into the world it cries a lot and needs constant attention, but you love it just the same. Sometimes you get exhausted by all its demands, and you find other areas of your life suffering. But you tell yourself that it will get better.

When you get confused and frustrated, you buy books like *What to Expect When You Have an AdWords Account* and *Dr Spock's Guide to PPC Advertising*. It's nice to hear from the experts, but you're still the primary caregiver. After all, Dr Spock doesn't offer to take the kid off your hands for a monthly fee. He's just giving advice.

As the baby grows from toddler to child to adolescent, you discover that you're no longer capable of providing for all their needs. They require playmates, education in reading, writing, math, differential equations, and a bunch of other things that maybe you weren't so hot at when you were their age. They've got to learn to swim, to manage their time, to not do stupid things at friends' houses, to figure out who to trust, stuff like that. At a certain point, you 're going to need help.

And yet... that child is still your responsibility. Even though you outsource their care and upbringing to teachers, babysitters, coaches, friends' parents, and a village of thousands. At the end of the day, you have to outsource, not abdicate.

Whether we're talking about your child or your AdWords account, you face a challenging balancing act: even as you maintain responsibility, they both can grow to their point where they overwhelm your ability, resources, time and patience.

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Now, the metaphor only goes so far. Unlike a child, an AdWords account doesn't complain, and doesn't have an organic imperative to grow and change. If you neglect it, your AdWords account can spend years in infancy, or even flagrant delinquency.

But I'm sure that's not what you want. So let's take a quick look at the pros and cons of outsourcing AdWords management.

Pros and Cons

Reasons to Outsource

Constant Changes

When I first wrote *AdWords For Dummies* in 2007, I could cover pretty much all the basics in 408 pages. Now, a comprehensive introduction to AdWords would have to resemble the Oxford English Dictionary, including the magnifying glass.

From changes to the Display Network, to the purchase of AdMob and aggressive expansion into mobile and local search, to ad product and site extensions, to new rules, to the Experiments tab, to the ever-changing interface, AdWords is a constantly moving target. A new match type was added (modified broad match). Google added a new enhanced CPC bidding method. The entire reports section has been eliminated, and the goldmine of reporting data now has to be accessed in a completely different way.

Oh, and if you're not familiar with all these things, that just proves my point. I'm sure that the short lag between my writing these words and your reading them will just increase the list of new AdWords stuff you're not up on.

At The PPC Agency, we encourage our employees to become subject matter experts within AdWords. A couple of years ago, I was a specialist: an AdWords expert. Now I'm a generalist: an AdWords expert. I rely on sub-specialists to help me with image advertising, feed management, mobile, local, and all the rest.

The truth is, no one can master it all.

That's probably the most compelling reason to outsource AdWords management to a professional firm.

Increased Competition

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In addition to increased complexity, AdWords has become more and more competitive. Not only have lots of companies finally discovered AdWords, but Google is favoring bigger corporate advertisers over the "little guys." What used to be a level playing field, where David could whomp Goliath with some bootstrap ju jitsu, is now looking more and more like a corporate playground where the little guy is in constant danger of getting iced.

Quality Score Madness and Google Strikes

Even if you have a squeaky clean business model and follow all of Google's rules, you could wake up tomorrow and find that your account has been suspended because some big dumb computer program caught you in its algorithm. Once that happens, you may find yourself in a Kafka-esque (wow, I haven't used that word since college, when I was trying to impress this really cute TA in Comp Lit) situation where nobody is listening to your reasonable appeal.

As unfair as it seems, being represented by a Google-qualified AdWords agency can help you get your case heard, and the Google Strike reversed.

The ROI Factor

Becoming and remaining an AdWords expert represents a huge time-commitment on your part. For most business owners, the Return on Investment you get from constantly growing in your AdWords expertise will be much lower than most of the other ways you could be spending your time. (Assuming you aren't playing games and trading pokes on Facebook all day).

Reasons NOT to Outsource

Your Account is Doing OK

The most common justification I hear is, "My AdWords account seems to be doing OK." When I ask what they mean by that, I usually get some variation of: "So maybe it hasn't been on fire, but last time I checked it seemed to be paying for itself."

Kristie McDonald, CEO of The PPC Agency, who is much nicer than I am, generally responds with, "OK, but could it be doing better?"

I, on the other hand, launch passionately into the cautionary tale of the decimated bird population of the island of Guam, which basically disappeared in 30 years after the

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introduction of a species of snake. Because the birds had never seen a snake before, they were incredibly complacent, and unprepared to take what to other birds are fairly commonplace precautions. They were all nesting on the ground, they had never developed warning calls, and they never took evasive action when flying back and forth to their nests.

Then I look them in the eye and declare in a deep, tremulous voice, "Coasting is a predictable prelude to disaster. Complacency is overture to a tragedy."

(Believe me, it's much more fun talking with Kristie.)

Even if your AdWords account is doing OK, unless you're on top of all the changes, you're operating in reactive mode. In business, the proactive position is always a much stronger one.

Nobody Knows Your Market Like You Do

This is a really good reason to NOT outsource. In fact, up until a year and a half ago, I felt that this one reason trumped all the reasons you should outsource.

Your outsourcing partner may know AdWords better than you, but what if they lack a deep knowledge of your market. As Ken McCarthy says, knowing your market is a more important skill than knowing marketing.

And with AdWords, if you're testing on a consistent basis, you're actually keeping a sensitive finger on the pulse of your market. When you pay attention to the results of your tests, like which ad headline spoke most effectively to may market, you can then apply that knowledge far beyond AdWords. You can apply that knowledge to your landing page, to your elevator speech, titles of your white papers, articles and books, billboards, tattoos, and so much more.

If you outsource and as a result lose that data feed and the insight it contains, it could seriously damage your ability to understand and respond appropriately to your market.

You Save Money By Doing It Yourself

That's true for everything, of course, until you factor in the opportunity costs and the reduced return on your investment of time. But if your margins are currently so tight that you can afford the clicks but not a penny more, it may be true that you should hold off on outsourcing until you can swallow the additional expense without going into debt.

You May Not Be Ready to Outsource

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If your website isn't ready, or your sales process is completely ineffective, or you can't handle more leads or service more sales, then you don't want to open the spigot wider until you've fixed what's broken, or increased your capacity and scalability.

So are you a good candidate to turn your AdWords account over to a professional? The pros and cons above should give you a sense of where you are generally, but the final call should involve interviewing some PPC firms and getting a feel for what the relationship would be like and what sort of costs and returns you can anticipate. For a more in-depth discussion that doesn't fit into Net Effect, please visit <http://ThePPCAgency.com/ready> to download our White Paper, "Are You Ready to Outsource Your PPC Management." In that white paper, we discuss the key numbers to assess, help you evaluate the current and potential complexity of your AdWords account, and give you a road map to prepare for the transition to external management so that you avoid the most damaging pitfalls.

After all, unlike babies, you're only allowed to have one AdWords account. Make sure you treat it right!

Who Should Outsource?

Here are four things to consider as you decide whether to outsource AdWords management:

1. Your Key Numbers
2. Your Comfort with Giving Control to an External Partner
3. The Complexity of Your AdWords Account
4. The Quality of Tools You Can Afford and Handle

Key Numbers

Before I reveal the one key number that you should consider, I want to talk about the non-key number that really matters to people: the monthly management fee as a percentage of spend. If you're spending \$250 a month on AdWords, it may be hard to swallow an agency fee of \$800. I totally get that - there are all these cheap items I can never buy online because I'm unwilling to spend seven dollars for shipping and handling of a two dollar cable. Dopey, but understandable.

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Just as a psychological barrier to spending more on management than clicks is dopey but understanding. The only rational key number in play here is ROI - what do you get in return for paying an expert to apply their experience and discernment on your behalf. If your agency generates more qualified traffic that converts better, you're actually buying sales and profits at a discount. In that case, the only question is, "Can I pay you more to get me more of that?"

For example, my friend and StomperNet faculty member Joel McDonald has a client happy to pay him \$5000 a month to manage a \$1000 a month spend. That's a special situation: this company tasks Joel with ruthlessly testing messages and markets, and then applies the results to multi-million dollar mass media ad campaigns. They find huge value in the AdWords data Joel provides, and deem it well worth the \$6000 it costs. They're smart enough not to care whether Joel or Google gets the lion's share of that spend.

The only questions that makes sense are whether the improvement in your account performance more than pays for the management fees, and whether there's an even better use of those funds. In other words, does the money I pay my agency come back to me with friends? And is there another place I can invest that money that will bring home even more friends.

Opportunity Costs

In Economics 101, this second question is known as "opportunity costs." Basically, the concept acknowledges that every "yes" is actually a whole bunch of "no's" in disguise. Say yes to attending a webinar, and you say no to everything else you could be doing during that hour. Say yes to lunch with a friend, and you say no to the gym and a bunch of errands. You get the idea.

I'm harping on it because you need to consider the opportunity costs of your own time and effort in managing AdWords internally. These break down into three categories:

1. Hard costs of management time

How much are you paying in salary and benefits to the staff tasked with managing AdWords (including yourself)? How many hours are folks working on this, and what's the monthly hourly cost of all this work? Since a high-quality agency can be much more efficient, due to skill borne of expertise and superior tools, you might find the monthly fee is actually less than what you're really paying right now.

2. Missed opportunities that you didn't pursue

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If you and your internal team are managing AdWords, what else could you be doing with that time? And what's the ROI on those activities? Might you focus on more creative and high-value marketing efforts? Could you be improving your products and services? Finding new sales channels?

3. Sub-optimized AdWords strategies and tactics

Finally, given the complexity and ever-changing nature of AdWords, it's likely that a team of experts will get more out of your AdWords account than you will. Where are you over-spending, and how many leads and sales are you leaving on the table because you lack the high-level skills required to play at the most advanced and most profitable levels?

Comfort Level

Hard numbers are one thing, but since AdWords is your baby, there are important emotional factors at work here as well. Sending your AdWords account to day care can be traumatic. You need to be able to trust your AdWords day care provider in order to feel comfortable handing them the controls to your account.

Trust encompasses a lot of things. First, of course, you have to trust their integrity. Second, their baseline ability to run a business. Third, their AdWords expertise.

While you should always "trust but verify" with clear reporting and transparent accountability, you should not outsource if you're so jittery that you automatically second-guess your partner's decisions. I love the rationality of numbers as much as anyone, but I'd urge you not to discount your gut feelings. Pay attention to your intuition as you discuss AdWords outsourcing, and try to discern the difference between valid concerns and first-date jitters.

PPC Complexity

You also need to consider the level of complexity of your AdWords account. If you run a plain vanilla search campaign with text ads and no need for product extensions or other more advanced features, maybe you can win all by yourself.

But as we've seen, AdWords has become devilishly complex and complicated. Competition has intensified to the point where profitability must be contested every month; the days of "test until it's working and lock it down" are gone. (Alas for those folks

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who wanted a hands-off AdWords account to support their Four Hour Work Week lifestyle.)

Google's Display Network - formerly known as the Content Network - is evolving at such a rapid pace, strategies that worked well even six months ago aren't working at all anymore. Are your image ads optimized for design, placement, size, and message? What about video ads, or widgets?

Are you a candidate for local search? Should you be optimizing for mobile devices? How granularly should you be geo-targeting, if at all? If you sell physical products, are your XML feeds optimized in Google's Merchant Center? Are your product images and data showing for the right searches? Are they ranking high in search results?

Should you be playing around with day parting, scheduling your ads to stop running at certain times of day or days of the week? Should you be bidding higher or lower, depending on the time of day or day of the week?

Ask yourself: does your account include these elements that add so much complexity, or does it have the potential to include them? If so, you have to decide if you want to become the expert, or if you want to hire the expert.

Better Tools

The more complex the system you're working on, the more advanced the tools you need. Just as no auto mechanic working on vehicles more complicated than a 1957 Land Rover can manage without computer diagnostics, you can't manage complex AdWords accounts effectively without specialized management, reporting, and analysis tools.

When you outsource, you should be getting better tools than you can justify - or effectively use - on your own.

For example, The PPC Agency currently manages our client accounts using Click Equations, a robust, hard-to-learn, and expensive reporting and analysis tool. It makes us more efficient and helps us make better decisions than we could make without it. And because we apply that tool across so many accounts, it's worth our staff's time to spend several days learning how to use it, and several hours a month topping off their training.

Enjoyment

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Here's one more consideration, possibly the most important in some ways: How much fun is AdWords to you? Kristie McDonald, CEO of The PPC Agency, originally learned AdWords so she could advertise her e-commerce store, and discovered that she enjoyed AdWords much more than running the store. Other AdWords professionals got there from the same route. They found they were spending more and more time in their AdWords account because they just liked doing it.

If that's you, then you have to decide if your AdWords obsession is getting in the way of other things in the business. If so, you probably want to outsource those other things and become the AdWords "insourcer" for your company.

Or you could just sell your business and come work for us ;)

Avoiding Nightmares

So after some number crunching and soul searching, you've determined that outsourcing AdWords makes sense, at least theoretically. Now you need to find the right partner and approach the whole thing with a constructive set of assumptions. This last section of the White Paper will help you transition as smoothly as possible and avoid the most common and destructive AdWords Outsourcing Nightmares.

Realistic Expectations

While your outsourcing partner should spend some time managing your expectations (and that's a good clue to run away screaming if they don't), here are a few things to think and ask about:

How available and accessible will your agency be? How easy will it be to get folks on the phone? What circumstances or events will trigger a proactive call? To avoid anxiety, be clear in advance about responsiveness. If you're paying \$500 a month, don't expect your agency to drop everything whenever you have a question. If you're a Big Fish account, you may require your own full-time account manager and a dedicated staff.

How long will it take to start seeing results? Since we're talking about marketing, of course there are no guarantees or sure things. But if all you know about AdWords is that you can "reach 15 million people in 15 minutes," you may be disappointed to discover that Google is much slower to approve and propagate new accounts and ads than in the past. If

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you're hoping to dominate the Display Network, it will take months, not days, to gain sufficient traction.

What kind of AdWords budget will you need to see the results you want? How much will you be paying per click or per thousand impressions? How much money do you have to ante up to show Google you're serious about playing?

What's the transactional velocity of your market? I borrowed that concept from David Bullock, just to impress you. It means, how fast can you generate enough impressions, clicks and conversions to collect meaningful data and improve your account performance through testing. The fewer searches, the more competition, and the colder the market, the longer you'll have to hunker down before your account produces enough intelligence to apply to optimization.

What's the scope of work? AdWords is the front end of online marketing, but in many respects it's the tip of a very large iceberg. The best AdWords account can't compensate for a bad website or a misguided marketing strategy or a sub-optimal product. If your agency generates lots of high quality traffic but you can't make money from it, you may feel like they should stick their fingers in a bunch of other pies that are in fact out of scope.

Be clear up front: will your agency help you improve your landing pages? If so, what does "help" mean? Will they feed back testing data to help you improve headlines, offers, and calls to action? Or will they roll up their sleeves and design and write and code new pages for you?

Will they spend time advising you on overall positioning and marketing strategy? Is that service included in your monthly fee (in which case it's probably not worth much), or is that an add-on? What are the qualifications of the folks who will be giving you that kind of high-level consulting?

Preparing for Outsourcing

OK, so you've found an outsourcing partner you trust. You've had that initial expectation-setting conversation and you're clear about how the engagement is likely to begin and continue. Now it's time to get your house in order. While every agency will have its own instructions, I think it will be helpful here to give you The PPC Agency's client readiness checklist as an example.

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Responsive Webmaster

If you want to avoid a lot of agony, make sure that you have on hand a webmaster who can be reached quickly and can turn around simple coding and content changes within minutes, not days. If we ask you for a new landing page with a slightly different headline, you don't want to email your webmaster on Tuesday and get a response on Thursday that they'll get to it over the weekend, probably. If we give you new conversion tracking code for a thank-you page, it should get implemented before the next business day.

Control over What Matters

If you want a really frustrating experience, get locked into an operational system that you can't change even when it kills the sales process. Examples include lousy shopping carts, proprietary content management systems that severely limit the design options on a page, or outdated server platforms that aren't compatible with modern code.

If you find yourself saying, "I can't change that" on a regular basis, then it's probably time to spend your money on a new system rather than send AdWords traffic to a system that doesn't have the flexibility to adapt and succeed.

Willingness to Establish Clear Goals

Unless you're just looking for new friends, your relationship with your AdWords management agency should be highly conditional. If they don't further your goals in a reasonable time frame, you should move on. Therefore it's crucial that you define those goals in numerical terms so you can have intelligent discussions on progress toward them.

Willingness to be Open to Advice

Because AdWords is such an intimate window into your market, your management agency will inevitably discover things that will be new, probably surprising, and possibly counter-intuitive. Like, certain features are much less interesting to your prospects than they are to you. Like, nobody likes the name of your new brand. Like, your best prospects are women in their early 60s, not college-age males.

A good agency will notice and report these facts. And they will be facts, data-based and analysis-derived. They won't be theories or philosophies. A very good agency will include recommendations and advice based on the observable facts. You should only enter into an outsourcing relationship when you find yourself willing to take this advice and adjust your business in response to market insight.

Clarity on Your AdWords Budget

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Once your AdWords campaign goes ROI-positive, the correct answer to how much you can afford to spend on clicks is, "How many can I get?" Until then, when you're still in testing and learning mode, you'll need to specify a "play budget" that you can afford to spend each month. Think of it like fun money at a casino: How much can you lose without it hurting?

The amount you can spend on testing, without expecting or requiring a positive return, will determine how fast an agency can make progress in optimizing your account. If money is dearer to you than time, expect the improvement process to take longer than if you have a large testing budget.

Accurate and Comprehensive Analytics

Before we get to work optimizing your sales process, we insist on establishing a baseline, for three reasons. First, we don't want to make things worse. So we need to know What Is before we can tell if our improvements actually are making things better.

Second, we want to establish our value, in your eyes and in our own. It's much easier to justify our fees and to market ourselves with confidence when we know our dollar value to our clients, as opposed to a vague sense of, "Hey, good job."

Third, as an organization committed to constant improvement, we have to be able to continually assess our own efforts and learn from them. The benchmark of our ability to improve your results is the difference between what you started with and where we can take you.

Choosing the Right Partner

When it comes time to choose your outsourcing partner, don't be misdirected into focusing on the wrong thing. You might think that since technical AdWords skill is what you lack, you should focus on that. While a high level of technical skill is necessary, it's not sufficient. You want proof? Just ask anyone who has agreed to let Google "optimize" their AdWords account.

The Google team comes in, analyzes the data exhaustively, scans the AdWords interface looking for new opportunities, and presents and implements the plan. And predictably, ad spend rises significantly and conversions plummet.

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No one knows AdWords better than Google, and yet... they screw up accounts on a regular basis. How come? What are they missing that you **MUST** find in your outsourcing partner?

Direct response marketing expertise.

AdWords is a form - perhaps the purest form - of direct response marketing. It's different from brand advertising. It's different from sales. It's different from, well, just about everything that isn't direct marketing.

Every online success is a direct marketing success. That's just the model of the internet. Not billboards, not TV commercials, not PR campaigns. But direct response marketing, in which you make an offer to qualify your audience and generate an observable and measurable action. Your outsourcing partner must be steeped in the practice and the history of direct response marketing.

What does this look like in practice?

They make a upfront effort to learn your business, market, industry, and competition in depth. AdWords ads outside that context are trivial and irrelevant bits of text, not compelling statements based on powerful positioning and logical self-interest.

They focus on ROI, not just inputs and throughputs like impressions, clicks, and bid prices.

The culture of direct response marketing doesn't stop at the top of the organization. All staff are well-versed in the core concepts and practices: offers, calls to action, strategic differentiation, unique selling propositions, and more.

While top-notch direct response agencies use the best automation tools, they don't blindly follow the tools' recommendations. Instead, they feed the tools' data into their deep understanding of the market, to target the right prospects more precisely with the right messages.

Really, you're looking for a strategic direct marketing partner, not simply an AdWords management vendor. A partner focuses on delivering results that support your business goals, while a vendor just does tasks. A partner seeks to constantly revise the relationship to get to a closer alignment of interests, while a vendor just wants to get paid for work.

Conclusion

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I hope this White Paper has given you a set of questions and criteria to help you find the perfect AdWords management partner.

Obviously, I'm biased in favor of The PPC Agency. If you like what you've seen, read, and heard from us, we'd be delighted to talk with you to see if there's a good fit between us.

To get the ball rolling, visit <http://ThePPCAgency.com/contact> and fill out the short form. We'll be in touch to schedule a first conversation. If we think we can help you, we'll gladly say so. If we don't, we'll suggest alternatives.

We're honored that you've come to us for advice about your baby, and we'll do everything in our power to continue to earn that trust.