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Strategic Marketing Planning

*Start the New Year
with a New Direction*

by Gary E. Lofstrom

"If we don't change our direction,
we are likely to end up where
we are headed."

Old Chinese Proverb

Does this proverb sound all too familiar? Many business owners seem to get along just fine by doing the same things year-in and year-out. Of course, there's nothing wrong with providing a quality product, at a fair price, and with excellent service. The problem lies in the change that constantly occurs around us. Eventually you'll find your sales, profits, or both, are slipping due to events both in and out of your control. As you start off the new year, consider undertaking the strategic marketing planning process. It's a systematic method of directing your business to where you want it to go.

The planning process involves several steps. Part one of this two-part article will focus on analysis of the past and present business situation. Only by reviewing the past and knowing yourself and the business today, can you create your future successes. Part two will discuss the creation of a forward-looking plan based on knowledge gained from the in-depth analysis.

General Business Review

A general business review is a comprehensive analysis of the business and its environment. Your review should give you a clear synopsis of the marketplace and your company's

current role within it. It can contain the following sections:

Company History. Briefly discuss how the business was started, how it grew, the products offered over the years, and what has made the business successful.

Goals & Objectives. Describe the company's current business philosophy, particularly as it relates to target markets, sales goals and objectives.

Staffing & Reporting. Address the formal and informal organizational chart. How do things get done in your business? You may want to alter reporting structures and positions in order to ensure those leading the marketing efforts are best able to accomplish their tasks.

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Operations & Quality Control. How are products and services produced? Describe measures taken to assure quality products are delivered.

Sales History. Historical sales, broken down by target markets or service lines can give insight into both your company and the industry.

Buyer Review. Primary targets are the key purchasers of your product. Secondary targets provide additional sales or influence the primary targets. You should be able to create a composite description of them and understand their buying processes and key trends. A shrinking market for your goods portends a serious challenge to your long-term survival.

Marketing & Sales. How are products marketed to the user? What are the most effective methods to deliver your products: retail, wholesale, personal selling, etc.? Describe the past and current marketing strategies of your

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business. Past successes and failures can teach you a lot.

Competitive Overview. Take a step back and consider how your firm fits in the big picture. Describe major trends in your industry. Identify your competitors. Discuss their size, share of market, product quality, customer profile, marketing strategies, pricing, and other characteristics. Discuss pricing of products by your business and the competition, significant trends and estimates of demand.

Environmental Analysis

Often referred to as SWOTs, an environmental analysis is the formal acknowledgment of key internal strengths and weaknesses, and external opportunities and threats affecting the business' ability to succeed. Important trends, developments and issues are listed for each

category. I have found the listing of SWOTs to be one of the most enlightening processes businesses can undertake. Completion of this exercise truly eases the planning to come. It may be best understood by showing you an abbreviated environmental analysis for a theoretical professional service firm (see below).

Combined, the "general business review" and the "environmental analysis," provide a quantitative and qualitative base of knowledge for the ensuing marketing plan. It will help you make sound decisions, such as which customers to target, products to offer, distribution channels to use, how to price products, selecting your marketing mix, and more. Part 2 of this article (appearing in the February edition) will focus on creating the marketing plan. You may want to begin analyzing your company's current situation now.

SWOT Analysis for Professional Services, Inc.	
<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • <i>The firm is financially sound.</i> • <i>The firm has a relatively, stable client base.</i> • <i>The firm has strong expertise in traditional service areas required by clients.</i> 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • <i>Turnover of staff has been unusually high in recent years.</i> • <i>Little expertise in growing, new service applications requested by many clients and prospects.</i> • <i>Only a few of our people have the ability and desire to develop new business.</i>
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • <i>Economic expansion has fueled opportunities for business in certain industries and service areas.</i> • <i>Increased acceptance of professionals working part-time allows for flexible hiring practices and more competitive job bidding.</i> • <i>Many current clients retain firm only for part of their needs; additional business within client base is possible.</i> 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • <i>Profession is not as attractive to college students, increasing the difficulty in hiring quality employees and grooming future partners.</i> • <i>Down-sizing of corporations and changes in business practices has placed severe pressure on margins.</i> • <i>A competitor has lured away two key professionals.</i>

Strategic Marketing Planning

Start the New Year with a New Direction

Last month's article focused on the analysis of the organization's past and present business situation. The desired result of undergoing this process is to give the organization a "big picture" understanding of itself and its business environment. Part two will discuss the creation of a forward-looking plan based on our knowledge gained from the in-depth analyses.

"Marketing is a series of integrated actions leading to a sustained competitive advantage."

J. Sculley

At this stage, a number of pages of useful strategic marketing data has been accumulated. A judicious review of them will allow the planning team to draw a number of meaningful conclusions. What critical issues and circumstances must be addressed to ensure a viable future? It may help to summarize these issues into no more than eight to ten sentences before going on to the next step.

Mission

Next, most concerns should revise, or create, their mission statement. As a past employee of large companies, I often found it difficult to relate to lengthy, philosophical mission statements. My advice is to keep it simple and concise. A good mission statement expresses why the firm exists, mentions key products, and describes customers of the business. It's important to be sure the statement is appropriate to current conditions. All employees should be able to understand and concur with its basic intent. Here's a mission statement for a theoretical food distributor:

"To be the most customer service oriented distributor of gourmet fruits, vegetables and perishables in the metropolitan area."

Objectives

Companies simultaneously pursue a number of outcomes, such as revenues, profitability, market share, growth and innovativeness. A strategic marketing plan formally articulates realistic and logically consistent objectives into hierarchical and quantitative (whenever possible) statements. For planning purposes, objectives should be split into two main themes, revenues and marketing.

Revenue Objectives. Revenue objectives set the tone of the entire plan. Everything that follows is designed to meet these objectives, from setting marketing objectives, to determining budgets and employment levels, to choosing merchandising, distribution and selling strategies. Revenue objectives should be measurable, challenging and attainable. Time periods for achieving them should be set, both short- and long-term. Profits resulting from the sales should be estimated and fulfill predetermined criteria.

Marketing Objectives and Strategies.

Revenue objectives must be converted into marketing objectives, which declare what must occur to meet them. Marketing strategies describe how the firm will accomplish all objectives. For example, an attorneys practice may want to achieve a specified sales goal, and has determined future revenue growth lies chiefly in additional business from current clients and new business from growing, entrepreneurial organizations. A strategy for gaining more business from current law clients might include the holding of quarterly, informal meetings with client groups to discover their needs and concerns. Becoming an active sponsor of a local small business institute might be a strategy used to gain new business from this new target audience.

Target Marketing

Target marketing involves selecting specific audiences to prospect and serve, versus an impracticable attempt to cater to all markets and all needs. For any small business, there are many market segments which can be approached, based on size, profit potential, industry, product usage, geographic location, etc. A growing enterprise's success hinges on carefully defining the services to be provided to a limited number of market segments.

Qualities of a Successful Plan

- *High level of staff and employee involvement.*
- *Support of top management.*
- *Accurate assessment of the business and marketplace.*
- *Realistic, but aggressive objectives.*
- *Insightful, timely strategies that take advantage of existing strengths and market opportunities.*
- *Clear, logical goals and detailed plans of action.*
- *Empowerment and accountability of marketing leaders.*

Importance of Positioning

Even if you don't actively cultivate an image, one is formed by the marketplace. The conscious development and nurturing of the firm's image can create a point of differentiation from other businesses. Positioning is a creative process, above and beyond target marketing. It can be based on any number of considerations such as pricing, size of the organization, level of service, customer characteristics, niche services offered, problem-solving capabilities, comparisons to competitors, etc. All the firm's communications (advertising, publicity, direct marketing, print collateral, etc.) should consistently reflect its unique identity and market position.

Marketing Budgets

Marketing budgets for organizations not using planning tools are sometimes calculated as a percentage of sales, dollars available, or same as the competition. Planning and experience allow the business to analyze the relative effectiveness of various marketing programs and budget the amount necessary to realize its objectives.

The four basic tools used in marketing programs are called the marketing mix. Similar to making a cake, different blends of each ingredient can lead to a successful outcome. The organization must select and measure its mix of:

a) products/services offered, b) pricing or fee schedules, c) product distribution or service delivery methods, and d) communications media (advertising, public relations, personal selling, direct marketing, etc.).

Finally, limited resources (people and dollars) must be allocated to best support chosen marketing programs and detailed in a written plan of action. The plan should be brief (one to three pages) and summarized in calendar format. List major activities, responsible parties and timetables. It may help to separate distinct product lines or specialized services on individual calendars.

Feedback & Control

The last section of the organization's plan outlines the controls for overseeing progress. Goals and budgets are summarized for the time span of the plan, typically five years. Each month the plan coordinator updates progress reports and notes accomplishments, shortfalls and alterations. Responsible parties in the business should explain variances and modifications. The plan should be updated annually.

Summary

Small businesses are rethinking their approach to marketing. Most have tried numerous piecemeal advertising and promotional efforts. The more advanced are realizing superior results through structured planning techniques. Effective strategic marketing planning requires the organization to thoroughly understand itself and the industry environment; to be very specific about its objectives; and to implement incisive business strategies. These entities will no doubt assure their survival and continued profitability by meeting customer needs more effectively and efficiently. ■

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