

**The Basics of Marketing Plans
Presentation Notes
SMPS Nebraska Meeting – 10/09/01**

(2) The old adage “he who fails to plan, plans to fail” sums up the reasons for developing a marketing plan. Without a marketing plan, the firm may come close but will fail to consistently achieve their goals. Failing to plan leads to missed opportunities and operational inefficiencies.

(3) The first step in developing a marketing plan is to define the destination; that is, the vision established for the firm. Because this vision guides the firm’s direction, it needs to be established by the firm’s leaders and communicated to all employees.

Marketing plans should be developed for each different service area or business group as well as each office. The separate plans are then summarized in a master marketing plan for the firm.

(4) Some caveats about developing a marketing plan:

- Planning is not strictly linear.
 - As you go along, you may need to go back and do more research or further exploration in a previous step.
 - In the situational analysis phase of the planning process, research can be conducted simultaneously.
- Planning is not a strictly static process:
 - The plan needs to be flexible enough to adapt to unexpected changes in environment or unexpected opportunities.
- Keep the information organized; have a keeper of the plan that pulls all the pieces together
- Communicate the overall plan to everyone – whether they’re in marketing or not
- Planning is not just a job for top marketing/business development staff. Involving all marketing staff:
 - Spreads the work around
 - Gives a sense of ownership which leads to greater job satisfaction
 - Uses all available resources by tapping into the knowledge and skills of all marketing staff
- Planning is not hard to do but does take some time and thought
 - Yes, it does take time away from pursuit efforts, but planning needs to be viewed as an investment in the long-term profitability of the firm.

(5) The first phase of developing a marketing plan involves laying a foundation for decision making.

(6) Identify the target market(s):

- Although the information may already be in the heads of top management and business development staff, articulating it forces thoughtful analysis
- Describe in detail each target market for each type of service and each location

(6) There are two aspects of the situational analysis: general environment and industry environment.

The general environment analysis is conducted from local, regional, national and global perspectives. Each office should perform the analysis for their local and regional areas. General environment analysis is most likely already conducted in an informal way, but articulating it forces thoughtful analysis. Five areas are included in the general environment analysis. Each area should be examined from the perspective of the target market and the firm:

- Economic analysis describes the economic and business conditions likely to be encountered
- Political analysis describes the potential effects of the political environment on the target market and the firm
- Legal and regulatory analysis describes the legal and regulatory situations impacting both the target market and the firm
- Technological analysis describes the impacts of technology on both the target market and the firm
- Social and cultural analysis is necessary for two reasons:
 - It underlies and impacts the other four areas
 - Decision makers both within the target market and the firm are influenced by it

(7) The industry environment analysis includes both the A/E/C industry and each target market's industry. Again, the industry environment analysis is most likely already conducted in an informal way, but articulating it forces thoughtful analysis.

(8) In the A/E/C industry, we tend to pay attention to our competitors only when we're pursuing the same projects. Zwieg White reports that only 27% of A/E/C firms maintain any sort of ongoing competitor analysis. By conducting ongoing competitor analysis that, documenting the findings, and including them in the marketing plan, the firm is better able to anticipate and respond to competitor actions. The analysis needs to go have a broader focus than the type of work the competitor pursues. It should include information about their financial and organizational health as well.

Tom Peters cautions A/E/C firms not to ignore the "little guys" nibbling at the edges of your business. These indirect competitors need to be researched and analyzed as well. Enough little nibbles over time can add up to a big bite out of your market share.

(9) Where can you find the data needed to research and analyze these external factors?

- Both Omaha and Lincoln Chambers of Commerce have excellent research departments. If they don't know the answer, they can direct you to who does
- Trade associations and professional organizations provide information on their industries; for example, SMPS conducts Regional Outlook seminars around the country.

- Trade magazines and journals provide information about their industries; for example, ENR includes a construction market report in each issue.
- Government entities conduct and publish research as well as provide general information; for example, the Department of Commerce and the Department of Labor
- Online databases and company web sites; for example, SEC filings for publicly held companies can be accessed from the SEC's website using their Edgar database
- Local universities have extensive business libraries as well as faculty conducted research; for example, university libraries may allow public access to such online databases as Lexus Nexis

Remember that research needs to be conducted on both the target market's industry as well as the A/E/C industry.

(10) The internal analysis tends to be the hardest part of developing a marketing plan because it requires an objective, honest look at the firm's strengths and weaknesses. We tend to overestimate our strengths and underestimate our weaknesses.

Strengths and weaknesses are not limited to the services the firm provides. This analysis should include a look at the firm's operations and personnel as well.

(11) When analyzing opportunities and threats, creative thinking is a plus. Brainstorming is a good way to handle this part of the analysis. The goal is to identify all possible opportunities and ways to maximize them and identify all possible threats and ways to minimize them.

Opportunities and threats are not limited to the services the firm provides. As with strengths and weaknesses, this part of the analysis should look at the firm's operations as well as personnel.

(12) Everything up to this point has laid a foundation for the heart of the plan. The heart consists of objectives, goals, strategies, and tactics

(13) Objectives are generic statements of what you want to accomplish; for example, expand market share of healthcare market

(14) Goals are the specifics of the objective, what exactly do the words in your objective mean. Goals are SMART:

- Specific
- Measurable
- Agreed upon
- Realistic
- Time framed

(15) Strategies are the ways in which the goals will be achieved. Explore all the alternatives; don't just focus on the services offered, look at how, when, where, why.

- New market penetration is the strategy used if the firm is entering a new market or adding new services.
 - Niche marketing strategy involves finding a distinguishable market segment identifiable by size, need and objective and dominating it. Do you do something no one else does? Subcontractors tend to have niche marketing strategies
 - Expanding vertically involves moving up or down the ladder into the steps before or after your place in the overall process from conception to completion; for example, Oakview Construction buys General Excavating or an architectural firm merges with engineering firm
 - Expanding horizontal involves providing the same services to a new market; for example, an architectural firm that has only done retail work before starts doing educational facilities.
- Market share expansion is the strategy used if the firm wants to expand its share of existing markets
 - Differentiation involves setting your firm up as being different in some way from competitors and promoting that difference to the target market.
 - Segmentation involves placing an emphasis on subgroups within target market; for example, an architectural firm that just targeted hospitals before now targets medical offices as well
 - Need to decide whether to adopt a limited or general expansion. What resources do you have and how does that impact your ability to expand? .
- Entrenchment is the strategy the firm adopts if the goal is to maintain existing market share without losing ground; in other words digging in. This strategy is most appropriate during economic downturns.
 - Repositioning involves changing the position of your services in the target market's mind relative to your competitors
 - Direct confrontation involves going head-to-head with the competition
- Withdrawal strategy is appropriate for markets that are no longer profitable
 - Risk reduction involves limiting the risk of profit loss by cutting back on specific service area or client type
 - Harvesting involves gradually pulling away from a service or target market over time
 - Selling out involves discontinuing a particular service or dropping a target market immediately

(16) Tactics are the ways in which the strategies are implemented. They involve the 4Ps of marketing, which are as applicable to marketing services as they are to marketing products.

- The products are the services offered to target markets. The concept of product as a tactic involves offering new services to existing clients or existing services to new clients
- Price is related to fee negotiation and includes the concept of value pricing

- Place or distribution relates to how the services are provided and includes alternative delivery and technological concepts such as project webs
- Promotion deals with the specifics of communicating your offerings to your target markets. In the A/E/C industry, promotion tactics tend to offer the most flexibility.
 - How are you going to establish or maintain relationships
 - Includes advertising, award submittals, publication in trade publications (industry and client industry), direct mail, marketing collateral (brochures, quals), proposals

Once the tactics for implementing the selected strategies are identified, break them into action items.

(17) Because the marketing plan is now defined in terms of strategies and the tactics required to implement them, preparing an accurate marketing budget, setting schedules and establishing timelines can be accomplished more accurately and efficiently.

Because target markets have been identified and accurate estimates of pursuing that market established, decision makers can more easily see a correlation between the resources spend pursuing a market and the potential fees to be earned from it.

Most importantly, don't put it in a binder and store it away. Use it as a benchmark. The marketing staff should revisit the plan on a regular basis to make sure marketing efforts are on track.

(18) The earlier caveats are worth repeating.

- Planning is not strictly linear.
- The plan needs to be flexible enough to adapt to unexpected changes in environment or unexpected opportunities
- The information has to be kept organized during the planning process. Have a gatekeeper responsible for pulling it all together.
- Developing the marketing plan is not just a job for top marketing/business development staff
- The time spent developing, implementing and controlling the plan is an investment in the long term profitability of the firm

Developing and following a marketing plan will keep your firm on track and you'll reach your destination every time.