

EXERCISES

The first exercise enables you to make an objective analysis of your company's marketing planning process. If you choose, you can then take matters further by working out in what ways the planning process might be improved.

The second exercise helps to clarify an often misunderstood issue, that of the company's mission statement.

The third exercise explores the extent to which your company is receiving the benefits that are usually attributed to a marketing planning process.

The final exercise will enable you to plot your company's position on the 'survival matrix'. There are several benefits to be derived from knowing this:

1. It infers the relation between your company's focus on long-term versus short-term issues.
2. It can be a powerful means of communicating to your colleagues that all might not be well in the company.
3. It provides an unambiguous message about what the company needs to address for future survival.

Exercise 2.1 The marketing planning process questionnaire

This questionnaire enables you to make an objective assessment about the marketing planning process in your company. It is designed to enable you to take a 'helicopter view' of the way your company does its planning and then to home in on the areas where improvements can be made. This approach will also enable you to identify information gaps that might be unknown to you at present.

Although care has been taken to use generally accepted terminology in the wording of this questionnaire, there will always be the company that uses different words. For example, when we talk about return on investment (ROI), other companies might well use other expressions or measures, such as return on capital employed, etc.

With this caveat in mind, please respond to the questionnaire by putting a tick against each question in one of the four columns provided.

Section 1 Corporate issues

1. Is there a corporate statement about:
 - (i) The nature of the company's current business mission?
 - (ii) Its vision of the future?
2. Is there a target figure for ROI?
3. Is there a corporate plan to channel the company resources to this end?
4. Are there defined business boundaries in terms of:
 - (a) Products or services (that will be offered)?
 - (b) Customers or markets (to deal with)?

Yes	No	Don't know	Not applicable

(Continued)

- (c) Operations facilities?
- (d) Distribution facilities?
- (e) Size and character of the workforce?
- (f) Sources and levels of funding?
- 5. Are there objectives for promoting the corporate image with:
 - (a) The stock market?
 - (b) Customers?
 - (c) The local community?
 - (d) The employees?
 - (e) Environmentalist/conservationist lobby?
 - (f) Government departments?
 - (g) Trade associations, etc.?

Section 2 Strategic issues

- 1. Is there a marketing plan?
- 2. Is it compatible with the corporate plan?
- 3. Does it cover the same period?
- 4. Is the marketing plan regularly reviewed?
- 5. Is the plan based on an assessment of market potential and past performance?
- 6. Will the plan close the 'gap' if carried out?
- 7. Is there a marketing plan by product/service?
- 8. Do relevant managers have a copy of the marketing plan?
- 9. Are the following factors monitored in a regular and conscious way, in terms of how they affect the company's business prospects?
 - (a) Business environment
 - (i) Economic factors?
 - (ii) Political/legal factors?
 - (iii) Fiscal factors
 - (iv) Technological developments?
 - (v) Social/cultural factors?
 - (vi) Intra-company issues?
 - (b) The market
 - (i) Trends in market size/growth in volume and in value

Yes	No	Don't know	Not applicable

	Yes	No	Don't know	Not applicable
(ii) Developments/trends in product use, product demand, product presentation, accessories and substitutes				
(iii) Developments/trends in prices, terms and conditions and trade practices				
(iv) Developments/trends in physical distribution, channels of distribution, purchasing patterns, stockholding and turnover				
(v) Developments/trends in communications, use of sales force, advertising, promotions, exhibitions, the internet				
(c) Competition Developments/trends of competitors, their marketing strategies, their strengths, their weaknesses, new entrants, mergers/acquisitions and their reputation				
(d) The industry				
(i) Activities of trade association(s)				
(ii) Inter-firm comparisons				
(iii) Industry profitability				
(iv) Investment levels of competitors				
(v) Changes in cost structure				
(vi) Investment prospects				
(vii) Technological developments				
(viii) Sources of raw materials				
(ix) Energy utilization				
Section 3 SWOT analyses				
1. Is there someone (individual or group) responsible for converting the analysis of factors in Section 2 into a summary which highlights:				
(a) The company's principal strengths?				
(b) The company's principal weaknesses (in terms of relating to external opportunities/threats)?				
2. Does this person(s) have access to the necessary information?				
3. Is this person(s) sufficiently senior for his or her analysis to make an impact?				

(Continued)

4. Is the organizational climate such that a full and accurate analysis is seen as a striving for improvement rather than an attack on specific departments or vested interests?

Section 4 Assumptions

1. Is there a set of assumptions around which the marketing plan is formulated?
2. Are these assumptions made explicit to senior company personnel?
3. Do they cover:
 - (a) The business environment?
 - (b) The market?
 - (c) The competitors?
 - (d) The industry?
4. Are the assumptions valid in the light of current and predicted trading situations?

Section 5 Marketing objectives/strategies

1. Are the marketing objectives clearly stated and consistent with the corporate objectives?
2. Are there clear strategies for achieving the stated marketing objectives?
3. Are sufficient resources made available?
4. Are all responsibilities and authority clearly made known?
5. Are there agreed objectives about:
 - (a) The product range?
 - (b) The value of sales?
 - (c) The volume of sales?
 - (d) Profits?
 - (e) Market share?
 - (f) Market penetration?
 - (g) Number of customers and retention levels?
 - (h) Introducing new products/services?
 - (i) Divesting of old products/services?
 - (j) Organization changes to:
 - (i) Develop company strengths?
 - (ii) Reduce company weaknesses?

Yes	No	<i>Don't know</i>	<i>Not applicable</i>

Section 6 Monitoring evaluation

1. Is the planning system well conceived and effective?
2. Do control mechanisms exist to ensure planned objectives are met?
3. Do internal communications function effectively?
4. Are there any problems between marketing and other corporate functions?
5. Are people clear about their role in the planning process?
6. Is there a procedure for dealing with non-achievement of objectives?
7. Is there evidence that this reduces the chance of subsequent failure?
8. Are there still unexploited opportunities?
9. Are there still organizational weaknesses?
10. Are the assumptions upon which the plan was based valid?
11. Are there contingency plans in the event of objectives not being met/conditions changing?

Yes	No	Don't know	Not applicable

Scoring and interpretation for Exercise 2.1

1. Add up how many ticks were listed under 'not applicable'. It is our experience that if there are more than eight ticks, then some aspects of planning that are covered by most companies are being avoided. Reappraise those items you initially ticked as 'not applicable'. Try getting a second opinion by checking your findings with colleagues.
2. Look at those items you ticked as 'don't know'. Find out if those activities are covered in your company's planning process.
3. Having ascertained what is and what isn't done in your company, list:
 - (a) the *good* things in your company's planning process
 - (b) the *bad* things about it.
4. Make a note, in the space on page 60, or on a separate sheet of paper, of ways in which you think the planning process in your company could be improved.

(Continued)

Personal notes

Exercise 2.2 The mission statement

The following should appear in a mission statement:

1. *Role or contribution*: 'Profit' (specify), or 'Service', or 'Opportunity-seeker'.
2. *Business definition*: this should be defined in terms of the benefits you provide or the needs you satisfy, rather than in terms of what you do or what you make.
3. *Distinctive competence*: what essential skills/capabilities/resources underpin whatever success has been achieved to date? (Note: These factors should not apply equally to a competitor, otherwise there is no distinctive quality about them.)
4. Indications for the future: what the company *will* do. What the company *might* do. What the company will *never* do.

Questions

1. To what extent does your company's mission statement meet the criteria listed above?
2. If you do not have a mission statement, try writing one, following the guidelines provided here. Try it out on your colleagues and see if they agree with you or if they can find ways to improve on what you have written.

Scoring and interpretation for Exercise 2.2

Use the following to gauge whether you feel you and your colleagues have developed a mission statement that is of real value:

- What values are true priorities for the next few years?
- What would make me professionally commit my mind and heart to this vision over the next five to 10 years?
- What is unique about us?
- What does the world really need that our company can and should provide?
- What do I want our company to accomplish so that I will be committed, aligned, and proud of my association with the institution?

Exercise 2.3 The benefits of marketing planning

What follows is a list of the benefits of marketing planning. With your company in mind, score each benefit by means of the scale given below.

0	1 2 3	4 5 6	7 8 9	10
<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	<i>Most of the time</i>	<i>Always</i>

- | | |
|---|-------|
| 1. Our approach to marketing planning ensures that we get a high level of coordination of our various marketing activities | ..... |
| 2. Our marketing planning process enables us to identify unexpected developments in advance | ..... |
| 3. Because of the way we approach marketing planning, there is an increased readiness for the organization to change in response to the issues 'flagged up' | ..... |
| 4. When we are faced with the unexpected, our marketing planning process minimizes the risk of non-rational responses | ..... |
| 5. Having a marketing plan reduces the conflicts between managers regarding 'where the company should be going' | ..... |
| 6. Our marketing plan improves communications about market-related issues | ..... |
| 7. Because of our marketing planning process, management is forced to think ahead systematically | ..... |
| 8. Having a marketing plan enables us to match our resources to opportunities in an effective way | ..... |
| 9. Our marketing plan provides us with a useful framework for a continuing review of progress | ..... |
| 10. Our marketing planning has led us to develop more profitable marketing strategies | ..... |
| TOTAL | _____ |

Scoring and interpretation for Exercise 2.3

The maximum score for the exercise is 100. Check your scores below.

81–100: Marketing planning is really paying off in your company

61–80: You are not receiving the benefits you should be receiving.

What's getting in the way? (Exercise 2.1 might give some clues.)

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- 41–60: You appear to be moving along the right lines, but there is still a long way to go.
- 0–40: Either your marketing planning process is inadequate, or your company is not really trying to make marketing planning work.

Before you tackle this exercise, it is important to remember that profitability and high market growth are nearly always correlated. In other words, the higher the market growth, the higher the profitability.

This phenomenon can sometimes obscure the fact that a company that appears to be doing well can still be losing ground in comparison with its competitors. While apparently thriving, it is in fact dying slowly. The crunch comes when the erstwhile buoyant market growth slows down, and the other companies demonstrate quite clearly their superior performance.

Exercise 2.4 Survival matrix

Instructions

Before coming to the matrix, please respond to the following statements by scoring them as follows:

0	1 2 3	4 5 6	7 8 9	10
<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	<i>Most of the time</i>	<i>Always</i>

- | | |
|--|-------|
| 1. When it comes to recruiting salespeople, we seem able to pick the best candidates in the job market | ..... |
| 2. The training we provide for salespeople is second to none | ..... |
| 3. Our salespeople consistently meet or exceed their sales targets | ..... |
| 4. Compared with our competitors, our salespeople have a better image | ..... |
| 5. We actually have the most appropriate number of salespeople employed | ..... |
| 6. Our sales staff are clear about the role they are expected to play | ..... |
| 7. Our sales managers are very good motivators | ..... |
| 8. Territory planning is a strong point of our sales force | ..... |
| 9. The sales force has a good conversion rate in terms of number of visits per order | ..... |
| 10. Our sales force is reasonably stable, i.e. there is not a labour turnover problem | ..... |
| TOTAL | _____ |

Scoring and interpretation for Exercise 2.4

Enter the sales force effectiveness score on the vertical axis on the matrix (Figure 2.16) and then draw a horizontal dotted line across the matrix. Take the marketing benefits score from Exercise 2.3 and enter this on the horizontal axis of the matrix. Draw a vertical dotted line up from this point. Where the two dotted lines meet is where you position your company on the survival matrix.

This book, however, does not deal specifically with key account planning, which is spelled out specifically in another book by one of the authors.¹⁵

Questions

1. What are the implications for your company?
2. What actions might be required if improvements are needed?

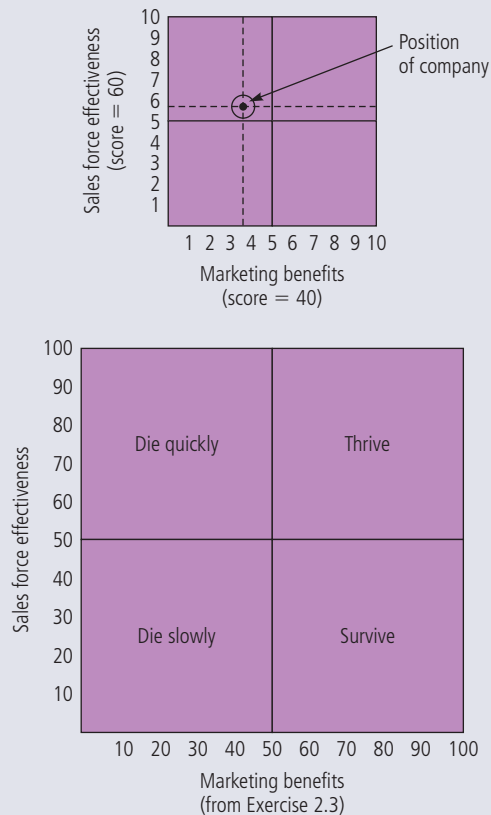


Figure 2.16: Survival matrix.