

The Marketing Plan: Step by Step

**The most complete workbook for preparing and
writing an effective marketing plan**

**By:
Mike O'Donnell**



UND Center for Innovation Foundation
P.O. Box 8372
Grand Forks, ND 58202-8372
(701) 777-3132
(701) 777-2339 Fax
www.innovators.net
www.startupbiz.com

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Third Edition

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Printed in the United State of America.

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The Center for Innovation helps entrepreneurs, students and researchers launch new ventures, technologies and products, develop business and marketing plans, and access the talent of UND and secure sources of venture financing. The Center manages the Technology Incubator which hosts 18 entrepreneur ventures employing more than 80 people, half with advanced degrees. The Center was among the first technology and manufacturing entrepreneur outreach centers in the nation, and has helped launch more than 300 new ventures and technologies since it was formed in 1984. The Center has received three national awards for achievement and excellence in technology entrepreneurship. For more information, visit our website at www.Innovators.net

ISBN 0-9626855-5-0

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ABOUT THE AUTHORS

Mike O'Donnel, in addition to having started and sold several of his own companies, has been assisting startup companies for over 15 years. He frequently teams up with independent consultants, private firms and public agencies to help launch new products and services. O'Donnell's expertise includes business planning, marketing strategies and Internet business models. He is the author of several popular books on business planning and marketing planning, and has served as a faculty member of the U.S. Commercialization Planning Workshop and Chairman of the National Innovation Workshop.

Mike O'Donnell started his high-tech career in 1983 as a co-founder of one of the first high-speed electronic service bureaus in the country. In 1985, he founded Ask Me Multimedia Systems, where he served as its president and CEO for 10 years. Under O'Donnell's direction, Ask Me pioneered some of the first multimedia kiosks, authoring software and presentation programs. In 1991, Ask Me Multimedia received the prestigious, National Small Business Innovation Award from Nations Business Magazine and the U.S. Chamber of Commerce.

After selling his company in 1995, O'Donnell embraced the Internet revolution and joined CompuServe as a key executive. While at CompuServe, O'Donnell led the launch of SPRYNET and introduced CompuServe's Private Label Community service offering. PC Magazine named SPRYNET as the best Internet Service Provider in the nation in 1996 for pioneering affordable access pricing, 24 hour customer service, and online community features.

In 1997, while serving as Director of Electronic Commerce for Design Intelligence, O'Donnell conceived and launched the Internet's firstReprints and Permissions Clearinghouse, called iCopyright.com. He currently leads the company as its president. His industry affiliations include serving as Chairman of the Software Publishers Association's committee on Internet Marketing & Business Models, and as a board member of the Internet Section. He is the primary author of, "ESD & The Electronic Commerce Value-Chain: Trends & Implications for the Software Industry," a white paper that has become required reading for many software companies. O'Donnell also serves as Co-Chairman of the Northwest Capital Network committee on Internet Communications and continues to write and speak on topics of interest to entrepreneurs.

Bruce Gjovig, Senior Editor, is an Entrepreneur Coach and founding Director of the Center for Innovation at the University of North Dakota. The Center for Innovation has been actively involved in more than 300 entrepreneurial start-ups or product introductions. The Center is receiving national attention for its programs and for its success in technology commercialization, especially in rural areas, receiving three national awards for technology entrepreneurship from the U.S. Department of Commerce and SBA.

Gjovig is known as a champion for inventors, entrepreneurs and small manufacturers. He helped found the Rural Technology Incubator at UND, and is a champion for the ND SBIR (Small Business Innovation Research) program. He also helped found the 3M Patent & Trademark Depository Library and the North Dakota Entrepreneur Hall of Fame. He was inducted into the Entrepreneur Hall of Fame in 2001 with a surprise ceremony orchestrated by his board and staff.

Gjovig has two degrees from the University of North Dakota. Besides his professional activities, he is involved in leadership positions in several cultural, educational and civic organizations including being co-founder of the national education foundation movement for college fraternities and sororities started at UND in 1977.

PREFACE

"Capturing and maintaining market share is a painful process. Those who know the market and understand the customer best, will endure the least amount of pain."

- The Voice of Experience

Marketing isn't cheap. It's expensive enough when you do it right. It's awfully expensive when you don't. You may only get one shot, so it pays to do your homework. Unfortunately, the marketplace is not very forgiving.

Since marketing is often the major expense item for most companies, it makes good sense to have your act together. No matter how superior your product may be, no matter how hard you may work, you still need a plan for establishing a profitable position in the market you want to serve. This workbook can help you get off to the right start.

Large companies spend millions of dollars to introduce a new product, or to increase market share for an existing product. Many of these efforts fail and they move on to the next opportunity. Small companies don't have the luxury of pursuing several marketing opportunities at once. One major failure can put a small company out of business. The smaller the company, the more often it must be right than wrong from the beginning. Start-up companies don't have any margin for error. They better be right on (or have deep pockets) if they are to have a prayer of making it. That's what this workbook is all about -- improving the odds of making it by putting you on the right track.

In large companies marketing planning is a full-time, centralized function. In small companies, marketing planning occurs on a sporadic basis, usually between crises. Most large companies take a "top-down" approach. Management internally develops objectives and strategies and then dictates marching orders to the troops. Small companies, on the other hand, take a "bottom-up" approach. They develop marketing plans around innovative tactics that come from being closer to the customers and their problems.

The purpose of this workbook is not to propose what type of marketing planning philosophy you should adopt. Whether you take a "top-down" or "bottom-up" approach is up to you. Whether your strategies should evolve from the success of bold tactics, or whether your tactics should be dictated by corporate strategies, can be debated all day. There are dozens of variables which play a role in determining what type of approach a company's marketing efforts should take. Size, reputation, and the availability of resources, are just a few of these variables.

This workbook is designed to help you fine-tune your assumptions and instincts about what the market needs, and for serving the market better. This workbook is about addressing the details involved in writing a marketing plan. After you have completed the modules in this workbook, you should have a solid direction for marketing your product or service. Additionally,

this workbook was not written to duplicate other books on marketing. Rather, it was written to supplement good material which already exists. There are many fine publications available on marketing research, marketing strategy, advertising, sales, and the other components of marketing. (Some of these publications are mentioned in the reference section at the back of this workbook.)

The purpose of this workbook is to give you a "user-friendly" organizational tool for putting all the components of marketing together in a coherent fashion. Hopefully, this workbook will help:

- Spark your creativity,
- clarify your thoughts,
- identify the issues you need to address,
- organize your research, and
- provide a simple format for preparing a plan.

How This Workbook Is Organized

This workbook consists of an introduction, eight chapters, a sample budget, and an appendix.

The **Introduction** introduces you to the game of marketing. I use a David and Goliath analogy to illustrate some basic marketing concepts. All marketing involves a battle. It is not a battle of good vs. evil. Marketing is a battle for territory. You will stand a better chance of capturing more territory and winning the game if you have a good plan. You bought the book, so you obviously perceive a benefit in writing one. The introduction helps by providing an overview of the marketing process. It also covers what your final draft should include.

Chapter One offers two sets of marketing guidelines. I indulge myself by expounding upon the David and Goliath analogy. It makes the material easier to write and hopefully, more fun to read. I think you will get the picture. There is one set of guidelines for start-up ventures and another set for existing businesses.

There is a definite difference in attitude and marketing priorities between a start-up and an existing business. Start-ups have a tendency to get bogged down in a lot of useless detail. Existing businesses overlook meaningful details. The guidelines in Chapter One may help prepare you mentally for the research and planning modules that follow.

Chapter Two tells you how to work with the modules. There are 20 modules altogether. Each module represents a component of the marketing process.

Chapter Three deals with the internal audit modules. These modules represent elements of your marketing plan that are controllable internally. You will use these modules to assess your company's position and address how your product or service line will be priced, packaged, distributed, and serviced.

Chapter Four deals with the external audit modules. These modules represent elements of your marketing plan which are external in nature. You will use these modules to discover and address what is happening in the marketplace.

Internal and external influences drive the development of your marketing objectives, strategies, tactics, and sales projections. These modules are covered in **Chapter Five**. You will use these modules to propose what position you intend to seek, how much money the company will make if the marketing objectives are achieved, and how much money you think it will cost to obtain the position and achieve the objectives.

Chapter Six deals with the communications modules. These modules relate specifically to advertising, public relations, promotions, sales, and customer relations. You will use the modules in Chapter Six to explain how your marketing objectives and strategies will be accomplished. Capturing a marketing territory involves capturing the minds of the customers which inhabit the territory. This is done primarily through creative communications and sales tactics.

Chapter Seven discusses how to execute and support your plan once it has been written.

Finally, you will find some work sheets and examples in the **Appendices** that can assist you in researching, writing, presenting, and monitoring your marketing plan.

All these chapters and modules may appear intimidating. The material is organized to allow you to go into as much detail as you need on each marketing component. Take it step-by-step. This workbook was written to help you do your marketing planning, not to be your marketing plan. In the end, your marketing plan will be tailored to your own situation. Good marketing is not reserved for the business elite. "You don't have to be well to do, to do it well."

Michael O'Donnell

INTRODUCTION

The Game Of Marketing

Marketing is a lot like a game. A very serious game with big stakes. I like to think of it as the David and Goliath game because today, more often than not, start-ups and small companies go up against large companies in the face of overwhelming odds. Goliaths never use to worry much about Davids. Times changed, territories got smaller as more Davids began appearing to compete for scattered resources. This workbook was written for the Davids (and for smart Goliaths that think like Davids).

The object of the game depends upon what kind of player you are. If you are a small business trying to compete against big business, the object of the game is to slay Goliath, or have a Goliath buy you out. If you are a start-up or existing business that does not need to fight a Goliath, the object of the game is to be quicker and better than other Davids so you can become a Goliath. Becoming a Goliath does not necessarily mean increasing your size. It means increasing your strength. If you are already a Goliath, or a strongly entrenched David, the object of the game is to aggressively defend your territory. To do this, you need to start thinking like a small, hungry David.

To play the game you have to stay within certain boundaries and you have to play fair. Otherwise, you may lose everything and not get a chance to play the game again. Some marketing games are harder than others, but every marketing game involves competition.

You stay in bounds by tightly defining the applications for your product or service, and by determining what specific customer base you want to serve. You lose more quickly by trying to be all things to all people and by trying to serve several unrelated markets at once, no matter how lucrative they may be. Goliaths are notorious for going out of bounds. They usually get penalized.

You play fair by not trying to buy the market or engage in questionable practices that may compromise your integrity. If you don't have any integrity, then sooner or later you will most certainly endure the wrath of the all-powerful -- the customers and their laws of the land. Laws are imposed by referees, also known as regulators. Other than staying in bounds and playing fair, there really are no rules.

A lot of spectators will tell you there are rules, but many participants have won by breaking every one of them. Playing the game is what separates spectators from players in the first place. Spectators watch the action and analyze it -- they usually work for the government. Players create the action. They are modern day pioneers, builders, and risk takers.

In any case, you win the game by getting and keeping customers. In some games customers don't exist and you have to create them. The game of market creation is called "pioneering". The attrition rate is very high. A lot of pioneers get shot in the back. The few who become successful invariably invite other settlers -- usually Goliaths.

In other games, customers exist but may be very complacent under the watchful eye of Goliath. In these games, it takes a lot of excitement to attract enough customers away from Goliath, thereby earning the right to stay in the game. Customers are fickle and, quite frankly, often not very loyal. You need to give them a compelling reason to switch sides, or to stay put, depending upon what kind of player you are. The successful Davids learn to play the game very well. They develop a better aim (marketing focus) and are a lot quicker than the Goliaths.

This workbook is a product of the experiences of many Davids that have gone before you. They have lost more than they have won, but they get better each time they play. This workbook is filled with pointers on how to begin and stay in the game. These pointers are not rules, just tips on how to improve your score.

Don't be intimidated by the many directions for play, and don't be afraid to lose. Most participants play several times before they win once. The rest give up and become spectators, or go to work for a Goliath. Either way, you will be a better person for having played the game!

Enjoy the game!

Marketing Defined

I define marketing as, "**the process involved in profitably moving a product or service from your possession to someone who has the willingness and ability to pay for it.**" The process involves packaging, pricing, promotion, positioning, and a host of other considerations. Most importantly, the process involves people. Namely sellers, buyers, and influencers.

Throughout my business career, I have encountered many companies whose marketing activities do not satisfy this definition. They move product, but not profitably. They spend a lot of time with prospects who want the product, but can't afford it, or don't pay for it after they take possession of it. Too many companies view marketing as a short-term "advertising" or "sales" process, rather than as a long-term positioning process involving many interrelated components.

Marketing is a creative function, a strategic function, a fact-finding function, a budgetary function, a planning function, a communications function, a sales function, and an administrative function, to name a few. It involves ideas as well as numbers. Marketing involves more skills than one person alone possesses. It is not surprising that most companies are poor marketers. Not only must a company understand the whole process, but they must be able to attract and properly direct the skills needed to act quicker and better than the competition -- often with less resources.

Marketing Planning: Why bother?

Your marketing plan is first and foremost a consensus-building document. You must learn to concentrate on a single goal and inspire teamwork toward accomplishing the goal, if you want to win the game. Consequently, a good plan should involve the key players in the enterprise. By rallying the troops and getting their input, the plan stands a better chance of being executed.

People support what they help create. The exercise of marketing planning will force you to agree upon a common direction and make necessary decisions about where to invest resources and where to cut losses. It inspires you to be proactive, not reactive, as the game advances. A lot of marketing efforts fail because people involved in the venture are not on the same wavelength.

Second, a marketing plan is a means of validating assumptions and measuring performance. Objectives, strategies, and tactics, must be tested continually against results. By writing it down and holding yourself and your team accountable to it, your plan becomes a frequently used blueprint. Most plans sit on the shelf and are seldom referred to by key people. By the time they realize something is wrong, it is often too late to take corrective action. The marketing plan is second of all a reality tester. Even if you are a brave David, dumb luck will get you only so far.

Third, a marketing plan is a means of justifying needed resources. The marketing plan is a resource-raising document. Since you are not as big and strong as Goliath, you need to figure out how to accomplish more with less. Good plans establish confidence so people will commit to them. You will need money, staff, equipment, and other tools to capture and maintain market share. Good marketing is an expensive proposition. Whether it be your boss, a banker, investor or a rich uncle, resources will be allocated to those who have done their homework and who make the best case for investment.

The Process of Writing a Marketing Plan

Herein lies your map and point of orderly departure. The marketing research and planning portion of this workbook is laid out in Chapters Three through Seven. Each of these chapters includes modules that deal with a certain step in the marketing process.

Chapter Three discusses the step known as an “internal audit.” It consists of **Modules 1 - 6**. These six modules help you get organized and prepared to leave the homestead. You will be presented with a host of strategic issues dealing with your business and your product or service line. These are issues and decision points which your company has a good deal of control over internally. Therefore, the first step in the marketing process involves analyzing your situation.

Chapter Four discusses the step known as an “external audit.” It consists of **Modules 7 - 11**. These five modules help you determine what kind of weather you can expect and what the terrain looks like. You will be presented with a host of questions and issues dealing with environmental, industry, market, customer, and competitive information. These are issues that address external influences over which your company has little control. Therefore, the second step in the marketing process involves analyzing the environment in which you will be competing.

The modules in chapters Three and Four provide the background thought and research from which assumptions are made for marketing activities and expenditures. Chapters Three and Four represent the first two critical steps in the marketing process. Modules 1-11 should be reviewed and updated annually. The data in these modules are likely to change slowly, unless there are radical shifts in the environment or competitive offerings. The internal and external auditing process together drive the development of the marketing plan.

Chapters Five, Six, and Seven make up the heart of the marketing plan. Chapter Five represents the third step in the marketing process. It consists of **Modules 12, 13, and 14**. Module 12 helps you arrive at specific and measurable objectives for the year. Long-term objectives may also be covered in this section. Module 13 helps you describe how your products and services will be positioned relative to competitive products and services. Module 14 recommends how to state your projected sales and profits based upon the objectives being accomplished. Therefore, the third step in the marketing process involves strategy formation and number crunching.

Chapter Six represents the fourth stage in the marketing process. It consists of **Modules**

15-19. These five modules help you describe how your marketing objectives will be accomplished -- principally through communications and sales activities. Therefore, the fourth step in the marketing process involves what kinds of marketing activity will take place.

Chapter Seven represents the fifth and final stage in the marketing process. You discuss how your marketing objectives and plans will be executed with the help of **Module 20**. Therefore, the fifth stage in the marketing process involves selling the plan internally, launching the program, and monitoring the action.

The marketing planning process is diagrammed in **Figure 1** on page 7. Ideally, you should take an “outside-in” approach. That is, the decisions regarding company organization and product line changes will be determined by environmental, industry, market, customer and competitive factors. For this reason, you should start with Chapter Four.

You will notice in **Figure 1** that the internal audit and external audit parallel one another. You cannot conduct an internal audit or an external audit in a vacuum. The internal and external audits must complement each other. Start with the external audit, but periodically shift to the internal audit, making certain that one references the other. External factors should be considered in the context of their inevitable impact on the company, the company’s products, the company’s desired position, and your available marketing resources.

Drafting a Marketing Plan

Figure 2 shows an outline of what a comprehensive marketing plan might look like. **Figure 3** shows an outline of what a condensed marketing plan might look like. There is no magic format or length for a good marketing plan. Very simply, a good marketing plan is one that gets everyone in the company motivated and headed in the same direction. A good marketing plan is one that will be read and referred to frequently.

Whether you should write a comprehensive marketing plan or a condensed marketing plan depends on your situation and how much detail is required by the powers that be. It also depends on why you are writing the plan in the first place. If you are writing a plan to raise money, or jockey for a better position within the company, more detail will be required to demonstrate your knowledge of the market and the marketing process. If YOU are the company and you are struggling to make a living, you will need to spend more time at the front lines with customers and prospects, and less time researching and planning.

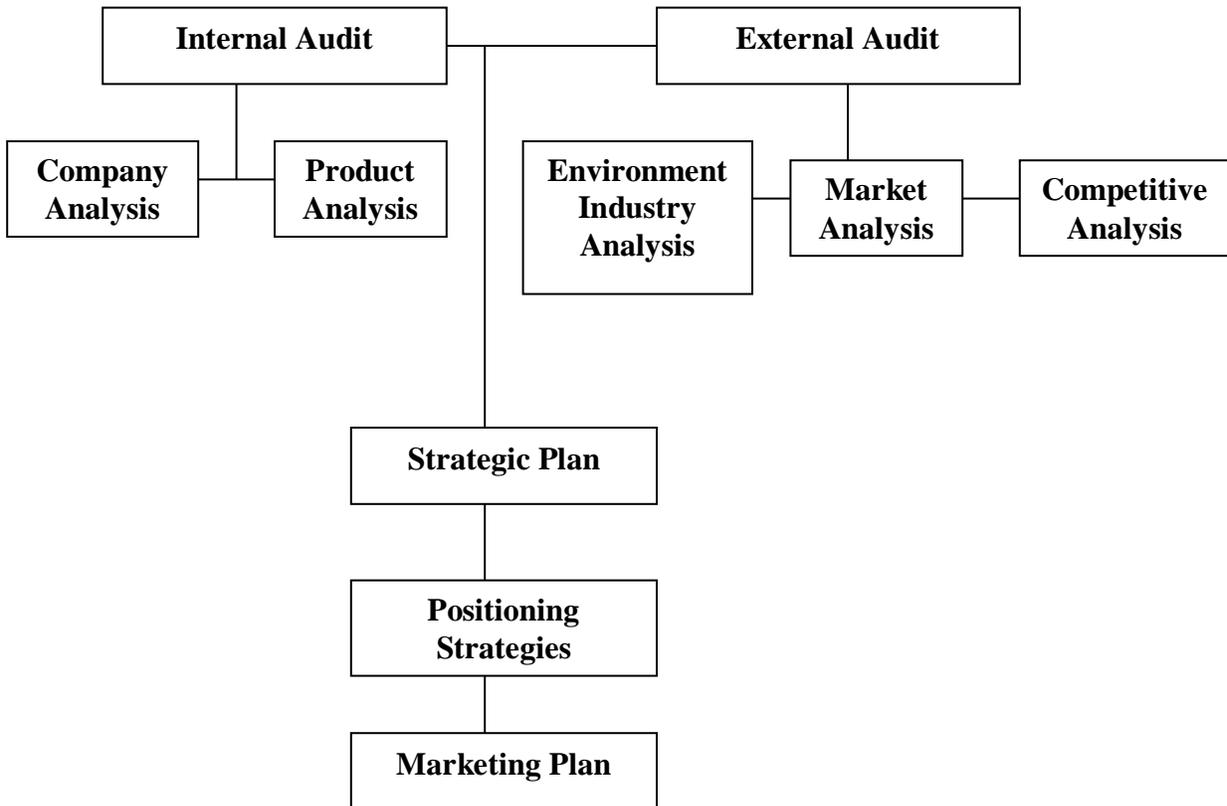
If you are a well-established business with a good understanding of your market, you may already have much of the information covered in the internal and external audit modules. You may just want to summarize this information for the reader. If your company is a well-organized, lean, mean, marketing machine; you can skip the internal and external summary altogether. “If it ain’t broke, don’t fix it.” Devote a little space to summarize any significant changes in the way the company will be organized and what adjustments may be made in the company’s product line. Devote most of your time to formulating new objectives, strategies, tactics, and communications plans.

The Marketing Plan Introduction

If you are a start-up or new business with little marketing history, chances are you need to learn a lot more about the market. You will want to think through how your products should be priced, packaged, promoted, distributed, and serviced relative to competitors. You will want to take the time to hit upon that one bold tactic which will give prospective customers a compelling reason to do more business with you than with your competitors. You will then want to detail how this special tactic will be promoted and implemented.

The beauty of this workbook is that you can go into as much or as little detail as you think you need on each marketing component.

Figure 1
THE MARKETING PROCESS



**FIGURE 2
THE COMPREHENSIVE MARKETING PLAN**

I. EXECUTIVE SUMMARY

II. COMPANY PROFILE

- A. The Business
- B. The Mission
- C. Profitability Factors
- D. S.W.O.T. Analysis
- E. Organization and Personnel

III. PRODUCT AND SERVICE PROFILE

- A. Product and Service Line
- B. Primary Applications
- C. Life-Cycle Considerations
- D. Product and Service Trends

IV. PRODUCT AND SERVICE MARKETING STRATEGIES

- A. Pricing Strategies
- B. Packaging Strategies
- C. Location/Distribution Strategies
- D. Service Strategies

V. ENVIRONMENTAL PROFILE

- A. Economic Cycles and Conditions
- B. Political/Regulatory Influences
- C. Social Impact
- D. Technological Impact

VI. INDUSTRY PROFILE

- A. Life-Cycle Considerations
- B. Trends and Opportunities
- C. Industry Influencers

VII. MARKET PROFILE

- A. Market Size and Segments
- B. Target Market and Niche
- C. Current Customers
- D. Research findings

Introduction

- E. Marketing Barriers
- F. Key Players-Strategic Relationships
- G. Key Success Factors

VIII. CUSTOMER PROFILE

- A. Demographics
- B. Geographics
- C. Psychographics
- D. Biographics

IX. COMPETITOR PROFILE

- A. Competitive Offerings
- B. Competitive Positioning
- C. Competitive Product Marketing Strategies
- D. Competitive Communication Themes
- E. Overall Competitive Advantages

X. MARKETING OBJECTIVES

- A. Short-Term
- B. Long-Term

XI. MAJOR STRATEGIES AND TACTICS

- A. Positioning Strategies
 - 1. Product Positioning
 - 2. Market Positioning
 - 3. Corporate Positioning
- B. Innovative Tactics

XII. SALES AND PROFIT PROJECTIONS

XIII. THE COMMUNICATIONS PLAN

- A. Advertising and Media Plan
 - 1. Objectives
 - 2. Creative Strategies
 - 3. Media Schedule
 - 4. Budget
 - 5. Testing

- B. Public Relations Plan
 - 1. Objectives
 - 2. Tactics/Activities
 - 3. Budget

- C. Sales Promotion Plan
 - 1. Objectives
 - 2. Tactics/Activities
 - 3. Budget

XIV. SALES MANAGEMENT PLAN

- A. Sales goals
- B. Sales Training
- C. Sales Tools
- D. Control Systems
- E. Prospecting and Qualifying System
- F. Contact and Follow-up System

XV. CUSTOMER RELATIONS PLAN

- A. Pre-Sale Strategies
- B. Facilitating Sales
- C. Post-Sale Strategies
- D. Measuring Satisfaction

XVI. EXECUTION AND EVALUATION

- A. Action Chart
- B. Review, Approval and Evaluation
- C. Contingencies
- D. Incentives

APPENDICES

**Figure 3
THE CONDENSED MARKETING PLAN**

- I. EXECUTIVE SUMMARY**
- II. INTERNAL AUDIT SUMMARY**
 - A. Company Profile
 - B. Product Marketing Strategies
- III. EXTERNAL AUDIT SUMMARY**
 - A. Environmental Profile
 - B. Industry Profile
 - C. Market Profile
 - D. Customer Profile
 - E. Competitor Profile
- IV. MARKETING OBJECTIVES**
- V. MAJOR STRATEGIES AND TACTICS**
- VI. SALES AND PROFIT PROJECTIONS**
- VII. COMMUNICATIONS PLAN**
 - A. Advertising and Media Plan
 - B. Public Relations Plan
 - C. Sales Promotion Plan
 - D. Sales Management Plan
 - E. Customer Relations Plan
- VIII. EXECUTION AND EVALUATION**
- APPENDICES**

Chapter One - MARKETING PLANNING GUIDELINES

Basic Guidelines for Start-ups

First, as a promising young David, do not enter the game unless you truly have a unique or superior stone. Your product must incorporate a significant degree of "differentness" to endure the rigors of battle. You must be able to achieve critical mass -- otherwise known as profitability. The way you market your product or service must be strong enough to weaken Goliath (and strongly entrenched Davids) by stealing their customers. The name of the game is to capture territory -- otherwise known as market share.

Second, if your stone ever has a chance of hitting its target, you must develop a great aim. Becoming a good shot takes practice -- otherwise known as market research. Before you sell the homestead and venture out on your own, invest in a prototype. Go show it to prospective customers. Find out who is willing to buy it, at what price, and under what conditions. Customers always mandate conditions, such as price parameters, availability, utility, ongoing service, and other conditions. You will have to go through a lot of stones to see which ones work best -- otherwise known as beta testing or pilot programs.

Third, your stone has little value without a good slingshot -- otherwise known as distribution. You have to determine the best method of propelling your stones with consistency and accuracy to their intended target. Once you have a reliable slingshot, the game becomes mostly a matter of style -- also known as packaging and promotion.

Fourth, you will need a battle plan, a point of orderly departure, and enough provisions to sustain your physical and emotional energy. This workbook is intended to help you draw up a map. Start the game slowly, but surely, one move at a time. Otherwise you will wander blindly and squander your precious resources along the way. Many able people lose the game because they do not have their personal affairs in order. Shake yourself loose from all other business, social, and civic commitments. Starting and running a business well is a major challenge. Starting and running a business while being involved in a bunch of other activities is all but impossible. Gather the support of your family and your friends.

Fifth, if you listen and observe, your business will be shaped by the market. Avoid the temptation to try and make the market fit your idea of what the business should be. The market has a mind of its own. There are many paths into a territory. Most likely you will find yourself taking several detours. Move forward like a river, taking the paths of least resistance. In other words, don't try and reinvent the wheel. Don't think you have to cut a new path. Use other settlers' ideas and learn from their mistakes. You don't have time to make them all yourself. Whatever happens, don't sit still. Keep moving, checking your compass and altering your route as dictated by the winds of change. What your business ultimately becomes will probably not be what you envisioned.

Sixth, identify allies along the way -- otherwise known as market luminaries. These are people who influence the buying process. They can help you along the way. They also like underdogs. Share your vision with them. Recruit their support. Networking with the people who influence the buying process is called "accessing the market infrastructure". The market infrastructure can teach you a great deal about your industry, as well as tell you where Goliath is vulnerable.

Seventh, when it gets dark and you lose the path, keep on going because you *will* find it again. When you do, you will come face-to-face with Goliath, or perhaps a mean and cunning David. Take a position you can defend and then stand your ground. "Positioning" is very important in marketing. It is hard to get a good position, but easier to keep once you get it. The problem with some companies is that they try to take several positions. Not only is this costly, but it rarely works. Promoting too many product benefits and slogans just confuses the customers and weakens your forces. Concentrate all your resources on one achievable position. Take aim and keep on firing.

Eighth, if you get this far you will face the greatest challenge of all -- keeping the territory you have captured, while continuing to launch other campaigns. To solidify your position and increase your market share, you will need to team up with Davids who are smarter and stronger than you. In some cases, you will have to forge alliances with Goliaths. Forming "strategic marketing partnerships" requires humility. Putting egos aside is the test that many Davids fail.

If you apply the above guidelines you will stand a better chance of staying in the game. To stay in the game, you don't always have to reach a point of profitability right off the bat. You need to reach a point of viability. Once you prove to yourself and others that you have a product or service people will buy, coupled with the skills and persistence to capture territory, you are ready for more advanced considerations of game playing.

Advanced Guidelines for Existing Businesses

The following ten guidelines for existing businesses are not in any order of priority or importance. They are intended to fuel your thought process.

1. Upon achieving viability, concentrate on achieving profitability.

After having some initial success, don't make the mistake of thinking you must launch new products or conquer all new territories. You will only outstrip your available resources. Spend your profits to solidify your position. Direct new resources towards improving your product, enhancing distribution, and/or providing value-added services. Venture into new territories only after you have retired a significant portion of your debt and you don't have to rob your current territory to do it.

2. Your business will grow if your people grow.

Invest in training and educational programs that will develop a strong and loyal team. Share the wealth. The best way to attract and keep good people is by giving them a piece of the action. You outdo your competition by creating an environment in which average people do above average work.

3. Stay close to the customer.

The marketplace is dynamic. People's needs and wants change. Buy your own products. Experience first-hand the same problems and conditions your customers experience. Know their value perceptions. Keep your promises and try to exceed, not just meet, your customer's expectations.

4. When things go wrong, especially with customers, concentrate on the solution instead of the problem.

The tendency in many companies is to shift the blame or analyze the cause of the problem. The first action should be to fix the problem, no matter what the cost or inconvenience to the company.

5. Keep the ideas flowing.

It seems the bigger a company grows, the less imagination it has. Don't compete simply by copying the competition's ideas and marketing tactics. Market share and profitability do not come from cutting costs. They come from innovative products and marketing tactics that create superior value perceptions in the minds of customers, and cannot be readily copied by competitors.

6. Maintain a work environment that encourages experimentation and tolerates failure.

More successful products were born out of instinct than out of market research. Give people the authority and the resources, as well as the responsibility, to test their ideas and carry out tasks.

7. The smaller your company, the more important it is to be driven by sales, not by marketing.

Sophisticated marketing is a luxury. You can strategize and plan and think up brilliant advertising campaigns all day. The only thing that keeps the doors open is sales. Spend your time bringing your products and services to the customer. Concentrate on that one compelling reason they should buy from you rather than your competitors.

8. Base your marketing and sales plans on solid, long-term trends, not on fads or wishful assumptions.

Your marketing plan should not try to predict the future. It should not be based upon what you think the competition will do. Base your strategies and your plans on what you know to be happening. Long-term trends are based on events that unfold over several years. Very few real opportunities appear overnight.

9. The less capital you have, the more you should limit your marketing efforts.

Focus sales and promotional activities in a limited geographic region. Spend advertising monies on only one or two mediums. Focusing is how you create a niche. Dominate one area, one distribution channel, and one medium, before exploring others.

10. Finally, if you are NOT winning the game, make some dramatic changes.

Change involves one or more of the following:

- Discontinue the product all together. Introduce a completely new product.
- Reinvent the product. Promote new applications and benefits. Raise or lower the price. Redesign the packaging.
- Change the people responsible for marketing and selling the product.
- Shift the focus to a different target audience.
- Develop new distribution.
- Try different promotional activities and advertising mediums.

A Good Companion

If you have not yet started your business and feel you need to do more assessing of its viability, I recommend **The Business Plan: Step-by-Step**, by yours truly. This business plan book includes three sections on marketing questions and issues. This workbook takes the mystery out of developing a business plan. We've all read too many business books which gave us motivation and good ideas, but didn't give us the tools and information to follow through. That is why I wrote these books - to help people like you prepare and implement effective marketing and business plans.

On Your Way

As you go forth, one last word of caution. There will be many well-intentioned people telling you to do many things along the way. These people range from partners, attorneys, investors and accountants, to suppliers, dealers, and fellow Davids. You, yourself, will question

whether or not you are on the right path. You will have tendencies to get bogged down in all the other considerations of game playing -- such as bookkeeping, information-gathering, new product development, reporting, and a bunch of other administrative mumbo-jumbo.

You will be wise to resist these tendencies. They are secondary to the real objective -- getting and keeping customers. Maintain an external focus. Concentrate on the important details, such as product quality and exceptional service.

One reason some Davids fail is they spend 60-70 percent of their time on things not related to customers. (If you have ever rifled through other people's in-boxes, you will find that most of what is in there has to do with internal administrative matters.) It is vital to do what is important but not urgent, over the urgent but not important.

Another reason some Davids fail is they waste time, money, and emotional energy on unnecessary provisions, such as high rents, lavish furnishings, misdirected (but cute) advertising, legal fees, entertainment, new equipment, and the like.

Put yourself in charge of loving the customer. It will pay off and you will be able to afford to pay others to take care of those nitpicky matters. Ask yourself each day, "What can I do that will help me to immediately get a new customer, or keep an existing customer from defecting?" No third-party rationalization is permitted. The outcome of your actions should have an immediate impact on the bottom-line. Spend your time and your resources on customers instead of on yourself. Few Davids, and even fewer Goliaths, know the value of this procedure. It will serve you well.

By the way, if you are successful, you will certainly inspire other settlers to follow. If you grow up to be a Goliath, don't forget to fight like a David. Now, on your way!

Chapter Two - WORKING WITH THE MODULES

Module Format

All the modules apply to your business. Do not be tempted to skip the internal and external audit modules and go directly to the positioning and communications modules. Good marketing plans are those that are well targeted, cost-effective, and results-oriented. Good communications are a result of good research. **DO YOUR HOMEWORK FIRST!**

Each module breaks down the essential components of a marketing plan. The modules are presented in logical sequence, in workbook fashion. Each module will tell you six things:

1. Suggested Length

Length is purely a judgment call. Use as much space as you need, but be concise and to the point. Long plans don't get read, and even if they do, are quickly forgotten. Some modules will be longer than others depending upon their importance in the marketing process.

2. Objective of the Module

The stated objective for each module describes its role in the marketing process. The objective is why the entire module is written.

3. Questions Which Must be Answered

The list of questions in each module is the most important aspect of this workbook. The questions are intended to provoke ideas. They are not all-inclusive. The questions do not cover every issue your marketing efforts might be concerned with, but they may lead you to uncover and address other issues. The questions also prepare you to justify expenditures to those in a position to allocate resources. By knowing the issues you will have answers for the tough questions regarding your marketing plan.

4. Subheadings to Include

Subheadings help make your plan more readable. The subheadings that appear in each module are standard issues of each marketing component. They are only suggestions. Include whatever subheadings are appropriate for your situation.

5. Description of What to Accomplish

The description of what to accomplish provides a few suggestions on how to get the most out of the module. The description is a brief guide which you can refer to as you outline and write each module. The description simply reinforces the objective. Your personal style will be your best guide as you write each module.

6. Common Mistakes to Avoid

The list of common mistakes in each module is designed to ensure the integrity of your work. Most marketing plans fail because of the same pitfalls and weaknesses. The list of common mistakes help you identify issues you may have missed. It helps to glance over the list before you write each module. After you write each module, study the list and recheck your work. It helps to have an objective friend or advisor look over the list of common mistakes, then read what you have written. "You can't be third-party objective when you are first-party active." Get a fresh perspective.

Order of Content

The sequence in which each module appears was chosen to aid the reader of your plan. The modules are organized in a logical fashion. The reader first learns a little about your company and its products, followed by a summary of the market and the environment in which you are competing. The reader is then exposed to how you plan to position the company and its products, followed by how you intend to achieve this position.

Each module builds upon the previous module. This format, however, is not carved in stone. How you present the material in your marketing plan is up to you. As mentioned earlier, the order in which you research and address the issues is important. It is recommended you begin with the external audit modules. All marketing strategies, tactics, and plans, should be derived from a thorough understanding of the customer to be served.

You will find some redundancy between modules. For research, planning, and writing purposes, this workbook was written so that each module stands alone. This way, you can concentrate on one section at a time without having to adjust your thinking from issue to issue, or flip back and forth between modules. Feel free to condense modules into appropriate chapters when writing your plan.

How To Proceed: Step-by Step

1. Flip through this entire workbook to acquaint yourself with the modules.

2. Decide where you would like to begin.

Complete one module at a time. It is suggested you start with module 4. Market and customer conditions determine good marketing plans, not internal circumstances.

3. Make sure you understand the objective of each module.

Keep the objective foremost in your mind as you write that module of your plan.

4. Read through each module carefully, noting areas where you will need to do some additional research before you begin to answer the questions.

If a question does not apply to your situation, simply cross it out.

5. Pick up your pencil or get on your computer and go to work!

Do not expect to complete each module on your first attempt, but do as much as you can the first time through.

6. Continue to work on the questions until you have answered them as thoroughly as possible.

Do not feel constrained by the space allowed for each question. If you need additional space, write in the margins or on a separate sheet of paper.

7. Decide on the subheadings you want to include in each module.

Using the "Description of What to Accomplish" as a guide, outline each subheading according to your research and experience as reflected by your answers to the questions.

8. Write each module of the marketing plan in your own style, by following the outlines you develop.

9. Critique your work for each module using the list of "Common Mistakes."

10. Have your plan proofread by a person well-versed in communications and grammar.

Have it reviewed by the partners, marketing staff, and other key people for suggested revisions.

11. Bind the marketing plan in a three-ring binder so pages can be easily updated.

Most important, find a suitable occasion to present the plan to everyone concerned with carrying out the objectives and activities. Every person that has a role in marketing or selling the product should have a full understanding of what needs to be done. Hopefully, all the key people will have "ownership" of the marketing plan.

Chapter Three - INTERNAL AUDIT

MODULES

Module One

COMPANY PROFILE

Suggested

Length: 2 - 4 pages

Objective: To provide a brief, unbiased analysis of the company's current situation as it applies to the marketing of its products and services.

Pertinent Questions

1. How long have you been in business?
2. How many divisions and/or departments does the company have? Are these organized by product line, geography or other?
3. What are the company's product and service lines?
4. Who are the company's primary customers?
5. How many people does the company employ?
6. What is the company's total annual sales?
7. How do you define what business you are in?

8. What are the key factors that make your company profitable, i.e., quality, reputation, limited competition, best price, low overhead/debt service, high productivity, other?
9. Do you know your strengths, weaknesses, opportunities, and threats, (SWOT) by product line and market? List them.
10. Does your company have a mission statement?
Is it short and concise?
Is it communicated, understood, and supported by all employees?
11. Why does your company exist? Why was it founded? What does it hope to accomplish?
Are these things written down and periodically reinforced among key managers?
12. Do you have an organization and reporting structure for the marketing department?

Is the marketing function high up in the overall structure and management of the company?

Is the marketing function properly staffed by trained professionals, with adequate budget allocations?

Are there reasonable and attainable goals set for the marketing staff, and incentives in place for their attainment?

**Subheadings
to Include:**

The Business
The Mission
Profitability Factors
S.W.O.T Analysis
Marketing Organization and Personnel

What to Accomplish

Describe your corporate culture. Make it clear what business you are in, what makes the business profitable, and that everyone understands what the company is trying to accomplish.

Show you have a good handle on your marketing strengths and weaknesses, as well as the opportunities and threats the company is faced with.

Summarize how the marketing function is organized, staffed, and managed.

The following is a suggested sequence of presentation:

The Business

Give a brief profile of your company. State how long the company has been in business, and how many divisions, departments and branch offices it has. State how many people the company employs and the company's total annual sales. Discuss how many product lines the company has and who the primary customers for these products are, i.e., government, businesses, consumers. Make it clear what business you are in. Be careful not to define your business too narrowly or too broadly.

The Mission

State the company's mission. The mission statement should have a customer orientation. It should be clear. Management style and the company's market position should be in character with the stated mission. The mission should look to the future. If your company has a diverse array of product/service lines or business units, a mission for each may be appropriate. Summarize how the mission is communicated and periodically reinforced throughout the company. Describe how the mission is reflected effectively and consistently in your policies and strategies, as well as in your sales and advertising activities.

Profitability Factors

Describe the major strategies you pursue to make your company profitable. If you are not profitable, explain what is being done to generate positive cash flow over the long run. You may want to organize your thinking under five broad strategies, pioneered by the Strategic Planning Institute in Massachusetts, published as *The PIMS PRINCIPLES - Profit Impact of Market Strategy*:

- **Perceived Quality** - In the minds of your customers, relative to your largest competitors, what is your company doing to gain a reputation for superior quality? Is this quality extended to the 'total' product, i.e., the way it is packaged, delivered, installed and serviced?

- **Market Share** - What are your plans for steadily increasing your share of the market for each of your product offerings, providing for better economies of scale and increased profits? What are your plans for innovation and for differentiating your products in the marketplace?
- **Investment Intensity** - Are you growing smart? In terms of the cost of money for fixed assets and working capital, is the ratio of total investment to sales low or moderate? In other words, are you borrowing heavily, overstocking and financing your customers, or are you controlling these investment drags so you can add more to the bottom line?
- **Productivity/Value Enhancement** - Do your employees perform? Are they properly trained and motivated? Are they given meaningful incentives? What are your plans for adding value to your products so the customers perceive they get a little more from buying your product instead of your competitor's?
- **Vertical Integration** - As you grow, is it smart to bring components that are being subcontracted in-house? Will you get economies of scale and increased profitability by controlling more of the process involved in manufacturing and distributing your products? For example, instead of using independent sales representatives, it might make sense to build an in-house sales force.

Strengths, Weaknesses, Opportunities, Threats (SWOT)

In column format, list your strengths, weaknesses, opportunities and threats. These should be current facts and pending variables. The focus should be on market -- customers, competition, and distribution -- conditions and possibilities, rather than internal factors not related to market influences. At the bottom of the columns provide some narrative on how the company plans to maximize strengths and opportunities and overcome or minimize weaknesses and threats.

Marketing Organization and Personnel

Discuss how the marketing function is organized. Provide a flow-chart depicting the lines of responsibility and reporting. Describe the titles and job descriptions of the marketing personnel. Discuss how marketing personnel are hired, trained, motivated, and evaluated.

Common Mistakes to Avoid

Defining the business too narrowly.

Failing to provide for product innovation and market diversification.

Defining the business too broadly; attempting to serve several unrelated markets all at once.

Failing to identify the factors which make the business profitable; failing to educate key employees on long-term profitability strategies.

Downplaying existing weaknesses and pending threats; having no plans to overcome or minimize weaknesses and threats.

Mission statement too long or too vague; failing to communicate the mission to all employees.

Too much emphasis on personnel, administrative and reporting procedures; not enough direction and incentive provided for productive action.

Module Two

PRODUCT AND SERVICE PROFILE

Suggested

Length: 1 - 3 pages

Objective:

To provide a profile of the products and services covered by this marketing plan, and what influences affect how you market the products and services.

Pertinent Questions

- 1.** What are the products and services you are offering? Define the rudimentary, substantive thing.
- 2.** What are the minimum customer expectations for products of this nature? Discuss the basic conditions or requirements which exist as part of the purchase decision.
- 3.** How do you augment your products and services? Describe your way of differentiating the product or service and enhancing perceived value.
- 4.** How can the products and services evolve to meet changing needs and customer requirements? Propose potential innovations and how the products can be redefined to meet changing conditions.
- 5.** What are the primary applications for your products and services? Discuss all the possible uses. Which applications will you focus on initially?

6. What stage of the life cycle is each of your products in, i.e., introduction, growth, maturity, decline? How does this stage effect the way you market? If any of the products are in the latent maturity or early decline stage, what strategies might you pursue to reposition the product(s) for reintroduction and growth? Invent new uses for the product? Develop new markets for the existing product?

7. What are the emerging trends for the uses of your products? How are you responding to these trends?

Are these long-term trends, or short-term fads?

**Subheadings
to Include:**

- Product and Service Line
- Primary Applications
- Life-Cycle Considerations
- Product and Service Trends

What to Accomplish

Discuss the products and services to be covered under this marketing plan. Discuss the primary applications which you will attempt to exploit -- and how these applications will create a niche different from competitive offerings. Provide a chart that depicts what stage of the life cycle each product or service is in, and discuss the marketing ramifications of being in such stage.

Describe the emerging trends that may impact your products and services, and how you are positioning the products and services to capitalize on these trends.

The following is a suggested sequence of presentation:

Product and Service Line

Define your product progressively from beginning to end. Describe the generic product you are offering -- the rudimentary substantive thing? For example, electric utility companies define their rudimentary product as raw energy, or kilowatts.

- What is the expected product -- the minimal requirements and expectations customers have for this type of product. When buying electricity, customers expect light, heating, cooling, drying and power generation for appliances and tools.

- What is the augmented product -- the way you differentiate your product, or make it

unique from competitive offerings? Electric utilities want customers to believe that electricity is cleaner, safer, more reliable and more convenient than other forms of energy.

- Finally, what is the potential product -- how can you redefine the product to meet changing needs and conditions of customers? Some electric companies use their product as an economic development tool to get businesses to locate in their service area. They provide cost breaks on electricity and even provide loans and consulting services. How you define your product will determine how you will position it in the marketplace and pursue strategies for 'owning' that position.

Primary Applications

Chances are, your product has several different uses and several potential customer bases. The problem is you can not very well develop all the possible uses and penetrate all the possible markets all at once. Discuss the primary applications for your products and services, and which applications will receive top priority. State why you believe the applications you have chosen will give you a strong position relative to those of competitors. Focus on applications that will make your product more than just a commodity.

Life cycle Considerations

Describe what life cycle each of your products and services is in -- introduction, growth, maturity, decline. Describe the characteristics of these life cycles as they apply to your product and the implications of being in a particular stage. For example, if your product is in the latent introduction or early growth stage, demand is probably increasing, competition is emerging and the total market is expanding. You will want to address the need to find your niche and create brand preference.

If your product is in the latent maturity or early decline stage, demand has probably leveled off, margins are depressed, and distribution is maxed-out. You will want to address the need to create new uses (applications) for the product, find new markets -- perhaps overseas -- or diversify into other product lines.

You need to tell the reader how these life cycles will affect how you market, so you can build a case for your objectives, strategies and communications plan that follows.

Product and Service Trends

Summarize the trends that will shape your products in tomorrow's marketplace, and how these trends might eventually affect your business. Describe how the customer's requirements, or preferences, are evolving. State what changes need to be made in the products to stay current with or ahead of competitive offerings. Summarize how these trends might also affect your product marketing strategies, such as the way you package, price, distribute, and service. Summarize how these trends may affect how you communicate with your target audience through promotions and advertising.

Common Mistakes to Avoid

Failing to identify and provide for appreciable differences in your product from competitive offerings.

Attempting to develop too many applications for the products.

Trying to serve several unrelated markets at one time.

Stagnant product line; failing to identify new innovations, or to redefine the product in response to competitive moves or changes in customers' perceptions.

Failure to understand how the product life cycle may influence marketing strategies and impact profit projections.

Inadequate knowledge of applicable trends, and how they may impact your product offering.

For your benefit a **Product/Service Analysis Matrix** is included in the Appendices.

Module Three

PRICING STRATEGY

Suggested

Length: 1 - 2 pages

Objective: To outline your pricing structure and discuss how this structure gives your company a competitive advantage and provides for a profitable return.

Pertinent Questions

1. What is your pricing structure?

Per unit prices?

Multiple unit discounts?

2. What is your pricing structure based upon?

To provide a predetermined return on investment?

To reflect value from innovation, quality, service, or state-of-the-art technology?

To ensure quick market penetration?

To capture or maintain a large share of your target market?

To discourage competition?

To serve as a "loss leader" for attracting buyers, assuming they can be sold other (more profitable) goods as well?

3. Compared to the prices of similar products, are you aiming high, low, or in the middle? Why?
4. Will your prices fluctuate from one area to another, or from one market segment to another?
5. Are there sufficient margins built-in for wholesalers, distributors, retailers, and/or commissioned sales people?
6. As a rule, do customers shop around for this type of product or service? If yes, are your prices competitive? If no, do you extract a premium?
7. As part of your price strategy, do you sell based upon other factors other than price? If yes, what are these factors?
8. What kind of demand exists for this product?

Is it a high demand, commodity item?

Is it a low demand, premium product?

Is demand seasonal?

How does demand and available supply affect the way you price?
9. Do customers expect a certain price range? Do you price within a standard range or have you established your own parameters?
10. What level of repeat sales can be expected for your products and services? Does the potential for repeat business affect how you price? If so, in what way?
11. What value perceptions have been created for your products and services? Do

customers perceive more value from your products than from your competitors?
How have you clearly distinguished your products and services from what the competition offers?

12. Are the costs of ongoing service built in to the up-front sale price, or are the costs of service charged separately?
13. Do you price your products and services based upon the demographics of your target audience? Is your target audience price sensitive?
14. Is the customer base for your product or service growing? How does the expected size of the market affect how you price?
15. How dependent are customers on your product? Will they pay the price no matter what? Can you extract a premium for rush jobs, customization, etc.?
16. Can customers build your price into their selling price? If your product is a small percentage of your customers' total cost, can you get a premium for it? How price sensitive are the customers of your customers?
17. How will (or have) competitors responded to your price structure? Do they sell against you based solely on price? Do they change their prices to meet yours? Can they afford to for a long period of time?
18. Have you tested the impact of different price scenarios on your customers or prospective customers? What were the results?
19. How will your price structure affect your sales volume and overall market share?
20. What is the break even-point for your products and services at varying price

levels?

- 21.** Do you know all the direct and indirect costs associated with making and selling your products and services?

Subheadings to Include: Price Structure and Strategy by Product / Service

What to Accomplish

List the pricing schedule for each of the products and services covered under this marketing plan.

Discuss what the pricing strategy is based upon. Justify why your prices are set higher, lower, or even with competitive products and services.

State what may happen to cause you to change the pricing structure for each product/service to gain a stronger position in the marketplace.

Common Mistakes to Avoid

Pricing seems to high (or too low) based upon existing value perceptions; not in line with target market needs, desires, or ability to pay.

Failing to adjust prices from one area to another based upon fluctuating costs and the customers willingness and ability to pay from one market to another.

Attempting to compete on price alone.

Basing price on costs of goods sold and a predetermined markup. (Price is a function of value in the eyes of the customer, not what it costs you to produce the product.)

Failing to test different price levels on customers, from one area or market to another.

Module Four

PACKAGING STRATEGY

Suggested

Length: 1-2 pages

Objective: To summarize why the packaging for your products and services is optimal for creating a unique position relative to competitive packaging, and how your packaging aids the sales process.

Pertinent Questions

1. Does your packaging have a strong visual impact? Is it clearly distinguished from other products in the same category?
2. Does the packaging leave an impression consistent with the product's purpose? Does your packaging communicate the right message or image?
3. Is the same product packaged differently for different markets?
4. Is product superiority, or differentiation, communicated?
5. Does the packaging quickly convey important information to the prospective buyer, such as color, weight, age, size, and other specifications?
6. Is the package design properly directed to the intended target audience, i.e., upscale, moderate, economy-minded buyers?
7. Is the brand name and symbol prominent, unique, and easy to remember? Is the name and symbol protected with a trademark?

8. If you are marketing a service, have you considered the "packaging" details for: Facility/environment design and furnishings? Signage? Dress codes for staff? Amenities, such as coffee, child care, or other ancillary services? Daily, or hourly, clean-up and maintenance?

**Subheadings
to Include:**

Brand Name Identification
Product Packaging
Facilities/Staff Packaging
Product/Service Support Packaging

What to Include:

Discuss how everything the customer or prospective customer senses - sees, hears, smells, touches, and feels - reinforces your product's unique identity, and contributes towards making the sale.

The following is a suggested sequence of presentation:

Brand Name Identification

Describe the name, symbol, slogan, and other methods of identifying your product or service. Discuss how the colors, typeface, arrangement, and overall design create a unique and memorable identity for the product that is consistent with the product's purpose. State whether or not the name and symbol are protected from infringement.

Product Packaging

Discuss the overall packaging of the product, from the shipping container to the casing and materials used in the product. Focus on what you do to distinguish the packaging from the competition's packaging. Describe any research or customer feedback you have relative to your packaging.

Facilities/Staff Packaging

If you are marketing a service, or services are provided along with the sale of a product, discuss where and how these services are packaged. If the facilities are an important part of providing the services, describe the "look and feel" of the facilities. Discuss how the staff contributes to the selling process by what they wear, how they identify themselves, and how they greet people. Focus on how your facilities and your people are distinguished from the competition's.

Product/Service Support Packaging

Most likely, you are providing a lot of subtle materials along with the product and service. Materials such as directions, instructions, user's manuals, and other items, support the sale. It is just as important to put the same quality and effort into packaging these items as the up-front product. Describe what product or service support items you use, and how they are packaged.

Common Mistakes

Packaging not distinctive or consistent with product's personality.

Product doesn't stand out when placed next to competitive products.

Packaging does not convey anything new or special about the product in relation to other products in the same category.

Prospective customers can not readily find important information they need to make the purchase decision.

Packaging does not appeal to the right type of buyer.

Facilities and staff reflect poorly on the product.

Materials that accompany the product, or information that is sent after the product is purchased, are mediocre.

Module Five

DISTRIBUTION STRATEGY

Suggested

Length: 2-3 pages

Objective: To outline how you are going to move your products and services from your possession to customers who have the willingness and ability to pay for them.

Pertinent Questions

1. Will you distribute direct to customers from a store location?
If so, what are the advantages and disadvantages of your location?

2. Will you distribute direct, other than through a store location?

Field representatives?

Catalog?

Direct mail?

Internet?

Telemarketing?

Vending machines?

Other?

3. Do you plan to distribute through an indirect channel?

Wholesalers?

Distributors/agents?

Retailers?

Other?

4. Is your product more available than competitive products?
5. What are your annual distribution objectives for each product line and/or territory? Increase number of distributors? Hire salaried or commissioned sales force? Increase shelf space by a predetermined percentage? Substitute one distribution system for another?
6. Are sales goals set for number of units and dollar volume expected by each outlet or salesperson?
7. How might your distribution change in the next three years?
8. How does your distribution system compare to the competition's system?
9. Have you weighed the costs of alternative distribution channels to achieve the same sales volume?
10. What value does a distributor or other middleman add to your products and services?
11. What materials and support do you provide the distribution channel in terms of

brochures, price lists, catalogs, training, coop advertising, marketing intelligence, and other assistance?

- 12.** How do you deliver (and install) the product? Do you depend on others to do this or do you control this process?

What can you do to ensure that the delivery and installation of your product reflects the quality of its manufacturing?

- 13.** What system is in place to track the effectiveness of those persons and companies involved in distributing product?

How do you reward the top performers?

- 14.** What are the discounts and margins for every party involved in the distribution channel?

- 15.** Will resellers take actual possession of the product and stock it, or are resellers just agents which pass the product on to the end-user without stocking it?

- 16.** What communication lines are in place to facilitate feedback from customers to distributors and to the company itself?

**Subheadings
to Include:**

Location Strategy
Initial/Current Distribution Channel
Distributor Profile
Delivery and Installation Strategy
Diversification Strategies

What to Accomplish:

Discuss the importance of your location as it applies to distributing your products or services. If you are not distributing direct through your own store front location, diagram your current channel of distribution, and how you support this network.

Describe how your products or services are delivered and installed.

Propose how your distribution plans may change to meet changing conditions in the market.

The following is a suggested sequence of presentation:

Location Strategy

If your location is a key component in terms of traffic or image, explain how it enhances sales. Is your location important for walk-in customers or is your location irrelevant to customers? Discuss the advantages and disadvantages of your location in terms of proximity to customers, transportation, rents, taxes, and other relevant factors.

Initial/Current Distribution Channel

If you are a manufacturing or wholesale business, distribution is critical. How well you establish and manage distribution is a key component of your marketing plan. Diagram your distribution network.

If you move product through a traditional network, explain how you overcome inertia that exists in the pipeline. If you go direct or utilize unique channels of distribution, describe how this is accomplished and why it is effective. Most importantly, discuss how you support your distributors with advertising, promotions, market intelligence, training, lead referrals, etc.

Distributor Profile

If you currently distribute through dealers, wholesalers, retailers, or other type of resellers, describe what type of companies or individuals these are. Profile a few of your distributors and discuss why they are ideal for moving your products and services into the hands of customers. If you plan to establish a distributor network, provide a profile for the type of company or individual you will seek to recruit.

Delivery and Installation Strategy

Marketing expert Theodore Levitt says, "although the product may be excellent, if the delivery is poor, it will be viewed as having been badly manufactured... delivery and production are virtually indistinguishable."

Describe how your product is delivered to the customer. Explain any strategies you employ to control delivery, whether it be training and dress codes for salespeople and installers, or going a step further than the competition to deliver at more convenient times. A bank in California for example, will meet a customer after business hours so they can make a deposit or withdrawal.

Diversification Strategies

Discuss how your distribution may change in the future to better reach and serve customers. State any plans you have to test other ways of moving product, such as catalog, television, or direct mail marketing. Describe how these proposed distribution methods make your product or service more available to the target audience.

Common Mistakes

Failing to show an understanding of distribution methods and alternatives.

Failing to demonstrate that the company's current or planned channel of distribution is the most advantageous.

Inadequate knowledge of customer requirements for access to the product category; products not readily available to prospective buyers.

Having no objectives for distribution by product, sales representatives, or dealers.

Choosing distributors that don't add any value to the company's products or services.

Inadequate support for distributors, such as lead referrals, advertising, brochures, and other selling and promotional tools.

Assuming distributors will give your product equal time if they are carrying other lines.

Poor controls for delivery and installation of the company's products, particularly when being performed by independent contractors.

Inadequate training and communications for distributors.

Module Six

SERVICE STRATEGY

Suggested

Length: 2-3 pages

Objective: To summarize how you service your product once it has been sold, and/or what value-added services you offer customers in addition to the product.

Pertinent Questions

1. What kinds of product services do you offer customers?

2. What type of warranty or product guarantees do you offer?

3. How are customer complaints and service inquiries handled?

Is the problem corrected during the first contact?

4. Do you charge extra for product service, or are service costs incorporated into the up-front selling price?

5. How do your service strategies differ from the competition's?

6. How do you promote and distinguish your product service and warranty policies?

7. What value-added services do customers receive when they buy your product: Training, phone support, on-site repair, carry-in service, etc?

Subheadings Product Service and Warranty Policies
To Include:

What to Accomplish:

Distinguish product service from customer service. In this module, service strategies refer to product warranties, maintenance and repair. (Customer service, i.e., customer relations, is covered in Module 19.)

Discuss what promises you make the prospective customer regarding the proper operation and ongoing service of the product.

Discuss how you fulfill these promises. Describe any value-added services customers receive when purchasing your product.

Common Mistakes

No system in place for tracking customer inquiries and responding in a timely fashion to customer complaints.

Poor service position relative to competitive products; failure to differentiate service and warranty policies from the competition.

Chapter Four - INTERNAL AUDIT

MODULES

Module Seven

ENVIRONMENTAL PROFILE

Suggested

Length: 1 - 3 pages

Objective: To summarize the environmental influences that impact your business and how you will respond to them.

Pertinent Questions

1. What current economic conditions will influence the way you market during the next year, i.e., interest rates, inflation, unemployment, tax law changes, etc.?
2. What political or regulatory influences will affect your marketing strategies and activities, i.e., regulation or deregulation factors?
3. What social changes in the way people live, work, and purchase your goods or services may impact your marketing plans, i.e., smaller families, busy working couples, etc.?
4. What technological advances may impact your marketing plans, i.e., computerization, fax machines, voice mail, Internet, etc.?

Subheadings to Include: Economic Cycles and Conditions
Political/Regulatory Influences
Social Impact
Technological Impact

What to Accomplish

Demonstrate knowledge and understanding of how the environment is shaping your marketplace.

Describe how you will work with, or around, the influences to reach your marketing objectives.

The following is a suggested sequence of presentation:

Economic Cycles and Conditions

Describe the economic factors that have an impact upon your business, i.e., factors such as interest rates, inflation, tax laws, unemployment, consumer spending, business expansion, special abatements and incentives, and other indicators that affect your business decisions. Summarize how these indicators will be considered in your marketing strategies and programs.

Political/Regulatory Influences

Summarize what bills or laws coming out of the U.S. Congress or your state legislature may influence your decision-making process. Moves toward regulation or deregulation, tax changes, environmental concerns, and new federal programs should be discussed if they influence your business directly or indirectly.

Social Impact

Provide a brief sketch of demographic changes which may have short-term or long-term impact on your products and services. Our society is undergoing rapid changes in the way people live, work, and think. New attitudes require changes in the way companies market. How do your products need to change to meet these changes, or what new products may you have to offer to stay in the mainstream? State what feedback you are getting from your current customers in terms of their evolving needs.

Technological Impact

Describe what innovations or new technologies are emerging within your marketplace. Explain whether these are changes in the products or changes in the way the products are marketed. For example many customers are now placing orders via fax machines or the Internet. Companies are communicating via voice mail and email. In terms of computers, equipment, staffing, etc., summarize how you are responding to available technology to become more efficient in marketing your product or service lines.

Common Mistakes

Inadequate planning for impending economic and regulatory changes.

Failure to understand the changing conditions and needs of your target market.

Failure to keep abreast of technological advances and how the market is responding to them.

Module Eight

INDUSTRY PROFILE

Suggested

Length: 1 - 3 pages

Objective: To summarize the state of the industry and, in particular, your company's position relative to other companies in the industry.

Pertinent Questions

1. What is the state of the industry?

Is it new and growing?

Is it undergoing transformation?

2. What opportunities exist for your company within this industry?

Can you assume the position as the industry innovator?

Can you assume a leadership position?

3. What kind of support can you expect from the industry infrastructure?

Research reports?

Trade show contacts?

Publications?

Introduction to major buyers?

4. What innovations are occurring in the industry?

5. What are the trends in your industry? What opportunities do they present for your products and services?

6. What are the industry analysts reporting about the industry?
 - U.S. Industrial Outlook?
 - Moody's and S&P Reports?
 - Industry magazine articles?
 - Accounting firm predictions?

Subheadings

to Include: Life cycle Considerations
Trends and Opportunities
Industry Influencers

What to Accomplish

Demonstrate a thorough understanding of how the industry is structured and how it operates.

Discuss how you plan to maximize your position within the industry.

The following is a suggested sequence of presentation:

Life cycle Considerations

Just like products, entire industries go through predictable life cycles -- introduction, growth, maturity, decline. State what stage of the life cycle your industry is in. Describe what can be expected from the industry in terms of support. Summarize how customer perceptions and expectations may be changing in response to the state of the industry.

If your industry is in the growth or early maturity stage, customers are probably investing in your type of products and services. If your industry is in the late maturity or decline stage, customer confidence and shareholder investments may be eroding. Summarize how your company is responding to these industry fluctuations.

Trends and Opportunities

Every stage of the Life cycle presents its own challenges and opportunities, depending on how you are positioned within it. The automobile industry in America for example is being transformed with a whole new emphasis on quality and warranties. Automation is playing a significant role in this transformation. Describe the trends in your business and how you plan to capitalize on the opportunities being created.

Industry Influencers

Name the companies and individuals which report on your industry. Identify those players who influence the opinions of those in the industry. These players may include government and business analysts, association executives, and publication editors. Discuss how you will reach and develop a relationship with some of these key influencers.

Common Mistakes

Inadequate understanding of the dynamics which are shaping the industry.

No strategy for establishing or improving the company's position within the industry.

Poor understanding of the industry infrastructure; failure to take advantage of industry related information and meetings.

No plans for enhancing communications and relationships with industry influencers.

Module Nine

MARKET PROFILE

Suggested

Length: 3 - 5 pages

Objective: To demonstrate knowledge and understanding of the market(s) for your product or service; how the market is segmented; what niche you are seeking; and what barriers and success factors you need to address in order to obtain the niche.

Pertinent Questions

1. What is the overall size of the market?

Number of prospective customers?

Dollar volume in annual sales of the total market?

2. Who (or what) is the target market for your products and services?

Can your target market be broken down into identifiable segments, i.e., by income (or size), purchase amount, frequency of purchase, and other criteria?

How do you define your specific target audience?

3. What niche have you (or will you) create for your company in serving this target audience?

4. What is your target market definition and marketing strategies and plans based upon?

What primary research with customers or potential customers/suppliers have you conducted?

What secondary research (databases, reports, etc.) have you conducted?

Was your research conducted internally or by an independent firm? Summarize the results.

5. What share of the market can you realistically expect to capture?

6. What is the growth, historical and potential, of your market?

Is the market seasonal?

7. What are the barriers to entry or growth in your markets, i.e., rising costs of production, increasing inefficiency of advertising, keeping good people, etc.?

How will you overcome these barriers?

8. Who are the key players in the market that effect your business, i.e., suppliers, distributors, brokers, etc.?

What strategic alliances have you formed, or might you forge with one or more of these key players?

9. What are the key success factors involved in successfully obtaining a profitable niche that you can defend?

**Subheadings
to Include:**

Market Size and Segments
Target Market, Niche, and Share
Research Findings
Marketing Barriers
Key Players -- Strategic Relationships
Key Success Factors

What to Accomplish

Discuss the size of the market and how it is segmented. Specifically define the market, or part of the overall market, which you will direct your products and services.

State what research you have conducted on the market. List the barriers to entry or growth, and how you will overcome these barriers.

Discuss what strategic alliances you have or will form to accomplish your marketing objectives. Summarize the key success factors involved in capturing and maintaining market share.

The following is a suggested sequence of presentation:

Market Size and Segments

State the size of the market and how it is segmented. Provide figures for the total number of customers and annual sales volume. Break out these numbers by major segments and discuss why some segments are bigger and/or more profitable than others.

Target Market, Niche, and Share

Describe the overall market for the products and services you are offering and what segment of the market you are focusing on. Discuss how you have or will create a niche for your products that will help maintain profitability. Explain why you are concentrating on one target audience over another within the same market. For example, does your target audience spend more than other types of customers in the market? Are they more loyal? Do they buy more frequently? State what share of the market you currently have, if any, and your plans for increasing your share.

Research Findings

Summarize any secondary or primary market research your company has done. If it is secondary research, list the publications or other sources. If it is primary research, you may want to include direct quotes from customers, suppliers or others you have had face-to-face contact with. Describe the purpose and objectives for the research, as well as the findings and their implications to your business. If you maintain a computer database of your customers and their purchases and inquiries (as you should), describe how you continually track and respond to their problems and needs.

Marketing Barriers

List the barriers your products are faced with. Significant barriers may include the rising cost of production vs. sales; turnover and continued education of salespeople; finding new channels of distribution; supply problems; and getting your message through the clutter of other advertising. Allude to the innovative strategies and tactics you will propose as part of this plan to overcome these barriers.

Key Players -- Strategic Relationships

Identify the key players involved in your marketing efforts. Key players include dealers, brokers, distributors, wholesalers, retailers, sales people, vendors, consultants, and media outlets. Discuss the strategic relationships you have forged with these key players to better position your company and its products and services in the market.

Key Success Factors

State what has to happen for you to be successful in accomplishing your marketing objectives and activities. This is where you justify needed resources, such as budget requests, staffing, equipment and facilities. Demonstrate that the homework has been done on making reasonable assumptions, setting obtainable objectives, and determining the activities to carry out these objectives to increase the company's long-term profitability.

Common Mistakes

Weak understanding of the market makeup and what segment the company will concentrate on. Attempting to serve several unrelated market segments at one time; no strategy for creating a niche.

Inadequate knowledge of market share; failure to find out where the company is positioned relative to competitors.

Believing the size of the market is evenly distributed. (The majority of sales may come from a small portion of customers, or from certain geographical areas.)

Marketing plans and assumptions based on personal reference, rather than on market research and a thorough understanding of the customer to be served.

Misallocation of resources due to ignorance of significant marketing barriers.

Failing to pursue strategic alliances; inadequate attention to power brokers and the people involved in the referral process.

Failing to demonstrate a complete understanding of the critical success factors involved in capturing and maintaining market share; thought process and research used to arrive at strategies and objectives is poorly conducted.

Module Ten

CUSTOMER PROFILE

Suggested

Length: 3 - 4 pages

Objective: To demonstrate a thorough understanding of the customer to be earned and served.

Pertinent Questions

1. Describe your customer demographics. Who is the customer?
2. Describe your served area. In which geographic areas do you direct your advertising and distribute product? What is unique about each area?
3. What motivates customers to purchase from you rather than from the competition, i.e., value, innovation, status, price, availability, etc.
4. What are your customers' and prospects' purchasing patterns? How often does the average customer buy this type of product and how much is bought?
5. What will be the impact (economic, emotional, physical, etc.) on the customers who buy your product or service?

What is their potential return on investment?

How long before they show a return?

Will they save money, or make money by utilizing your product?

Will they have to change the way they do things in order to use your product or service?

Will they have to purchase other products in order to use yours?

Will they have to change their work habits?

**Subheadings
to Include:**

Current Customer Profile
Demographics (Who)
Geographics (Where)
Psychographics (What and Why)
Biographics (How and When)

What to Accomplish:

List some of your current customers and how they became customers.

Discuss what you have learned from your customers and how you have acted on this knowledge.

Profile your customer base in general, who they are; where they are; what motivates them; and how and when they buy.

The following is a suggested sequence of presentation:

Current Customer Profile

List your bigger and best accounts. Discuss how you earned these customers and what you have learned from them. Describe how you respond to their continuing needs for your products and services, and how you follow up on their suggestions for product improvements. Discuss what benefits and/or return on investment your customers perceive by purchasing your products and services.

Demographics

Define very specifically who your customers are. If your customers are consumers, describe their average age, sex, education level, income, and other pertinent demographics. If your customers are other businesses, describe the average size (employees and annual sales), major product lines, length of time in business, and other pertinent demographics. This discussion should be consistent with the target audience and niche description presented in module 9.

Geographics

State where your target audience is located. State whether you market your products locally, regionally, nationally, or internationally. Make it clear that you have an intuitive feel for your served area, that you can readily service it, and that the customers can afford your product or

service and are willing to pay for it.

Psychographics

Discuss what motivates your customers to buy this type of product or service, and why they buy from you. Provide a psychographic profile of your typical customer. Discuss their needs, wants, motivations, and fears as they relate to the purchasing decision. Discuss any influences of cultural conditioning or environmental biases that may influence the purchasing decision.

Biographics

Describe how your customers purchase your products and services. Do they order indirectly or in person? Do they pay by credit card, check, or cash? When do they usually make their purchases?

Discuss the buying behavior and purchasing patterns of your customer base. How often do they buy? What is their average purchase amount? Do they favor a certain line of products over another in the same product category? Discuss what you can expect from your customers based upon past behavior.

Common Mistakes

Shotgunning; failing to direct products and marketing efforts towards an identifiable group of customers.

Weak customer profile; poor understanding of the economic and social habits of the proposed target audience.

Defining the area to be served too broadly based upon the company's ability to properly service the customer base.

Targeting a customer base that is too small to be profitable, or one in which the customers do not have the ability or willingness to buy the company's products and services.

Failing to account for regional differences in customer attitudes and preferences; attempting to uniformly market products the same way in all areas.

Failure to demonstrate knowledge of customer motivations for shopping and purchasing the type of products and services being offered.

No system in place for tracking customer purchasing patterns, i.e., average amount, frequency, etc.

Module Eleven

COMPETITOR PROFILE

Suggested

Length: 3 - 6 pages

Objective: To profile your major competitors - how they are positioned in the market and what marketing component strategies they are using.

Pertinent Questions

1. How does your product compare to what the competition is offering your customers?
What is more unique, better or worse in the product category among the major players?

2. How is each of your competitors positioned in the market (in the minds of customers)?
How do each of your major competitors want to be positioned if different than the position they currently have?

3. What value perceptions exist among customers for your products and services, that don't exist for competitors?

Do these value perceptions give you a significant competitive edge?

4. For at least three major competitors, do you know...

their pricing strategies?

their packaging strategies?

their location/distribution strategies?

their delivery/installation strategies?

their service/customer relations strategies?

5. Have you completed a competitive profile and product comparison chart on competitors?

(One is included in the Appendices.)

6. Can you summarize the major communications themes of each of your major competitors?

What messages are they sending your customers and prospects? Through what mediums are they trying to reach customers and prospects?

Do you collect competitor's brochures and other promotional literature?

Do you tape their television and radio commercials, and compare the effectiveness of your commercials to theirs?

Do you cut out and save competitor's magazine and newspaper advertisements, and compare them to yours?

7. Is your competitor's business increasing, decreasing, or steady? Why?

Did you gain business or lose business relative to competitors last year? Why?

8. On what basis will you compete with other companies offering the same type of products or services?

Product superiority?

Creative advertising and promotions?

Price?

Value-added services?

Better location/distribution?

Target marketing, niche concentration?

Better employees, distributors?

Other?

9. How do your competitors sell?

Do you know their sales techniques?

Subheadings

to Include: Competitor Offerings
Competitor Positioning
Competitor Product Marketing Strategies
Competitor Communications Themes
Competitor Selling Tactics
Summary of Competitive Advantages

What to Accomplish

Summarize the product offering of each of your major competitors, and how they are positioned relative to your products and services.

Discuss the product marketing strategies for your three major competitors, then summarize their communications themes.

Describe how they sell.

Provide a summary of your competitive advantages.

The following is a suggested sequence of presentation:

Competitor Offerings

Compare and contrast your products and services with your major competitors. Discuss general features and benefits of the different product offerings. How are they similar? How are they different?

Competitor Positioning

Discuss how each competitor is positioned in the marketplace. What is their niche? Who is their target audience? Discuss whether or not each has a desirable position and what moves you anticipate them making to change or solidify their position. Discuss whether or not they make a conscious effort to position their company, as well as each of their products and services.

Competitor Product Marketing Strategies

Outline the following information for each of your major competitors:

■ **Pricing Strategies**

Briefly discuss each major competitor's price strategy. Are they the price leader or price follower? Are they getting a premium or are they depressing margins to feed another product line or to keep competition at bay? Discuss your price strategy in relation to the competition. Highlight your unique approach.

■ **Packaging Strategies**

Briefly discuss each major competitor's packaging strategy. Is their package design aimed at a certain segment of the market? Does it communicate the right message? Does it stand out against similar products? Discuss your packaging in relation to the competition. Highlight your unique approach.

■ **Location/Distribution Strategies**

Briefly discuss the advantages or disadvantages of your competitor's location. Discuss how they distribute product. Discuss your location and distribution in relation to the competition. Highlight your unique approach.

■ **Delivery/Installation Strategies**

Briefly discuss how the competition delivers and installs their products. Is delivery made to the customer through wholesalers or retailers, or do they deliver direct? Discuss your delivery and installation in relation to the competition. Highlight your unique approach.

■ **Service/Customer Relations Strategies**

Discuss how your major competitors service their products. Do they employ customer service representatives? Do their salespeople provide ongoing service? Do they depend upon retailers or other third parties to take care of the customer? Discuss your product service program in relation to the competition. Highlight your unique approach.

Discuss any special customer relations programs they promote, apart from providing product

services. Describe any internal policies they may have with respect to the service and treatment of customers. Refer the reader to your customer relations program outlined in module 19.

Competitor Communications Themes

Summarize the competition's communications themes. What kind of advertising messages do they send customers? What types of mediums do they use? Are they more effective with electronic mediums (television, radio), or print mediums (newspaper, magazine, brochures, etc.)? Describe any special promotions or public relations programs of competitors. State which competitors seem more effective than others with their communications programs and how you have compared. Set the stage for your communications plan to follow later.

Competitor Selling Tactics

Discuss how your competitors sell. Do they depend heavily on distributors or independent sales representatives? Do they get their referrals from other customers or influential market luminaries? If they sell direct, do they use high pressure tactics, or allow the product to sell itself through demonstrations. Discuss their sales techniques. Refer the reader to module 18 for a review of how your sales tactics compare.

Summary of Competitive Advantages

Provide a brief summary of your competitor's primary selling points. Then discuss your selling points. Highlight what makes you more attractive in the eyes of prospective customers. What do you have going for you that your competitors do not. List at least three compelling reasons a customer should purchase products and services from you rather than a competitor.

A Competitor Profile sheet is included for your benefit in the Appendices.

Common Mistakes

Poor understanding of competitive products and how they are positioned in the market. Failure to identify and respond to competitor moves to create a subordinate position for your company and/or its products. (If you don't proactively attempt to position yourself, the competition will do it for you -- to their advantage.)

Incomplete comparison and analysis of competitor's pricing, packaging, distribution, service, communications, and sales strategies.

Failure to collect and analyze historical and up-to-date competitive promotional materials and electronic advertisements.

Underestimating the competition or assuming you have no competition. (Even if there is no other product like yours available, prospective customers are solving the problem your product proposes to solve another way.)

Hazy product differences; mis-targeted selling; no clear compelling reason to buy from you versus the competitors.

Chapter 5 - POSITIONING MODULES

Module Twelve

MARKETING OBJECTIVES

Suggested

Length: 1 - 2 pages

Objective: To state specific and measurable marketing objectives for the year. To propose some longer term objectives for the company and its products and services.

Pertinent Questions

1. Are your objectives determined from the bottom up as well as from the top down?

Do people in the field have input into the objectives to be achieved?

Do customers, suppliers, and distributors have input into the objectives to be achieved?

Does top management solicit and consider input from these people before establishing objectives for the company?

2. Have you set objectives for the position desired for your company in the eyes of the target market?

What is the position desired for your company, i.e., innovator, service leader, quality leader, etc.?

3. Have you set objectives for the position desired for each of your major products and services?

4. Have you set specific and measurable objectives for sales of each product and service line?

By sales territory, distributor, and sales person?

5. Assuming your communications and sales activities go as expected, how many units of

each product will you sell over the next fiscal year? The next 2-5 years?

What dollar figure do these sales represent?

6. How much of an increase (or decrease) is this from the previous planning period?
7. How much will sales activities cost to accomplish the stated objectives?
8. How much will communications, PR and sales promotional activities cost to accomplish the stated objectives?
9. What will be the net profit (or loss) if each objective is accomplished?
10. What is the deadline for accomplishing each objective?
11. What are your objectives for market share?

Are you attempting to penetrate the market?

Are you attempting to increase share, maintain share, or relinquish share to free up resources for other projects?
12. What are your objectives for margins in dollars and percent of sales?
13. What are your objectives for enhancing the current product line, developing new product lines, or phasing out product lines?
14. Are your marketing objectives revised downward to reflect known limitations and the availability of resources?
15. Are your marketing objectives oriented towards growth and improved profitability?

16. Are your marketing objectives based upon a critical assessment of your strengths and weaknesses as presented in Module 1?

Do your objectives build upon your strengths and opportunities?

Do your objectives correct weaknesses and pending threats?

17. Have your marketing objectives been debated internally at all appropriate levels and arrived at after considering alternatives?

18. Have your objectives been clearly defined in writing, tested for comprehension and feasibility of execution?

19. Have you assessed the probability of success and proposed backup contingencies?

Subheadings

to Include: Immediate Objectives -- Fiscal Year
Short-Term Objectives -- 1-3 Years
Long-Term Objectives -- 3-5 Years

What to Accomplish:

Discuss your immediate, short-term, and long-term objectives for the company, and for each of your major product and service lines. Be concise about the number of units to be sold; the resulting dollar volume; margins; percentage increase from the previous year if any; communications and sales cost necessary to attain the objectives; the expected net profit; and the deadline for accomplishment. (Note: Simply list your desired position and objectives in this module. Use Module 13 to describe your strategies and tactics for achieving these positions and objectives.)

The following is a suggested sequence of presentation:

Immediate Objectives
Short-Term Objectives
Long-Term Objectives

Provide the following information for all three separate subheadings

Desired Company Position:

Desired Product/Service Position:

Specific and Measurable Goals By Product/Service:

- No. of units
- Percent increase from previous year
- Sales cost to carry-out the objectives
- Communications cost
- Net profit (or loss) after expenses
- Margins
- Deadline (usually quarterly or annually)

Common Mistakes

Position desired for the company and its products and services is not attainable given available resources.

Position desired for the company and its products and services is not substantially different from strongly entrenched competitors.

Position desired for the company and its products and services is not defensible.

Marketing objectives for product/service lines are too broad or too vague. (A stated objective to "increase sales" is meaningless.)

Marketing objectives not attainable given the company's current position and resources.

Failure to specify the number of units to be sold per product/service line; listing dollar totals with no reference to what they represent.

No accurate estimate of profitability of each product and service.

Failure to include time frames for accomplishment.

No mechanism for measuring objectives on a frequent basis.

Module Thirteen

MARKETING STRATEGIES & TACTICS

Suggested

Length: 2 - 3 pages

Objective: To describe what strategies and tactics you will pursue to obtain the position and objectives outlined in Module 12.

Pertinent Questions

1. What position do your three major competitors hold for their products? With market luminaries (those who influence the buying process)? For their company as a whole?
2. What is the appeal of each competitor's position, i.e., corporate image, quality, service, etc.?
3. With respect to each of your competitor's positions, what position is most desirable (and obtainable) for your company and each of its products?
4. Is the position you want currently held or sought by another competitor? If so, how do you plan to get there first?
5. What product, market and corporate positioning strategies will you pursue? Over what period of time? How will they be continually reinforced?

How expensive will it be to obtain and/or hold this position, i.e., low, moderate, high?
How will these strategies be implemented?

6. If your major competitors are not strongly positioned, will you aggressively attempt to create a position for them relative to your position? If so, how?

7. What specific product marketing strategies will you pursue? Extend your product line? Modify your product line? Reinvent new uses (applications) for the product? Phase out some products? Change the pricing or packaging?

8. What specific target marketing strategies will you pursue?

Segment the market further, focus your product.

Expand into new markets?

Develop and expand distribution?

Introduce value-added services to complement the product line?

Try new communications mediums?

9. What specific corporate strategies will you pursue?

Vertical integration; bring subcontracted components in-house?

Strive for greater cost efficiency; seek economies of scale?

10. Based upon your strategies, do you have a better idea of where to invest resources and where to cut losses?

**Subheadings
to Include:**

Product Positioning Strategies
Market Positioning Strategies
Corporate Positioning Strategies
Implementation Tactics

What to Accomplish

State what positions, if any, you currently own in your served market; what positions you want to own, if different from your current position; why these positions are advantageous; and your strategies for obtaining and keeping these positions. Make it clear why your management style and mode of operation is in character with these positions.

The following is a suggested sequence of presentation:

Product Positioning Strategies

Discuss the current position each of your products or services holds in the marketplace. Explain why these positions are advantageous, or why they need to be changed. Discuss how these positions are differentiated from competitive positions.

If one or more competitors holds the position you have or you want, explain how you plan to outgun them. Describe what the appeal of your primary position is to customers, i.e., quality, reliability, innovation, status, service, etc. Give your product positioning statement and explain why you chose such a statement, i.e., John Deere - "Nothing Runs Like A Deere," Budweiser - "King of Beers."

Market Positioning Strategies

In terms of the market your product competes in, discuss what you do to position yourself with the people who influence the buying process. How do you gain access to the word-of-mouth referral network (best and least expensive form of advertising)? How have you, or will you, develop the infrastructure for moving product?

Describe any strategic alliances you have forged with suppliers or distributors to help position and move product. Discuss how doing business with a certain class of customers may enhance business (working with industry leaders instead of followers). Finally, discuss your strategy for dealing with industry analysts and journalists to receive favorable press.

Corporate Positioning Strategies

A common saying in the computer industry is, "people don't buy a computer, they buy a computer company." Discuss what strategies you will pursue to position your company (as opposed to just your products) in the marketplace. Corporate positioning can help attract investors, build customer loyalty and recruit top employees. Give your corporate positioning statement if different from your product positioning statement, i.e., Ford - "Quality is Job One," Avis - "We Try Harder," Allstate Insurance - "Your In Good Hands With Allstate."

Implementation Tactics

Doing is more important than planning and strategizing. Many companies, particularly start-ups and small businesses, have no defined strategy at all. They simply hustle out of instinct and a burning desire to succeed. Use this section to discuss "how" you will do it, rather than "what" you should do.

Outline specific tactics for creating the stated position for your company and its products, and more specifically, for moving product out the door. Tactics define how objectives and strategies get implemented. Describe that one bold or innovative tactic that you will use to capture the imagination and purse strings of the prospective buyer.

Common Mistakes

Pursuing product or corporate positioning strategies that are in conflict with your company and/or product personality.

Pursuing a position you are not yet capable of fulfilling, such as being the 'Service Leader' without adequate customer service personnel.

Claiming a position but dedicating insufficient resources to properly establish it.

Changing the position too often; confusing the marketplace with too many slogans or different (and conflicting) messages.

Inconsistent messages. Resellers and customers do not understand what you stand for.

Position too complex, or too difficult to quickly communicate.

Position ill-conceived; fails to trigger the right meaning to prospective customers.

Having a short-term outlook; being reactive instead of proactive. (It usually takes several years to create a favorable position.)

Avoiding risk; always following the market rather than leading it.

Too many strategies, not enough tactics for practical implementation.

No strategy for overcoming competitor attempts to create a subservient position for the company, or its products and services; no strategy for doing the same to them.

Module Fourteen

SALES AND PROFIT PROJECTIONS

Suggested

Length: 1 page

Objective: To show the collective revenue and expenses associated with carrying out and accomplishing the marketing objectives outlined in module 12. To provide the reader with a snapshot of all monies expected to be earned and spent as they relate to the marketing plan.

Pertinent Questions

- 1.** What is the total volume expected from all objectives, in terms of dollars?

units?

percent increase from previous year?
- 2.** What will be the total cost of goods sold for all product lines?
- 3.** What will be the cost of sales and distribution?
- 4.** What will be the cost of communications (advertising, public relations and promotions)?
- 5.** What will be the cost for miscellaneous activities not included in the costs above?
- 6.** What will be the total pretax profit for all product lines?

What percentage of total annual sales does this figure represent?

Subheadings

to Include: The statement of sales projections is one complete section.

What to Accomplish

Show the volume, in dollars and in units, that would be achieved if the objectives are accomplished. List the primary costs associated with carrying out the objectives. State the pretax profits expected and what percentage of sales will be added to the bottom-line.

The following is a suggested sequence of presentation:

In Module 12 you provided the objectives, costs, and time frames associated with accomplishing the objectives for each product or service line. In this Module provide the cumulative figures for all objectives collectively, as follows:

	Last Year	Proposed This Year
Volume	_____	
Dollars	_____	
Units	_____	
Percent Increase	_____	
Market Share	_____	
Total Cost of Goods	_____	
Total Costs of Sales/Distribution	_____	
Total Costs of Communications	_____	
Advertising	_____	
Public Relations	_____	
Promotions	_____	
Misc. Costs	_____	
Pretax Profit	_____	
% of Total Sales	_____	

Sales and profit projections do not always need to show an immediate increase from the previous year. In fact, if you are pursuing new strategies, you may show a loss. The point is to justify a long-term investment in the marketing plan.

Common Mistakes

Costs to achieve all the objectives fail to justify the expenditure based upon expected results.

Company market share doesn't appear to be improving.

Total volume in dollars and units doesn't appear to be increasing from one year to the next.

Not enough sales going to the bottom-line; pre-tax profit lower than industry averages.

Failure to footnote assumptions; explain inconsistent numbers; and decreases or radical changes in figures from one year to the next.

Sales expectations not in line with the company's ability to produce the required volume of product.

Chapter Six - COMMUNICATIONS MODULES

Module Fifteen

ADVERTISING AND MEDIA PLAN

Suggested

Length: 3 - 5 pages

Objective: To describe the messages you will send potential customers and what media you will use to reach them.

Pertinent Questions

1. What are your specific communications objectives?

Increase brand recall?

Establish a new position or identity?

Increase number of inquiries?

Other?

2. To whom will your communications be directed?

Customers/prospects?

Distributors?

Consultants?

Market influencers?

3. What are your creative strategies for positioning your company and its products in the marketplace, and for increasing sales?

Who are your heavy users (best customers)?

What percentage of sales do these customers represent?

What benefits are they seeking from your products?

What do you have to promise to get them to consider your product?

How do you support this promise?

Will you have to convince your customer that your product is better than the competition?

What tone, or mood, will your advertising assume, i.e., serious, traditional, humorous, sophisticated, etc.

4. Are your advertisements simple, unique, credible, and memorable?

5. What is your media budget for carrying out your advertising plans?

6. What mediums will you use?

Over what geographical region?

Why?

7. What return can be expected from advertising, in terms of:

number of inquiries?

number of sales?
8. How will you pre-test and post-test the effectiveness of your advertising?
9. Do you have a professionally designed logo that is current and reflects the personality you want for your company and products?
10. Do you have a strong and consistent image in all supporting communications materials, such as signage, stationery, brochures, etc.?
11. Do you need point-of-purchase materials, or professional display windows for your retailers?

**Subheadings
to Include:**

Communications Objectives
Creative Strategies
Media Budget
Media Plan
Communications Testing

What to Accomplish

Discuss what your advertising plans are designed to accomplish; why it will get the prospects attention; what mediums you will use to reach them; how much it will cost, and how you will quickly ascertain whether or not your advertising efforts are producing the desired results.

The following is a suggested sequence of presentation:

Communications Objectives

Distinguish communications objectives from marketing objectives. A marketing objective is usually established to increase market share. A communications objective may be to increase product awareness, create an identity, or fulfill other supporting roles towards the accomplishment of the broader marketing objectives. Describe what the specific communications objectives are for your upcoming fiscal year. For example, "obtain a 20% recall among our target audience for our new product positioning statement."

As you set your communications objectives, remember the 10/90 rule. 10% of the top decision makers in any one market will influence how 90% of the rest of the market buys. These opinion leaders may be large companies or industry analysts. Direct your communications at the top 10% that affect purchasing decisions.

Creative Strategies

Explain how the communications objectives will be created and executed. Discuss the creative concepts you or your advertising agency have developed to make your case for each product. How will you get the major selling points across to the customer? Will you direct different ads at different target audiences? After you have stated the selling concepts for each target audience, describe how you will execute them, i.e., jingles, coupons, celebrity spokesperson, testimonial demonstration, etc.

Describe what promise you are making the prospective customer and how you support that promise in the advertisement. Make sure the tone of your advertising reinforces and compliments the position you want for the product.

Discuss how your ads "emotionally involve the prospect with rational ideas." Summarize how your communications will get the customer's attention, interest, desire, and most importantly, motivation to act.

Media Budget

State what the media budget is for carrying out the communications strategy, and what the budget is based upon. Is the budget based upon a percentage of sales, same rate of spending as the competition, or on what you want to accomplish? The rule of thumb is "spend to the dream" -- according to where you want to be to obtain your desired position and increase market share. Break out the budget to show the cost of electronic advertising versus print advertising.

Media Plan

Summarize your media plan. What mediums will you use, i.e., television, radio, newspaper, billboards, direct mail, telemarketing, Internet, etc.

Discuss why these mediums are the best for presenting and selling your products.

Describe the printed literature and mediums you will use, as well as the electronic mediums you will use.

Explain why these mediums are best for reaching and persuading your prospective customer.

Communications Testing

Describe what kind of pre-testing or post-testing you may do to see how effective your creative concepts and execution is likely to be. Will you run it by a representative sample of your customers to gauge their reaction? Will you run it in a test market (limited geographical region) to see what response you get? Will you split test several good ideas to see which one works best?

Common Mistakes

Advertising for the sake of advertising; having no specific objectives for each ad or each campaign.

Creative concept fails to emotionally involve the prospect, and to provide rationalization for the purchase.

Poor selling idea and/or poor execution of the selling idea.

Inadequate media budget to obtain effective reach and frequency. (Prospects need to see your ad at least three times before they will act on it. In order for them to see it three times you need to run it between six and ten times.)

Shot-gunning messages; failure to dominate one medium before using another.

Missing the target; using a medium because it is what you read, watch, or listen to (or because you got a special deal), but your target audience tunes in elsewhere.

Advertisements focus on product features rather than on customer benefits.

Creative strategy and execution is inconsistent with the company and/or product positioning strategy.

Failure to pretest the creative concept (selling idea and copy) before it runs; failure to post-test ad effectiveness after it runs.

Staying with creative concepts because they are winning awards, instead of getting results.

Believing that communications is solely responsible for sales results. (Advertising can only get the customer to try the product once. It cannot create a favorable position, only reinforce a properly chosen one. Many other variables, such as product quality, service, pricing, packaging, innovation, and salesmanship also influence sales results.)

Module Sixteen

PUBLIC RELATIONS PLAN

Suggested

Length: 2 - 3 pages

Objective: To describe what kinds of public relations activities you will use to help accomplish the marketing objectives for the year, as well as the longer term positioning objectives.

Pertinent Questions

1. What are your public relations activities designed to accomplish?

Increase awareness?

Attract investors?

Raise employee morale?

Help position the company?

2. What specific activities will you sponsor to fulfill these objectives?

Press releases?

Feature stories in trade magazines?

Sponsor scholarships or community activities?

Institute an employee exchange program?

3. Have you built relationships with key journalists?

- Do you have a updated mailing list of editors and reporters for publications read by your target audience?
4. Do you have current photos of your products and your key people?
 5. Do you know journalism jargon? Do you know how to write a professional press release?
 6. Do you have on file testimonials and endorsements for your company and/or its products?
 7. Do you send write ups on your company to key customers and dealers?
 8. Do you advertise to your employees as well as to your prospective customers?
 9. Do you emphasize in all public relations activities your unique presence, i.e., what makes your company and products special?
 10. Are your receptionists and PR people trained to answer tough questions and respond to bad news when it happens?
 11. How much is budgeted to accomplish these public relations objectives and activities?

**Subheadings to
Include:**

Public Relations Objectives
Public Relations Budget
Public Relations Tactics/Activities

What to Accomplish

Demonstrate that the public relations objectives are consistent with the marketing objectives. State how much money you will allocate for PR activities.

Explain what the public relations tactics and activities are designed to accomplish and how they will be carried out.

Discuss how you will use the trade press to maximize exposure for the company and its products and services.

The following is a suggested sequence of presentation:

Public Relations Objectives

List the public relations objectives for the year. These may include attracting more investors, raising employee morale, and/or creating more confidence and interest among your dealers. The primary thrust of your public relations efforts should be to establish (or maintain) credibility in the eyes of customers and investors.

Public Relations Budget

State how much money you will allocate for public relations activities and what the potential return on investment might be. If your activities will be limited to sending press releases, the investment is negligible. If your objective, however, is to position yourself as the industry leader, public relation activities will be much more expensive, and will need to be budgeted over several years.

Public Relations Tactics/Activities

Describe what you will do to tell your story and communicate your individuality. Will you distribute an annual report? Does it make sense to sponsor a sports team or arts event or give a scholarship? Can you get a feature story placed in a major industry journal? Is it smart to start a newsletter for employees, dealers, retailers, and/or customers? What bold or innovative tactics will you pursue that could provide a competitive advantage?

Public relations should be approached as an ongoing process, rather than as an event.

Common Mistakes

Pursuing public relation activities that do not complement (support) the marketing objectives.

Pursuing public relations activities that are targeted more internally than externally; ego-building as opposed to relationship-building.

Too much emphasis on short-term activities, such as quick press releases, rather than on long-term developments such as getting featured in a major industry publication.

Delegating the duties of communications to a person not trained or experienced, particularly one who does not know the jargon, the company's strategies, the competition, or the industry trends.

Covering up bad news; having no procedure for handling negative press when it does occur.

Treating journalists as if they are an extension of the company's promotional efforts; treating a story as free advertising.

Treating reporters like suppliers or subversives, rather than as professionals and customers.

Module Seventeen

SALES PROMOTIONS PLAN

Suggested

Length: 1 page

Objective: To describe the sales promotion activities you will use to help accomplish the short-term and long-term marketing objectives.

Pertinent Questions

1. How will you reach and activate prospects through sales promotions? List how many people will be reached and how many will be converted to customers.

2. What kinds of activities will you pursue to accomplish these objectives?

Attend key trade shows?

Which ones?

Offer rebates or coupons?

Sponsor a contest or event?

Host an Interactive Web Site?

Other?

3. Will promotional activities be designed to invite inquiries or obtain signed orders?

4. Will you give prospects incentive to respond? What kinds of incentives will you offer?

5. Do you have well designed follow-up materials? Will you follow up by mail, phone, fax, email or in person?
6. How will you make it easy for the prospect to respond?
7. Can you charge a nominal fee for promotional material such as video tapes, so the promotion helps pay for itself?
8. Are you set up to handle leads very quickly? Do you track where leads come from?
9. Are your promotions unique compared to the competitions?
10. How much will your planned promotions cost?

**Subheading
to Include:**

Sales Promotion Objectives
Sales Promotion Budget
Sales Promotion Tactics/Activities

What to Accomplish

Demonstrate that the sales promotion activities are consistent with the marketing objectives and discuss how they will help maximize sales. Discuss bold or innovative promotional tactics that could provide you with a competitive advantage. State how much is budgeted for promotional activities.

The following is a suggested sequence of presentation:

Sales Promotion Objectives

The objective of your sales promotions should be to activate prospects. State how many inquiries you can expect as a result of sales promotion activities. Give your conversion ratios -- how many prospects can be expected to become customers. Discuss what incentives you might offer to get the prospect to respond. Explain how you will make it easy for them to buy.

Sales Promotion Budget

Provide a budget for each promotion and state the expected return on investment in terms of units moved and gross sales.

Sales Promotion Tactics/Activities

Discuss specifically what kinds of tactics and activities you will pursue. Examples of sales promotion activities include trade shows, sampling, couponing, contests, rebates, etc. Describe any unique approaches you may take to distinguish your promotions from competitive programs. Summarize how you will quickly respond to leads as they are generated. Do you have an effective follow-up system?

Common Mistakes

Staging a promotion, inviting inquiries, but having poor follow-up.

The same quality and thought that went into the up-front promotional materials is lacking in the follow-up materials.

Promotional materials do not make it clear how the prospect is to respond; offering no incentive to respond.

Failure to track inquiries and develop a record of response by product, region, incentive offered, price break, and other variables.

Failure to distinguish promotions from competitive promotions, i.e., having the same type of give-aways, trade show display, contests, etc.

Failure to budget adequately for promotional activities. (50%-60% of the total communications budget should be directed towards promotions --activities that activate customers --as opposed to activities that simply build an image or provide information.)

Failure to track competitive and industry related promotions to ascertain what works and what doesn't. (Don't hesitate to adapt what works by adding your own unique twist to a promotion that has worked well for someone else.)

Module Eighteen

SALES MANAGEMENT PLAN

Suggested

Length: 2 - 3 pages

Objective: To describe how you will get customers and manage the sales efforts.

Pertinent Questions

1. What are the sales goals of the company?

For each product line?

For each department?

For each territory?

For each sales person?

2. What kind of training will be conducted for new salespeople and resellers? What kind of refresher courses will be conducted for current salespeople and resellers?

3. How do your salespeople know what is expected of them? How do you reinforce these expectations and help salespeople to accomplish their goals?

4. What kinds of sales materials and field support do your salespeople and resellers receive?

5. What control systems are in place to monitor goals, gauge feedback and maximize individual performance?

6. How do you provide incentive and manage salespeople and resellers for maximum performance?

7. How are prospects (customers and resellers) identified and qualified?

8. How are prospects (customers and resellers) approached and followed up?

How will you reach the decision makers?

9. How will you decide whom to contact?

In what order will prospects be contacted?

10. How many calls are made to get an appointment?

How many sales are made after making the appointment?

11. What will each customer's average order size be?

What kind of repeat orders can you expect?

12. Are sales people trained on how to overcome objections?

13. Do salespeople and resellers have a shared sense of mission or purpose?

14. How do you provide salespeople and resellers with clear and objective feedback on a frequent basis?

15. What is the 'Unique Selling Proposition' of each of your products and services?

16. Will you have quotas by salesperson, product, or territory?

17. What is the sales cycle for each product?

Do customers buy your product each month, every few years, or just once in a lifetime?

How long does it take to close a sale from the time contact is first made?

18. What is your commissions and bonus structure?

**Subheadings to
Include:**

Sales Goals
Sales Training
Sales Tools
Control Systems
Prospecting and Qualifying System
Contact and Follow-up System

What to Accomplish

State what the sales goals are by product/service and by sales person; describe what ongoing training will be conducted to keep sales people and resellers current and motivated; list what sales tools and collateral materials will be available to aid the sales efforts; discuss any bold sales tactics used by salespeople or resellers; explain what type of reporting and control systems are in place to monitor performance on a regular basis; discuss how you will identify and qualify prospects and how they will be approached and cultivated.

The following is a suggested sequence of presentation:

Sales Goals

Provide a statement of sales goals in units and dollars for each product line. State the goals and reporting expectations for each salesperson and reseller. Discuss how these goals were arrived at and what other performance standards are used to evaluate a sales person's progress.

Sales Training

Discuss how you will provide for the maximum performance of sales people and resellers. Describe training that is conducted internally, i.e., product knowledge, policies and procedures. Describe training conducted externally, i.e., seminars on sales techniques. Are your salespeople taught how to qualify and approach prospects? Are they taught techniques for overcoming objections and turning a prospect into a customer?

Sales Tools

Describe the sales aids available to your salespeople and resellers. Sales tools include such things as pitch book, brochures, demonstration units, point-of-purchase displays, and business cards. Discuss how salespeople are taught to use these tools in the sales process.

Sales Tactics

Discuss any unique or innovative sales tactics used by your sales people or resellers. Explain what makes your pitch better than the competitor's pitch. Describe how these tactics are carried out. Are they done through subtle advertising, or through high pressure one-on-one presentations and comparisons?

Control System

Explain what controls you use to monitor the sales process. Controls include such things as weekly sales meetings, daily call-ins and tallies, contact and status reports, and composite sales reports. Discuss how these controls are used to maximize performance rather than perpetuate bureaucracy.

Prospecting and Qualifying System

Briefly discuss procedures for identifying, qualifying and approaching prospects. How do your people weed through false leads to get to the most promising prospects? How do you find out if a prospect who wants your product can afford it and is the one empowered to make the purchasing decision? Summarize how you will work to minimize the sales cycle and turn inventory.

For your benefit sample prospecting and qualifying worksheets are included in the Appendices.

Contact and Follow-up System

Describe how prospects are followed-up after the initial contacts have been made. Do you have a database system or tickler file to flag prospects when it is time to reestablish contact? Are prospects categorized by propensity to buy, i.e., hot, warm or cold?

Common Mistakes

Failure to have specific goals and expectations for salespeople; failure to provide timely feedback and support to salespeople when needed.

Failure to properly train new salespeople and resellers; failure to provide ongoing training for existing salespeople and resellers.

Sending salespeople into the field without proper materials and sales support.

No system in place to monitor the sales process.

Inordinate amount of time wasted chasing bad leads or working with prospects that have not been qualified.

Poor follow-up with qualified prospects.

Regarding resellers as a necessary evil, rather than as customers with a legitimate role in the sales process.

Sales people not given the opportunity to have input into establishing goals, and the ground rules by which they will be evaluated.

Setting unrealistic sales goals.

Failure to keep sales people and resellers informed of product changes, marketing plans, promotions, and the like.

Failure to train salespeople how to feed the company's marketing department and product research department the right intelligence from the field.

Believing that marketing runs the company and sales only plays a supporting role.

Assuming that independent sales reps will give your product equal time.

Underestimating the time it takes to train a new salesperson on the product and their territory.

Underestimating the sales cycle. (It usually takes longer to make a sale from the time of first contact than most people estimate).

Module Nineteen

CUSTOMER RELATIONS PLAN

Suggested

Length: 1 - 3 pages

Objective: To describe how you will keep customers and prompt them to send you referrals.

Pertinent Questions

- 1.** What guidelines or procedures will you establish to foster better relations with customers?
- 2.** How are customers kept informed of new offers, enhancements, items of interest, etc.?
- 3.** Will you offer any special programs to encourage customers to shop you more frequently, or to send you referrals? How are these programs promoted?
- 4.** Are employee raises and promotions based upon customer satisfaction? How are employees encouraged to build better relations with customers?
- 5.** Do you track customer feedback, i.e., compliments, complaints, suggestions? Are these distributed to employees?
- 6.** Do you respond quickly to customer inquiries? Are customer complaints resolved in a timely manner?
- 7.** Can your people explain product specifications, warranties, and service policies verbally?
- 8.** Do you monitor how the phones are answered? Are calls dispatched to the right people

quickly?

9. Do you record and acknowledge all orders within a few days? Do you verify price and delivery times?
10. How do you thank a customer for his or her business? Do customers get a personal call or note from the President?
11. Do you keep customers informed about the status of their orders, particularly if there is a change in the product, price, or delivery schedule?
12. Do you invite customers to see your operations? Do you ask to see theirs?
13. Do you keep sales reps and resellers informed about product changes and the status of customer orders?
14. Do you deliver on time and at the agreed upon price?
15. Do you bill immediately? Do you itemize the bill? Do you show value, i.e., time invested that was not charged to the customer, or discounts you have added?
16. Do you rectify billing errors immediately?
17. How do you reinforce the purchasing decision?
18. Are you available when customers need you the most, i.e., rush jobs, customization, after hours service?

19. When things go wrong, do you accept responsibility rather than shift the blame?
20. Do you initiate positive calls to customers, rather than just make call-backs?
21. Do you know the names of the receptionists and secretaries of your key customers?
22. Do you send customers clippings and articles that may be of interest to them?
23. Do you promote your customers' products? Do you buy them? Do you refer business to your customers when possible?
24. Do you reward people who send you referrals?
25. Is it mandatory that key people within your organization spend some time with customers?
26. Do you modify your products and services based upon customer feedback?
27. Have you instituted "listening devices," i.e., mystery shoppers, toll-free numbers, suggestion boxes, annual surveys, focus groups, etc., to take the pulse of the market on a regular basis?

**Subheadings
to Include:**

Pre-Sale Strategies
Sales Strategies
Post-Sale Strategies
Measuring Satisfaction

What to Accomplish

Outline your plans for staying in touch with customers and being responsive to their changing needs; explain how customer satisfaction will be measured and how it relates to employee incentives.

The following is a suggested sequence of presentation:

Pre-Sale Strategies

Describe the things you will do to improve communications with customers before the sale is made. Communications include personal, phone, and mail contacts. Discuss how inquiries are handled and how walk-in customers are approached and treated by your sales staff.

Sales Strategies

Describe what procedures take effect once a prospect's confidence has been earned, but the sale is yet to be finalized. What steps do you take to reassure the customers that they are making a good purchase decision?

Post-Sale Strategies

Marketing expert Theodore Levitt reminds companies that, "Customer anxieties build after the purchase decision is made. The act of buying changes the buyer."

Selling should never stop since research confirms that shopping continues even after the purchase has been made. Describe what you do to reinforce the purchasing decision. Do you have a special program in place to reward frequent customers? Discuss how you build ongoing relationships with major accounts.

Measuring Satisfaction

Describe what you do to separate and reward actual customer satisfaction from lip service. You should institute "listening devices." Distinguish what customers (and your salespeople) say from what is really happening. Have an independent confidential survey conducted each year.

Discuss how you use customer response cards for rating product and service satisfaction; use of mystery shoppers; focus groups, or other ways of gauging true customer satisfaction. Summarize how you analyze business lost versus business gained relative to competitors each year. In the end, the answers can always be found in the numbers.

Common Mistakes

Failure to understand the positive and negative factors that affect the relationship between the company and the customer.

Not paying enough attention to the details involved in fostering long-term relationships with key accounts.

Assuming a good product alone will make a customer satisfied; failure to reinforce the purchasing decision and to provide ongoing superior service.

Making only call-backs, instead of initiating contacts with customers.

Failure to show appreciation for the customer's business; not thanking people for referrals.

Shifting blame to suppliers or employees, rather than accepting responsibility for the problem and taking immediate action to correct it.

Failure to treat the customer's receptionist and other subordinates as well as you treat their boss.

Failure to spend time to understand the customer's business; failure to invite the customer to see your operation and meet the people responsible for providing the customer with parts and/or service.

Not being available to customers when it is most important to them.

Using form letters or poorly reproduced communications.

Being slow to respond to inquiries.

Being sales-driven (focus on short-term profit), instead of customer-driven (focus on long-term growth by fostering relationships).

Failure to make routine contact with customers; failure to establish guidelines for employees on how customers are to be treated.

Failure to continually remind employees of where their paychecks really come from -- customers, not the person signing the check.

Talking about the importance of customer relations, but basing employee promotions and raises on other criteria.

Poor phone etiquette.

Failure to solicit and distribute customer comments; having no "listening devices" to ascertain true customer feelings.

Chapter Seven - EXECUTION MODULE

Module Twenty

EXECUTION AND EVALUATION

Suggested

Length: 2 - 3 pages

Objective: To specifically define how the plan will be put into action and how it will be monitored and updated as necessary.

Pertinent Questions

1. How will the marketing tasks be accomplished?

By whom?

When?

Will you distribute and post an action chart?

2. Will the plan be approved by senior officials? Will it be formally presented to all key employees?

3. What trigger points will cause a reevaluation and possible adjustment of marketing objectives and strategies?

4. How will you ensure the plan will be actively incorporated into daily activity, rather than read once and shelved?

5. What incentives are in place to reward people for accomplishing the objectives and tasks?

Subheadings

to Include: Action Chart
 Review, Approval & Evaluation
 Contingencies
 Incentives

What to Accomplish

Develop and post an action chart that lists what is to be done, target date for completion, assignments and budget. Discuss alternative plans of action. Describe the incentives that are in place to keep people motivated and working together to achieve the marketing objectives.

The following is a suggested sequence of presentation:

Action Chart

Include a chart that lists each objective. Under each objective list the budget for accomplishing the objective. Under the budget amount, in column format, list the strategies and tasks for how each objective will be acted on, the target date for completion of each activity, and to whom it is assigned.

A sample Action Chart is included in the Appendices.

Review, Approval & Evaluation

Briefly discuss the procedure for “blessing” the plan. Describe the review and approval process. Make it clear that it is a company plan, not one person's plan. Discuss how often the plan will be reviewed by the senior members of the enterprise to measure expected performance against actual results.

State how your marketing objectives and strategies will be communicated to all appropriate employees. Will you make a formal presentation, or will the plan be required reading? Discuss how you will evaluate the validity of your underlying assumptions and how you will analyze the reasons objectives were met, not met, or exceeded.

Contingencies

As events unfold and circumstances change, what major alternative courses of action might you pursue to revise your objectives and strategies, or abort them altogether? List the “trigger” points that will cause an immediate reevaluation of your marketing plans.

As an example, a trigger point may be to abort an advertising campaign if it is not producing a predetermined response within a predetermined number of days. Focus on expected results of major expenditures, not on all the little problems may arise.

Incentives

Describe what incentives are in place to give people the motivation to accomplish the marketing objectives. Incentives should go beyond salaries, or the threat of "do it or find another job." Incentives should be positive, not negative. They may take the form of bonuses or profit sharing.

The right incentives can be a powerful inducement, especially if they make everyone dependent upon each other and cause a team approach. Reward accomplishment, and remember what is important to one person may not be important to another. Tailor incentives to meet the individual needs of your people. Incentives should extend beyond the management and sales team, to all employees.

Common Mistakes

Failure to assign people to each task to be completed.

Failure to set a deadline for each task to be completed.

Failure to provide timely review of progress on marketing objectives.

Assuming everyone will automatically buy in to the plan. (All marketing strategies and plans must be sold to employees and resellers.)

Failure to identify alternative courses of action, and what circumstances would trigger a change in objectives and priorities.

Providing negative reinforcement instead of positive reinforcement toward objective accomplishment.

Failure to religiously develop (or modify) new marketing objectives and plans each year.

Failure to involve customers and peers in employee evaluations; failure to reward approximate performance.

Not prominently posting the marketing plan action chart.

Plan Appendices

PRODUCT ANALYSIS MATRIX

Product/service _____

	Ours	Primary Competitor
Primary purpose/application	_____	_____
Target markets	_____	_____
Benefits offered:		
1.	_____	_____
2.	_____	_____
3.	_____	_____
Distinct features		
1.	_____	_____
2.	_____	_____
3.	_____	_____
Price strategy	_____	_____
Packaging strategy	_____	_____
Location/distribution strategy	_____	_____
Delivery/service strategy	_____	_____

Customer ranking: 1 being the highest, 10 being the lowest, rank the following attributes for your product compared to your competitors, in the eyes of your customers.

Quality (reliability, durability)		
Technology (design, styling)		
Price		
Location		
Training/documentation		
Delivery/installation		
Availability		
Credit		
Service/maintenance		
Customer relations		
Updated versions (accessories)		
Convenience		
Exclusivity/confidentiality		
Credit terms		
Others		

Michael O'Donnel: Marketing Today**COMPETITOR PROFILE**

Date: _____

Competitor: _____ SIC code: _____

Address: _____

City, State: _____

Phone: _____

Product/service: _____

Years in business: _____ No. of employees: _____

Unit sales: _____ \$ Sales: _____ Share of: _____

Target market (who, where, what, why) _____

Financial strength/profitability: _____

Key employees: _____

Packaging/presentation strategy: _____

Pricing strategy: _____

Distribution strategy: _____

Advertising themes (attach examples): _____

Spending: _____

Sales promotion themes (attach examples): _____

Public relations activities (attach examples): _____

New directions/patterns: _____

General strengthsGeneral weaknesses

Comments:

Compiled by: _____

PROSPECTING ORGANIZER

Salesperson: _____	Location: _____	Date: _____
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COMPANY INFORMATION

Business name/address/phone _____

_____ o Customer o Prospect

Source of referral _____

Description of business _____

Name of contact _____ Position _____

Responsibilities _____

FINANCIAL AND STATISTICAL INFORMATION

	This Year	Last Year	
Revenues			Years in business _____
			No. of plants _____
Profits			No. of employees _____
			No. of offices _____
			No. of distribution centers _____

PRE-QUALIFYING CHECKPOINTS

Current system _____

Leased or purchased _____

Current applications _____

Plan for change or upgrade _____

Competitive preference _____

Funding (availability/amount) _____

Time frame for decision _____

Additional notes _____

QUALIFYING CHECKLIST

Account _____

Salesperson	Location	Date
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Size of potential sale _____ Anticipated order date _____

Systems configuration _____ Anticipated installation date _____

OPPORTUNITY ANALYSIS

WILL THEY BUY?	Yes	No	Unknown	Comments/Actions Needed
1. Are there identified needs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2. Is key management aware of the needs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
3. Have decision criteria been identified?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
4. Is there a good business reason to act?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
5. Are other key people giving us time and information?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
6. Have they said they are going to act?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
7. Is the key decision maker available to us?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
8. Have all levels of management agreed to buy?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
9. Has funding been identified?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
WILL THEY BUY FROM ME?				
1. Does the prospect fit my company's traditional markets?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2. Does my solution answer the prospect's needs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
3. Is my solution competitive?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
4. Has interest in my solution been expressed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
5. Have my credibility and credentials been established?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
6. Have preferences for me been stated?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
7. Is the decision maker biased to us?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
8. Does my competition have an advantage?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
9. Is a consultant involved?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
WILL THEY BUY NOW?				
1. Has a decision date been set?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2. Has an installation date been set?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
3. Is there an in-house implementation schedule?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
4. Is there an in-house needs analysis document?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
5. Is a bench mark or test required?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
6. Have the key steps in the decision process been agreed upon?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
7. Is there a pressing business reason to act?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
8. Is there a sense of urgency?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

ORGANIZING YOUR APPROACH CHECKLIST

OBJECTIVES:

- o Determine if this prospect has needs which your product or service can meet.
- o Determine if they are seeking a solution and when they need it.
- o Get commitment (appointment, survey, demo, order).
- o Other _____

OPENING:

- o Introduce self, company, and product or service. _____

- o Use an interest getter. _____
- o Use probing questions to determine current situations, needs, funding time frames, decision-maker, etc. _____

BODY:

- o Needs, benefits, features. _____

- o Referrals and evidence of successful users. _____

ENDING:

- o Summarize discussion. _____

- o Ask for commitment. _____

- o Secure agreement for next step. _____

- o Define specific action to be taken. _____

ACTION CHART

Manager responsible _____

Fiscal/calendar year: ____/____/____

Sales promotion plan

Objective: _____

Budget: \$ _____

Activities	Target date	Assignment	Results

Customer Relations Plan:

Objective: _____

Budget: \$ _____

Activities	Target date	Assignment	Results