

Business planning for owner managers

Marketing for the first time



Small Firms Enterprise
Development Initiative



Sharing Successful Business Practice

The Small Firms Enterprise Development Initiative (SFEDI), established in 1990 as the Small Firms Lead Body, develops competence standards for small business owner managers and for those who provide them with business support and information.

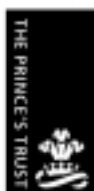
In 1998, SFEDI became a founder partner of the national Management and Enterprise Training Organisation (METO), a government recognised body directed by leaders of commerce, industry and business support.

SFEDI has a major role in increasing the survival and viability of Britain's small firms. SFEDI's main task is to share successful business practice, which will develop owner managers so that their businesses can survive and thrive.

The Owner Manager standards were launched in April 1996 and thousands of owner managers have already profited from them. Starting your own business is a major commitment and the importance of planning to the success of your business can never be overstated. This series of workbooks, developed by Project North East and Shell LiveWIRE, will help you develop a winning business plan and a process to use time after time in the future. It will help you learn the basic skills to start up a successful business, matched against proven SFEDI benchmarks of Owner Manager performance.

At SFEDI, we believe that self-employment should be regarded as a positive career choice and never as a last resort. Owner managers need the same positive, personal development, skills, advice, support and choice of learning as any other forward-looking career option. This programme – "Become a Successful Owner Manager" – is a major contribution to the development of owner managers in Britain and SFEDI is delighted to give it our full endorsement.

This series has been endorsed by The Prince's Youth Business Trust



and is commended by The Prince's Scottish Youth Business Trust



Become a successful owner manager Marketing for the first time

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Small Firms *Enterprise Development Initiative*

"We want to enable everyone involved in the management of an enterprise - from the self employed trader to the MD of a multi-national plc - to receive the best opportunities for lifelong learning, employment, career and enterprise development."

Gordon Roddick
Chairman, Body Shop International plc and
Chairman, METO

Knowing your market

Arguably, the most important function of any business is marketing. To many people marketing just means selling, but it is far more than that. Making a product or being able to provide a service is relatively straightforward. The hard part is ensuring that your potential customers are aware that you exist. It is essential, therefore, to prepare a detailed marketing plan - a plan of action. You need to define your overall marketing objectives, you need to identify your target market and you need to know what "marketing mix" you will use.

Marketing is a business discipline. The Institute of Marketing defines marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably". That sounds rather a mouthful - in simpler words, marketing is about finding and satisfying customers - identifying the need for a product or service and then providing it at the right time, in the right place and at the right price.

Marketing covers all aspects of your business, from defining your product or service to the identification of market opportunities and filling those opportunities at a price which covers your costs and generates a profit.

Most markets are too wide and too competitive for smaller businesses to enter with much certainty of success. So you will have to find a special niche and then cultivate it carefully.

Identifying the market you are really in and having a thorough understanding of it can also ensure that you are alive to changes in technology or customer preferences. Conversely, if you do not understand what you are really providing, you can be overtaken by events.

Be market led¹

Too many businesses start from the product or service they are providing, that is, they are product-led. Whilst sometimes that can be effective, in most cases businesses need to be market-led: they should be looking at, and planning, everything from the viewpoint of the customer, identifying what needs customers are seeking to fulfil when they buy a particular product or service.

The ideal starting point is to define quite precisely the market which you are targeting. A small off-licence may only service the needs of a few dozen streets. A specialist restaurant may have to call on a much larger catchment area to be viable. In what market is, say, Parker Pens? They see themselves in the gift business - so they compete against the likes of Ronson lighters, not Bic biros.

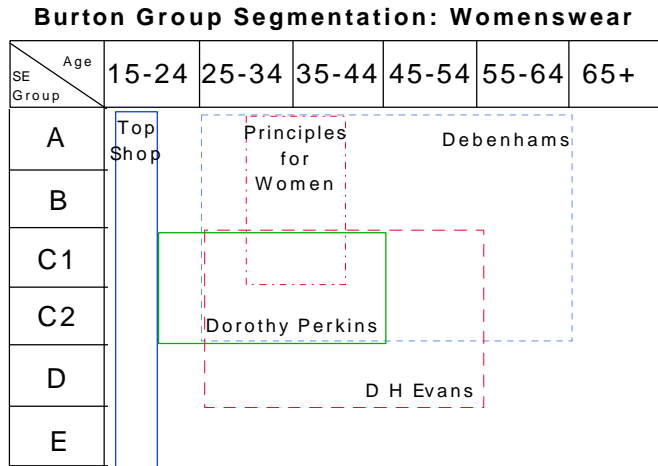
You may eventually decide to sell to different markets. For example, a retail business can service a local area through the shop and a national area by mail order. A small manufacturing business could branch out into exporting.

People often flounder in initial market research by describing their markets too broadly. For example, saying that they are in the motor industry when they really mean second-hand car sales in Gateshead.

¹ A more extensive explanation of researching and defining your market is given in "Market research for the first time", PNE/LiveWIRE, 1996.

It may help you to think about your market by using a technique called *market segmentation*. Start with the big picture and break it into logical segments that differ, for example, in buying habits, buying ability, location, etc.

The Burton Group originally manufactured and sold men's suits through a chain of stores. But in the early 1980s, they started to think carefully about the market and began to segment it by age of purchaser, style, cost etc, and then concentrated on offering well designed, value for money clothes which they marketed carefully. Indeed this was so successful that they eventually stopped manufacturing themselves and now sub-contract it all.



Source: Burton Group Annual Report, 1993

The way they have segmented the market for womenswear is shown in the figure. Apart from Debenhams, a department store, all their shops are focused at a specific, single gender market.

You, too, should segment your market. You do not have to sell to more than one segment. But segmenting the market can help you to define your customers more accurately.



1. Segment your market

Most people find it very difficult to segment the market and define customers accurately, but it will help when you come to think about how you will promote your message to your customers. Define your customers now - as accurately as you can.

Breaking the market into segments helps you to understand the composition of the market, interpret and present statistical information and target the customers most likely to buy your products. The information you collect can be used in designing effective advertising, deciding on a suitable pricing structure, providing the right products, knowing the best location, etc. It will help you to make informed decisions. Usually customers can be profiled by criteria such as age, occupation, home ownership, etc. For example, imagine your product is a luxury item which can only be afforded by certain income groups. Of these, you are only able to supply people in your immediate area. Of these, female homemakers are the main purchasers. They must be able to drive, aged between 20 and 30 and have

no children. It is not long before you have defined a quite precise group for whom a wide range of information is available.

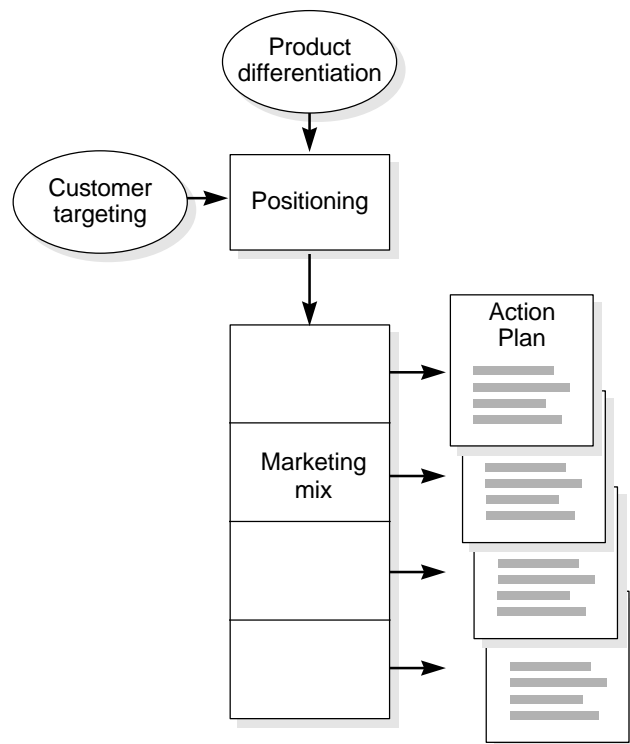
Careful segmentation will help you define your market accurately. But segmentation alone is not enough for a business to be successful. Businesses must offer a top quality product or service; they must differentiate themselves from their competitors; and, most importantly, they must closely match their product or service to the specific needs of their customers.

You will need to decide how to reach your customers, through advertising, point of sale material, etc. This should all be set out in a marketing plan.

The marketing plan

Careful planning increases the chances of successfully accomplishing what you set out to achieve. The principles of good planning can be applied to almost any task and remain the same irrespective of the task. However, the outcome of planning, the plan, can differ according to the nature and purpose of the task.

There are three stages in the process of preparing a marketing plan. The first involves reviewing your overall strategy to confirm the definition of your target customer and decide on the positioning strategy you want to adopt. We will discuss positioning strategy in more detail in a moment but it is generally concerned with how you differentiate your products and services from those of your competitors. The next step is to determine the impact of your targeting and positioning decisions on your strategy for the marketing mix. The marketing mix deals with such issues as product specification and development, pricing policies, delivery systems and promotional activity, and is sometimes referred to as 'the 4Ps'. By this point you will be making decisions that indicate the need for specific action to be taken which, in turn, have implications for the operational resources you will need. The last step is to review these needs and prepare an action plan that states, using 'action oriented' statements, what will be done and when - preferably with allocated responsibilities for each task.



When you have formulated your marketing plan it can be helpful to produce a written document. Actually writing out the plan, and including justification for intentions, will help crystallise your thinking and ensure that you have covered all the important points. If you will be seeking external finance to support your marketing development, any potential backer will insist on a written plan - possibly as part of an overall business plan.

If you take another look at the figure above you will see how the core elements of a marketing plan fit together. They are:

- Description of the products and/or services you intend to sell - what they do, how they work, the customer benefits they offer and how they differ from those of the competition. It may be helpful to incorporate here, or possibly as a separate section, a description and analysis of your chosen market including market size, market structure, competitors and market trends.
- Definition of your target customers including an explanation of why you believe they will buy the products/services - the benefits they seek and the reason why they are likely to choose your products in preference to those of your competitors.
- A section dealing with each element of the marketing mix (see below) stating what you intend to do and why.
- An assessment of the resource implications of your plan - additional people, equipment, etc - noting why you need them and the costs involved.
- Summary action plan timetable.

Just as for any planning exercise of this nature, you will also need to cost your plans and produce a set of financial projections to test the viability of

the plan and enable you to assess the sensitivity of your plan to fluctuations in sales volumes, prices and critical cost areas.

Customer targeting and market positioning

The final outcome of your marketing plan very much depends on your approach to customer targeting and how you decide to position your products or services in the marketplace.

Positioning is a term used to refer to how you want customers to think of your product or service relative to those of competitors. Take as an example the difference between mid-range cars sold by Ford and BMW. In most respects both models of car are similar. Their function is identical—they are both designed to be a mode of personal transport. What makes them different is the pricing structure, styling and, perhaps most importantly, their respective perceived images. Ford want people to think of their mid-range products as affordable cars for the mass of average people, whereas BMW want people to think of their cars as the ‘sensible’ choice for discerning buyers amongst those who are ‘successful’. What each company has done is choose a positioning for the product defined by the target customer group and the means by which the product is differentiated from others.

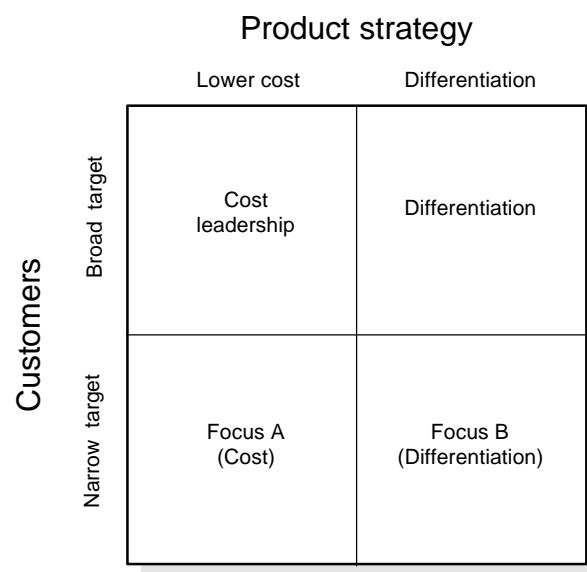
Once you have a feel for your target market and what it is that sets your product or service apart, you can consider which one of what Michael Porter of the Harvard Business School calls generic strategies you intend to adopt.

Businesses face the choice of going for a high volume mass market or a specific market segment or niche. In terms of product strategy, there are two primary choices - cost/price advantage or differentiation.

The combination of these choices leads to four possible positioning strategies, two of which (cost focus and differentiation focus) are very similar because both rely on inherent differences in the target sector.²

In adopting a cost leadership approach a firm aims for high volume competing on price. The intention is to attain market leadership by undercutting all competitors - albeit marginally. That is not to suggest that the product is inferior. To ensure that customers will buy the product it must be of acceptable quality - either close to or as good as those of its competitors.

Successful use of this strategy depends on achieving, and maintaining, a significant cost advantage. The strategy of cost leadership is one that is commonly adopted, though rarely fully achieved. After



² Michael Porter, “Competitive Strategy”, Free Press, 1980.

all, it is difficult to make a reasonable profit unless you have a high volume of sales.

A strategy of differentiation is based on identifying a unique benefit that is highly valued by a substantial proportion of the target market. In this case, businesses differentiate themselves by offering a product which is different, usually by providing greater benefit, and are therefore able to set their prices higher.

Some businesses, however, choose to focus on a particular niche market, product or service specifically adapted to suit the needs of the chosen niche. The difference between this approach and the mainstream differentiation strategy is that it relies on an inherent difference in customer's preferences, attitudes and behaviour in the selected segment compared to the market overall. An example would be the TV market where, outside of the volume sectors of the market, some manufacturers have opted to serve a smaller segment such as the portable sector, or a specialist niche such as the big-screen units used in conference rooms. Here the customer requirements are quite different and cannot be met by minor adaptations of mainstream products.

Businesses which aim for a focused approach, however, are still likely to meet some competition and so need to decide whether, even within narrow target segments, to pursue cost leadership or differentiation.

Look, for example, at the market for personal computers. Many manufacturers attempted to emulate the IBM PC. Two stood out, offering a premium product at a premium price: Compaq and Apple. Apple further differentiated themselves by not even offering a compatible machine, instead focusing on specific market segments, such as educational markets.

Compaq makes an interesting case study³. Having started only in 1982, it achieved annual sales of \$2bn in 1988 selling high quality, premium priced computers. But in 1991 sales fell 9% and net profit dropped by 71%. Compaq then changed strategy to one of cost leadership, ruthlessly cutting its costs and its prices. Compaq price cuts now average 30% per year. As you would expect, its gross profit margin has fallen (from 43% in 1990 to 27% in 1994) but its net profit has risen. Sales reached \$10bn in 1994 with net profit approaching 10%.

Choosing your positioning

Many markets can have different companies each adopting one of the strategies and successfully coexisting. It is very rare for more than one or two businesses to succeed with a cost leadership strategy and, unless a market is particularly large, the same often applies for the high volume differentiation strategy. However, many markets contain small specialist sectors that offer good opportunities to adopt a strategy of focus. This is one of the reasons why, in many cases though by no means all, the focus strategy proves to be the most appropriate for a smaller firm competing in markets where the high volume ground is already dominated by large corporate businesses.

When choosing which of the generic strategies is most appropriate for your market you will need to consider the existing competitor situation: Are they many or few? What strategies have they already adopted (if any)? Do you have a notable advantage over existing players? You will also need to apply

³ The Economist, 2 July 1994.

the results of your research into customer attitudes and behaviour. Are there notable differences which have created obvious niches? Are there indications that it might be possible to create a new niche? Are there any identifiable requirements that are not currently being met which can thus be used as differentiation factors? Of course, markets are dynamic and subject to constant change. As you deliberate on the positioning you feel will be most appropriate, remember to look at the market trends as well as the current situation.

Gary Hamal & C.K. Prahalad point out that strategy has to be about more than simply positioning. Otherwise, businesses are in danger of forever playing catch-up with more foresighted competitors⁴. In other words, positioning should reinforce the overall strategic approach, not be the sole determinant of it.

Marketing objectives

Once you are clear about your target market and about the position you propose to adopt in the market you can begin to define some marketing objectives. The first of these might be the purpose of the business: be as specific as possible regarding the business area in which you will operate, for example, product type, customer groups, market needs, etc; for example:

- To provide toys and games for children under 12 years old.
- To provide an environmentally friendly range of packaging materials for use in the food industry.

This purpose can then be translated into marketing objectives and goals which should:

- be quantifiable - for example:
 - to achieve sales turnover in the first year of £100,000;
 - to achieve profitability of 10% return on sales by year three; and,
 - to achieve market share of 10% by year three.
- be realistic but challenging. Never set objectives that are a product of wishful thinking; and,
- be set in some sort of order of importance. If it is most important to achieve return on sales targets, then subsidiary objectives could be set to help achieve this, for example, to reduce production costs by 10%.

Typical objectives are sales, profitability, sales growth, diversification and market share improvement.

Marketing mix

The marketing mix describes all those aspects of business which happen after production and which combine to market that product. These include product strategy and market development, packaging design and merchandising, pricing, sales promotion, advertising public relations and distribution. Often these are grouped into what are known as the 4Ps - product (used to mean both products and services), price, place and

⁴ Gary Hamal & C.K. Prahalad, "Competing for the Future", Harvard University Press, 1994.

promotion. These four elements are the variables that you can adjust to make you different from your competitors, and thus more attractive to your target customers.

Product

Getting the product or service right is all about making sure it satisfies customers' needs or wants and can be produced and delivered at a profit. There are an enormous number of ways you can make your product different and more appealing. The sort of factors you could consider are: Does it look right, feel right and how well does it do the job? What special features does it have and how do those translate into benefits that customers need and/or want? Is it attractive enough, both visually and functionally, to appeal to sufficient customers (you'll want to sell in reasonable volumes even if you have chosen to adopt a focus strategy) in preference to the offerings from competitors? Is it appropriately and attractively packaged? How reliable is it? Does it meet the expectation of the target market in terms of perceived quality and value for money?

Features are what a product has or is, eg size, colour, attachments, etc.

Benefits are what the product does for the customer.

Feature	Benefit
Leather seats	Comfort
Anti-lock brakes	Safety
Central locking	Security
1400cc lean burn engine	Economy
Catalytic converter	Environmentally friendly
Convertible	Style

It is important to remember that the seller pays for the features and that the customer buys the benefits. So successful marketing of a product involves communicating both features and benefits. Furthermore, those benefits must be worth more to the customer than the features cost you to deliver.

Even if you sell a tangible product, the associated service is a very important part of what customers buy. Service factors to think about include: Is there appropriate back-up? Are the instructions clear? Are you able to offer the sort of delivery, lead-time and installation service the customer requires? Are the payment terms appropriate to customers' needs and wants?

How will you make your business different? There has to be something unique either about you or your product that makes you stand out from your competitors.

It could be something as obvious as being open later, longer. Or it may be a policy, such as the John Lewis Partnership's 'never knowingly undersold' message. In the case of a product, you may be able to manufacture it to a higher quality than competing products.

Markets are dynamic - they do not stand still and customer requirements and expectations change over time. Consequently, you also need to think about trends and their potential effect on future development of your product or service: What are the future trends? What is the potential impact on product or service specification? What needs will customers have in the future? What benefits will they be seeking in tomorrow's products?

You need to be totally clear about what you are hoping to sell. If you cannot describe it easily, then you will have difficulty selling it. Equally, you have to be clear about it before you do your market research.

Once you know what you are selling and to whom, you can match the features of your product (or service) to the benefits that your customers will receive (or perceive that they will receive) when they purchase.

In addition, think about people who are not customers. What are their needs? What benefits are they seeking? Have you missed out on becoming their supplier because of a small mismatch between what you have to offer and what they want to buy?



2. Features & benefits

What are the key features of your product or service? What are the benefits to your customers?

Price

Good pricing policy relies on knowing what customers will be prepared to pay rather than simply working out the cost and adding an arbitrarily chosen mark-up. For example, does it really cost Mars that much more to make and sell their ice-cream bars than the traditional version?

You have to be able to get an indication of typical market pricing by comparing your products with equivalent competitive products as part of your research and this will help you decide where to pitch your prices. The implication of choosing a cost leadership or cost focus strategy is that you should be looking to sell marginally cheaper than any equivalent offering from existing competitors. You may feel it necessary to start even lower to encourage trial but we would recommend you should avoid this if at all possible. It is much easier to reduce prices when it is clearly necessary than push them back up. If you are using differentiation positioning then you need to assess the value customers are likely to attach to the additional benefits they gain from choosing your product or service.

Fixing a price is a juggling act between strategy, costing and cash flow. It is important not to charge too little at the outset, otherwise the income may not cover all the costs and it may be difficult to raise prices later without deterring customers.

It is also important to distinguish between cost and price. Price should relate back to the market research. Businesses need to charge a price which will cover all their costs and also generate a reasonable profit. The price should be the maximum amount that people will pay for the product or service. Businesses should continually seek to reduce costs and improve productivity. Keeping the price high and costs low will, therefore, maximise profit.

Place

Place is used as a synonym for distribution because marketing practitioners wanted a word that started with 'p'. The question of distribution is not just about the method of delivering the product to the customers. It is important to recognise that customers may tend to expect to go to, or look, in certain places when they want to buy products or services of your type. Therefore

sales success also depends on your products or services being available in the right place and/or sold through the right distribution channels.

When setting your distribution strategy, key factors to consider include: What distribution channels already exist in your chosen market? Are there signs of any new approaches to distribution of your type of product or service emerging? Do buyers in the next stage of the supply chain have a preference to buy from a local distribution point? Do buyers of your products or services tend to purchase from distributors, wholesalers, etc, or prefer to deal direct? If buyers of your products and services are disposed to buying the product only from premises that have the right feel, appearance or specific facilities then these could become important factors in choosing your distribution outlets. Are the locations of retail/service outlets or distribution points appropriate to customers' demands for quick response at acceptable cost?

Promotion

There is an old saying along the lines of: the man who makes a better mousetrap will have the world beating a path to his door. This would only be true if he had informed people about his new invention. That is the primary role of the promotion element in the marketing mix. It is about effectively communicating the necessary information to your prospective customers so that they are encouraged to make a purchase decision in your favour. In this context 'promotion' is used to mean all types of informative communication with customers including, advertising, exhibitions, telesales, face-to-face selling, sponsorship, etc.

What is your message and what is the medium? Lord Lever is reported as having said that half the money he spent on advertising was wasted, but no-one could tell him which half. A key element in your marketing strategy has to be what to tell whom and how to tell them it.

You will want to promote your product or service to two groups of people: those who are already customers, to encourage repeat business and those who are not yet customers, though you may need to promote yourself to each in different ways.

For promotion to be effective, you need to know as much as possible about your customers' typical purchase decision making process: How do they go about making purchase decisions? What stages do they go through? At what times? Who or what can influence their deliberations? Based on that information, you can determine what you should say, how to say it, when to say it, and which method(s) of delivering the message to them would be most cost effective.

In much the same way as products and services are designed to meet customer requirements, the method and content of your promotional activity needs to be focused on providing the important information they want. When it comes to making purchase decisions, they want answers to questions like: What will it do for me? Why should I choose this over competing products/services? How do I know I can trust your promises? What do I have to do and/or, where do I go to get it?

What is it about your product or service that is unique? What is it that differentiates your product from those of your competitors? What will encourage customers to buy from you rather than from your competitors? In short, you need to identify your unique selling point (USP) and communicate it effectively to your customers.

Promotional presentation also involves the question of style. It is through choice of style that promotional activity can also be used to influence perceptions of the product or service - the brand image. If you are trying to create a particular image for your product or service, then the style of your promotional activity should reflect that style as closely as possible.

When to promote depends what you are trying to achieve and at which stage the customers are in the purchase decision making process (particularly if it is a lengthy process). For most businesses effective use of promotional and selling activity requires it to be continual from the time the customer recognises the need to make a purchase to the point at which the decision is taken. It becomes more of a question of what should be done at a particular point in time dependent on the stage that the customer has reached.

Whatever the technique, you should remember the advice of David Ogilvy, who is one of the world's top advertising executives: "Advertising which promises no benefit to the customer does not sell - yet the majority of campaigns contain no promise whatsoever."



3. Defining marketing objectives

Set out how you will intend to market your product or service. What are your key marketing objectives? Restate your target customers. How will you address each of the 4Ps? How will you measure the success of your marketing strategy?



4. Setting a budget

Clearly you have to be able to implement your marketing plan within the resources available - both human and financial. Do you have the skills available within the business? Can you buy them in? Assess the cost of what you have proposed. Is it affordable? What would be the effect of cutting the proposed marketing budget? Or increasing it? What is the optimum spend?

Action plan

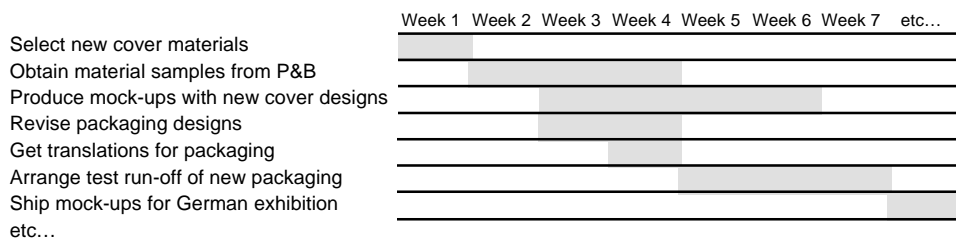
By stating how you intend to deal with each of the 4Ps you will have begun to create a set of task objectives. For example, if you opted for a cost focus positioning you might note under 'product' that, amongst other things, there is a need to add a particularly important feature to your product and also reduce the cost of some aspect of the production process. You may already have some ideas of the way you will tackle the cost reduction point in which case your task objectives stemming from this point will be to investigate the viability of your ideas, test the effect of introducing them and then implement the modified procedures. If you have yet to work out where savings might be made, your task objectives could be to research comparable production processes and then review your process to determine where it may be possible to reduce costs - at which point your objectives carry on with investigating the validity of the ideas, etc. Similarly, with the added feature, your task objectives would be to research customer preferences for the way the feature should be incorporated, produce modified designs to evaluate the effect on product functionality, appearance, etc, build prototypes to conduct final tests and then develop modified production procedures.

Once you are sure that you have covered all of the necessary points you will be in a position to produce your action plan. For each of the points you need to allocate an appropriate amount of time to fulfil each of the task objectives

and set a target deadline. This will help you work out how you can implement the plan as quickly as possible (taking account of the need to keep normal day-to-day operations running smoothly) and will also provide a basis for monitoring progress. Where more than one person will be involved in implementing the action plan, you should endeavour to allocate responsibility for each task to one person - usually the person who has the knowledge, skills and authority to manage the particular task - and agree how they will report back.

You are likely to find that, as with any other form of project planning, there will be some tasks where it either makes sense to complete one before another or one task cannot be started until another has been completed or progressed past a certain point. For instance, in the example used above it would be sensible to make sure that the impact on production procedures of adding the extra feature is fully understood before looking at possible changes to production processes for cost reduction. When you have worked out all aspects of your action plan, you may find it helpful to summarise it in the form of a Gantt chart.⁵

5. Defining the steps



As with every other aspect of starting and running a business it is important to plan. Prepare a Gantt chart describing the activities required for the effective implementation of your marketing plan.

Future developments

Whatever the stage of your business development, looking at the future may be helpful in defining your marketing objectives and your marketing mix.

⁵ An explanation of project planning is available in "Organising yourself", PNE/LiveWIRE, 1996.

The most common objectives are usually to achieve sales and profitability targets in year one and to increase sales and profitability levels in subsequent years.

Bearing this in mind, how can you develop your product, service or customer groups to achieve this business growth?

By examining the matrix shown in the figure you can identify the major classes of growth opportunities.

Product/market matrix

	Existing markets	New markets
Existing products	Market penetration	Market development
New products	Product development	Diversification

Market penetration

This is where you aim to increase sales in current markets by increased marketing effort; that is, encourage existing customers to buy more by advertising, publicity, special promotions, etc. You can also attract competitors' customers by attractive pricing, aggressive advertising, seeking extra distribution channels, etc.

Market development

This is where you introduce current products to new markets; for example, into different regions, countries or a new market segment. This can be achieved by seeking different distribution channels, different media advertising, or offering product ventures that appeal to each new market segment; for example, financial software for banks repackaged for accountants.

Product development

This involves developing an improving product for existing markets; for example:

- Adding new features, highlighting other features or removing some altogether.
- Producing new quality ranges, eg standard, extra and super versions.
- Introducing new models or sizes, eg mini, midi, maxi.

Diversification

This involves identifying opportunities for new products in new markets which will help achieve the business objectives; for example:

- Adding new products which are technologically related to existing products and will appeal to new customers.
- Adding new products which are unrelated to your existing products and might appeal to new customers.



6. Future developments

Once you have got your initial product or service into the market place, how do you intend to develop it and attract more customers?

Conclusion

Producing a marketing plan is crucial. It is the point at which your preparation work is combined to create an action plan with the aim of taking those first important steps towards establishing a presence in your new market. Clearly, care and attention to detail is vital if you are to ensure that you are fully prepared. Producing a marketing plan is a fairly lengthy and detailed process and should not be rushed or treated half-heartedly if the risk of making expensive mistakes is to be avoided.

Nonetheless, you should retain a reasonable degree of flexibility within your plan. It is impossible at this stage to foresee all possible outcomes and, as experience will eventually confirm, there are always those customers who represent a worthwhile opportunity but unexpectedly want something to be slightly different. This is where, as a more adaptable and responsive small firm, you have an advantage. With the ability to adapt and respond quickly you will be in a position to grasp such opportunities where others may miss out.

This booklet has focused on the overall process of preparing a marketing plan and dealt with the key elements it should contain. It should be seen as a guiding reference tool. It will help you monitor what you are doing, who is doing what and when, giving you a direction and a set of goals. You should not regard it as being rigidly prescriptive nor be averse to going back and making any necessary amendments - or even drastic changes - as your familiarity with, and experience of, your market grows.

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Assignments, business plans and NVQs

Have you completed the assignments in this workbook? We hope you have, because by doing so you will have compiled a marketing strategy for your business. This is an integral part of your business plan and, in addition, the assignments provide you with evidence for the NVQ3 Business Planning for Owner Managers (OM3) as shown in the table below. Many banks are now recognising the importance of accredited training and offering reduced commission and reduced loan rates to people who achieve OM3.

Assignment	Business plan	OM3 element	Tick when completed
1	✓	4.2(1)	
2	✓	4.2(1)	
3	✓	1.3(3), 4.2(1), 4.2(4), 4.2(5), 4.3(1), 4.3(4), 4.3(5), 4.3(7)	
4	✓	4.3(6)	
5	✓	4.3(5)	
6	✓	4.2(2)	

Completing the assignments will provide considerable evidence for elements of the NVQ as indicated above. It is possible that your assessor may require further evidence in support.

The authors



Project North East is an enterprise and economic development agency whose purpose is to develop and manage innovative, quality services which offer individuals and organisations the opportunity to realise their potential primarily through the creation and development of business enterprises. Project North East has been writing and running training programmes for people starting in business since 1985 and has been providing further assistance through intensive counselling and through the use of assignments designed to help clients prepare business plans which demonstrate viability and determination.



LiveWIRE, managed by Project North East and sponsored by Shell U.K. Limited, is the national organisation which encourages young people to consider starting their own business as a realistic option and, for those people who wish to pursue that option, it provides support and assistance from start up through to early growth. In all the services it provides, *LiveWIRE* stresses the importance of regular planning, whether formally or informally, as a major requirement for success in running a business.

Become a Successful Owner Manager

This is one of a series of workbooks intended to provide practical information to help you research, develop and implement your business idea. Successful completion of all the assignments will provide you with the information you need for a detailed business plan.

The workbooks are intended to complement a formal programme of training, but will also benefit people who prefer to work on their own or simply with the support of a business counsellor. In addition, with a little extra work, the assignments will provide the evidence required to achieve a National Vocational Qualification at Level 3, Business Planning for Owner Managers.

Marketing for the first time

Marketing for the first time aims to provide a basic introduction to the principles of marketing, essential to the success of any business. You may think that marketing is just another term for selling, but there is much more to it than that, and this book will help you to develop your own marketing plan of action. To help you fully understand marketing, it will help if you read this in conjunction with "Market research for the first time" and "Personal selling made easier".

This book's objectives are:

- ▶ to introduce the marketing plan;
- ▶ to suggest ways of defining marketing objectives; and,
- ▶ to assist in defining the marketing mix with its 4Ps of product, price, place and promotion.

The Series

- ▶ Planning to start in business
- ▶ Unlock your potential
- ▶ Market research for the first time
- ▶ Marketing for the first time
- ▶ Personal selling made easier
- ▶ Organising yourself
- ▶ Organising your business and keeping it legal
- ▶ Financial forecasting for the first time
- ▶ Writing your first business plan
- ▶ Employing people for the first time
- ▶ Book-keeping and financial control



LiveWIRE™