

Conclusion: Guidelines From the Authors on World-Class Marketing

INTRODUCTION

Below is a ten point summary of most of the wisdom set out in the pages of this book. Each of these ten guidelines is then expanded on.

Section A summarizes most of the intended wisdom set out in the pages of this book.

Sections B to F expand on each of these guidelines.

A: The McDonald/Wilson Ten Guidelines for World Class Marketing (summary)

1. Understand that marketing is the driver of strategy in the boardroom.
2. Understand your market and how it works.
3. Carry out proper, needs-based segmentation on decision makers.
4. Understand your own strengths and weaknesses.
5. Understand your portfolio of segments.
6. Set realistic objectives and strategies for each segment to grow your sales and profits.
7. Focus and play to win in a few segments only.
8. Calculate whether your objectives and strategies will create shareholder value.
9. Justify financially investments in marketing.
10. Be professional and ethical.

B

1. Understand that marketing is the driver of strategy in the boardroom

- It is NOT promotion.
- Everything an organization does from R&D through to delivery adapts to and converges on the business value proposition that is projected to the customer.

2. Understand your market and how it works

- Define the market in terms of needs, not products.
- Map how it works from end to end, showing product/service flows in total and your shares.
- Understand how it is changing.
- Identify major junctions where decisions are made.

C

3. Carry out proper, needs-based segmentation on decision makers

- Do not confuse needs-based segmentation with descriptors such as socioeconomics, demographics, geo-demographics and psychographics.
- List what is bought (including applications, where and when it is bought).
- List who buys.

- List why they buy.
 - Group those with similar needs.
4. **Understand your own strengths and weaknesses**
- For each segment, list their needs and the relative importance of each (weights).
 - Score out of 10 how you and each of your major competitors meet these needs.
 - List the external opportunities and threats for each segment.
 - List the major issues that need to be addressed for each segment.

D

5. **Understand your portfolio of segments**
- Classify on a four box matrix each segment according to its potential for growth in your profits over the planning period (the vertical axis).
 - Classify each segment according to your relative strength in each (the horizontal axis).
 - This will position each segment as follows:
 - less attractive segments where you have strengths (1)
 - more attractive segments where you have strengths (2)
 - more attractive markets where you have few strengths (3)
 - less attractive markets where you have few strengths (4)
6. **Set realistic objectives and strategies for each segment to grow your sales and profits**
- Set clear priorities and stick to them. You cannot be all things to all customers.
 - For quadrant 1, manage for sustained earnings.
 - For quadrant 2, manage for growth in revenue and profits.
 - For quadrant 3, elect the most promising segments and invest for improving your competitive position. Do NOT try to maximize your profits in these segments.
 - For quadrant 4, manage for cash and minimize costs.

E

7. **Focus and play to win in a few segments only**
- Develop a winning offer for each.
 - Quantify the value proposition (creating advantage, not just avoiding disadvantage).
 - Become the best in your chosen segments.
8. **Calculate whether your objectives and strategies will create shareholder value**
- Carry out risk assessment on each strategy in each segment.
 - Calculate risk-adjusted net-free cash flows for each segment over the planning period.
 - Allocate the relative capital employed multiplied by the cost of capital for each segment.
 - An overall surplus means that the plan is creating shareholder value.

F

9. **Justify financially investments in marketing**
- Measure the indirect impact on sales and profits of all marketing expenditure.
 - Measure the impact of promotional expenditure using econometric models.
 - Measure and report to the board that your risk-adjusted marketing strategy creates shareholder value.
10. **Be professional and ethical**
- Develop professional marketing skills.
 - If possible, get qualified like other professions.
 - Be innovative and open-minded.
 - Be ethical at all times and consider the impact of your actions on all stakeholders.

These ten guidelines can be summarized even more – see sections G and H.

1. Define your market in terms of needs, not products. Know how it works from end to end.
2. At decision points, do proper needs-based segmentation.
3. Carry out a detailed SWOT analysis on each segment.
4. Categorize the resulting segments according to the potential of each for you to grow your profits over the next three to five years and according to your relative strength in each compared with your competitors.
5. Focus and play to win in the one or two best segments from 4 above.
6. Set only a few priorities, involve your team and don't try to be all things to all people.

G: Six ways to develop a winning strategy

1. Identify a profitable, under-served segment (niche).
2. Target only one segment at a time.
3. Create an irresistible offer. Offer quantitative proof that you are the best.
4. Become the obvious expert in your niche.
5. Create a hit list of customers you want to win. Concentrate your firepower.
6. Get high quality referrals.

H: How to become a very profitable leader

Armed with the tangible results of the wisdom you have captured in the strategic and tactical marketing plans, you can face the future with confidence. In the following final section of the book, 'Marketing Planning: Yes, it really works! Experiences from the real world', you'll find excerpts from two former directors of multinational companies who have since worked extensively in small and medium enterprises (SMEs). They spell out how the processes set out in this book work perfectly in either domain.

The authors of this book wish you all happy and profitable planning!