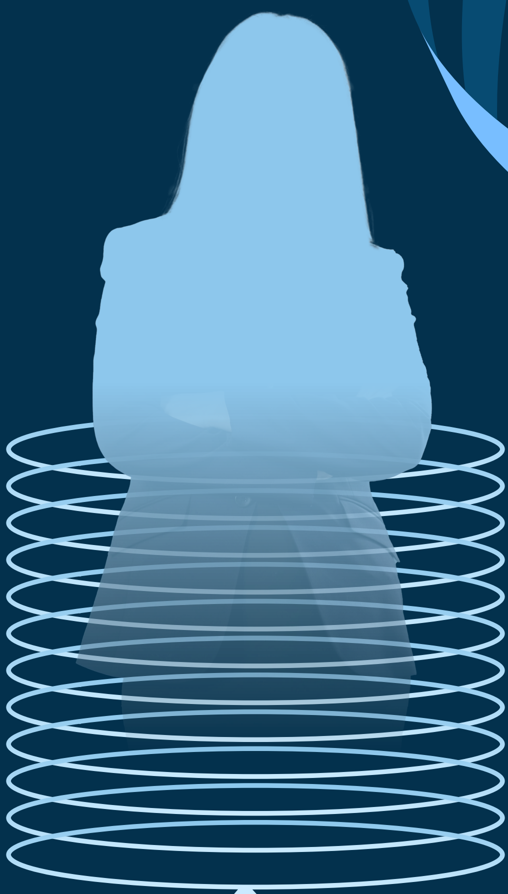
INTURACT

## CALCULATING YOUR ABM BUDGET

# A GUIDE FOR SALES LEADERS



Sales leaders, we know marketing budgets weren't in the job description. But here you are, tasked with figuring out how much to invest in Account-Based Marketing (ABM) for your SaaS company. Don't worry - we've got you covered.

# WHEN SHOULD YOU START INVESTING IN ABM?

ABM investments should only begin after you've achieved product-market fit.

How do you know you're there? When at least 40% of your target accounts consider your product a "must-have" solution to their problems.

At this point, you've likely:

- **Closed some major deals**

  You've proven the product works and customers are willing to pay for it. Now it's time to turn those one-off wins into a systematic approach.

- **Found your ideal customer profile**

  You know exactly which accounts to target because you've already closed deals with similar companies. Your sales pitch resonates, and you're consistently hearing "This is exactly what we need."

If you're still figuring out your product's value proposition or testing different market segments, you're jumping the gun. But if you're consistently closing deals and ready to scale that success? Keep reading.

This isn't about moving from small deals to big ones. With ABM, you're transforming your early sales-led wins into a repeatable, scalable system. Let's work through exactly how much you should budget to make that happen.

# PLANNING YOUR ABM INVESTMENT: FIRST STEPS

As a sales leader diving into ABM budgeting, it's crucial to start with the right foundation. While you're used to thinking about quotas and pipelines, ABM budgeting requires a slightly different approach - but don't worry, we'll get there step by step.

## Start With Clear Objectives

Before we jump into any calculations or frameworks, let's establish what you're trying to achieve. Here are the key questions you need to answer:

- What's your growth target for the next year?
- How many key accounts do you want to land?
- What's your timeline for scaling up ABM efforts?
- What resources do you currently have available?

Take time to write down your answers. These will guide every budgeting decision you make.

# UNDERSTANDING ABM BUDGET COMPONENTS

Unlike traditional marketing budgets that focus on lead volume, ABM budgets are built around account engagement. This means your budget needs to consider:

- Intelligence-gathering on target a ccounts
- Personalized content and c ampaigns
- Sales enablement tools a nd resources
- Account-based advertising and o utreach

# A NOTE ABOUT TIMING

One of the biggest mistakes we see is rushing into full-scale ABM without proper preparation. Your budget shouldn't just be about the total amount.
It needs to account for a phased rollout:

- Foundation Building
- Pilot Program
- Scaled Implementation

In the next sections, we'll walk through exactly how to calculate your budget based on your goals and current stage. We'll also show you how to justify these investments to your executive team using metrics they care about.

But first, let's understand the key metrics that will drive your budgeting decisions...

# KEY METRICS FOR ABM BUDGETING

As a sales leader, you're already familiar with metrics like pipeline coverage and close rates. For ABM budgeting, we need to add a few more to your toolkit. Don't worry - they all tie back to revenue.

## The Three Critical Numbers You Need

*Let's focus on three metrics that will shape your ABM budget:*

- **Deal Size & Annual Contract Value (ACV)**

  Your average deal size in target accounts is the foundation of all ABM budget calculations. Why? Because larger deals justify higher account engagement investments.

💡**Inturact tip:** Look at your last 5-10 sales-led wins. What's the typical first-year contract value? This is your baseline ACV for budget planning.

- **Customer Lifetime Value (LTV)**

  In SaaS, your customers should stick around for years. LTV helps you justify larger upfront investments in landing key accounts. There are several ways to calculate this, but here's the simplest:

  `LTV = ACV × Average Customer Lifetime`

💡**Inturact tip:** If your average customer stays for 3 years, and your ACV is $100K, your LTV is $300K per account. This means you can invest more in acquisition while maintaining profitability.

## Account Acquisition Cost (AAC)

*This is different from your typical CAC (Customer Acquisition Cost). AAC looks specifically at the cost to land strategic accounts through ABM efforts. It includes:*

- Account research and intelligence
- Personalized content creation
- Multi-channel engagement
- Sales enablement tools
- Events and direct mail
- Targeted advertising

💡**Inturact tip:** Your AAC will typically be higher than your average CAC, but it should deliver higher-value accounts with better retention rates.

# THE RELATIONSHIP BETWEEN THESE METRICS

In successful ABM programs:

- AAC should be higher than traditional CAC
- AAC should still be less than 1/3 of first-year ACV

Even after these, total investment should be justified by LTV.

When you land the right strategic accounts through ABM, they tend to have higher retention rates and expansion opportunities.

This means your total investment should be evaluated against the customer's lifetime value, not just first-year revenue. If that $300,000 account stays for three years and expands its usage, suddenly your $100,000 acquisition investment looks even more attractive.

In the next section, we'll show you exactly how to use these metrics to calculate your optimal ABM budget.

# TWO METHODS FOR CALCULATING YOUR ABM BUDGET

Now that you understand the key metrics, let's look at two proven approaches to calculating your ABM budget.

## Method 1

## Revenue-Based Calculation

Think of this method as a blueprint based on how successful SaaS companies scale their go-to-market efforts. Here's what you can do for post-product-market fit companies:

### The Investment Pattern

First Three Years (Ramp-Up Period):

- Companies invest 80-120% of their revenue in combined sales and marketing
- Example: If you're making $1M ARR, you're investing $800K-1.2M in sales and marketing
- This high percentage makes sense because you're building the foundation: tools, team, content, and processes

After Year Three:

Investment gradually decreases to around 50% of revenue by year five. This reduction happens naturally as you gain efficiencies and word-of-mouth grows.

## Breaking Down The Budget

For a typical SaaS company, the split works like this:

- 40-60% goes to people (sales and marketing teams)
- Remaining 40-60% goes to:
  - Marketing technology and tools
  - Content creation
  - Campaign execution
  - Events and direct mail
  - Account intelligence tools

Let's say your company has:

- Current ARR: $500,000
- Target ARR: $2 million
- Growth delta: $1.5 million

Following the approach, you'll take 30% of your growth delta for marketing → $1.5M × 30% = $450,000 marketing budget

These seemingly high percentages make sense because:

1. Initial investment builds long-term assets (content, processes, tools)
2. Word-of-mouth grows over time, reducing future costs
3. Customer lifetime value typically justifies the investment (3+ year customer lifespans)

The key is to remember this isn't a fixed cost. It's an investment in growth that becomes more efficient over time.

Method 2

## Account-Based Calculation

The account-based calculation method aligns naturally with how sales leaders think about their territory. Instead of starting with revenue percentages, this approach begins with your target accounts and works backward to determine your needed investment.

### Investment Tiers

For most B2B SaaS companies, we recommend structuring your account investment into three tiers. Your most strategic, highest-value accounts typically justify an annual investment between $15,000 and $25,000 per account.

Your second tier of accounts, which might include high-growth prospects or companies in strategic verticals, typically warrant an investment between $5,000 and $15,000 per account annually. At this level, you can still maintain significant personalization while leveraging some economies of scale in your content and campaigns.

For your broader target account list, including emerging opportunities and companies that match your ideal customer profile but might not be ready to buy immediately, plan on investing $1,000 to $5,000 per account annually. This allows for basic account intelligence and targeted digital campaigns while maintaining efficiency.

# PUTTING IT INTO PRACTICE

Your specific investment per account should be guided by three key factors:

- The typical deal size and customer lifetime value (CLV) for each tier
- The complexity of the buying process and the number of stakeholders
- The competitive intensity in each account

Most importantly, remember that these numbers represent fully loaded costs - including technology, content, campaigns, and programs. You're not spending this entire amount on advertising or direct mail; you're investing in the complete ecosystem needed to engage and win these accounts.

# VALIDATING YOUR BUDGET

A quick way to validate these numbers is to compare them against your target account's potential annual contract value (ACV). As a rule of thumb, your per-account investment should not exceed 30% of your target first-year ACV. For example, if you're targeting accounts with $100,000 ACV, your maximum investment should be around $30,000 per account.

For ongoing ABM programs:

Monthly investment should be 6-12X of your target account's Monthly Recurring Revenue (MRR)

Example: For accounts with $10,000 MRR, expect to invest $60,000-120,000 annually in your ABM program

This aligns with successful SaaS company patterns while maintaining sustainable unit economics.

# THREE CRITICAL ABM BUDGET MISTAKES TO AVOID

As you implement your ABM budget, watching for common pitfalls is just as important as following best practices. Let's explore three critical mistakes we've seen repeatedly in sales-led SaaS companies, and more importantly, how to avoid them.

## The "More is More" Trap

The most common budget killer we see is companies trying to target too many accounts too quickly. When a sales leader sees early ABM success with a few key accounts, there's often pressure to rapidly expand the program.

Start with fewer accounts and invest more in each one. When they refocused their same budget on just 50 strategic accounts, their engagement rates tripled and deal sizes doubled. True ABM success comes from depth, not breadth.

## The Technology First Fallacy

Many companies begin their ABM journey by purchasing every available tool and platform. Instead, start with your strategy and process. Your initial technology needs are basic: good account intelligence data and fundamental ABM platforms.

As your program matures and your needs become clear, you can add tools strategically. The most successful programs we've seen typically start with spending no more than 25-30% of their budget on technology.

## The Content Volume Game

The third critical mistake is thinking that more content equals better ABM. The better approach is to create a smaller amount of highly personalized, strategic content.

Focus on developing deep insights about your target accounts and create content that speaks directly to their specific challenges and opportunities. One well-researched, personalized whitepaper can deliver more impact than dozens of generic case studies.

# MAKING YOUR ABM INVESTMENT COUNT

The stakes are high when implementing ABM. Unlike other marketing initiatives where you can course-correct mid-campaign, ABM requires significant upfront investment in infrastructure, content, and account engagement. Once that budget is spent, there's no going back for a do-over.

Think of ABM like building a house – you wouldn't start construction without an architect's plans. The cost of getting it wrong isn't just the wasted budget; it's the opportunity cost of missing out on key accounts while your competitors get it right.

👉 This is where Inturact's ABM Accelerator Program comes in.

**Our 30-day intensive program helps you establish the right ABM foundation from the start, implementing our proven ABRA Method that transforms early sales wins into systematic success.** Learn more about it here.