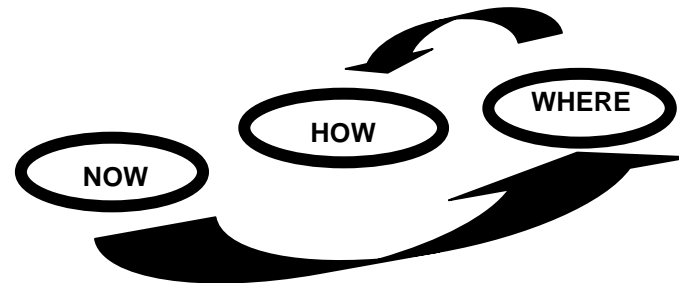


bpisurveys - Article Number 9

How to develop a Strategic Marketing Plan – WHERE

Last month's article addressed the first stage of the planning process – **NOW**. This month's looks at the second stage – **WHERE**.



By the time you have completed the NOW component – the situation analysis – you should have a good understanding of the following:

- An understanding of the key factors in the micro-external environment – their potential impact on your company and the chances of their happening
- An understanding of the key factors in the macro-external environment – their potential impact and the chances of their happening
- Your company's own performance, primarily from your customers' perspective

Armed with this knowledge, you can then consider the impact of these factors on the company's medium and long-term future. And whilst the definition of long-term will depend on the market that you are in, five years is a good average.

Yet who could honestly claim that even if they had a strategic business plan on paper in 1999, that they haven't made substantial departures from it? And if that's the case, why bother with a strategic plan at all? But the reality is that it's much easier to change direction in response to unforeseen circumstances if you know what direction you were heading in in the first place.

When considering the WHERE component of the business plan, the first thing you need to define is what is meant in this context by such words as "Objective", "Goal" and "Strategy".

What's an Objective?

For an "Objective" to be regarded as such, it must be a **SMART** one – that is, it must be **S**pecific, **M**easurable, **A**chievable, a **R**esult and **T**ime-related. Most objectives I come across do not conform to these five criteria, the most common shortcoming being that the "Objective" is an activity, not a **Result**. "We will improve the level of customer service" is merely an activity and

expressed in these vague terms, it would be impossible to know when it had been achieved or to monitor progress towards its achievement.

What's a Goal?

A goal is the ultimate objective – to land a man on the moon, to reach the summit of Everest, to reach a Trading Profit of \$10 million. It also conforms to the **SMART** criteria. Since there will be many subsidiary objectives to be achieved on the way towards the goal, the goal becomes the collective noun as it were for a number of objectives.

What's a Strategy?

A strategy is the means by which an objective is achieved. It is the HOW component of the business plan. The problem is that “One man's strategy is another man's objective”.

Let's suppose that your company has as its goal a doubling of profit by the completion of the fifth year of the Five-Year Plan. One strategy for achieving this might be to increase revenue by 75% over the same period. The Sales Manager would convert this strategy into one or more objectives. One objective might read – “to increase exports by 150% over the next five years” In turn, this objective might generate a number of strategies such as the development of new products or establishing an alliance with a local distributor in each of the target markets. The New Product Development Manager would then take the former strategy and turn that into an objective together with the strategies to achieve it. Thus by sticking with these precise definitions of “goal”, “objective” and “strategy”, every objective and strategy is aligned behind the achievement of the goal.

Opportunities for growth

It's simple and it's effective – using the Growth Opportunities Grid to determine the WHERE. Developed by Igor Ansoff, the grid is based on the observation that when it comes to growing sales organically there are only two variables to play with – markets and products.

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

THE GROWTH OPPORTUNITIES GRID

A mix n' match process produces four basic alternatives and one way in which to use this model to determine the WHERE is to ask the rhetorical question – “Recognising the changes that we predict will take place in the macro and micro environments, what will be the result of following a strategy of market penetration – ie maintaining the status quo. I did this exercise with a company recently and the answer was that over five years, profit would grow by 4% - so it didn't take long before other higher risk options were being considered. By combining strategies of product and market development, we ended up setting a goal of a 60% increase in profit.

Occasionally environments are sufficiently unfavourable that inorganic methods of revenue growth are considered like acquisitions and mergers but for most SME's following the Growth Opportunities Grid will produce plenty of options.

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