



MAKK

Fractional CMOs & Startups

THE TIPPING POINT

When Fractional CMOs work (and when they don't).

The value a Fractional CMO can deliver is well documented. But some startups are better placed than others to engage with Fractional Leadership.

It all comes down to Tipping Points...



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makk.co
AUGUST | 2023

Introduction

This paper offers an exploration of the advantages and disadvantages of a Fractional Marketing Leader.

Based on Tipping Points, we identify when the optimal route may shift from a Fractional CMO (fCMO) to a full-time hire.



- **Introduction**; Remote working sets the scene
- **Cost, Vision, Flexibility, Velocity**; the benefits of a Fractional CMO
- **Complexity, Time, Cost**; The Tipping Points
- **Business Readiness**; what does a business need to do to get value from Fractional Leadership?
- **Fractional Perspectives**; hear from Fractional Leaders across different disciplines on when part-time leaders work, and when they don't
- **The Big Fractional Survey**; read about the shape of the Fractional sector
- **Makk**; about the author

INTRODUCTION

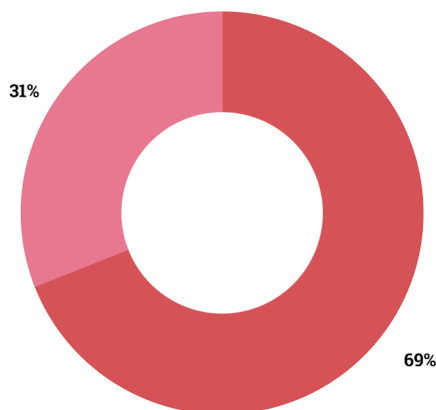
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Remote Working Sets the Scene

Makk has been providing Fractional CMOs for venture-backed startups and bootstrapping businesses alike for several years.

Over that time, we've seen first-hand a shift in the startup ecosystem. With the effects of Covid-19 being felt globally, perceptions of remote/flexible working have become more favourable.

Fears over a lack of productivity and potential security risks are being replaced over time by the more positive sentiment of opportunity. The opportunity for a better work-life balance keeps employees in their roles for longer. For reduced costs. For more effective businesses in general.



69%

see improved retention

"A majority of those working in a distributed remote workforce say retention has increased since adopting a distributed workforce model, and more than half (57%) say a distributed remote workforce makes it easier to hire and keep talent." [Remote.com](#)

With remote work becoming more mainstream, the scene was set for increased demand in freelance and fractional workers alike.

Many companies within the startup landscape now recognise the advantages of tapping into a freelance or fractional workforce to access specialised skills, reduce costs, and scale their operations more efficiently.



BENEFITS OF A FRACTIONAL CMO

MARK

Benefits of a Fractional CMO

Cost

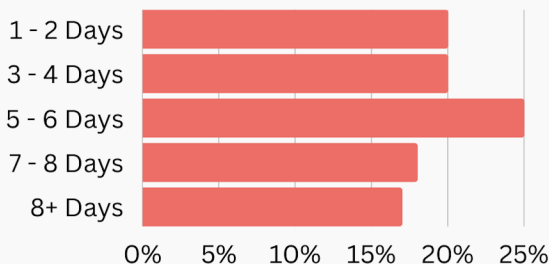
The most obvious and commonly discussed benefit of fractional leadership of any sort is that of cost. With a fCxO, you pay only for the expertise (and time) you need. Not a penny more.

Below is an example of the costs associated with hiring a full-time Chief Marketing Officer in the UK. This is an illustrative - but fairly conservative - example, assuming a full time salary of £130,000.

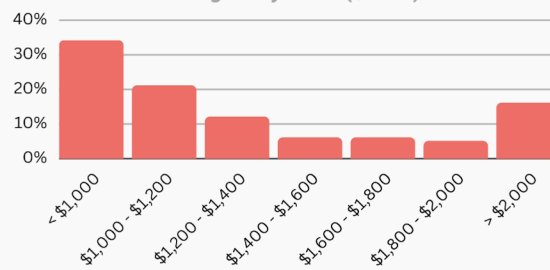
Annual Salary	£130,000 (\$166k)
Employer's NI	£20,700 (\$26.5k)
Pension Contributions (3%)	£4,500 (\$5.8k)
Employee Benefits (5%)	£7,500 (\$9.6k)
Bonus (5%)	£7,500 (\$9.6k)
Recruitment Fees (12%)	£18,000 (\$33k)
Total Cost	£188,000 (\$240k)

Compare this with the average annual retainer of a Fractional CMO at £70,000 (\$90k) per annum ([Big Fractional Survey, 2023](#)), and it is self-evident which route is less expensive.

Avg. Days Per Month, Per Client



Average Day Rate (\$USD)



However, it's important to consider not only **cost** but **value**. Evaluating both cost and value is essential when hiring a consultant to ensure the benefits outweigh the expenses. It must be assumed that a fCMO can deliver equal or greater value than a full-time hire within the time available.

Does the positive impact and return on investment the Fractional brings equal that of a FTE? Based on our own experience and that of our clients, the answer is a resounding yes, when certain criteria are met (more to follow).



Vision

A full-time employee, no matter how rich their industry experience, can only sit within one business at a time. This means one perspective on the current market. One lens through which to view the competitive landscape and one viewpoint of channel strategy.

A senior pluralist may sit across a handful of organisations at any one time. Which offers a number of benefits for both the consultant and the business, such as;

Diverse Experience: Fractional working exposes the consultant to a wide range of industries, products, and target audiences. This diverse experience allows them to develop a broader perspective, **which is often more impactful over the short term than deep industry expertise.**

Fresh Ideas and Creativity: By working with different businesses, a consultant can rapidly explore new challenges. This exposure stimulates creativity and encourages the generation of fresh ideas.

Knowledge Sharing: Engaging with multiple businesses allows fractional consultants to accumulate a wealth of knowledge and best practices. They can often identify patterns, trends, and successful strategies more rapidly than a full-time counterpart.

Adaptability: fCMOs are exposed to multiple marketing tools, technologies, and approaches across different businesses, which helps them stay updated with the latest industry trends and developments, breeding adaptability.

Objectivity and Fresh Perspective: As an external consultant, the fCMO brings an unbiased perspective. This objectivity is invaluable in overcoming internal biases or groupthink, particularly when internal politics and bureaucracy may hinder the progress of a full-time employee.

Being welcomed into an organisation to share 20+ years of experience from an advisory perspective across operations, culture, sales and marketing, is a genuine pleasure.



My role enables companies to get past hurdles quickly, scale teams effectively and grow their brand strategically using established frameworks and best practices, tailored to them and their customers' needs and wants.

Darcie Tanner
Partner, Makk
Fractional CMO

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Flexibility (time to deployment)

fCMOs work by design on a part-time basis, which allows them to allocate their time and resources effectively. But this also allows for greater flexibility and agility in a working week.

Assuming the consultant is not working to full capacity, this flexibility improves efficiency and enables the consultant to handle multiple projects simultaneously.

As a result, a business looking to onboard a fCMO can expect to do so within a matter of weeks, versus the several months to recruit a CMO (inclusive of notice period).

Within startups, the competitive landscape can shift quickly. An unnecessary 6 months without a marketing leader could result in severe consequences from a brand and/or commercial perspective.

Clients are often unaware of how long it can take to hire that first sales or marketing leader. The reality is that it can take anything from **3 months to a year** when you factor in a search process, interview process and notice period to land the right hire.

In the interim, it makes a whole lot of sense to consider a Fractional hire to help bridge that experience gap, especially when you're early stage.



Sauced.

Lloyd Stokes
Founder, Sauced
Recruitment



Velocity (time to value)

Fractional Leaders are accustomed to diving into projects quickly. When billing based on time there is a natural scrutiny of the way that time is utilised, therefore the need to minimise time-to-value breeds efficiency.

Fortunately, fCMOs are experienced in quickly understanding a company's goals, target audience, and competitive landscape, which helps them deliver actionable insights and strategies in a shorter timeframe. They have dedicated processes and frameworks designed specifically to produce the desired outcomes rapidly.

It must also be accepted that external suppliers such as Fractionals are not necessarily subject to the same onboarding requirements as an FTE (which take time). Paperwork, training, orientation, software, licenses, hardware etcetera take time and resources to set up. In contrast, a fCMO can typically bypass all but the most essential of these onboarding requirements.



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During the first few weeks of any engagement as a Fractional CMO, I'm acutely aware that the organisation is looking to me to deliver value as quickly as possible.

One advantage of a strong fCMO is that they have a skillset built around rapid deployment of battle-tested frameworks.

Paddy O'Neill
Founding Partner, Makk
Fractional CMO



THE TIPPING POINTS

COMPLEXITY, TIME & COST ARE THREE INTER-RELATED TIPPING POINTS THAT MAY SUGGEST A FRACTIONAL LEADER IS NO LONGER OPTIMAL.

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The Tipping Points

Within startups, every decision has opportunity cost. It's one of the reasons that running an early-stage business can be so stressful; even if one makes the 'right' decision, there are consequences.

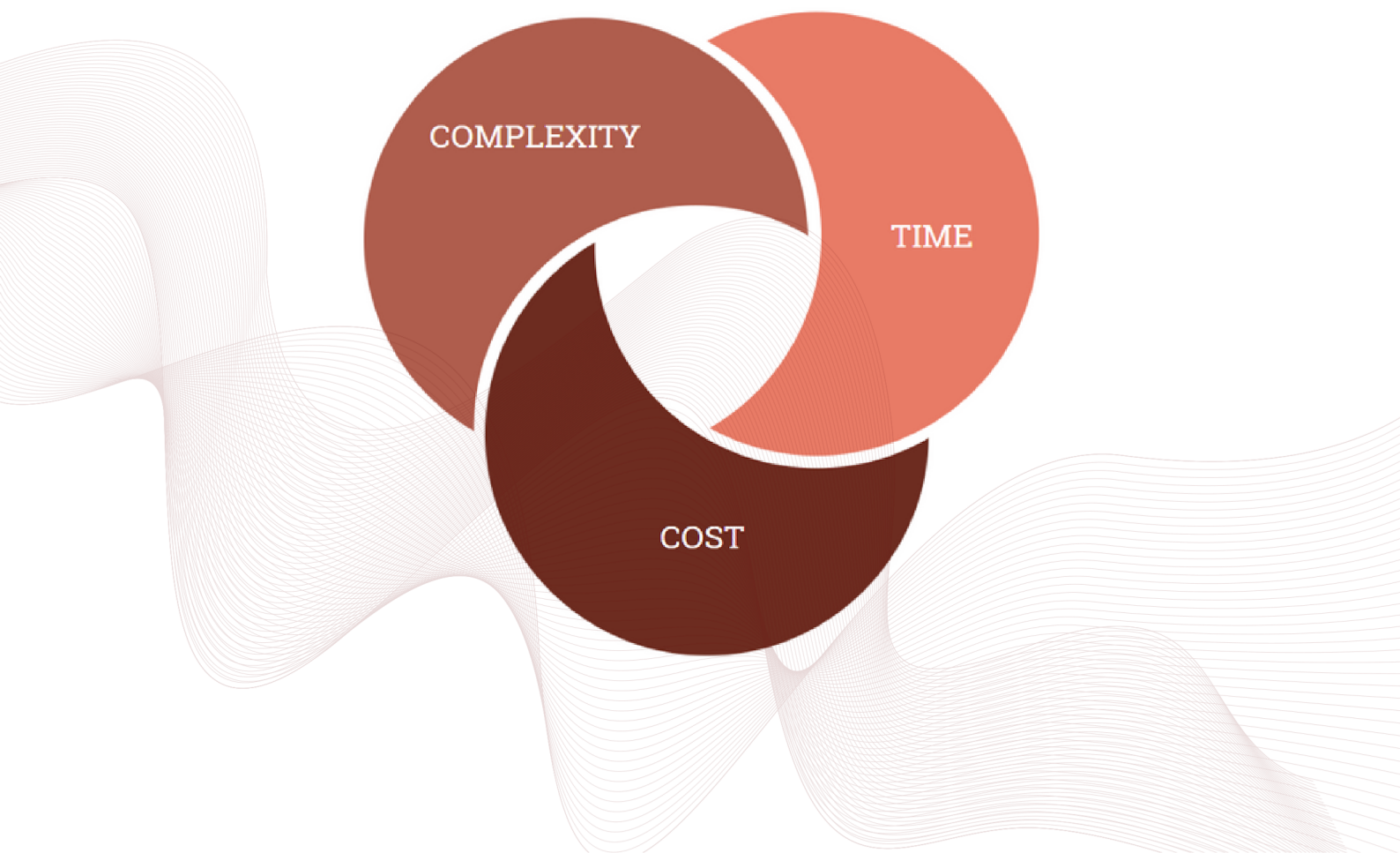
There are rarely right and wrong decisions in binary. Thinking in terms of optimal and sub-optimal is far more valuable. So when making a decision between a full-time hire and a Fractional Marketing Leader, the decision can be a complicated one.

A Founder or Leadership Team must make the decision based on the relative value of each route. The perceived optimal route.

Based on Cost, Vision, Flexibility & Velocity a Fractional Marketing Leader typically represents the optimal route for an early-stage business.

There are, however, clear tipping points. Circumstances under which the route which had previously delivered more value, now becomes the less favourable model.

Complexity, Time & Cost are three inter-related Tipping Points that may suggest a Fractional Leader is no longer optimal.



Complexity (= Time)

While fCMOs can be instrumental in driving short-term initiatives, their limited availability can become a constraint over the long-term. As businesses grow, they require continuous attention and a proactive approach to marketing.

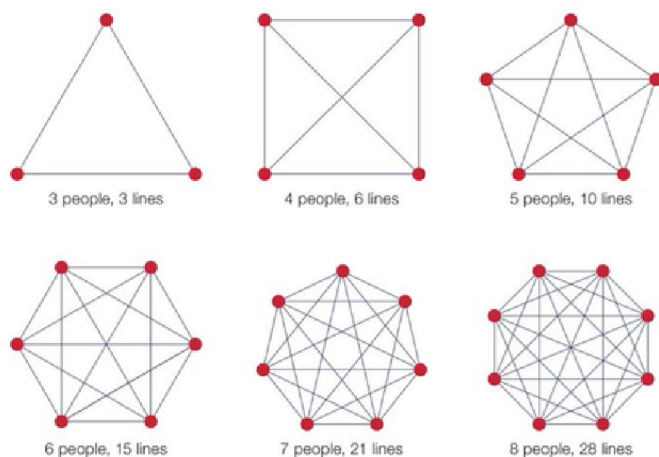
As a result, another tipping point for transitioning from a fractional marketing consultant to a full-time hire is often influenced by the increasing complexity of both the business itself and the marketing strategies employed.

Business Complexity

As companies expand and diversify, their operations become more intricate. They may enter new markets, offer a wider range of products or services, or undergo significant organisational changes.

The complexity of the business itself can pose challenges for fCMOs who may struggle to grasp the nuances of the company's structure, culture, and industry dynamics. A full-time marketing professional, intimately familiar with the organisation, can navigate these complexities more effectively, aligning marketing efforts with the broader business goals and ensuring a cohesive approach.

In terms of team size, increasing the number of people in a team leads to an increase in communication complexity, a phenomenon commonly referred to as the "communication overhead" or "communication burden".



Lines represent a connection between two people.

Communication complexity increases as an organisation grows in headcount.

For a fCMO, communication complexity can mean an increased volume of information shared through an increasing number of channels/mediums, potentially leading to information overload.

The result can be longer response times and delayed decision-making, which can be problematic within a startup environment.



Strategic Complexity

Modern marketing strategies encompass a wide array of channels, platforms, and technologies. As businesses grow, their marketing strategies become increasingly sophisticated, requiring careful coordination and integration across multiple channels.

Fractional marketing consultants, with their limited availability, may find it challenging to keep up with the evolving landscape and manage the intricacies of these strategies.

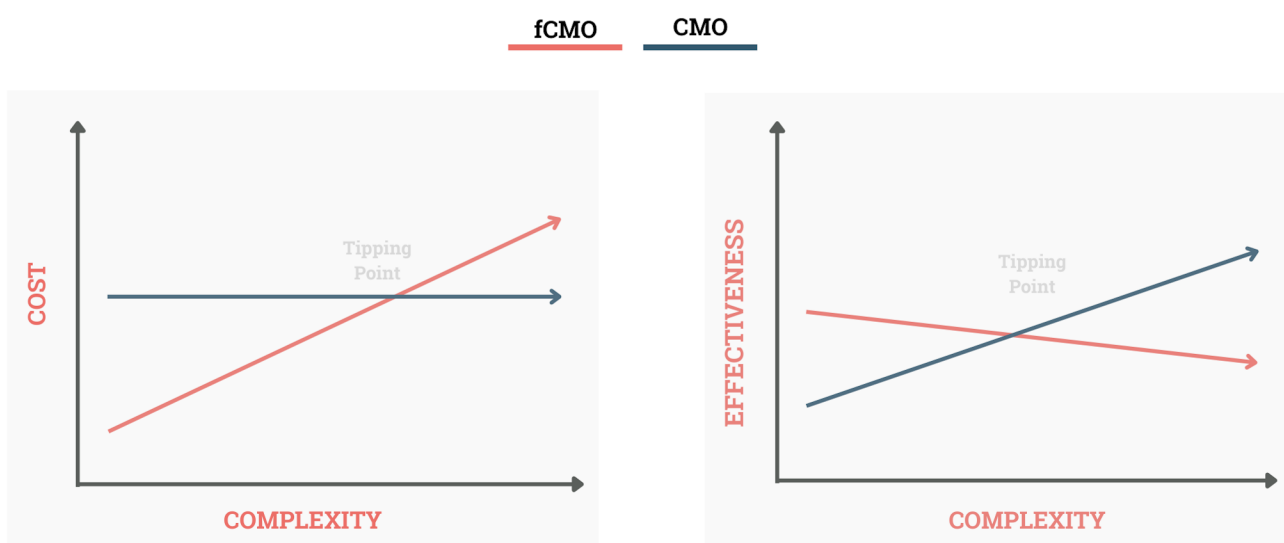
At this stage of growth, typically Series-B and beyond, a full-time marketing hire can dedicate more time and attention to devising and executing comprehensive marketing plans that align with the company's vision, goals, and target audience.

Time (= Cost)

There comes a time when the cumulative cost of engaging fractional consultants surpass the investment required for hiring a full-time marketing professional.

This tipping point is influenced by factors such as the frequency and duration of consultant engagements, ongoing marketing needs, and the strategic importance of marketing within the organisation.

If the business has reached a level of complexity such that the time required of the fCMO results in a £ amount surpassing the total cost of recruiting and employing a full-time marketing leader - ceteras parabas - a tipping point is reached and the full-time hire may become the optimal route.



BUSINESS READINESS

NOT ALL BUSINESSES ARE READY TO REALISE THE VALUE OF FRACTIONAL LEADERSHIP. TO ENSURE A SUCCESSFUL COLLABORATION, THE BUSINESS - AND ITS LEADERS - NEEDS TO BE WELL-PREPARED.

MARK

Business Readiness

To ensure successful collaboration with a Fractional CMO the organisation, and especially the leadership team, must be adequately prepared in a number of ways, spanning both operational and emotional readiness.

The following factors that a startup or scale-up should consider before bringing in a fCMO:

1. UNDERSTAND WHERE MARKETING CONTRIBUTES TO BROADER BUSINESS OBJECTIVES AND PREPARE TO BE CHALLENGED ON THE DETAILS.

Businesses in growth mode must have a clear understanding of their business objectives before engaging with a Fractional CMO. What does winning look like? In a world where profitability hasn't always been the number one priority, it's not necessarily self-evident what is expected of a senior marketer.

The right fCMO will be integrated into the senior leadership team, providing a fresh perspective, ideas and experience, while working closely with the business to define exactly where and how marketing can contribute to success.

2. TO ENSURE THE SUCCESS OF A SENIOR MARKETER, IT IS ESSENTIAL FOR THE FOUNDER(S) TO BE EMOTIONALLY PREPARED FOR THE JOURNEY AHEAD.

For Founders, entrusting a Fractional CMO with a reasonable level of autonomy is essential. It requires emotional readiness to delegate critical marketing decisions and trust the expertise of the consultant - it's not always easy to 'let go'.

A successful partnership with a fCMO demands open communication and a willingness to collaborate. The consultant's recommendations may not always align with initial expectations, but founders must be receptive to new ideas and embrace change to achieve optimal results.

3. OBJECTIVELY UNDERSTAND THE STRENGTHS AND WEAKNESSES OF THE EXISTING TEAM.

Before onboarding a fCMO, startups must conduct an honest assessment of their existing team's skills and capabilities (impartiality is often difficult).

The Fractional CMO can help to define the **future** team requirements necessary for scalability; whether it involves upskilling current team members or hiring new talent, having a clear understanding of strengths and weaknesses enables the CMO to strategically integrate their expertise with the team.



4. PREPARE FOR 'KNOWN UNKNOWN'S', BUT ACCEPT THAT THERE WILL BE 'UNKNOWN UNKNOWN'S'.

The startup and scale-up landscape is often filled with uncertainties, and there will always be aspects beyond the team's awareness or control.

A prepared organisation will acknowledge both known unknowns (things they are aware they don't know) and unknown unknowns (things they are not even aware they don't know, but exist!).

The Fractional CMO can contribute to identifying these potential risks, market challenges, and untapped opportunities. Embracing a proactive approach to address these uncertainties will ensure a more adaptable and resilient marketing strategy.

5. UNDERSTAND THE LIMITATIONS OF FRACTIONAL CMO.

Startups should be prepared to manage the balance between the in-house team and a fCMO effectively. This requires a clear delineation between the responsibilities of the consultant and those which would normally sit within the remit of a full-time CMO.

Why is this important? A Fractional, by definition, has less time available than a full-time hire. Administrative tasks relating to direct reports such as performance reviews or holiday requests can be completed by a Fractional, but should where possible spend their time focused on strategic delivery.

Clear SLAs, communication channels, timelines, and deliverables will maximise the value of the Fractional CMO's engagement and minimise the risk of misaligned expectations and knock on effects on delivery.

By bringing in a fractional senior resource, our business gained invaluable perspective, allowing us to optimise and grow strategically and operationally.

The objective viewpoint of an outsider provided us with unbiased advice and recommendations, highlighting areas for improvement that we may have overlooked internally and has been essential in refining our marketing approach.



TURING FEST

Tannya Gaxiola
COO, Turing Fest

FRACTIONAL PERSPECTIVES

HEAR FROM FRACTIONAL LEADERS ACROSS DIFFERENT
DISCIPLINES ON WHEN PART-TIME LEADERS WORK,
AND WHEN THEY DONT.

MARK

Fractional Perspectives (1/3)



In the tech world, hiring a fractional CTO can be useful at any stage of your business.

Whether you're at the idea stage and are looking for guidance on how to build your vision or at the growth stage and need someone experienced to help you shape operations, handle difficult situations or just mentor your existing team.

It is always a cost effective way to enhance the level of expertise within your business.

The main reasons I've seen why fractional CXO relationships don't work, is where business owners have no clear objective when engaging with a CXO, where they expect a CXO to come in and solve all problems but don't have a clear vision themselves of where they want to go or where there is too much politics and no will to change within an organisation.

Fractional CXOs will always look to help business owners with formulating strategies and designing an operational framework but they are not a replacement for a business owner performing the foundational work themselves.

You can hire a captain to steer your ship but if you don't know where you're going then all the captain can do is make suggestions

Bhairav Patel

Managing Director, Atom CTO



Fractional Perspectives (2/3)



In my opinion, a fractional CFO comes into place when business owners start feeling the itch for financial improvement (the feeling of "there's something going on, which potentially could be improved).

It's that moment when they realise there's untapped potential in their finance stack, numbering processes, reporting capabilities, or aligning daily operations with the financial machinery.

A fractional CFO steps in as a modern-day financial superhero, armed with expertise in upgrading systems, streamlining processes, and providing invaluable insights.

And here's the cherry on top: the real magic of a fractional CFO lies in their knack for bridging the gap between everyday business operations and the intricacies of finance, ultimately transforming your company into an unstoppable powerhouse

For me, it's all about capturing THAT moment when company owners have this inkling that something could be improved within their operations, even if they can't quite put their finger on it or just have a rough idea.

That's where I thrive and bring the most value to a company within a short timeframe of 3-6 months, leveraging my expertise to identify and implement impactful improvements.

Daniel Walter

Fractional CFO, Muffyn Advisory



Fractional Perspectives (3/3)



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When a Fractional CxO Isn't Right for You: A Tale of Misaligned Energies and Unicorn Chasers

Picture this: you're a startup founder, brimming with ambition and ready to take the business world by storm. You've heard whispers of this mythical creature known as the Fractional CxO—a part-time executive who swoops in to save the day with their strategic brilliance and industry expertise.

It all sounds too good to be true, right? Well, sometimes it is!

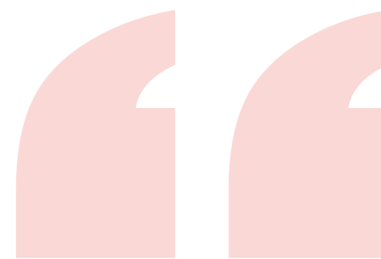
While Fractional CxOs can work wonders for many businesses, there are instances when they simply aren't the right fit. So, grab your popcorn, and let's explore the comical side of when a Fractional CxO just won't do.

The Unicorn Chaser:

We all know that one entrepreneur who dreams of capturing a rare and elusive unicorn—a startup valued at over a billion dollars. While ambitious goals are admirable, if your business is still in its early stages and you're hunting for mythical creatures, you might not need a Fractional CxO just yet. Let's face it, those magical beings require a different kind of sorcery altogether.

The Lone Wolf

Are you a fiercely independent entrepreneur who insists on wearing all the hats in your startup? If you're not quite ready to let go of the reins and share the decision-making process, a Fractional CxO might cramp your style. After all, they thrive on collaboration, strategic partnerships, and working closely with your team. So, unless you're willing to loosen your grip on the wheel, it might be a bumpy ride with a Fractional CxO on board.



Fractional Perspectives (3/3 cont.)

The Short-Term Thinker

Do you have commitment issues? No, not the romantic kind, but the kind that makes you shudder at the thought of a long-term partnership. If you're only looking for a quick fix or a temporary boost, a Fractional CxO might not be the best choice. These professionals thrive when they can dive deep into your business, understand its intricacies, and implement long-term strategies. So, unless you're ready to embark on a meaningful journey, it might be best to keep your distance.

The "One Size Fits All" Believer

Have you ever tried squeezing into a pair of jeans labelled "one size fits all," only to find out they're more like "one size fits none"? Well, the same principle applies here. If you believe that a Fractional CxO can fit seamlessly into any business, regardless of industry or unique challenges, think again. While their expertise is vast, they're not miracle workers. So, if you're in a highly specialised niche or face industry-specific hurdles, it's worth considering a specialist who knows the ins and outs of your domain.

The "Do It and Forget It" Dreamer:

Ah, the dreamer who believes that hiring a Fractional CxO is the silver bullet to all their problems. They think that once they bring this superhero on board, they can sit back, relax, and let the magic happen. Sorry to burst your bubble, but success requires more than a wave of a wand. Fractional CxOs need your active participation, collaboration, and alignment with your business goals. So, if you're looking for a set-it-and-forget-it solution, you might be better off investing in a genie lamp.

In conclusion, while Fractional CxOs can work wonders for many businesses, they're not the perfect match for everyone. So, before you dive headfirst into the world of part-time executives, take a step back and evaluate if your business is truly ready for this partnership. Remember, finding the right fit is crucial for success, even if it means passing on the allure of the mythical Fractional CxO.

Disclaimer: No unicorns were harmed in the making of this article.

Matt Dibben

Fractional CRO



THE BIG FRACTIONAL SURVEY

DATA FROM OVER 100 FRACTIONAL LEADERS
COMPILED TO OFFER INSIGHT INTO THE STATE OF THE
FRACTIONAL SECTOR.

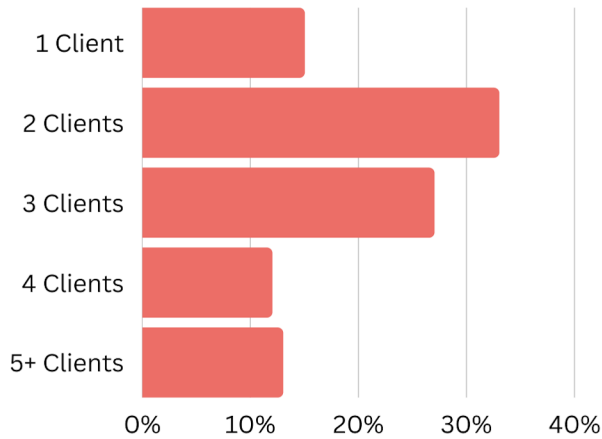
(FULL REPORT COMING SOON)

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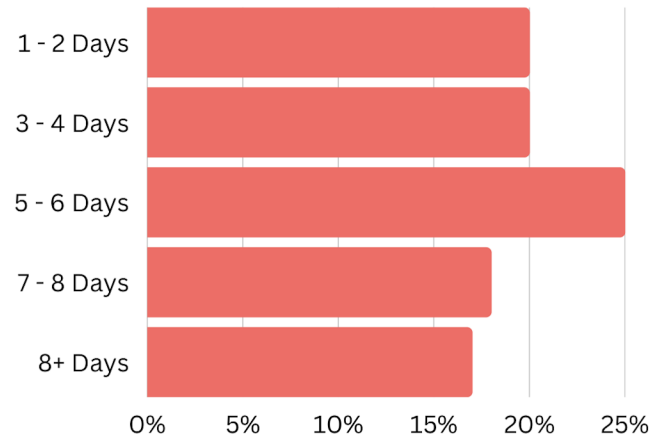
The Big Fractional Survey (Preview)

Retainers

How many clients are you working with on a monthly basis?



How much time do you spend with each client (per month)?



How do you structure your time, per client?

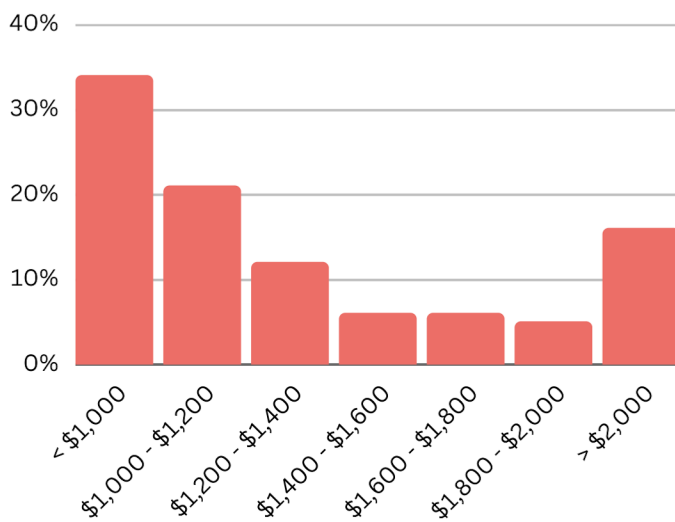
62%

I spread my time throughout the month at my discretion

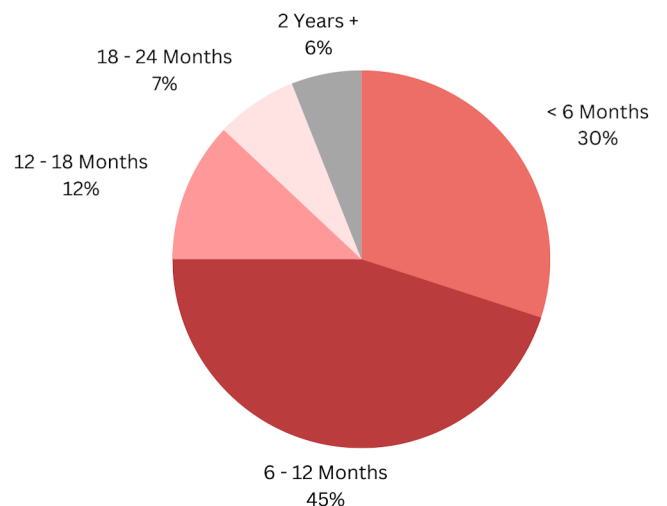
38%

I work set days each week/month

What is your (average) Day Rate?



How long is your average engagement?



ABOUT MAKK

MAKK

Makk; About the author

We're Makk. We help startups to grow.

We're not like other consultancies and we're certainly no agency. Think of us as a CMO-as-a-Service.

Hiring a senior marketer in the current climate is expensive, risky and incredibly difficult.

Our experienced CMOs are available on demand, providing the senior marketing leadership your business needs to grow.

No agency politics. No nonsense. Just the support you need to build a scalable marketing function.



"Hokodo worked with Makk at a time when we needed senior marketing leadership at relatively short notice, to build our marketing capability and maintain our significant growth towards Series-B.

Paddy was truly a Hokodian, from leading the team, building out a robust growth strategy through to recruiting a full-time VP Marketing. I would highly recommend Makk to any startup that requires a senior marketer on a fractional basis."



THANKS FOR READING.



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