Chapter 7 - The Marketing Plan

By my anecdotal estimation, only about 10 percent of manufacturing companies can put their hands on a proper, written marketing plan. You may be surprised to know that many chief marketing officers, owners, chief executive officers, managers, and directors are not embarrassed to say, “My marketing plan is in my head.” Achieving success with the new way requires a proper, documented marketing plan. It’s not the marketing plan itself that is so important, it’s the decisions your organization is forced to make during the compilation of the marketing plan as well as the collaboration that is required to get everyone on the same page. The process of creating a proper marketing plan will include making decisions about the target market; positioning statement; value proposition; company strengths, weaknesses, opportunities, and threats (SWOT); competition; and much more. These decisions are your guiding light for your marketing strategy, tactics, tools, activities, and team members. The marketing plan provides powerful levers to use on the day you have to say no to the head of sales or head of product as they request (or demand) a new trade show in a market that was not in the marketing plan, for example.

I find it helpful to list the things that do not constitute a proper marketing plan. These are common elements within many manufacturing marketing departments’ marketing plans but are not acceptable as a proper marketing plan:

- It is not an idea, wish, hope or concept in your head.
- It is not a spreadsheet with dates, activities, budget, etc.
- It is not an editorial calendar or social media calendar.
- It is not a list of campaigns.
- It is not a list of goals.

Each of the items above may be a single component of your overarching marketing plan, but even as a group, they will not suffice as a proper marketing plan.

Depending on the size and structure of your firm, it is entirely possible that you will have several marketing plans, with each individual plan based on geography, product family, or business segment, for example.

As an example of what not to do, let me tell you a brief story. I had just finished up my MBA and sat down to write my first marketing plan for an electronic instrument manufacturing company. I wrote a proper plan based on my own knowledge of the business segment for this particular firm. I proudly delivered my final document to the business segment director. She looked it over, smiled, offered a couple of complimentary platitudes, and placed it aside, never to be referred to again. It was a very good marketing plan, and I think it would have made a tremendous difference in the outcome of the business segment if the business segment managers had adopted it. My mistake was in not collaborating with my stakeholders as I developed the plan.

You must not write your marketing plan in a vacuum. In other words, you should not just sit down and write it on your own as I did for the electronic instrument company. It is important to have support from above and buy-in from your stakeholders. A marketing plan that is not a collaborative effort with agreement on the important decisions will not hold up when strategic decisions are being made about the direction of the business.

Before you delve into writing your plan, you must understand the components of the business. In order to understand the components, you need to assemble a diverse cross-functional team. I suggest some or all of these folks:

- CEO, president, or general manager
- Sales leadership
- R&D leadership
- CFO
- CMO

- Key members of your marketing team

Assuming you can get your stakeholders to participate, you need to be very clear about the expectations. All stakeholders should expect and understand that the marketing plan is an agreement between marketing and the other stakeholders. In essence, it is a contract defining how the business goes to market with the offering. Ensuring that all stakeholders understand the contractual nature of the marketing plan is very important because at some point after the work of the marketing plan is completed, one of your stakeholders will approach you or someone on your marketing team with a request, demand, or idea that is outside the scope of the plan that has been agreed to. The marketing plan is your supporting document when you have to say no. The marketing plan is the North Star, the guiding light, the compass for each and every marketing strategy, tactic, activity, tool, and team.

This is not to say the marketing plan will never be changed or modified; quite the contrary, it should be made clear that it is a dynamic, living document that will change from time to time. The changes should only come during planned review intervals, however, not on a whim. The expectations with your stakeholders should include the following considerations:

- The decisions reached about markets, positioning, value proposition, budget, measurement, etc. are agreements between the parties and will not be changed without further serious discussion.
- You will all agree to a regular interval for review and updates, usually six months at a minimum and two years at a maximum.
- The marketing plan is an agreement as to the strategy and tactics the marketing team will execute and the budget that will support the marketing function.

If your manufacturing company is one of those firms in which marketing is not respected as a strategic component of the business, it may be possible that you cannot get anyone to collaborate with you on your marketing plan. If that is your situation, my advice is to go ahead and create a marketing plan with your team. Try to gain agreement one by one with stakeholders, especially with the sales leaders and the product leaders.

The following is meant to be a summary of the components of a marketing plan and not a comprehensive guide for writing a proper marketing plan. There are many books written on this subject, and I encourage you to use one as a guide as you create your marketing plan.

Part 1: Assess the Current Situation

You must have a thorough understanding of your current situation. This is the step where you assess what the company thinks it is doing at the present. You cannot create an effective plan to move forward if you do not have a concise understanding of the point where you start. There are three sections in this step:

1. **Summarize Your Market.** This is where you bring in your cross-functional team for collaboration. The market summary should include a definition of market demographics, needs of your target market, trends, and current, past, and future growth. Michael Porter's five forces framework is an excellent tool for the market assessment. Keep in mind that understanding your market may require primary or secondary market research. A word of warning here: do not rely on the common or collective knowledge of your organization if you can avoid it. It is especially common for members of the sales team to think they are experts on the market situation. They are not. It is important to get input from the sales folks, but do not rely entirely on that information. The same thing goes for nearly everyone else in the organization. Do some research to support your assessment and understanding of your market.
2. **SWOT Analysis.** Prepare a summary of what you learned in the previous step using strengths, weaknesses, opportunities,

and threats (SWOT) framework. One common mistake I see in these summaries is marketers mixing up the strengths and weaknesses with the opportunities and threats. Strengths and weaknesses are internal to your firm and can be controlled. Opportunities and threats are external and cannot be controlled. It is important to be brutally honest when delineating the SWOT components. It is a good idea to designate someone to play the devil's advocate during these discussions.

3. **Analysis of Competition.** Include a SWOT analysis for each of your main competitors. It is important to understand your competitors' core competencies, value messaging, how the market perceives them, and why customers choose the competition instead of your firm. Again, you should use primary market research if possible, in addition to considering the collective knowledge of the people within your organization. As mentioned above, beware of collective knowledge as it is often exaggerated or even downright wrong.

Part 2: Set Objectives and Identify Critical Issues

In this next step you will be setting objectives for the marketing function and identifying issues that are already apparent or may become apparent as obstacles to achieving the objectives. Objectives will come from the higher-level business mission, strategy, and goals. Business objectives may center on growth, maintenance, or profitability. Each of these drive different marketing objectives.

For example, growth could drive marketing objectives such as increase market share, promote a diversified offering to multiple target markets, or develop more products. Increasing profitability may drive marketing objectives such as increasing efficiency of marketing activities and improving ROI of marketing tactics. It's important to tap the senior managers who agreed to participate in the marketing planning process at this point to ensure the marketing plan's objectives are aligned with the business objectives.

As with any proper objective, the marketing objectives must be specific, measurable, and have a deadline. The objectives should be realistic, and the marketing team must believe the objectives can be achieved. Ideally, there should be an incentive plan in place to encourage individuals to strive to reach the objectives. Some examples of specific objectives:

- Grow the number of customers by 25 percent by the end of the fiscal year.
- Increase revenue from existing customers by 30 percent in two years.
- Reach breakeven by end of the fiscal year.
- Participate in three community events during the next twelve months.
- Ensure average ROI on marketing activities of at least 75 percent.
- Contribute 25 percent of qualified leads to the sales funnel each quarter.

One important objective that should be in every marketing plan but is often overlooked is support of internal marketing. It is very important that all internal stakeholders are aware of the critical strategic and tactical marketing plans. The marketing team should be promoting things such as the positioning statement, value proposition, messaging, marketing objectives, tactics, activities, results, and other issues. Internal marketing helps align the entire revenue team to the objectives, resulting in a very powerful execution of the plan.

The second part of this section is to identify problems or critical issues. If there are issues that may prevent achieving the objectives or activities that must occur to ensure the successful execution of the plan, they should be identified. For example, if achieving ROI of 75 percent is an objective, a critical issue may be that it will be necessary to purchase a marketing automation platform to measure and report ROI results.

Part 3: Perform Target Market Analysis

It is impossible to have an action plan without knowing your target. Suppose someone handed you a bow and arrows and told you to go ahead and hit the bull’s-eye. You accept what appears to be a highly sophisticated compound bow with a set of precision arrows, but there is no target. The person who gave you the bow continues, “Go ahead, just shoot the arrow and hit the target.” With no target in sight, how will you ever succeed? This little metaphor mirrors what happens in business more frequently than you may believe. It might sound something like this: “Here is your marketing budget. ‘Everyone’ is our target market. Now go ahead and get us some brand awareness, good leads, and grow the business.”

A target market of “everyone” or “all industries” is the same thing as having no target at all. Even companies like Pepsi and McDonald’s define a target market that is not “everyone.”

It is imperative to identify your target market so you can use your resources efficiently and effectively. Markets may be defined in terms of geography, industry, business or consumer, sex, age, income, etc. Choosing a target market is also referred to as segmenting the market. Your decisions should be based on a combination of feedback from internal stakeholders who have a direct dialogue with the target audience and market research. It is a big mistake to omit input from either.

Target market analysis should be completed with an open mind and should be reviewed on a regular basis. The final result should be communicated throughout the company. This decision (choosing a target market) will drive the marketing strategy, positioning, messaging, and marketing activity.

One last note: It is important to consider where or if the people in your chosen target market congregate to share information. There must be an efficient way to reach your target audience with your message. If a majority of the target market does not congregate virtually or physically, it will be very expensive and most inefficient to get your message in front of them. In the manufacturing world, industry associations are a good example of a place where the people in your target market congregate and share information. A trade association offers numerous venues where you can reach a large group in your target audience in one instance. They may get together at the annual industry trade show, read the trade journal, regularly visit the association's website, and subscribe to email newsletters.

Part 4: The Marketing Strategy

At this point, you should have a good understanding of the business situation and associated marketing situation. You should have a clear understanding of the business objectives and critical issues that exist and their effect on the marketing plan going forward. Your target market should be clearly defined and you should have a consummate understanding of the value your firm brings to the target market.

The marketing strategy is where you bring in the famous "Four Ps of the Marketing Mix." As a quick refresher, the four Ps are product, pricing, place (channel), and promotion. This section covers the first three Ps. The fourth P, promotion, will be discussed in Part 5.

The product strategy depicts the existing product line and future product roadmap as aligned with the overarching business strategy. The product strategy should describe how each product fits the positioning statement and supports the value proposition. Product marketing strategy can become very complex in a short time. I strongly recommend you work with your product managers and business leaders on this section.

The pricing strategy must also align with the positioning statement and the value proposition. For example, if you position your brand as high value with premium pricing, you should not worry about winning business by offering the lowest price. It takes a very different infrastructure to compete on low price than it does to compete based on a differentiated product offering. It also helps to specifically define the pricing strategy as premium pricing, penetration pricing, economy pricing, or a skimming strategy.

Place describes the go-to-market sales channel. This strategy describes how the product you manufacture is offered to the end user. Your firm may offer the product only through resellers or manufacturer's reps, through direct sales, or some combination. This decision goes hand in hand with the other four Ps, especially pricing. Should you make the decision to use distributors or resellers, your gross margin requirement may be different than if you choose to sell via a direct-sales force. This decision also affects your marketing programs, which we will discuss next.

Part 5: Marketing Programs

Promotion is where most marketers hit their sweet spot. Most marketers love creating and designing programs. Some love the excitement of the measurement. Others believe you have not lived until you experience hitting the Send button and watching how many people click through the email or fill out the form. Promotion is the culmination of the previous four steps.

As you begin to build your promotion plan, it is critically important to remember your analysis, results, and agreements up to this point. Promotion should be designed for the target audience using the positioning statement and value proposition as well as the agreed-upon business strategy and marketing strategy. The promotions should support the objectives you have previously agreed to with your stakeholders. A promotion plan designed to generate leads is different from a plan designed to position the brand through thought leaders in the space, for example.

The promotion plan will include some of these tactics: print advertising, digital advertising, direct mail, public relations outreach, search engine optimization (SEO), search engine marketing (SEM), direct sales promotion, direct marketing, etc. Naturally, you have a limited budget and limited resources and it is important to keep those limitations in mind. The most effective promotion plans include both outbound activities and inbound activities integrated around the same message. It is very important to ensure the promotions support the strategy and objectives. Marketers are a lively bunch, and once the ideas start flowing, it's easy to lose focus in the excitement. Tactics agreed to in the promotion plan should be measureable if at all possible.

Part 6: Financial Plans

This is the section where manufacturing marketers tend to demur. After all, this is the sandbox where the big boys and girls play and talk about things like net this and gross that. Why should the marketer get involved or even begin to try to understand this stuff? Because for marketing to make a difference and a contribution to the manufacturing business beyond creating ads and setting up trade shows, the marketer has to understand the financial language, speak the language, and demonstrate how marketing is directly contributing revenue.

Your ultimate goal should be to transform the internal perception of marketing from a cost center to a business builder and revenue engine. To achieve this goal, marketing must understand the financial metrics and understand exactly how they affect those metrics. Until you are able to have this conversation with the C-suite, it will be very difficult to change the perception that marketing is merely a cost center.

There are three parts to the financial plans section of the marketing plan: financial metrics, forecasting, and budget for expenditure.

Financial metrics come from your CFO. It is beneficial to include some company financial data to help justify and compare the forecast and the marketing budget/contribution. The financial metrics section should include a reference to the latest income statement, cash flow statement, and balance sheet. Targets or key performance indicators (KPIs) such as sales revenue growth; earnings before interest, taxes, depreciation, and amortization (EBITDA); and gross margin should be specified in the marketing plan.

Forecasting is usually a joint exercise with other key stakeholders. The forecast should be based on data and not just on someone's best guess. The sales forecast may also drive the marketing expenditure in some cases. The forecast can be broken up into myriad types: market or segment sales, product sales, cost of sales, and/or channel.

The most commonly known financial metric for most marketers is the budget for expenditure. In my experience, most manufacturing marketing teams get handed a budget number they have little control over. Unfortunately, a culture that treats marketing like a child being handed an allowance is all too common and deadly to the marketing function, which is striving to advance the practice of marketing to become a strategic component of the business and having a seat at the leadership table. Accepting your marketing “allowance” only cements the marketing function position as a cost center ready to be cut at a moment’s notice.

As a first step toward changing the negative perception of marketing at your firm, I suggest negotiating for a budget linked to the revenue goals. This single step will elevate the importance and the contribution of marketing. I suggest including a projection for the marketing contribution to business objectives and tying the expenditure to these contribution numbers. For example, include the percent contribution to revenue, percent contribution to new sales opportunities, and percent contribution to closed business in the forecast portion of the financial plans section. Use net contribution as a foundational measure of the effectiveness of marketing. Avoid talking about “cost per” metrics with your stakeholders, and especially with the C-suite. Instead, talk about “revenue per” metrics. It is important to know the “cost per” metrics, but I suggest keeping that data within the marketing team. This not-so-subtle change helps further position the marketing function as a producer of revenue, not as a line item on the expense ledger.

Net contribution is a strong indicator of the effectiveness and efficiency of the marketing function. The formula listed below is, essentially, a ratio of the gross margin less the cost of the revenue function and the revenue generated. Although one could argue it is not a true contribution, it is an indicator and you can watch the trend as a performance indicator of the revenue team.

Net Contribution (%) = [(Sales Revenue – COGS) – (Cost of Sales and Marketing)] / Sales Revenue

You will still need to plan your marketing spend, but that is something most marketers already know how to do, so I won't delve into that any more than to say it should be included as part of the marketing plan.

Part 7: Measurement and Control

What good is all this thought and effort if you don't know how well it's working? Thus the need for measurement. The old saying "What gets measured gets done" is true for marketing. The marketing plan is typically constructed during a relatively short period of time. The macro as well as the micro environments are going to change. In this modern era of lightning-speed flow of information and globalization, I think we can all agree that conditions change on a regular basis. Therefore, marketers must be continuously assessing the environment and comparing our marketing activity results using some type of measurement process.

The first step in measurement and control is to gain agreement with your stakeholders on the metrics themselves. These metrics are sometimes called key performance indicators (KPIs). There are hundreds of metrics you can choose from. Tools such as marketing automation platforms and web analytic tools enable many different kinds of measurements. Some of the more common metrics used to evaluate a marketing plan include page views, conversions, leads, clicks, click-through rate, open rate, form completion rate, etc. Financial-related metrics may include profit, revenue, net contribution, or pipeline contribution.

The point I would like to make above all else when it comes to metrics is that the KPIs you choose will send a strong message to the C-suite executives. The message may even be subliminal, making it even more important (or more dangerous). If you choose your KPIs around marketing-speak such as CTRs, page views, open rates, likes or retweets or if you choose your KPIs around cost or expense language such as cost per lead, cost per attendee, or cost per form, you are positioning yourself and your entire marketing team as "those folks down the hall who do our ads, maintain the website, and make our brochures." That is not necessarily a bad thing, until the company decides to cut costs. Many times in a manufacturing company, marketing is the first thing to be cut. C-suite meetings will always have someone who suggests, “Surely the company can do with less marketing since they (the marketers) are always talking about obscure metrics and cost of this or that.” Without proof that marketing brings in revenue, executives perceive marketing as a necessary expense (read: evil) but don’t appreciate the value of marketing to the business. If your company executives feel this way and you do not like it, it is your own fault. Start talking revenue and stop talking cost. Stop talking about marketing metrics outside of the marketing team. If you want marketing to be perceived as a strategic asset and a partner at the business leadership table, ***make your metrics about revenue***!

In order to implement proper measurement and control, you must have the proper tools in place to capture the critical data you have agreed to measure. It does not do any good to agree on measuring sales pipeline contribution if you are not able to easily capture the data. You should be able to capture and document closed-loop reporting in order to report meaningful metrics. There are hundreds of tools available. Some of the more popular and proven tools are Marketo, HubSpot, Salesforce, and Google Analytics, to name a few.

John Wanamaker, an early proponent of marketing as a way to grow business, coined a famous saying back in the late 1800s: “Half the money I spend on advertising is wasted; the trouble is I don’t know which half.” With a proper measurement system, you will know what is working and what is wasted, allowing you to make adjustments to optimize your resources.

Part 8: Executive Summary

The executive summary is written last, but is placed in the front of the document. Do not try to write the executive summary first, before you put the work in on the entire document. The executive summary should outline a compelling argument and hypothesis that is supported by the data in your marketing plan. Tell the reader why your plan will support achievement of the business goals. Tell it straight, no spin. If you did your job with each of the seven steps, writing the executive summary will be natural and easy.

There are two main purposes for writing a marketing plan:

1. To define, clarify, and agree on your marketing strategy and tactics
2. To convey information to stakeholders

If you are presenting your hard work to an investor or senior executive from whom you desire buy-in and/or support, they will likely only read the executive summary before scanning the rest of the marketing plan. You may be thinking to yourself, “Why should I go through the time and effort to write a proper, comprehensive marketing plan when all I really need is a one- or two-page summary?” See number one above.

If you consider yourself a professional marketer, you must write your marketing plan. If you think you are a professional marketer and you do not have a written marketing plan, then, Sir or Madam, you are no professional marketer. It is well worth the time investment. It is good for your business, your career, and your reputation.

Takeaway Actions:

1. Find out if your manufacturing company possesses a written marketing plan. Ask key leaders where you can find the marketing plan. You may find out there is no plan. In most cases, you will be provided with a spreadsheet or slide deck that is in the category

defined above as not a proper marketing plan. If you are in one of those rare companies that already has a proper, up-to-date marketing plan, rejoice and study the existing plan.

2. If your firm does not have a proper marketing plan, get started and write one using the guidance above along with a textbook as a guide. If you are the marketing leader, it will be easier to initiate this project than if you are lower down the hierarchy. Even if you are lower down the hierarchy, it is a great learning experience to write your own plan. Although writing a marketing plan on your own is the last resort, do not rule it out completely.