

Examples of marketing plans

Introduction

The marketing plans produced here are intended solely to provide readers with a variety of ideas about the process and content of a strategic marketing plan. They are not intended to be perfect examples. Rather, they are real plans produced by real organizations struggling to produce their first serious effort to move from turgid long-range forecasts and budgets to something more sophisticated. The names and data, of course, have been changed to protect confidentiality.

We recommend that you read through all of them, as each one has its own merits (and faults). All, however, exemplify many of the processes and ideas contained in this book.

Contents

1. Alison, Hazlewood and Partners – Solicitors
2. Steadfast Design Corporation – Design and purchasing
3. Wilcox and Simmonds – Project management
4. Moritaki Computers (UK) Ltd – Computer consultancy.

Alison, Hazlewood and Partners*

Introduction

Alison, Hazlewood and Partners are solicitors based in the Home Counties to the west of London. The firm was started by the original Mr Alison, who later took on Hazlewood as a partner. It was run as a family business until several decades ago, when the sons of the original partners retired. Thus, despite the name, there is no longer an Alison or a Hazlewood featured among the partners.

The firm is situated in an imposing listed building, just off the high street of a thriving town, and has experienced steady, if unspectacular, growth over the years. At present there are six partners and 14 fee earners, together with the necessary back-up secretarial staff.

Like many of its contemporaries, the firm has tended to be reactive in its approach to business. Local reputation and word of mouth seemed to ensure that enough clients crossed the threshold and generated fees.

However, the turbulent times in which we live have caused the partners to reappraise whether or not the firm would remain viable by retaining such a traditional stance. The outcome of their deliberations was that the firm should have a marketing plan, something entirely new for them.

Lacking the expertise to do this themselves, they approached a consultant. What follows are, in essence, the key components that went into their strategic marketing plan.

Three-year strategic marketing plan

1. Mission statement

- (a) *Definition of the business* The firm's aim is to ensure that clients are treated in an attentive and personal manner, and that their legal problems are handled speedily and accurately.

Internally, the firm aims to provide satisfying and fulfilling work for all who work here, directed to a profitable business.

- (b) *Distinctive competence* We believe our ability to produce good quality work for our clients, at a reasonable price, in a friendly manner is something that sets us apart from our competitors. As firms become larger and more impersonal, our approach will become even more important.

*Alison, Hazlewood and Partners will not be found in any directory, because the name is fictitious. The real company preferred to remain anonymous, and even then in order to safeguard its identity, some of the business information has been changed from the original.

For similar purposes, fee incomes for various parts of the business are expressed as percentages rather than actual figures.

Having said this, the marketing plan which follows is an accurate representation of the diagnostic process which was used.

- (c) *Indications for the future* A more business-like approach must be taken to finding new clients and winning new business. However, growth will always go hand in hand with our developing capabilities, not pursued as an end in itself.

We will invest in the development of our staff and attempt to recruit people of high calibre and potential. In doing this we will develop new competencies and thereby broaden the range of services we can offer, and boost productivity and profitability.

2. Summary of performance

- (a) *Fee income* In the last year this was generated as follows:

Trusts, wills and probate	30%
Family	40%
Conveyancing	22%
Commercial	8%

More significantly, in terms of growth or decline, three years ago these business areas looked like this:

Trusts, wills and probate	36%
Family	30%
Conveyancing	30%
Commercial	4%

This shows that Trusts, wills and probate work is slightly reducing. Family is exhibiting quite substantial growth, as is Commercial. In contrast to this, Conveyancing is reflecting the downturn of the housing market.

- (b) *Profitability* It is not possible to calculate the profitability of the different types of work, because systems do not exist to allocate costs with any degree of accuracy. This is something which will be addressed in the next financial year.

3. Financial projections

Average growth in recent years has been in the order of 10%. However, this was achieved by passive, evolutionary growth and is, therefore, far less than might be expected with a more focused, business-like approach.

Accordingly, financial projections over the next three years aim for a 15% growth in fee income each year.

This marketing plan will indicate how this level of growth will be achieved.

4. Market overview

- (a) Segmentation of customers and markets

Clients for the products offered by the firm could be described thus:

Trusts, wills and probate	Private clients, mainly socioeconomic classes A and B.
Family	Private clients, mainly A, B, C1 and C2 classes, mainly divorce related.
Conveyancing	Private clients, mainly domestic, but some retail. Some local property developers.
Commercial	Local firms and some private clients.

From this information, clients of the firm as a whole could be summarized as follows:

1. Private clients (generally wealthy)
2. Private clients (with domestic problems)
3. Property developers
4. Local companies.

The potential for growth in fee income between these four categories varies quite significantly, and goes some way towards explaining the relative growth and decline of some parts of the business.

1. *Private clients* On the whole this group is reluctant to meet large legal bills unless their particular circumstances merit it. However, a large number of people, by dint of owning property, have a sufficiently sized estate to make it worth their while making a will. This market is unknown in size locally, but must be considerable, especially in high-value neighbourhoods.

At another level, divorce and other family matters show no signs of being on the decrease. Indeed, more legislation, such as the Children's Bill, can provide new areas of work.

2. *Property developers* At present this group is not very productive, but if the housing market is experiencing a cyclical downturn, they could feature prominently again.
3. *Local companies* These fall into two categories:
 - (i) *Successful ones* Here the work is concerned with contracts, intellectual property, and the like.
 - (ii) *Unsuccessful ones* Here the work is involved in failure to meet contracts, insolvency, etc.

While short-term growth can be expected from the latter category, the firm's long-term interests are best met by cultivating relationships with successful local companies.

5. Changes in the market

A General

- (a) *The Courts and Legal Services Bill* will have an impact on the market in four ways:
 - (i) Banks and building societies will be able to do conveyancing work.

- (ii) Trust corporations will be allowed to do probate work.
- (iii) Barristers will be able to operate from firms of solicitors.
- (iv) Lawyers can defer their fees in certain cases and take an increase at the end of the case, if they are successful. (A form of payment by results.)

Of these, only item (i) is likely to impact on us. Even so, banks and building societies have yet to establish credibility in this area.

(b) *European developments* This can affect us in two main areas:

- (i) Giving general advice on European law.
- (ii) Legal work arising from cross-border commercial business.

This will require us to develop new expertise.

(c) *The legal industry* There is a growing tendency for large city firms to expand by acquisition or planned growth, and set up offices in strategically situated localities. Such firms can offer a wide range of services to their clients, by having specialists in all fields.

B Local

(a) It is rumoured that a small local firm is going to close on the imminent retirement of the senior partner. The only other partner is in ill-health.

We can expect to pick up a proportion of the business which at present goes to this practice.

6. SWOT Analysis on key business areas

Trusts, wills and probate

(a) Critical success factors

These are as follows:

Personal service and aftercare	(40%)
Quality of advice	(40%)
Promptness of service	(15%)
Standard of presentation of documents	(5%)

The relative importance of these factors is shown in parentheses. Comparing us with our three main competitors in our catchment area, we come out as shown. (Raw scores are given out of 10 and multiplied by the above weighting.)

	AH & P	COMP A	COMP B	COMP C
Personal service	3.6	3.6	2.0	3.2
Quality	2.8	3.6	3.2	2.8
Promptness	1.2	0.75	1.2	1.2
Presentation	0.4	0.4	0.4	0.4
	8.0	8.35	6.8	7.6

Using this comparison, in absolute terms we come second best to Competitor A. However, closer analysis shows that it is only on quality of advice where we fall down, something which can be remedied.

(b) *Opportunities and threats*

Apart from the obvious threat posed by needing to match Competitor A on quality of advice, other authorized practitioners will be allowed to work in this area. Opportunities centre on making other clients aware of our service and reputation. This can be achieved by cross-referral.

There is an untapped potential among those in high property value households and the elderly without wills.

(c) *Key issues to be addressed*

- (i) What action is required to improve quality of advice? For example, shall we 'buy in' expertise or develop it ourselves?
- (ii) What is the realistic level at which to target this sector of business so that it doesn't compete for resources from other parts of the firm?

Family

(a) *Critical success factors*

Most of this work centres on divorce. There are two critical factors:

- (i) The client must have absolute confidence in the firm's representative (60%).
- (ii) The firm must have experience and a good reputation (40%).

Again, the relative weighting of these factors is shown in brackets. In comparison with our main competitors, we emerge as shown.

	<i>AH & P</i>	<i>COMP A</i>	<i>COMP B</i>	<i>COMP C</i>
Confidence	4.8	4.2	4.8	4.2
Experience and reputation	3.2	2.8	2.8	3.2
	8.0	7.0	7.6	7.4

In overall terms we rate the best and are not surpassed on these two factors by any competitor, although some are equally as good as us on one or the other.

(b) *Opportunities and threats*

Opportunities stem from new legislation, mainly associated with the Children's Bill. Issues concerned with international marriages could also be a growth area.

The main threat is the unwillingness of private clients to meet the ever-increasing fee levels this sort of work generates.

(c) *Key issues to be addressed*

We need to take measures to increase the amount of work referred from other departments.

We need to look for means of reducing costs.

Conveyancing

(a) *Critical success factors*

By far the most important factor is speed, for time equals money. However, there are other factors, as shown here. Again, weightings are in parentheses.

- Speed (80%)
- Quality of service (15%)
- Personalized service (5%)

	<i>AH & P</i>	<i>COMP A</i>	<i>COMP B</i>	<i>COMP C</i>
Speed	7.2	7.2	5.6	5.6
Quality	0.9	1.2	1.35	1.2
Personalization	0.4	0.3	0.35	0.35
	8.5	8.7	7.30	7.15

In overall terms, we come second to Competitor A, against whom we fall down on quality. In fact, our quality score is the lowest of all the competing firms.

In contrast to this, our personalization score is the highest, and nobody actually beats us on speed.

We must improve quality.

(b) *Opportunities and threats*

The downturn of the property market is the most obvious threat, although there are some signals that an upturn might be expected.

Banks, building societies and ‘other authorized practitioners’ can now do conveyancing work. We will have to monitor to what extent their entry affects the market, especially in terms of the prices they charge for the service.

Opportunities exist for providing more ‘insolvency advice’ for hard-pressed mortgage payers. Also, cross-referencing from family clients could provide new prospects, e.g. when one partner of a divorce seeks to move to a new property.

(c) *Key issues to be addressed*

We must monitor the effect of new ‘players’ in this sector.

We must cross-reference prospective clients.

We must get a more accurate assessment of how many conveyances can be expected in the local market, thereby gaining insights about our market share.

Commercial

(a) *Critical success factors*

The overriding priority in this sector is high-quality service and having equally high-quality staff. However, other factors also come into play, as shown below, and they are weighted accordingly:

High-quality service	(30%)
Highly competent staff	(30%)
Speed of service	(15%)
Price/value for money	(15%)
Location (accessibility)	(5%)
Flexibility/capacity	(5%)

	<i>AH & P</i>	<i>COMP A</i>	<i>COMP B</i>	<i>COMP C</i>
Quality	2.1	2.7	2.1	2.4
Staff	2.1	2.7	2.1	2.4
Speed	1.2	1.2	1.2	1.2
Price	0.9	1.2	0.9	1.2
Location	0.5	0.4	0.5	0.4
Flexibility	0.3	0.5	0.3	0.4
	7.1	8.7	7.1	8.0

We do not compare favourably with our main competitors. We are not sufficiently professional in terms of the quality of work and staff, nor do we have the flexibility/capacity to respond to sudden and unusual requests.

However, we are favourably located and easy to reach, and the speed of our work is not bettered.

(b) *Opportunities and threats*

The main threat stems from potential clients going to larger, more commercially oriented firms. However, to offset this, there are advantages in having local, readily accessible advice – if the quality is right.

Another opportunity is the wider recognition of clients of the potential pitfalls associated with the opening of European markets, and the all-pervading EU law.

(c) *Issues to be addressed*

This work has just evolved in the past and no serious attempt has been made to develop the expertise and capacity, or to make our capabilities known to local industry and commerce. We should be clearer about what we offer, and to whom.

Even within individual client companies, there are different legal requirements according their different functional departments.

For example:

Functional area	Legal requirements
Finance	Capital and project finance deals Corporate tax
Marketing	Property leasing Covenants Franchise agreements
Product development	Intellectual property (patents and copyright)
Purchasing	Contractual arrangements
Production	Employment issues Safety legislation Environmental issues Compliance
Distribution	Contracts Consumer protection

In addition to these, there are legal requirements associated with diversification, mergers and acquisitions, and international trading.

This wide diversity of potential legal requirements poses additional problems, in terms of:

- (i) Should we focus on just one or two legal areas and attempt to develop a reputation as local 'specialists'?
or
- (ii) Should we exploit all of our commercial contracts and try to broaden our areas of contact in each one, i.e. become something of a 'one-stop legal shop'?

Either decision can have far-reaching consequences for the way this part of the firm develops.

7. Product portfolio and directional strategy

Considering the firm's main business areas in terms of how they match up with its relative strengths and market attractiveness, it is possible to construct a directional policy matrix as shown below.

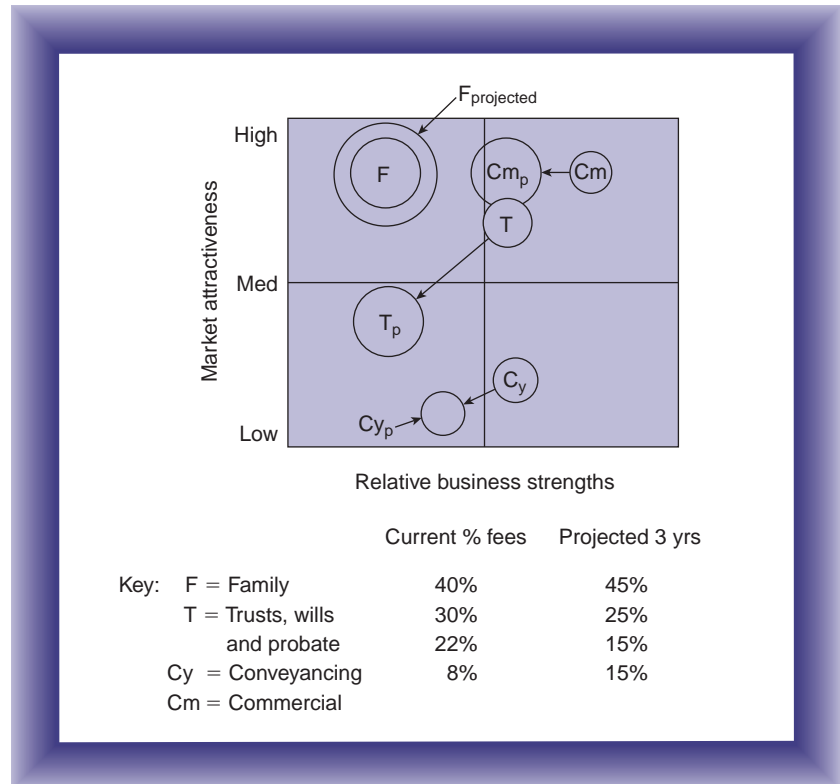
The factors which were taken into account in calculating the positions on the matrix are as follows:

- Relative business strengths
 - Reputation/successful track record
 - Quality of staff
 - Capacity
 - Personalization of service

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- Market attractiveness
 - Prospects for continued growth
 - Not unduly price sensitive
 - Geographically close
 - Lacking own legal expertise.

The reasons for the projected trends come out of the SWOT analysis:



Family	Still a growth area, especially with more proactive stance.
Trusts, wills and probates	Competition from 'authorized practitioners' makes it less attractive.
Conveyancing	Depressed housing market and competition from banks and building societies make the market less attractive.
Commercial	Proactive stance plus improved capability should improve our business strengths.

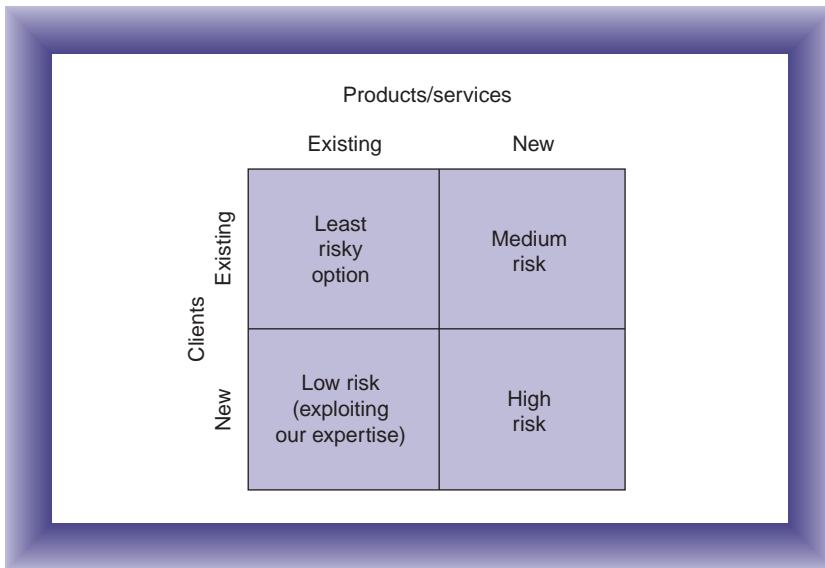
In terms of generating funds, the directional policy matrix indicates that Conveyancing and Trusts, Wills and Probate will need to be 'milked' to finance expansion of Commercial business.

Family will also need some investment, but will be largely self-financing.

8. Marketing stance and objectives

Broadly speaking, our marketing objectives are concerned with what products/services go to which clients. Therefore, the options open to us can be represented by the following diagram:

Using this framework:



Trusts, wills and probate	Existing services to existing and new clients
Family	Existing services to existing and new clients
Conveyancing	Existing services to mainly new clients
Commercial (mixture of)	Existing services to new clients and new services to existing clients.

Thus, overall, our marketing objectives do not entail high levels of risk, except for part of the commercial business. However, since this is a relatively new area for the firm, some experimentation, hence risk, is only to be expected. Our safeguard here is the analysis we have applied to this sector, which ensures that our stance is as realistic as possible.

Overall, the objective is to increase fee income by 15% p.a. for the next three years.

Taking the business sector by sector, here is a more detailed record of what we aim to achieve.

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(a) Trusts, wills and probate

Objectives To manage the sector so that it is contributing 25% of fee income in three years' time. This represents an 8% increase from the current level in real terms.

Assumptions There will be no significant changes in either legislation or competition, other than that already mentioned earlier.

Strategy To gain clients from those who are already using other services of the firm. This will require a selective analysis of clients in order to identify the 'right' ones.

To redesign the brochure for this service, emphasizing client benefits. Have copies prominently displayed in reception.

To contribute articles, advice columns, etc. to local newspapers as a means of advertising.

To distribute brochures to local accountants and financial advisers so that they can recommend us.

To develop/reinforce staff in order to improve the quality of our advice, and hence our competitive position.

(b) Family

Objectives To manage this sector so that it is contributing 45% of fee income in three years' time. In real terms, this means a 28% increase on today's income.

Assumptions No significant players enter the local market over the strategic time-frame.

Strategy Keep fees at the lower end of the competitive range for divorce matters by reducing costs. This means increasing the number of clients as the main means of increasing income.

This will be achieved by:

- (i) Encouraging satisfied clients to recommend us
- (ii) Local advertising
- (iii) Increasing and publicizing our ability to handle new children's legislation
- (iv) Maintaining our differential advantage over competing firms. High fees can be charged for this new children's legislation.

(c) Conveyancing

Objectives To manage this sector so that it contributes 15% of total fee income in three years' time. With the targeted growth of 15% p.a. overall, this means that, in real terms, fee income has to be maintained at its current level.

Assumptions That the recession in the housing market has bottomed out and will not get worse. Also, that some business will be taken by banks and building societies.

Strategy To cross-reference suitable clients who are using other services.

To develop/maintain good relationships with local builders and estate agents.

To charge fees at the top end of the competitive range.

To advertise in local newspapers at a modest level.

(d) Commercial

Objectives To manage this sector so that it contributes 15% of total fee income in three years' time. In real terms, that means that this sector has to increase 23% on the current level.

Assumptions None of our immediate competitors will develop faster than ourselves. Large commercial law firms will concentrate on high potential earning jobs (which would be too big for us).

Strategy To target our marketing effort on all small to medium-sized commercial organizations that are successful, within easy reach, and have no 'in-house' legal expertise.

To gain introductions by running half-day seminars about pertinent legal issues.

To develop a brochure and good quality supporting promotional material.

To use cross-referrals from clients using our other services.

To price very competitively to win initial assignments, and then to exploit contacts and other departments in client companies to acquire additional work.

Footnotes

1. Information systems

In order to enable cross-referencing and analysis of existing clients to take place, our internal systems need to be modified.

Equally, in order to control costs, it is important to know exactly how staff allocate their time. This means setting up an effective management control system.

Both of these initiatives should begin as soon as possible.

2. Review

As this is our first attempt at producing a marketing plan, it is essential that progress after the first year is reviewed critically, and any deviations from the expected are analysed and understood.

By building in such a rigorous review procedure, our future planning will become increasingly accurate.

Steadfast Design Corporation

Background information

SDC is a long-established and successful company providing design and purchasing services, mainly to the building industry. It operates in five main building markets: Industrial, Offices, Retail, Private residential and Leisure (sports centres and hotels).

The company originated in the Midlands and has a head office in Birmingham. However, it operates throughout the mainland UK and has regional offices in Birmingham (Midlands and Wales), Stockport (North and Scotland) and Basingstoke (South).

Due to the nature of the business, SDC deals with a wide range of customers, including large public limited companies, banks, building societies, pension funds, local authorities and housing associations.

The company has long been interested in marketing and many of the senior managers have attended courses at Cranfield. Although, traditionally, the building and associated trades and service providers have not been noted for innovation in management thinking, SDC is striving to be an exception to this rule.

What follows is the company marketing plan for the next three years.

Executive summary

1. Financial targets

<i>Year</i>	<i>Income (£m)</i>	<i>Expenditure (£m)</i>	<i>Profit (£m)</i>	<i>Income growth over previous year (%)</i>	<i>Profit growth over previous year (%)</i>
Current	84.00	71.40	12.60	46.1	85.3
11	112.90	95.70	17.20	34.4	36.5
12	132.20	109.40	22.60	16.9	31.4
13	162.60	132.30	30.30	23.2	34.1

2. Analysis of customer base

<i>Customer survey</i>	<i>Highly compatible + good business potential (%)</i>	<i>Highly compatible + low business potential (%)</i>	<i>Not very compatible + high business potential (%)</i>	<i>Low compatibility + low business potential (%)</i>	<i>No repeat business (%)</i>
Last year	27	27	5	18	23
Current year	36	28.5	7.5	16	12

This illustrates the beginning of a favourable trend towards having more customers who are compatible and who have good business potential.

However, there must be an effort made to reappraise those customers who are not compatible or who have low business potential in terms of whether they are still worth cultivating or whether they should be allowed to drop from our portfolio.

The reduction in 'no repeat business' is in line with what we hoped to achieve.

3. Regional trends

	<i>Southern (%)</i>	<i>Midland (%)</i>	<i>North and Scotland (%)</i>
National last year	49.5	30.7	19.8
National current year	52.5	29.5	18.0
Relative change	13.0	21.2	21.8
SDC last year	38.0	35.0	27.0
SDC current year	42.5	30.0	27.5
Relative change	14.5	25.0	10.5

This table shows that in the Southern Region we are increasing our share of the business at a faster rate than the national trend. This is true also for the Northern Region. However, in our traditional stronghold, the Midlands, we seem to be doing less well.

4. Analysis

Full details are included in the report but probably the most noteworthy elements are as follows:

Strengths

- (a) The size and status of the company
- (b) The quality of our staff
- (c) Our willingness to innovate (both technically and managerially).

Weaknesses

- (a) We have yet to match the company to many of the potential high business potential customers
- (b) Continued growth is bringing with it communication problems and a danger that our high standards might be compromised.

Opportunities

- (a) Buy out some small quality builders who are strategically placed to improve our national coverage
- (b) Government preparedness to increase public spending
- (c) EU deregulation.

Threats

- (a) Ability to keep key personnel and/or get adequately skilled recruits
- (b) Increased marketing sophistication by competitors
- (c) EU deregulation
- (d) The national economy goes into deep recession.

5. Major objectives over next three years

- (a) Increase turnover
- (b) Improve profitability
- (c) Continue to broaden customer base so that no single customer in any market accounts for more than 20% of the turnover
- (d) Maintain high standards of ethics in all our business transactions
- (e) Maintain a level of social responsibility in all the building projects we undertake.

6. General progress

The company is moving along the right lines and is stronger than it was a year ago. Broadly speaking, our last year's marketing plan was achieved and brought with it the benefits we anticipated.

However, there is no room for complacency. We really need to have more information about our competitors and their activities. We need to explore the potential of new markets. The EU deregulation can be a two-edged sword; it can bring both opportunities and threats. Above all, if the economy should be depressed for too long, the challenge for all of us at SDC to meet our targets will be considerable.

Introduction

This Corporate Marketing Plan incorporates all three operational regions' activities and has been compiled with their assistance.

The layout of this plan is as follows:

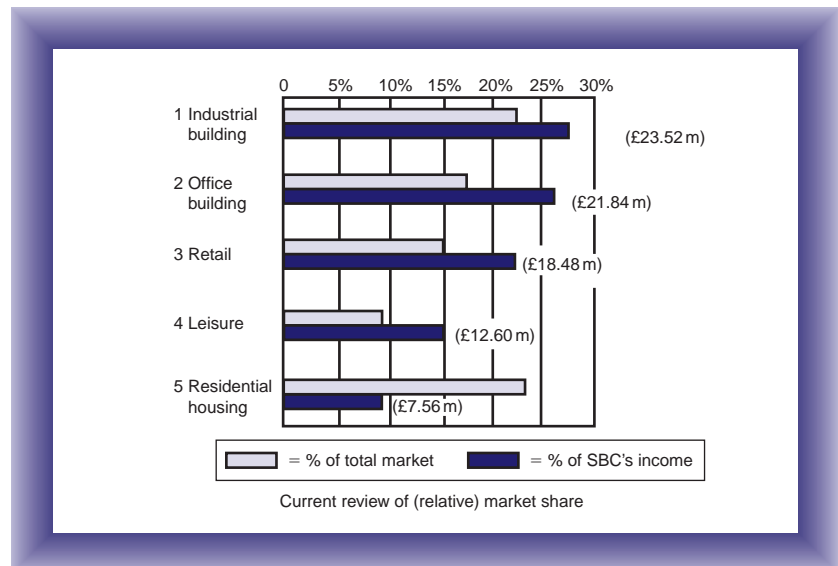
- Section 1 Situation review
- Section 2 SWOT analysis
- Section 3 Assumptions
- Section 4 Marketing objectives and strategies
- Section 5 Alternative plans and mixes
- Section 6 Targets and programmes

Section 1 Situation review

We deal with five different 'business sectors'

- Industrial building
- Office building
- Retail
- Private residential
- Leisure

1. Relative market share



Conclusion

Our relative market share (in terms of income) is greater than that for each sector of the building industry as a whole, except for Residential housing.

This can be explained because much of the residential building has been on small sites which are uneconomical for us.

The actual revenue figures are shown in parentheses. Total income was £84 m.

2. Characteristics of these business sectors

- Industrial building

There is considerable growth in medium to small industrial parks in the south-east and in areas where heavy industry has declined. Also many old industrial buildings are unsuitable for high technology industries. Prospects look good in this sector.

- Office building

In most urban renewal schemes there is considerable scope for office building. Also, property developers can tap cash-rich pension funds and investment houses. Good prospect area.

- Retail

This has been a considerable growth area, with the popularity of shopping precincts either in or out of towns. Possibility of growth slowing down as major retail chains rethink their strategies for a period of high interest rates.

- Leisure

There is still reckoned to be a shortfall in hotel rooms for business and tourism needs. Similarly, more health and recreation centres are required to meet fitness lifestyle needs, either provided by private funding or local authorities.

- Residential housing

Demand for first-time housing is high, but greenfield development opportunities are reducing in those areas with growth potential. We need large projects to separate ourselves from small local suppliers who could not tackle anything on such a scale. This business sector is beginning to look less attractive unless we position ourselves more creatively by redefining our market.

3. Income

<i>Business sector</i>	<i>Last year (£)</i>	<i>Current year (£)</i>	<i>% change</i>
Industrial	12.40 m	23.52 m	190
Office	12.20 m	21.84 m	179
Retail	15.00 m	18.48 m	123
Leisure	9.60 m	12.60 m	131
Residential	8.30 m	7.56 m	29
Total	57.50 m	84.00 m	146

Conclusion

Our income per sector, comparing last year with the current year, confirms our subjective analysis of the characteristics of each of our markets.

4. Distribution of Income

Analysis of our current year shows that our customer base of 260 contributed to our income as follows:

% customers	10	20	30	40	50	60	70	80	90	100
Cumulative income	58.3	74.5	83.6	89.6	93.7	96.3	98.0	99.1	99.8	100
Income per % of customers	58.3	16.2	9.1	6.0	4.1	2.6	1.7	1.1	0.7	0.2
Grade	A		B	C	D			E		

This approximates to the conventional Pareto distribution, with our 20% largest customers accounting for 74.5% of our income.

The customer grading bounds are somewhat arbitrary but make it possible to extract more useful data in the customer matrix analysis which follows.

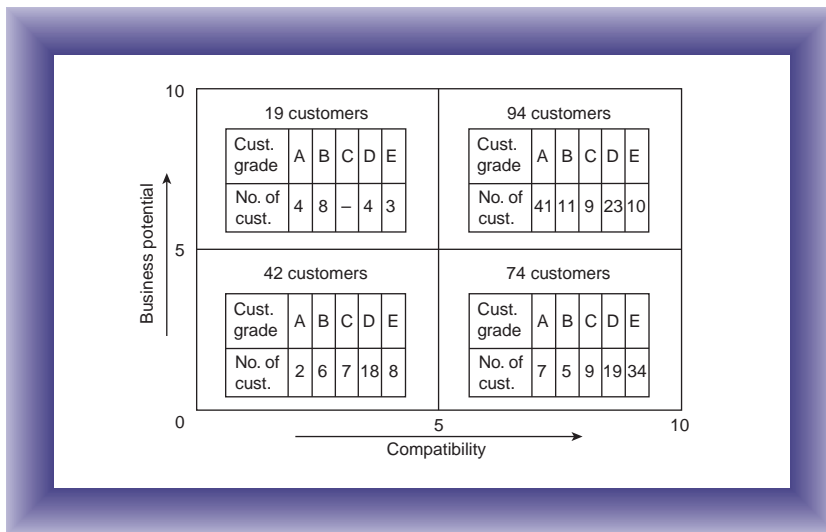
5. Customer matrix

The customer matrix was designed around two dimensions, compatibility with our business and business potential. Each customer was allocated scores using these criteria.

- **Compatibility**
 - Quality of our relationship with customer 0–3 points (for very good)
 - Needs complete range of services 0–3 points
 - Low sensitivity to price 0–2 points
 - Needs high quality 0–2 points
 -
 - 10 points max.

- **Business potential**
 - Customer’s business is showing average to high growth 0–3 points
 - Potential for further business 0–3 points
 - Potential for high profit projects 0–4 points
 -
 - 10 points max.

Looking at the Total Business



Note: Of the customer base of 260, 31 no-repeat business clients were eliminated from the matrix. The breakdown of these companies by customer grading is:

Customer grade	A	B	C	D	E
No. of customers	–	1	1	12	17

Conclusion

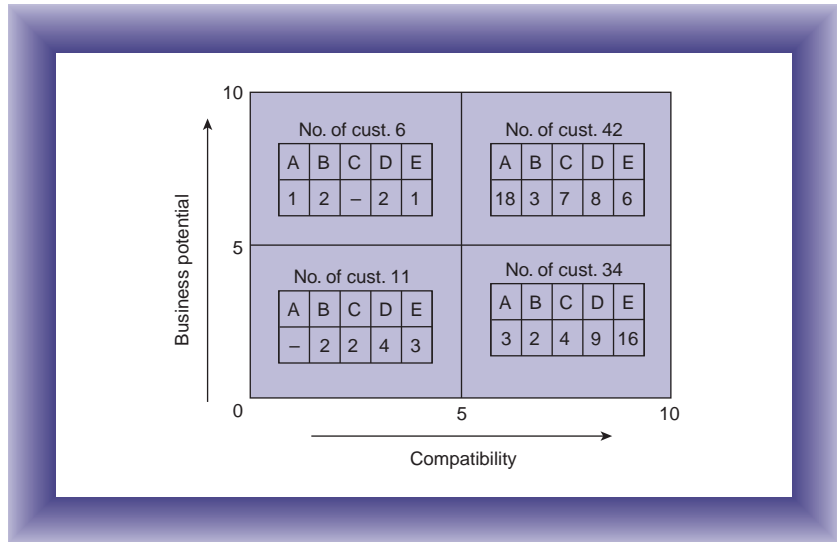
This high compatibility/high business potential quadrant of the matrix contains 76% of Grade A customers, 35% of Grade B and 35% of Grade C.

In contrast, the no-repeat business group was predominantly Grades D and E.

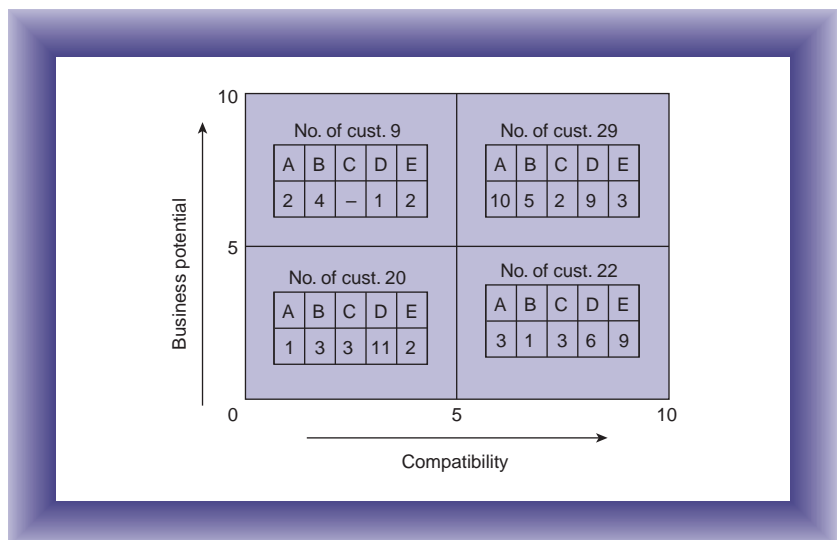
Both of these results are consistent with our previous marketing objectives.

6. Regional breakdown of customer matrix

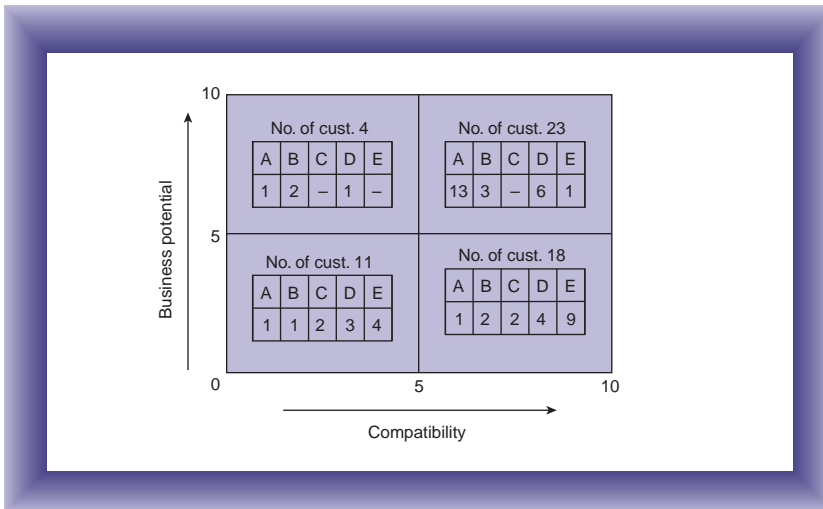
(i) Southern



(ii) Midlands



(iii) Northern



Conclusion

Each region will need to take steps to reduce the number of customers in the low/low quadrant and to increase those in the high/high quadrant. Also in this quadrant: work on B, C, D and Es to win larger contracts where possible.

For high business potential/low compatibility, eliminate the Es and consider how we might adapt our offer to other grades and achieve better matching.

For low business potential/high compatibility, reduce the number of D and E grades and offer consultancy to improve business potential of A and B customers.

7. Sources of funding

Source	As % of total income	
	Last year	Current year
Owner-occupied, industrial	33	20
Owner-occupied, non-industrial	7	18
Public sector	3.5	21
Pension and investment funds	42.5	34
Developers	14	7
	100	100

Conclusion

The biggest increases are in public sector spending and owner-occupied non-industrial projects, with an apparent slowdown in other areas.

8. Environmental review

- The economy
- The current balance of payments deficit and the high interest strategy to remedy the situation are sending ripples throughout the economy. Nevertheless, assuming the situation does not deteriorate further, there are some positive signs:
 - Public spending is on the increase again.
 - Work on the infrastructure and urban renewal is being given high priority.
 - There is still a high demand for leisure facilities and from tourism.
 - Foreign companies are coming to the UK and wanting custom-built premises.
 - There is pressure on government to invest more in industry and adopt a regional policy.
 - Forecasts for industrial and commercial premises still show an upward trend, as do those for retail premises in the Southern Region.

- Technology

There is a continued growth in Design and Build and a requirement for fast-build techniques.

Computerized inventory control and procurement systems should make our operations even more efficient.

New materials and techniques will have to be continually monitored.

- Competition

Our two nearest competitors are going through a transitionary period and are reorganizing themselves. While this currently acts in our favour, they are likely to re-emerge in a more competitive shape.

There is a danger if there is a substantial downturn in the economy that a 'price war' will start as everyone scrambles for the little business that would be available. We need contingency plans for such an eventuality, or a refocusing of our corporate objectives.

Overall we do not know very much about our competitors and their marketing strategies. We have been too busy getting our own house in order. This situation will need to be redressed.

EU deregulation might present us with new competitors.

Section SWOT analysis

Strengths

- Size and status of the company
- Our experience and track record
- National coverage
- Quality we provide
- Quality of our staff
- Willingness to innovate
- Relationships with customers
- Improved marketing skills
- Computerized services

Weaknesses

- Coordination between regional offices
- We deal with too many 'mismatched' customers
- Shortage of some key skill
- Inconsistent quality standards
- Inexperience of new recruits

Opportunities

- Increase in public spending
- Buy out other builders
- Use some of our services, e.g. quantity surveying, as a separate profit centre
- Extend regional coverage in south with new office
- Investigate new markets, e.g. private hospitals
- Make better use of our computer systems
- EU deregulation
- Look for a partner on mainland Europe

Threats

- Downturn of the economy
- Loss of key personnel
- Problems in recruiting right calibre people
- EU deregulation
- Material shortages
- Revitalized and more sophisticated competitors
- Continued growth will stretch us too far and lead to inefficiencies
- Changes in key market segments
- Environmental lobby makes it more difficult to get land and/or planning permission

Section 3 Assumptions

Three main assumptions have been made as a backdrop to the thinking behind this plan.

1. The economy will not go into deep recession.
2. We maintain a similar organizational structure over most of the next three years.
3. Any new EU competitor will not make a significant impact in the period under consideration.

Section 4 Marketing objectives and strategies

Objectives

1. Increase turnover by the amounts shown in Section 6

Strategies

Increase market penetration and customer base
Target new customers more accurately
Work to develop more business from existing high potential customers
Actively market our specific competences
Acquire three small existing businesses

Note: As a safeguard, no one customer in any segment is to account for more than 20% of turnover.

2. Improve profitability by the amounts shown in Section 6

Eliminate 'mismatched' unprofitable customers from the portfolio and concentrate efforts on those with high business potential
Improve inventory control and logistics

Other objectives and strategies

3. Maintain a high level of social responsibility

Respond to contacts from schools regarding careers talks, etc.
Support local charities, etc.
Maintain safe working practices
Each region to have someone to keep abreast of local environmental issues

4. Maintain a high standard of ethics in all our transactions

An internal 'code of practice' to be developed
A video to be made to explain to staff why the directors see this as such an important issue

5. Keep one step ahead
- Explore potential of new markets, e.g. hospitals
 - Examine prospects of EU deregulation and/or partnership with Euro-company
 - Explore more attractive employment 'packages' to attract new and keep existing staff

Section 5 plans and mixes

1. The time is coming for each region to become an individual profit centre and be responsible for its own marketing plan, rather than being controlled and compiled centrally. However, it is probable that there is not enough marketing expertise throughout the organization to allow that to happen yet.

Nevertheless, this should be considered as a longer-term organizational goal to guide our short-term thinking.

2. Another possibility was to exploit the profit potential of some of our internal services, e.g. quantity surveying, computer applications to the construction industry, project management, etc.

However, this development was shelved temporarily, for two main reasons:

- (a) With our relatively rapid growth rate, it is probably helpful if we consolidate as opposed to diversifying and perhaps putting additional pressures on our hard-pressed organization.
 - (b) Such a move might compromise the eventual move of making the regions more autonomous.
3. If the economy goes into a deep recession then much of this marketing plan will have to be reviewed, particularly our growth targets.

Section 6 targets and programmes

1. Financial targets

Southern

Year	Income (£m)	Expenditure (£m)	Profit (£m)
Current	35.50	30.10	5.40
11	48.55	41.25	7.30
12	56.80	47.08	9.72
13	69.90	56.90	13.00

Midlands

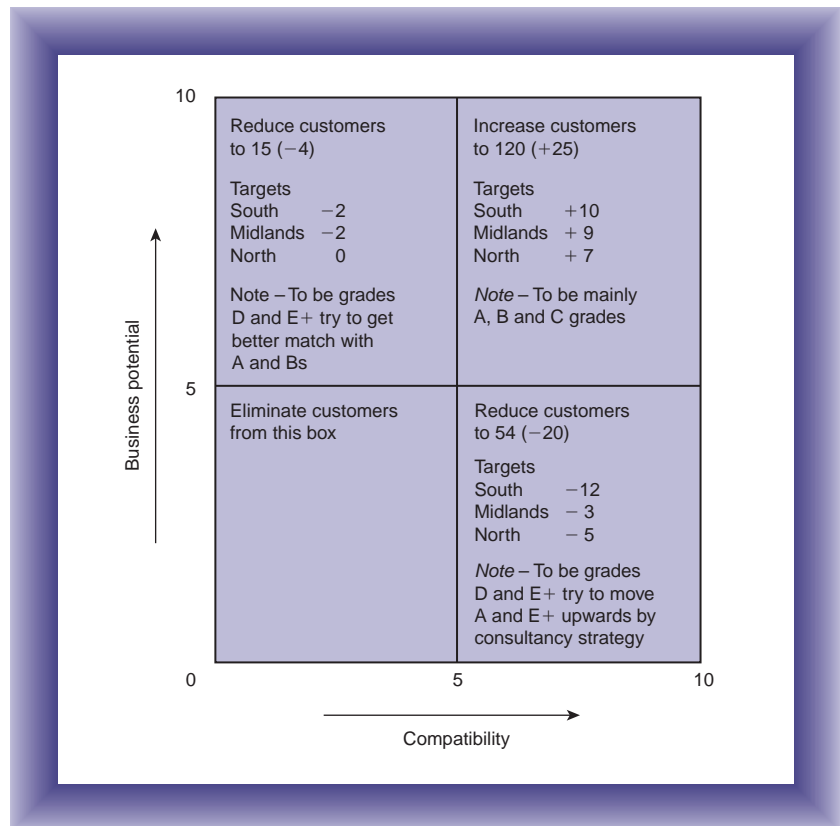
Year	Income (£m)	Expenditure (£m)	Profit (£m)
Current	22.40	19.10	3.30
11	29.35	24.85	4.50
12	34.40	28.52	5.88
13	42.30	34.40	7.90

Northern

Year	Income (£m)	Expenditure (£m)	Profit (£m)
Current	26.10	22.20	3.90
11	35.10	29.80	5.30
12	41.00	34.00	7.00
13	50.40	41.00	9.40

2. Customer base

Targets to be achieved over three-year period:



Note: New customers should be selected using the criteria upon which the customer matrix was based (Section 1.5). While these criteria are not meant to override local knowledge, regions will have to present a good case for accepting customers who do not meet them.

3. Advertising and promotion

This will be at the discretion of each regional manager, consistent with the targets and budgets he or she is allowed.

4. Pricing

Our policy of providing high-quality services and pleasing and functional design, plus our reputation of completing projects on time, vindicates our strategy to price at the top end of the market.

Wilcox and Simmonds Project Management Ltd

Introduction

Wilcox and Simmonds have a long and, on the whole, distinguished record of supplying the UK construction industry with a range of specialist goods and services.

The Project Management Division was recently set up to run as an autonomous unit to provide project management services to the construction industry, something which is a relatively new idea in this business sector.

Project management originally developed in the heavy, civil and process engineering industries. It involves taking the responsibility for the overall planning, control and coordination of a project from inception to completion, with the objective of meeting the client's requirements of achieving completion on time, within the target cost and to the required quality standards.

During a construction project a whole range of functional specialists might get involved. Typically these would be architects, structural engineers, service engineers, quantity surveyors and building contractors. Very large projects might also include town planners and civil engineers.

The project manager's task can be to recommend those who can fulfil these roles, or to work with those of the client's choice. Essentially the project manager becomes the 'hub' of a network of interrelated activities, the output of which is dictated by his or her budgetary planning skills and ability to influence and cajole everyone to deliver their particular contribution at the required time.

The key benefit for the client is that all progress can be monitored through one person. Equally, if things are going wrong, there is again only one person to deal with. Although a client company might have a department capable in theory to tackle such work, in practice there is often not the required wide range of expertise and experience to sustain the project management role.

Thus the UK construction industry, with its tradition of separating design from construction, and its propensity for developing managers

as functional specialists, appeared to be a suitable candidate for an overall, project management approach. It was this opportunity which spurred the company to set up its new division.

So new is project management in the building industry that its role is not yet fully accepted, nor is there an established pricing structure.

It is against this background that the chief executive and his team prepare for the next three years, following an eventful and quite successful first year in business. What follows is the business plan produced by the Project Management Division.

In order to protect identity, all names, locations and values have been changed. However, the integrity of the company's planning process still remains to provide an interesting example of business planning from which we can all learn.

1. Review of first full year's trading

Although financial targets were met, a substantial amount of time was devoted to setting up and staffing our three offices. In addition it was difficult to recruit staff experienced in both project management and the construction industry, therefore a considerable amount of training had to be provided.

However, we now have an administrative base, the personnel and technical procedures. This means that project managers can start to focus on building up the business in a planned and sustained way, rather than chasing work as and when opportunities present themselves.

Financial

	<i>£000</i>	
	<i>Budget</i>	<i>Actual</i>
Income	2,352	2,573
Expenditure	1,970	2,052
Profit	382	521

Personnel

	<i>Actual</i>	<i>Deviation from plan</i>
Professional staff		
Croydon	13	23
Coventry	14	0
Manchester	5	0
Administrative		
Croydon	7	11
Coventry	5	21
Manchester	1	0
Total	45	

Analysis of profit

	<i>Turnover (£)</i>	<i>Profit (£)</i>
Project management	1,750,000	250,000
Construction management	860,000	271,000
Total	521,000	

2. Mission statement

Our review of our first year has not caused us to be swayed from our original statement of intent:

To become the leading company supplying project management within the construction industry.

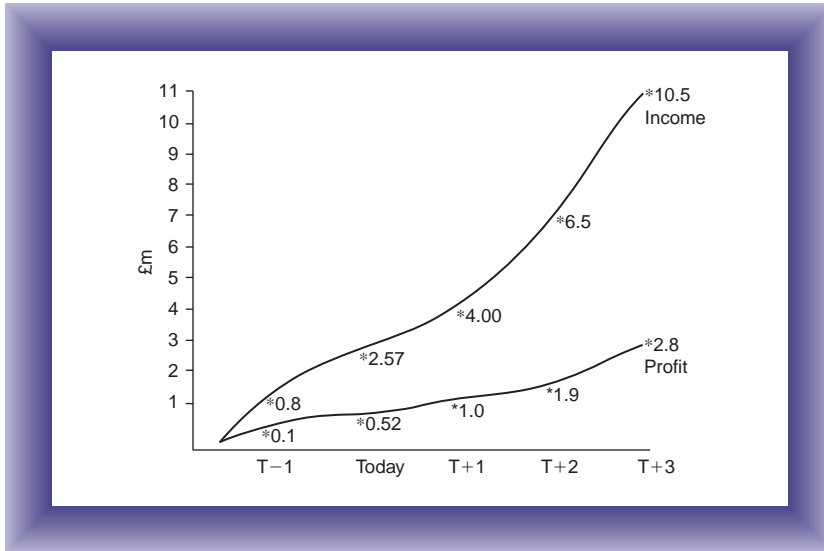
We will achieve this by:

- Establishing a reputation for quality and successful completions
- Having the largest market share
- Being the first choice of clients seeking project management
- Being the first choice of the best candidates in the job market.

Above all, we must be clear about what we are striving to achieve at a time when there are many potential opportunities in the market place.

We believe a key to success is to break our organization into strategic business units.

3. Financial projections



4. Market overview

Competition

There are probably at most only about 40 companies set up to offer a similar service to ours. Of these companies we are one of the largest, in terms of project managers employed.

However, there are a number of other types of competitors who partially compete with us by offering a reduced range of services. These companies fall into the following broad categories:

Organization category	Services
1. Management consultants These are often parts of major accounting firms	Specialist advice, feasibility studies
2. Management contractors Usually parts of large building contractors	Management of site work, little involvement in design
3. Civil engineering contractors (with project management depts)	Tend to stay in civil engineering. Also undertake feasibility studies

- | | |
|-------------------------------------|---|
| 4. Quantity surveyors with PM depts | Tend to limit their role to providing ongoing information at meetings, etc. Some duplicate the work of building contractors |
| 5. PM depts of client companies | Do not have the all-round expertise to compete with us on quality. |

Market trends

The construction industry is a very large, if fragmented, overall market. Over the last ten years it has grown steadily at an average rate of approximately 5.5%.

The project management market we estimate to have a potential value of £120 m. Our current market share of this is 2.1%.

However, we believe there will be a rapid increase in sales of project management for a number of reasons:

- More clients will perceive the need for it as it becomes increasingly accepted in the industry.
- Clients seek new solutions to improve their performance.
- The rate of change in building technology makes project management ever more complex and difficult for those not trained in it (the majority of construction managers).
- Architects are failing to fulfil clients' needs in terms of providing value-for-money solutions.
- There is increasing pressure to shorten the inception-to-completion time-span.

Market structure

There are two driving forces for the construction industry:

1. Property developers and investors who create facilities for sale or lease

Included in this category are insurance companies, banks, pension funds, investment companies.
2. Property occupiers who create facilities for their own use

In this category are firms from the private sector, such as manufacturing, retailing, distribution and leisure. There is also a sizeable public sector which includes government ministries, local authorities, public utilities, public transport and health authorities.

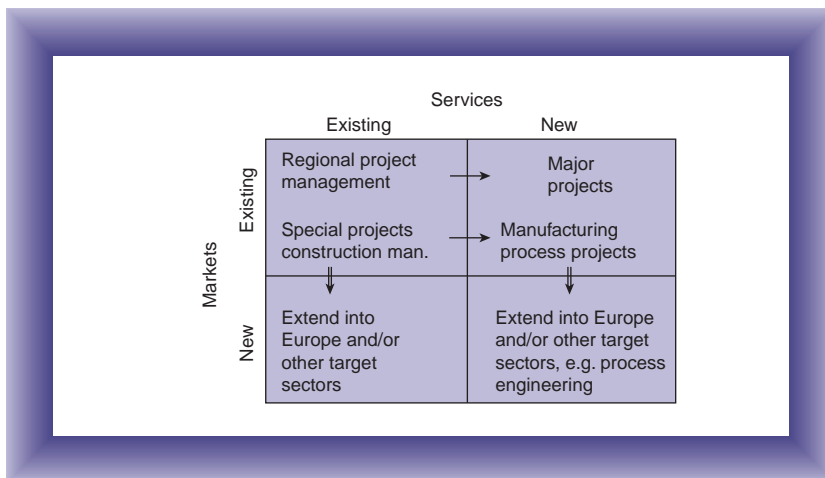
Strategic business units

It would make sense to manage our business through five specific business units:

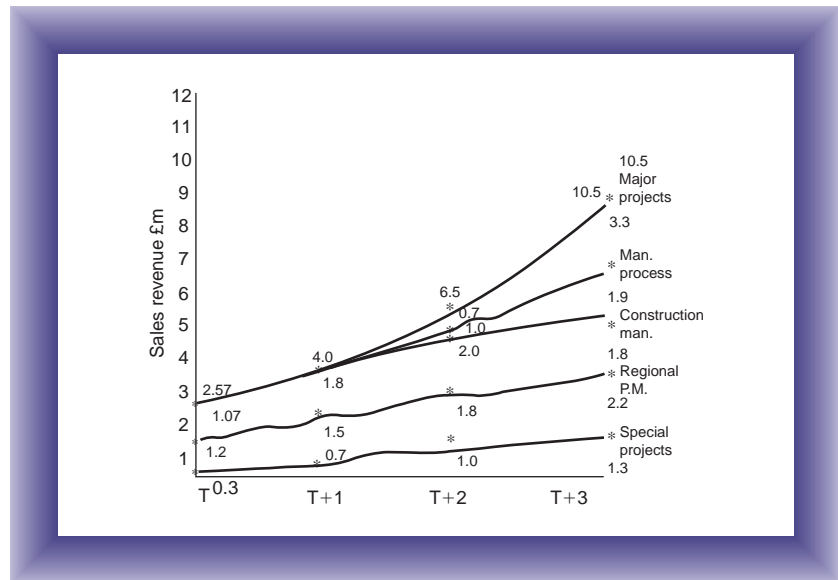
1. Regional project management
Managing medium-to-large projects (ideally over £250,000 construction turnover per month) in all principal markets.
2. Construction management
Managing fast-track, complex projects (ideally over £1 m construction turnover per month) which require a site-based construction team. This SBU would focus on commercial owner-occupier/developers in the south-east.
3. Special projects
A design and management service to small building projects, operating mainly in the developer, pension fund, owner-occupier markets.
4. Manufacturing process projects
Managing manufacturing plants, machinery installations and associated commercial buildings. The principal markets will be industrial and warehousing.
5. Major Projects
Projects which require a dedicated team and are likely to be in the order of £2 m construction turnover per month. The initial market to be targeted will be investor/developer, although this unit will operate in all principal markets.

Note: SBUs 4 and 5 will not come on-stream for another year.

Ansoff matrix



Gap analysis



5. SWOT analysis

The following analysis holds true for all the SBUs:

Strengths

- Reputation of W & S in the construction industry in general
- Regional representation in growth areas of UK economy
- High expertise in PM of staff
- One of the largest companies
- Now have a business plan
- Wealth of contacts in the industry via W & S
- Starting with a 'clean sheet' and can get it right from the start.

Weaknesses

- Training of new staff needs to be improved, both in quality and duration (too long)
- Lack of detailed market information
- Need more/better promotional material
- We have made mistakes in recruiting PMs. Some do not fit our 'culture'. More attention to selection and better employment package required
- PMs are excellent individuals but do not yet function well in teams
- To date we have been chasing any work just to meet targets and have not been focused
- Technical procedures still need to be improved
- Need to establish unique selling points/selling skills.

Opportunities

- PM is in its infancy in the construction industry
- Large potential market
- Expand by acquisition if necessary
- Joint ventures, in UK and Europe
- Traditional structure of construction industry lends itself to PM
- Few serious competitors at present.

Threats

- Interest rates increase even higher, and trigger off a recession
- Entry of new competitors
- Large contractors develop their own PM depts
- Inability to recruit sufficiently high calibre staff to sustain growth
- PM does not really 'catch on' in the the construction industry.

6. Critical success factors***Regional project management***

<i>CSF</i>	<i>Weighting</i>	<i>Score vs competition</i>	<i>Total</i>
1. Staff are perceived by clients as highly professional	3	5	15
2. We provide value for money	2	6	12
3. Our corporate reputation and track record	2	8	16
4. Staff are motivated to win business	3	5	15
	(10)	(out of 10)	58/100

Issues to be Addressed

1. Improve professionalism and motivation of staff, by training and better field management.
2. Improve service surround to provide better value for money.

Construction management

<i>CSF</i>	<i>Weighting</i>	<i>Score vs competition</i>	<i>Total</i>
1. Early identification of opportunity	3	7	21
2. Demonstrate knowledge of client's business	2	8	16
3. High level of PM consultant teamwork	2	4	8
4. Value for money	2	6	12
5. Track record	1	7	7
	(10)	(out of 10)	64/100

448 Examples of marketing plans

Issues to be Addressed

1. Improve consultant teamwork.
2. Look for ways to offer more value for money.

Special projects

<i>CSF</i>	<i>Weighting</i>	<i>Score vs competition</i>	<i>Total</i>
1. Close contact with clients	1	6	6
2. Demonstration of early success	3	6	18
3. Flexibility to adapt to changing client needs	3	8	24
4. Value for money	2	8	16
5. Track record	1	6	6
	(10)	(out of 10)	70/100

Issues to be Addressed

1. Improve contact with clients – establish schedules.
2. Improve and publicize track record.
3. Reappraise staffing levels at front end of projects in order to develop more momentum and hence quicker results.

Manufacturing process projects

<i>CSF</i>	<i>Weighting</i>	<i>Score vs competition</i>	<i>Total</i>
1. Early identification of opportunity	3	5	15
2. Can 'talk clients' language'	4	5	20
3. Value for money	2	8	16
4. Track record	1	7	7
	(10)	(out of 10)	58/100

Issues to be Addressed

1. Improve intelligence sources.
2. Develop more expertise about client business through recruiting people with different appropriate career backgrounds *or* buy out a suitable company to gain right expertise.

Major projects

<i>CSF</i>	<i>Weighting</i>	<i>Score vs competition</i>	<i>Total</i>
1. Dedicated team of high quality	3	6	18
2. Value for money	2	7	14
3. Swift evidence of impact of services	2	7	14
4. Early identification of opportunity	3	5	15
	(10)	(out of 10)	61/100

Issues to be Addressed

1. Improve market intelligence.
2. Develop teamwork.
3. Look for ways of demonstrating quick paybacks to client.

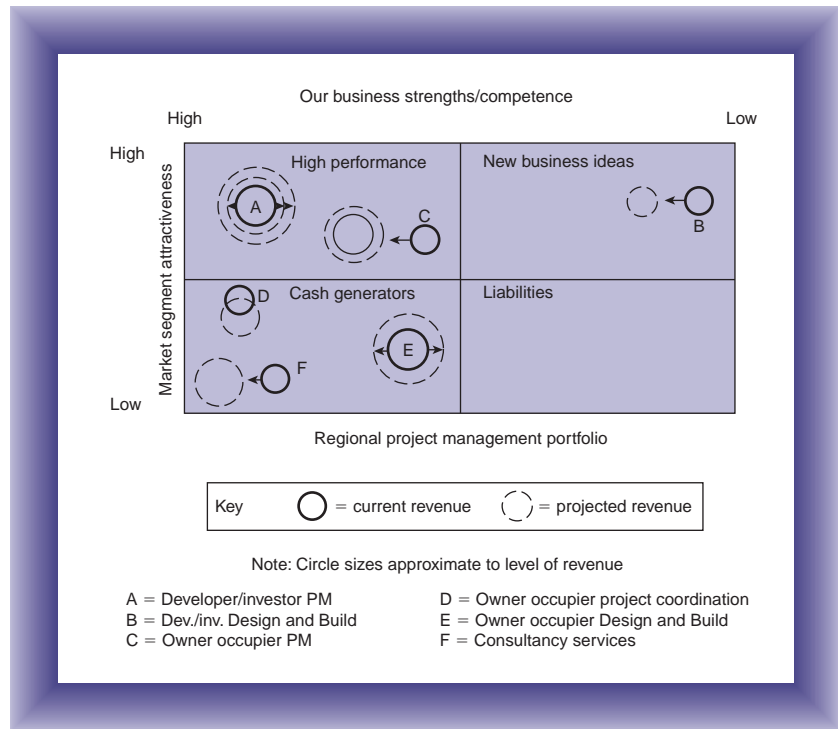
7. Assumptions

Underlying all of the foregoing analysis were the following assumptions:

1. The growth rate of the construction industry will continue at its average rate of the last few years (1%).
2. Interest rates will not go any higher.
3. Investor confidence stays reasonably buoyant in the short and medium term.
4. There is a continuing growth in the demand for project management.
5. A change of government (should it happen) will not lead to a significant change in the economic prospects of the construction industry.

8. Portfolio analysis

Within Regional project management it was possible to break down the current and potential business in terms of our competence in dealing with key market segments and their attractiveness. The results are shown here. It is intended to develop this type of analysis for each SBU as data becomes available.



Overall comment

The portfolio is reasonably well balanced at present. There are no services in the liabilities quadrant. We will need to start thinking about another new business idea fairly soon in order to keep a ‘flow’ going. We need more revenue from existing cash generators so that we can invest in the high performers and new business ideas. The implications are that we review our pricing and look at ways of saving on costs.

9. Marketing objectives and strategies

To increase from £2.57 m to £10.5 m over the next three years, while at the same time growing net profits from £0.52 m to £2.8 m. This will come from the following:

Existing business

1. Regional project management

To increase income from £1.2 m to £2.2 m over the next three years.

To increase average project size by 25% over that period.

Each project manager to start two new projects per year.

Opening of new regional offices or acquisition of existing company will be reviewed throughout the planning period.

2. Construction management

To increase income from £1.07 m to £1.8 m over the next three years.

Focusing on commercial owner-occupiers and developers in the south-east.

One additional project required each year over the total managed in previous year. Average project value to increase by 10% per annum minimum.

3. Special projects

To increase income from £0.3 m to £1.3 m over the next three years.

Treble the number of contacts made with potential clients each year and improve conversion rate by 25%.

Average contract value to increase by 10% per annum minimum.

New business

4. Manufacturing process projects

To initiate the business by $t - 1$ and to earn revenue of £1.9 m over the next two years.

Focus on small to medium-sized projects in order to gain quick results and demonstrate a track record.

5. Major projects

Starting in $t - 1$, to earn revenue of £3.3 m over the next two years.

Focus on developers and investors.

Look for opportunities in public sector.

Long-term strategies beyond the three-year plan

Build on the expertise we will have developed in terms of planning procedures, systems, quality procedures and staff to lead into new growth market segments. These are likely to be:

- Large design and build projects (UK and Europe)
- Direct development of property (UK and Europe)
- Major manufacturing process projects (worldwide).

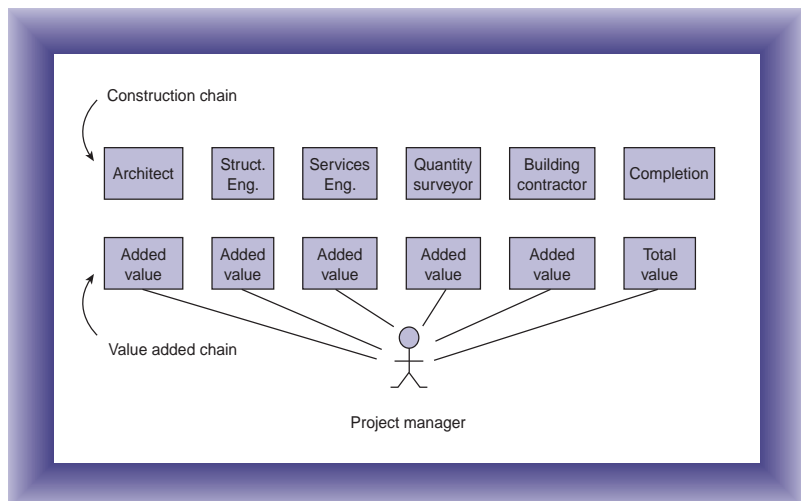
Marketing strategies (i.e. the marketing mix)

	<i>Regional project management</i>	<i>Construction management</i>	<i>Special projects</i>	<i>Manufacturing process projects</i>	<i>Major projects</i>
Market share	Increase	Increase	Increase	Establish	Establish
Promotion	Rely on face-to-face selling skills and developing good personal relationships with clients. Indirect promotion will focus on press releases about success stories, articles in journals and presentations at conferences, etc. Any promotional material will have to be high quality, and consistent with our image				
Price	High end of range	High end of range	High end of range	Competitive for entry	Competitive for entry
Product	Increase product surround and provide added value for money			Experiment with 'most acceptable' product	
Place	Regional representation will be provided whenever possible to establish closeness to clients. This might entail opening new offices in the UK and Europe				
Developments	Develop USPs re value management. Establish better data re costs and prices	Consider use of joint venture approach with suitable partners	Develop USPs re value management	Maximize profile with suitable launch. Sales campaigns into target industries	Maximize profile with suitable launch. Consider acquisition strategy from early days

Note: Ideas for developing value management are attached (Appendix A) and criteria for acquisition are provided (Appendix B).

Appendix A Developing value management

The project manager's task is twofold: to manage the physical construction chain and to manage the value-added chain.



It is not from the completion of the project that we earn anything. It is the *total added value* from which we earn our profits and reputation.

Added value will accrue from the project manager's ability to reduce costs (in real terms) and to save time. For example, a day saved at an early stage of the chain might lead to many being saved at the later stages of the project, which in turn could dramatically alter the whole cost structure of the construction, both for the client and ourselves.

There must be regular reappraisals of our current working procedures by all project managers and teams in order that we can improve upon the value-added chain.

Appendix B Criteria for acquisition

Should the growth of the project management market outstrip our capabilities to meet demand we will need to consider acquiring existing businesses. However, in order to be a genuine asset, such a purchase should meet these criteria.

The company will:

- Have a good reputation in the industry
- Add to our collective experience due to its track record and/or its contacts
- Provide us with advantageous geographical coverage
- Provide expertise in terms of its operating systems and procedures, and/or staff
- Have the financial resources to share in the investment costs of technical development, sales and marketing, and staff training.

For us to be certain we will be making a good investment we will need to:

- Research and monitor our competition, both in the UK and abroad
- Prioritize the above criteria
- Select from the competition those which best meet our requirements
- Identify the mutuality of our objectives and assess the synergistic potential from acquisition
- Have a short-list of potential candidates
- Plan a suitable campaign which will maximize goodwill and a trouble-free integration.

Note: Acquisition might also be considered as a solution to overcoming skill shortages in the short term. In this instance care should be taken that too much extraneous 'baggage' is not taken on board at the same time.

Moritaki computers (UK) Ltd

Background and information

The company was set up four years ago by the parent organization, which is in Tokyo. In total the group employ just over a hundred people, with approximately half of them based in London.

Between them the two companies provide an international computer consultancy specializing in the installation, enhancement and support of corporate accounting systems. Both units operate virtually autonomously in terms of seeking new business. Territorially, the London office deals with the northern hemisphere and Tokyo the southern.

Primarily the target customers are large, international companies who continually invest in their management information systems. The Tokyo office already has a client base which includes five of the largest Japanese companies.

Although the London office is expected to focus its activities primarily on Europe, it does have a small sales office in New York.

The company specializes in the Cassandra (Comprehensive Accounting Spread Sheet and Revenue Analysis) financial accounting system, which is supplied by the author Genesis Inc. from California, USA. In addition there is a systems development group, and multi-user hardware is also supplied.

The total group turnover is expected to be in the order of £3 m this year, with London accounting for about 60% of the total.

However, the Managing Director in London was both pleased about the trading success of the young company and yet worried. He knew that his sales team were good at spotting new opportunities as they arose, but could see that there was a danger of a proliferation of products and markets. Indeed, there seemed to be a general lack of focus for the company. It was tending to be reactive to the market rather than proactive.

This line of thinking prompted the MD to recruit a marketing director who was given this initial brief:

1. Define a strategy for the company as it moves through a period of rapid expansion and change.
2. Establish some marketing objectives for the company.
3. Lay down some compatible strategies for all of our products and services within each of the major market segments in which we compete.

4. Design a framework against which the directors can evaluate and sensibly judge a wide range of marketing opportunities which are uncovered by the sales force.

What follows is the three-year marketing plan developed by the new marketing director for Moritaki Computers (UK) Ltd.

1. Corporate mission

1. To provide a complete service in the design, enhancement, support and development of corporate accounting systems across the major industrial centres of the world.
2. To seek sustained growth through operating with high margins and reinvesting a substantial part of our profits. Our profit goal should never be less than 12.5% (after tax and interest charges).
3. To provide a professional service which generates quality solutions to client problems and maintains a high level of customer service.
4. To encourage our staff to use their initiative by giving them responsibility and control over their own spheres of work, and rewarding them according to their contribution to the business.
5. To avoid any business activity which is peripheral and not consistent with our core business. In doing this we expect to double our turnover over the next three years.
6. To keep the company privately owned.

2. Situation review

Market review

It is possible to describe several key identifying characteristics which typify Moritaki customers:

- They have high expectations of their systems and demand systems capable of providing comprehensive management information about their business activities.
- They are above average in sophistication in their approach to computerization.
- They are perhaps installing a computerized accounting system for the second or third time.
- They are large companies with specialist financial and accounting functions.

- They are faced with multi-currency or other difficult reporting requirements.
- They consider their investment in information systems in terms of their strategic value to the company as well as cost benefits.
- They demand high quality and superior support services.

The following three market segments would appear to offer us the best opportunities for providing complete business systems, consistent with the above customer profile.

1. European multinational companies

These offer the prospect of multiple installations on an international scale.

2. Large UK firms with complex currency/information requirements

Our expertise and ability to enhance the product give considerable scope in this segment.

3. Japanese multinational companies who are clients of Moritaki in Japan, but with a presence in the northern hemisphere

Introductions are easy and logistically it is better to service test clients from London rather than Japan.

Competition and company image

A survey was conducted by telephoning a number of existing and potential client companies.

1. *How well is Moritaki known?* (Sample 20 typical client companies selected at random)

	<i>Percentage</i>
Competitor A	75
Competitor B	95
Competitor C	60
Competitor D	50
Competitor E	65
Competitor F	80
Competitor G	100
Moritaki (UK)	55

Conclusion Compared with our major competitors we are one of the least well-known suppliers (together with Competitor D). In contrast, everyone has heard of Competitor G.

2. *Quality of the product* (Sample 18 users, scoring 1–10 points, 10 = highest quality)

	<i>Average score</i>
System W	6.3
System X	5.8
System Y	7.9
System Z	6.7
Cassandra	9.2

Conclusion The Cassandra system is perceived to be superior in quality to competing systems by users who are in a position to make a comparison.

3. *Marketing ability* (Sample 20 companies where we are known, scoring between 1 (low) and 10 (high)) *Average score*

Competitor A	5.4
Competitor B	6.2
Competitor C	7.8
Competitor D	4.8
Competitor E	5.0
Competitor F	5.5
Competitor G	9.4
Moritaki (UK)	4.5

Conclusion Competitor G is seen to have the highest level of marketing ability, whereas we have the lowest average score.

Overall conclusions

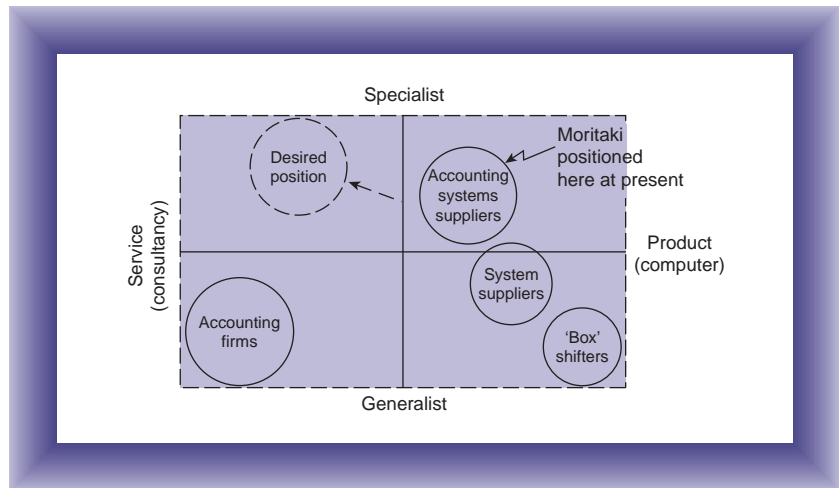
Little information is known about competitors, but on the basis of some admittedly rather crude surveys, it appears that:

- We are little known outside our existing bank of clients.
- Our product is the best on the market.
- We are not perceived as having much marketing ability.

This helps to explain why 65% of our business is either from repeat sales or referrals from existing customers. Useful though this is, we will need to be capable of breaking out of our existing customer network if we are to achieve the corporate objectives of doubling our turnover over the next three years.

Market positioning

It is possible to define our existing position and determine our repositioning strategy by using the 'map' shown here.



The new position is more consistent with the corporate objective of being a professional, specialist, consultancy company, providing a high level of customer service.

Marketing environment

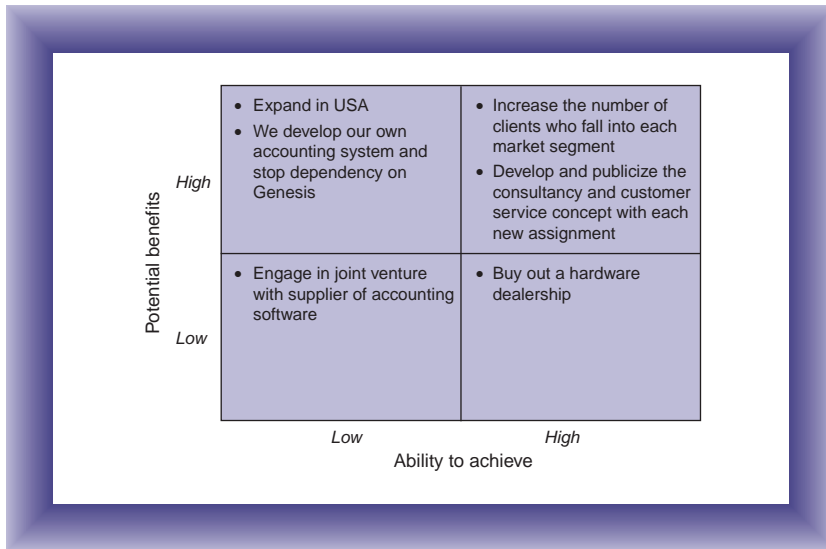
The foreseeable threats and their potential to damage us are best described in the following table.

Threat analysis

Damage potential	High	<ul style="list-style-type: none"> We can't recruit high-quality staff An alternative to Cassandra is developed We hit a cash flow crisis due to rapid expansion of sales 	<ul style="list-style-type: none"> Relationship changes regarding Genesis Inc. Genesis Inc. start direct sales in Europe
	Low	<ul style="list-style-type: none"> Existing accounting practices start to specialize and compete in our market Japanese companies co-services its own clients worldwide 	<ul style="list-style-type: none"> Another company will enter our market and compete with similar products
		Low	High
		Likelihood of occurrence	

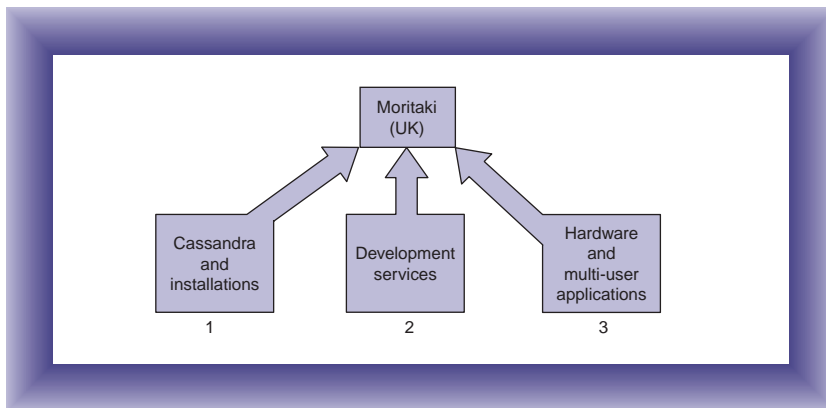
Equally there are a number of opportunities, as described below.

Opportunity analysis



3. Product plans and analyses

The organization could be said to have this configuration:



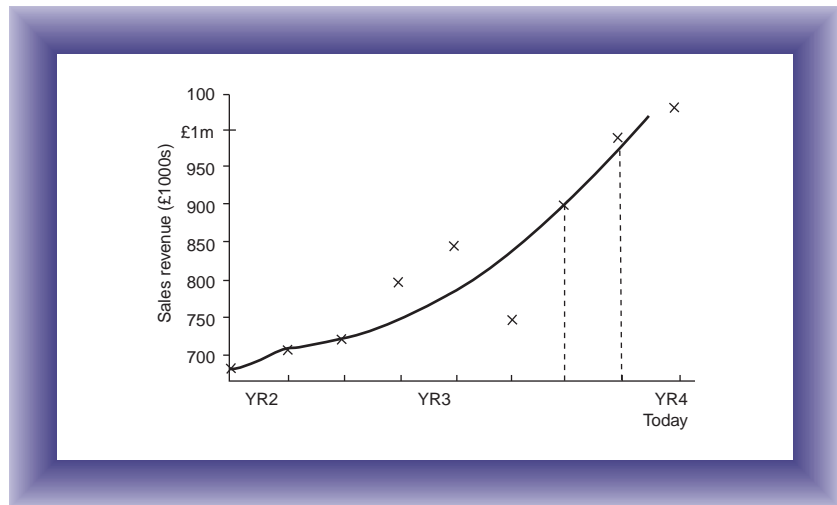
What follows are individual analyses of the three component parts that comprise Moritaki (UK) Ltd.

Cassandra system

- Best available product on the market.
- We have a very high level of experience with this system and a track record of successful installations and satisfied clients.

460 Examples of marketing plans

- Our development staff understand the open architecture of the product and can identify cross-selling opportunities for enhancement services.
- We have a special relationship with the authors, Genesis, who provide us with customer leads.
- It has a lifecycle of at least another two years, because of the conservative nature of the client companies and its relative lack of penetration in the market.
- Sales have followed this pattern up to now:



We need to:

- Monitor sales to get better at establishing lifecycle trends
- Monitor competitor activity
- Start thinking about the system to succeed Cassandra.

Critical installation factors which generate success

Ranked in order of importance they are:

1. Ability to provide a complete system including installation.
2. Ability to understand the client's needs and talk in their language.
3. Demonstrable technical competence, e.g. track record.
4. Value for money, e.g. value added or cost savings.
5. Ability to customize product to meet special requirements.
6. High level of service and customer support.

SWOT analysis

Strengths

Our technical knowledge and expertise
Accounting background
Track record
Relationship with Genesis.

Weaknesses

High perceived level of charges
Not well known in market
Dependency on Genesis
Lack of customer service skills/consulting skills.

Opportunities

Expand level of consultancy with each installation
Add other services to enhance system.

Threats

Not getting right quality staff as we expand
Genesis might use own sales team in Europe
Maintaining standards with rapid expansion.

Key issues

- We must focus on our 'customer services' not our 'product'.
- Our perceived high level of fees is because we are associated with 'computer companies', not professional service companies.
- We need to develop selling and customer service skills in installation staff, thereby generating more leads and business.
- We must maintain the high quality of installations.
- We need to keep Genesis out of Europe by persuasion.

Objectives

	<i>Now</i>	<i>13 years</i>
Turnover (£m)	£1.1	£1.98
Contribution (£k)	£105	£175
Growth	31	31.8

Key assumptions

- No system superior to Cassandra comes on the market in the next three years.
- The relationship with Genesis stays cordial.
- There is no worldwide trade recession.

Strategies

- Present our range of products and services as a complete corporate accounting system.
- Add as much value as possible to each installation.
- More meetings with clients prior to installation in order to:
 - explore all accounting and systems issues
 - create in the customer's mind the distinction between the software and the final completed system.

Pricing

Our current charges are 20–30% higher than our main competitors and have probably inhibited our level of business in the past.

Our proposed market positioning can sustain this price differential, but as an interim measure we will need to carry out some research to find out:

- Customer perceptions about our fee levels
- What the market will bear
- How we can adopt a pricing strategy which will be consistent with our changing image.

Promotional strategy

Get the company better known in general by:

- Getting articles, etc. into clients' trade journals
- Running seminars about specific problems which will interest potential clients
- Re-evaluating our existing promotional materials and upgrading where necessary
- Exhibiting at one or two prestigious venues
- Investing in a limited advertising campaign.

Because of our relative lack of experience in the visual impact of designing promotional materials, exhibitions and advertising, outside consultants will have to be used.

Sales strategy

- Recognize that every contact with a client is a sales opportunity
- Train all installation staff in selling and customer service skills
- Ensure that installation staff are aware of all other products and services and can sell 'through the range'
- Develop a client contact plan as a means of improving our relationships with clients before and after a sale.

Product strategy

- Develop installation checklists to ensure consistent standards
- Standardize pre- and post-installation evaluation checks.

Development services

- Can provide bespoke systems to extend the facilities of Cassandra
- Use COBOL – the same as Cassandra, hence no additional learning required by clients
- Provide database requirements for clients
- Several similar bespoke systems have been amalgamated into specific 'products' which include:
 - 'loans and overdraft' system
 - 'futures investment' system.

Critical Success Factors for Development Work

Ranked in order of importance they are:

1. Our services outmatch the client's internal services in terms of charges and completion times.
2. We can talk the client's language.
3. Being able to demonstrate a track record.
4. Availability, when client has a problem.

SWOT analysis

Strengths

- Very high technical skills
- Intimate knowledge of Cassandra system
- Staff have financial background
- Have accumulated a 'portfolio' of bespoke solutions to many client problems.

Weaknesses

- Tend to be more interested in the technical problems than the client's lack of customer awareness
- Lack of coordination regarding similar projects
- Lack of control/project management on large projects
- No promotional material for this service.

Opportunities

- To exploit some of the 'bespoke' systems.

Threats

- Recruiting and keeping quality staff are problems
- Quality will suffer if department is overloaded.

Key issues

- How to get better control and coordination of projects at all stages
- Getting better customer service skills
- Recruitment, training and rewards package for development staff to be improved.

Objectives

	<i>Now</i>	<i>13 years</i>
Turnover (£m)	£400	£800
Contribution (£k)	£38	£79
Growth	31	32

Key assumptions

- There are no crashes in the financial markets.

Pricing strategy

In order that we maximize our profits there are two considerations:

- Our prices are competitive
- We do not run over the time allowed for each project.

The better the record of delivering on time, the more we can justify above-average prices.

The whole situation regarding prices for development needs reviewing. Current market prices have been distorted by the inclusion of the

fees of 'one-man bands' who could not tackle most of the projects we undertake.

Promotional strategy

The main promotional thrust for Cassandra and installations will also publicize our development services.

In addition, staff will be trained in selling and customer service skills.

Product strategy

- Develop a 'house style' in terms of design, coding and testing so that consistent quality and appearance are perceived by clients.
- We must continually take full advantage of the latest developments in both software and hardware.

Hardware and multi-user applications

- Two-thirds of our installations are integrated with some form of PC network
- New and existing machines can be linked via a network
- Increasing interest in market re multi-user systems
- We supply maintenance and support contracts.

Critical success factors

Ranked in order of importance they are:

1. Confidence client places in technical skills and abilities of the consultant.
2. Ability to provide general advice as well as the mainstream topic.
3. Speed of response and back-up services.
4. Prices of products and services.
5. Selling and customer contact skills.

SWOT analysis

Strengths

- Technically astute
- Customer-oriented.

Weaknesses

- We are small compared with specialist firms in this part of the market
- Limited on dealerships with major equipment manufacturers
- Outdated promotional material.

Opportunities

- Growing demand for networks
- Our preferred multi-user system is becoming very popular and could be promoted
- Become agent for overseas equipment manufacturer.

Threats

- Larger companies enjoy economies of scale
- Dependent on sales of Cassandra to generate business
- Competition is getting fiercer in this market.

Key issues

- Targets to be set for non-Cassandra work
- More promotion effort to get known in market
- Capitalize on growing demand for networks and multi-user applications.

Objectives

	<i>Now</i>	<i>13 years</i>
Turnover (£m)	£250	£720
Contribution (£k)	£24	£66
Growth	31	32.9

Key assumptions

- Current growth trends for networks and multi-user systems will continue
- Sales for Cassandra reach their projected levels.

Pricing strategy

We need to focus on 'added value' not 'cheapness'. We provide very good products, excellent and impartial technical advice, above average installation and maintenance services, a fast response to client problems and a flexible approach.

The product is only part of this 'package', therefore we will avoid discounting as practised by the 'box shifters'.

In the short term (up to one year) prices will stay the same. Thereafter we will push to charge the highest the market will bear, in line with our publicity and company image campaigns.

Promotional strategy

- Develop promotional materials
- Set realistic sales targets for non-Cassandra linked work
- Ensure staff can sell 'through the range'.

Product strategy

- Keep abreast of all new developments
- Standardize as much as possible on configurations, installation checks, pre- and post-installation tests
- Develop closer ties with major hardware suppliers.

