

CHAPTER 10

Marketing Plan & Sales Strategy

Tell them what they get, not what you do.

Reaching and Capturing Customers

You have to have customers to stay in business: It's the most basic business truth. That's why an effective marketing plan to communicate with, motivate, and secure customers is vital for your company's success. Since reaching customers costs money, and money is always limited, your marketing strategy must be carefully and thoughtfully designed. If you are developing a business plan to seek outside funding, remember many investors read the marketing plan portion closely. They want to know you have a realistic and price-conscious strategy to get your product or service into the hands of customers. In your marketing plan you define:

- How you make customers aware of your product or service;
- What message you are trying to convey to customers about your product, service, or company;
- Specific methods you use to deliver and reinforce that message; and
- How you secure actual sales.

Note that marketing and sales, although closely related, are two different activities. Marketing is designed to increase customer awareness and deliver a message; sales is the direct action taken to solicit and procure customer orders. Thus, marketing includes activities such as advertising, creating brochures, social networking, and public relations; sales encompasses telemarketing, sales calls, and e-commerce sales.

In devising and implementing your marketing strategy, you may wish to use the services of specialists such as marketing consultants, advertising agencies, and public relations advisors. While these professionals can increase the focus and effectiveness of your efforts, you must never

“Some people think it's either win or lose. But every game is followed by another. An analogy in business is that every sales call will be followed by another. You're always preparing for the next one. So it's important to make each game as close as possible, do as well as you can on each call. Even in the process of losing, even if you don't make the sale, you're improving and refining your skills, and how well you perform when you lose is important in determining whether you will eventually win.”

Bill Walsh
Former Coach and
President, S.F. 49ers

“A lot of people are realizing that life is short and they want to do something that really speaks to their hearts. That’s the foundation of their business mission.”

Pauline Lewis
Owner, oovoo design

relinquish the marketing program entirely to outsiders—it is far too crucial to the definition and success of your business.

This chapter provides the basic tools you need when outlining a marketing strategy to be included in a business plan document.

Your Company’s Message

Anyone who’s ever seen an ad for Calvin Klein jeans, with an attractive model seductively suggesting, “Nothing comes between me and my Calvins,” quickly gets the message, and it has nothing to do with price or durability. This company is selling sex appeal by telling customers, “Wearing Calvin Klein jeans will make you more attractive.”

Every business sends a message in its marketing. This message, based on the strategic position the company stakes out for itself, emphasizes particular attributes, such as “low-price leader” or “one-day service.” Or perhaps the message exploits a market niche: “specialists in estate planning” or “software for architects.” Maybe the message is less direct and aimed more at the customer’s self-image: “the choice of a new generation” or “you deserve a break today.”

The Four P’s of Marketing

What messages do you give customers to motivate them to purchase your product or service? Traditional marketing experts emphasize the elements described below, known as “the Four P’s,” in influencing customers to buy.

- 1. Product.** The tangible aspects of the product or service itself.
- 2. Price.** The cost advantage.
- 3. Place.** The location’s convenience and decor.
- 4. Promotion.** The amount and nature of the marketing activities.

These elements leave a lot out of the marketing picture, however, especially as customers have become more discriminating over the years and look for products or services not just to fill an immediate need but to enhance their overall sense of well-being.

Most marketing strategists agree that people buy benefits, not features. In other words, customers are more concerned about how a purchase will affect their lives than about how the company achieves those results. So your marketing message must tell customers what they get, such as security or an enhanced self-image, rather than just the detailed specifics of what your product or service does.

What Customers Want: The Five F’s

“The Five F’s,” shown below, are a convenient way to sum up what customers want.

- 1. Functions.** How does the product or service meet their concrete needs?
- 2. Finances.** How will the purchase affect their overall financial situation—not just the price of the product or service, but other savings and increased productivity?

3. **Freedom.** How convenient is it to purchase and use the product or service? How will they gain more time and less worry in other aspects of their lives?
4. **Feelings.** How does the product or service make customers feel about themselves, and how does it affect and relate to their self-image? Do they like and respect the salesperson and the company?
5. **Future.** How will they deal with the product or service and company over time? Will support and service be available? How will the product or service affect their lives in the coming years, and will they have an increased sense of security about the future?

Customers, of course, want to receive benefits in all these areas, and you should be aware of how your product or service fulfills the entire range of their needs. However, your primary message must concentrate on one or two of these benefits that most effectively motivate your customers and that stake out a competitive position for your company.

You communicate these benefits through every interaction you have with your customers, not just through your advertising. Naturally, your company slogan and any words you use in advertisements deliver an overt statement to the potential customer. Perhaps the name of the business itself is a direct message, for example, “One-Hour Photo” or “Cheap Tickets.”

Power of the Indirect Message

Indirect messages can leave an even stronger impression with customers. If brochures are cleanly designed and sales representatives conservatively dressed, it conveys the impression that the company is professional and responsible. If the decor features trendy colors and rock music plays in the background, the implication is that the company is youthful and contemporary.

Sometimes, unfortunately, a company sends out mixed messages, for example, having nicely dressed salespeople but poorly printed sales material. How will you convey an image to your customer that reinforces your direct message? How will you add value to your product or service through design, packaging, and presentation?

The Five F’s worksheet on page 152 helps you organize your answers to these questions; the information then can be incorporated into the Marketing section of your business plan. This worksheet helps you summarize how you reinforce your company’s image and what you are trying to tell customers about your product or service. Use the information for internal planning as well as in your business plan.

Marketing Strategy

Once you have clarified what you want to tell customers about your company, you must describe how you disseminate that information.

How do you reach potential customers? Do you advertise? If so, where?

“As a socially responsible company, you need to tap into people’s real desire to help, and create an experience that gives them real satisfaction.”

Premal Shah
President, Kiva

“Everything supports the vision. That’s the key in retailing. Everything must reinforce the central concept you are trying to convey to your target market, including your product lines, the customer service you offer, architectural design, the hours you’re open, even the type of bags you use.”

Nancy Glaser
Business Strategies Consultant

The Five F's

Keeping the Five F's in mind, describe the message you are trying to convey to customers about your product or service.

Functions: _____

Finances: _____

Freedom: _____

Feelings: _____

Future: _____

Which of these messages is the most important in motivating your target market to purchase? _____

How will you express this message to your customer in the areas listed below?

Business Name: _____

Slogan: _____

Key Words in Marketing Material: _____

Product Design: _____

Logo: _____

Website Design: _____

Blog Language and Design: _____

Choice of Social Networking Sites: _____

Other Graphic Images/Design: _____

Packaging: _____

Decor: _____

Style of Clothing Worn by Employees: _____

Merchandising/Displays/Presentation Materials: _____

Other: _____

Do you send an email newsletter? If so, to what mailing lists? Do you optimize your website for search engines? Do you participate in trade shows? If so, which ones and how frequently?

Since every marketing vehicle costs money, carefully plan how you intend to spend your marketing dollars. In devising your overall marketing program, be sure you look for:

- **Fit.** Your marketing vehicles must reach your actual target customer and be appropriate to your image.
- **Mix.** Use more than one method so customers get exposure to you from a number of sources.
- **Repetition.** It takes many exposures before a customer becomes aware of a message.
- **Affordability.**

Use the Marketing Vehicles worksheet on page 154 to document how you employ various marketing vehicles in your business.

Be Resourceful

Often the best marketing vehicles are not the most obvious or the most expensive. A large ad in a specialty publication may prove far more effective and less expensive than a small one in a general newspaper. Building a presence on a social networking site targeted to a specific audience can bring better results than being on the most popular networking sites.

You may want to consult the *Standard Rate and Data Service* to find names and advertising rates of specialty and general publications. To find information on trade shows, look online for trade organizations in your industry.

You can also find an extensive listing of trade shows online at:

TSNN.COM

www.tsnn.com

SUCCESSFUL MEETINGS

www.mimegasite.com/mimegasite/index.jsp

Or refer to the book *Trade Shows Worldwide: An International Directory of Events, Facilities, and Suppliers*, published by Gale Research.

If you are marketing to businesses, identify potential customers for direct mail or telemarketing efforts on ThomasNet at www.thomasnet.com.

Some of the marketing vehicles you may choose are:

- **Brochures.** Leaflets, flyers, or other marketing collateral; these are particularly useful for service businesses.
- **Company Website.** Describe your products or services in depth, be available to customers everywhere at all hours, and potentially include e-commerce capabilities.

Customer-Based Marketing

Often neglected, this is one of the most fruitful types of marketing. Two particularly effective approaches are to emphasize repeat sales by positioning your product or service to be consumed or replaced, and add-on sales, whereby you increase the total revenues per customer through the sale of extra products or services.

Another approach is point-of-purchase promotion: merchandising displays or other offers presented to customers at time of sale to encourage impulse purchases.

Strategic Partnerships

Identify a related company with which to associate for promotion, sales, or distribution. Ways in which you might use such a partnership include:

- **Cooperative Advertising.** This type of advertising occurs when two companies are mentioned in an advertisement and each company pays part of the costs. This is a frequent practice in many industries.
- **Licensing.** One company may grant permission to another to use its product, name, or trademark. For instance, instead of selling your computer software program directly, you might license it to another software publisher to incorporate in its program.

Traditional Marketing Tactics

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Customer-Based Marketing: How do you increase sales to current customers? _____

Strategic Partnerships: What relationships do you have with other companies to help promote, sell, or distribute your product or service? _____

Special Offers/Promotions: What reduced-priced values do you offer to encourage sales? _____

Premiums: What gifts or prizes do you offer to build goodwill and sales? _____

Other Tactics: _____

- **Distribution Agreement.** This is an agreement whereby one company carries another's product line and distributes another company's products or services.
- **Bundling.** This is a relationship between two companies where one company includes another company's product or services as part of a total package.

Special Offers/Promotions

Special offers and promotions enable you to increase sales revenue and build market share by offering customers special values. The tendency is to consider this primarily a retail tactic, but service companies and business-to-business marketing can also incorporate the practice.

Strategies include leader pricing—products or services on which you make little or no profit—to entice first-time customers and increase patronage, and introductory or limited time offers to build cash flow at critical points.

Premiums

The use of premiums in marketing includes encouraging sales and creating goodwill through gifts, sweepstakes, discounts, and other perceived added values. These “extras” can be packaged with products or services, such as free wine glasses with a two-bottle box of wine, given as gifts with a purchase, or offered as discounts, often in conjunction with other companies (such as travel discounts), for established customers. Many websites use sweepstakes with prizes to attract visitors to their sites.

Online Marketing Tactics

Social media marketing offers an enormous range of marketing opportunities. New ones are developed as new technologies emerge and entrepreneurs create innovative ways to communicate. Add to this the fact that people are now connected to the online universe virtually all the time via smartphones and mobile devices.

Social Networking Sites

These sites are based on the concept of user-generated content combined with continuous interactivity and connectedness. The result is a huge number of people constantly attached to the Web, their phones, and each other.

Are you trying to reach consumers or businesses? Does a mass-market site (e.g., Facebook, Twitter, Friendster), a special interest site (such as Chowhound for food and LinkedMusicians for music lovers), or a professional networking site (e.g., LinkedIn or NurseLinkUp) better suit your offering? Once you've picked the right site (or sites), provide relevant and interesting content to raise your company's visibility in the community.

Use social networking sites to:

- Spread the word and create buzz about your products or services.
- Advertise with campaigns designed to target your specific audience.
- Create your own group/community to get feedback from customers.
- Build referral sources and networking connections.
- Enhance your credibility by contributing meaningful content to sites or positive recommendations or reviews.

Blogs

Blogs—short for Web logs—are frequently updated online journals that can contain text, audio, video, graphics, and photos. From a marketing perspective, blogs work well for businesses in which expertise is valued—for consultants, technology service providers, professional service businesses, and so on.

Whether you create your own blog or regularly contribute to a popular blog in your field, your blogging efforts can greatly enhance your visibility and credibility. If you offer readers something of value (beyond a sales message), it's likely you'll attract people looking for your services or products.

Effective use of blogs can:

- Build name and brand recognition.
- Establish you as an expert.
- Attract customers and clients.
- Create links to your website.
- Generate buzz around a new product.
- Tap into a committed market.

Other Social Media Tactics

Creating your own podcast—a radio or TV program that gets downloaded to computers and mobile devices—might be a good option if you have compelling content on the most popular podcast topics: technology, politics, and business.

What about a video? While YouTube is the best known of the video-sharing sites, there are many others out there, and some of them are focused on “how to” videos, possibly providing a perfect opportunity to showcase your expertise.

Review and community sites give users the opportunity to rate and post comments about the products, services, and companies they use. These sites include Yelp.com, Angie's List, and Epinions.com. Their comments and reviews can be powerful marketing tools for your business—or they can result in disaster.

As with every other aspect of your marketing plan, you should carefully evaluate the return on investment you can expect from blogs, social networks, and other online marketing tactics. Although many of these activities don't appear to cost much money, all of them take time. Be sure to factor in the time—yours, your staff's, and any consultants'—that goes into social media marketing.

SEO and SEM

With search engine optimization (SEO), you design a website that is optimized for search engines to find you quickly and easily. The goal: your website listed high on the “results” page when a user searches for relevant keywords. With search engine marketing (SEM), you buy keywords so that your advertisement appears every time a user searches the Internet using them.

SEO. First, you need to figure out which words your target customers are most likely to use when searching for the types of products or services (or content) you offer. You'll need to repeat your keywords throughout your site so that search engine crawlers are likely to associate your website (or certain pages within it) with those keywords. As you develop and update your site, keep these keywords in mind.

Be aware, however, that SEO is as much art as science. Since search engines frequently change their search algorithms, the optimization rules that kept a company in the top spot one month might not apply the following month.

SEM. This broad term could apply to any type of marketing activity aimed at associating your company's name and website with search engine results; however, to distinguish it from search engine optimization, the term SEM has come to mean those activities in which you pay to have your site appear high within search results. SEM can also be called search engine advertising.

SEM is very popular for two reasons. Searchers are often highly qualified prospects—especially for the most narrowly defined terms. And advertisers are charged only when a searcher clicks on their ads (called a click-through). They do not pay just for the ad being displayed.

Email Newsletters

Like their print counterparts, email newsletters offer an extremely effective way to build your business and stay in front of your customers and prospects. They also have the advantage of being fast, easy, and inexpensive to produce.

In an email newsletter, you can include information and tips your customers can use, short articles, business updates, special announcements, or coupons and special offers. Avoid filling your newsletter with sales information about your products and services—instead, provide recipients with some benefit for opening your email. That way, they're more likely to open the next one you send.

But a word of caution about all email marketing: Be careful not to abuse it. Send email only to those who've signed up to receive email from you or

have had some dealings with you (including giving you their business card), otherwise you may be breaking the law. Limit the frequency of your messages; generally once or twice a month is enough for an email newsletter. Try to use a compelling “Subject” line to increase the chance that people will open and read your mail. And make sure your mailings are meaningful, are valuable, and don’t contain offensive content or language. If not, recipients will soon block your email as spam, and if enough people do that, email filters will block your messages to many larger servers.

Online Advertising

Even if you find most online ads bothersome, it’s a good bet that there are others you’re happy to see. For instance, if you’re looking for environmentally sensitive products—solar-powered heating, energy-efficient lights, recycled building materials, and so on—and come across a website listing and describing suppliers of such products, you’ll be thrilled. You won’t care that these companies paid to be listed; you’re just glad to find all of these resources in one location.

What’s important is that you design your own online ads to attract (not annoy) your target customers and then place them where potential customers are most likely to see them.

Some major types of online website advertising opportunities are:

- **Portal sites/directories.** Portals and directories serve as online hubs—usually grouped around a common theme, topic, product, or location—where users come to look for information, products, and services. As such, portals can provide effective (and affordable) places to advertise your product or service.
- **Website ads.** In the early days of the Internet, the typical Web page ad looked much like a display ad in a newspaper or magazine: an ad of a specific size, typically including graphics or photos as well as text, placed adjacent to the content of the page itself. On the Internet, this type of ad came to be called a banner ad.

Interstitial ads are another type of website ad. These appear between (or before) other content and websites. A classic example of interstitial advertising is the television commercial—appearing, as it does, in the middle of a TV show, this type of ad has a captive audience. You’ve also experienced an interstitial ad if you’ve ever typed in a website address only to be taken to an ad before the site itself opens.

- **Sponsorships.** With a sponsorship, an advertiser pays to support a website, portion of a website, content within a website, or the organization behind the website. In return, the website gives the advertiser visibility and recognition on the site. Often, this visibility takes the form of a static banner ad; however, it can also mean displaying the sponsor’s name, logo, or tagline in immediate proximity to content—placement that can sometimes make sponsorships even more visible than banner ads.
- **Online classifieds.** Some of the most effective ads are pure text (or, perhaps, text augmented with a few pictures)—the equivalent of online “classified” ads.

The best known of these sites is Craigslist (www.craigslist.org). In some communities, Craigslist has become the first place people look when shopping, job-hunting, or looking for an apartment. And an increasing number of businesses use Craigslist to advertise their new products or services. Advertising on Craigslist takes time (you have to continually update your ad to stay visible), but, in most cases, it's free.

- **Affiliate auction.** Online auction sites, such as eBay, are more than just places for individuals to auction off used goods to the highest bidders. Representing huge online marketplaces, such sites have created myriad marketing opportunities for entrepreneurs. Since you can set up “stores” on these sites or list products as “Buy It Now” without conducting an auction, you can use auction sites as an advertising medium—just as you would online classified sites.

- **Affiliate programs.** You can advertise your products or services on other people's websites by setting up an affiliate program (which can also be thought of as pay-per-sale advertisements, since the hosting website only gets paid if the ad results in a sale).

Affiliate advertising offers incentives for others to place your ads on their sites in exchange for a piece of the action. For instance, if one of their site visitors clicks your ad, goes to your site, and makes a purchase, the originating site gets a commission on the final sale.

Marketing Globally

In today's connected world, it's far easier to find and serve customers worldwide than ever before. While your domestic market may seem like a large enough target market to pursue, especially if yours is a young company, you should also at least consider expanding your potential customer base internationally.

Even if you don't directly target global customers, it's likely that you'll have customers throughout the world, especially if you have an online presence. International customers may find you even if you are not actively seeking them.

Before you decide to market your products or services internationally, you must first determine whether there's likely to be market demand from other countries, and if you can affordably and effectively fulfill orders should you receive them. After all, there's no point in marketing a product if it's going to be impossible or unaffordable to ship. So begin your global marketing evaluation by determining which—if any—of your products or services are appropriate for global sales. Are there customers in other countries who are likely to want or need your products or services? If so, in which countries?

Keep in mind that you do not necessarily need to have a physical presence in another country to be able to market to customers. You might, for instance, find a locally based company with which to partner who can import and market your products or who can license your products or intellectual property, adapt your offerings to meet the needs of the local market, and market them under either your name or their company name.

Online Marketing Tactics

Website: How will your website promote your products or services or add credibility to your business? What are the primary objectives of your website in marketing and selling your products and services? _____

SEO/SEM: Will you drive traffic to your website using either unpaid/paid search engine marketing? If so, how? _____

Email Newsletters: Will you create an email newsletter to connect with your customers and prospects? What type of content will you include? How often will you send the newsletter out? How will you build your mailing list? _____

Blogs: Will you write a blog? What blogs will you actively participate in to increase your visibility? _____

Social Media: Will you use social media such as micro-blogging sites and social networking sites to spread the word about your products and services, and to engage customers and prospects? _____

Other Online Advertising: Will you use paid advertising on other websites or portals? If so, which ones? _____

Other Online Tactics: Will you use other online vehicles such as podcasts, video, or review sites? If so, how will you use them? _____

For most businesses, however, their online presence—particularly through their website or their sales through other websites—is going to be their major global marketing vehicle. So as you build or redesign your website, keep international prospects in mind, with considerations such as:

- Making your website friendly for international customers (for example, the use of multiple languages, prices in other currencies, use of the metric system for measurements, customer support for different time zones).
- Creating special websites or landing pages for each country or region you're marketing to.
- Making an attempt to understand cultural norms. For instance, in some countries, comparison advertising (e.g., taste tests of Coke versus Pepsi) is not done. In many Asian countries, red is a symbol of good luck.
- Using social media. Participating in social media—blogs, and social networking sites—where many or most users are from your target countries.
- Buying ad words to appear when searchers are from a specific country. Some search engines allow you to target particular countries. Keep in mind that in some countries, other search engines may be dominant—such as Baidu in China.

Of course, you can also create a local presence if the opportunity in a specific country is large enough to warrant it. In such a case, you will certainly want to learn about that country's customs when it comes to marketing and sales. You may wish to engage locals on your marketing team or hire local marketing companies (public relations or advertising firms, for example) who better understand the local market. You'll also need marketing collateral materials (such as brochures) appropriate for that country.

Use the worksheet on the following page to sketch out your global marketing efforts.

Your Sales Structure

Directly related to your marketing strategy is your sales structure—how you achieve actual customer orders. In this section of your plan, describe the two main components of your sales system: the sales force and the sales process.

If your business plan document is being used for external funding requests, you don't need to go into great detail; it is enough to provide a general outline, giving a sense of your understanding of what is necessary to produce sales. For internal planning, however, you should flesh out these concepts more thoroughly.

The Heartbeat of Your Sales Force

At the center of your company's income-producing activities are those members of your staff with specific sales responsibilities. These are the people who come in direct contact with your potential customers and who most immediately determine whether your product or service is actually purchased. These key staff members are your sales team, and you must carefully plan how you make the best use of their skills and time.

“With public relations, you need to keep your best foot forward at all times. You should be scrupulously honest, as direct as possible; at the same time, you want to protect your long-term goals and the reputation and dignity of any individuals involved. It's important to maintain a certain public perception of your organization, so you can't go into all the details of each decision. The public has a hard time handling negatives. You must have standard, acceptable methods and forms of response to critical questions and inquiries.”

Bill Walsh

**Former Coach and
President, S.F. 49ers**

Globalization: Marketing

Complete this worksheet if you intend to market your products or services and make sales internationally.

1. Which of your products or services are particularly well suited for international sales? _____

2. Which countries are your best prospects? _____

3. Which steps will you take to market your products or services internationally?

- ☐ a. Create or adapt globally friendly website(s)
- ☐ b. Support multiple languages in product info
- ☐ c. Utilize social media
- ☐ d. Buy adwords targeted to specific countries
- ☐ e. Partner with international marketing firms
- ☐ f. Participate in international trade shows
- ☐ g. Open international locations
- ☐ h. Other: _____

4. How will you adapt your website to accommodate international customers?

- ☐ a. Support multiple languages
- ☐ b. Indicate prices in other currencies
- ☐ c. Provide customer service in different time zones
- ☐ d. Provide measurements in metrics
- ☐ e. Adjust website content to be sensitive to cultural norms
- ☐ f. Use visuals (e.g., photos) that reflect international orientation
- ☐ g. Other: _____

What responsibilities do you give your sales team? What commissions and incentives do you provide? How do you train and supervise the people responsible for bringing in your revenues?

Of course, every employee actually has a part in attracting and retaining customers: If the janitor does a poor job and the store looks dirty, customers may not want to buy from you. Thus, some companies incorporate some form of sales-related training for all personnel. But certain staff members (and non-employees, as well) have particular responsibilities for securing sales, and these individuals are the center of your sales team.

Sales Activities

Sales activities can be conducted either on your business' premises or by calling on customers at their homes or places of business. And your sales force can consist of either inside or outside salespeople.

- **Inside Sales Personnel.** Employees who remain on the company's premises to secure sales; includes floor salespeople in retail stores, personnel who take phone orders, and telemarketing.
- **Outside Sales Personnel.** Salespeople who go to customers' locations to solicit orders; these can be company employees working on salary alone, salary plus commission, or straight commission; or they can be independent contractors—sales representatives and manufacturer's agents, either representing many product lines or handling one company's products exclusively, usually on a commission-only basis.
- **Online Sales.** Online sales can include websites that sell products directly to customers through either an e-commerce site or an auction site such as eBay. Lead generation sites generate sales indirectly by collecting leads for salespeople. Lead sites often require that visitors provide contact information if they want to access the sites' content, videos, and/or downloads. Salespeople then use this contact information to follow up with users.

You can also hire independent telemarketing services to conduct your telephone sales from their place of business, using their employees.

Once you determine the nature of your sales team, delineate how you divide responsibilities among personnel, for example, assigning sales representatives by territories, product lines, or customer types.

Employee Compensation and Training

How do you pay your sales force? Some form of commission is common in most selling situations. What commission percentage do you provide?

Do you give bonuses for reaching certain goals?

Do you use other incentives, such as awards, gifts, or vacations? Do district managers or other supervisors receive commissions on their staff's sales?

You also need to consider how you continue to train, motivate, and supervise your sales force. Selling is a difficult, often dispiriting, task, and salespeople need frequent encouragement and support. Who will be responsible for this? The Sales Force worksheet on page 166 helps you outline the structure of your sales team.

“In seeking strategic partners, the first criterion is to find those groups that have a shared view of what we are trying to do. We have four criteria for choosing a strategic partner: 1) similar strong emphasis on marketing; 2) shared understanding of the target market; 3) agreement on the geographic area we're serving; and 4) ethical, quality people. We next try to find people who can give us better access to different types of media, and at better rates than we could secure. Often potential partners approach us; in other cases, our vice president of sales contacts her counterpart in an organization we are interested in. Then we make sure that the partnership is as profitable for them as it is for us, or else they won't be coming back to us. This ensures their support for the endeavor and opens the door for future business partnerships.”

Andre Tatibouet
Founder, Aston Hotels

Sales Force

List below the type of sales force you use, and how many salespeople you have in each category.

Inside Sales Force: _____

Outside Sales Force (employee): _____

Outside Sales Representatives, Agents (non-employee): _____

E-commerce Sales and Support: _____

Telemarketing Services: _____

Other: _____

How do you divide responsibilities, e.g., by product line, territory, customer type, etc.? _____

Do sales personnel have additional responsibilities as well as sales? _____

What commissions do you pay sales personnel? _____

Do commissions vary by product line or goals achieved? _____

What other incentives or bonuses do you provide? _____

For which expenses do you reimburse sales personnel, e.g., travel, entertainment? _____

What expenses must sales personnel pay for themselves? _____

Who supervises sales personnel? _____

Do they receive any commissions or bonuses based on performances of people they supervise? ☐ Yes ☐ No

Who trains sales personnel? _____

How often is training provided? _____

What kind of training is provided? _____

Which other employees are involved in generating sales? _____

Sales Process

Finally, you need to identify the procedures you use in making sales calls and presentations, and the level of results you expect from your sales force. Although this information is not necessary to include in a business plan prepared for external financing purposes, the data on sales productivity is important in developing realistic sales forecasts.

How will actual sales be achieved? Some methods are:

- On-site sales
- Mail order sales
- Telephone sales
- Online sales
- Off-site sales (such as at the customer's place of business)
- Third-party sales

Aspects you should consider in evaluating your sales process include:

- **Cold-Calling.** Contacting targeted customers before they have indicated any interest in purchasing your product or service; this can be done in person or on the phone.
- **Leads.** Developing or purchasing names of potential customers who have expressed at least some level of interest in your product or service.
- **Productivity.** The amount of time it takes to secure sales, and the level of sales realistically expected from each salesperson.
- **Order-Fulfillment.** Ensuring that orders are completed promptly and accurately, an essential completion of the sales process.
- **Goals.** Establishing specific, measurable objectives for each salesperson and the total sales force; realistically assessing the number of sales possible for each sales representative given the nature of his or her assigned territory/product line/customer base; setting sales quotas base; setting sales quotes based on these assessments.
- **Follow-up Efforts.** Ensuring that the sales representative maintains ongoing contact with the customer after the sale and seeks out repeat sales opportunities.
- **Optimize your website.** Add keywords to your site and/or buy keywords to help boost your rankings in search engines and direct more traffic to your site.

Use the Sales Process and Productivity worksheet on page 168 to outline the procedures and productivity levels you expect in your sales efforts.

International Sales

Once you have determined that there is likely to be demand from customers in other parts of the world for your products or services, you need to evaluate how you will make and fulfill sales.

“We book travel packages together [air transportation, hotel, etc.] with our strategic partners. We work in tandem with their salespeople. They may be making a heavy volume of sales calls, and they sell our hotel along with their product.”

Andre Tatibouet
Founder, Aston Hotels

Sales Process and Productivity

On this worksheet, outline the procedures and productivity levels you expect in your sales efforts.

CUSTOMER IDENTIFICATION

How do you identify potential customers? _____

Do you use "cold-calling"? _____

What prospect lists, if any, do you purchase? _____

What other methods do you use to determine customer interest? _____

Do you capture the contact information of your website visitors? _____

CUSTOMER CONTACT

How do you contact customers? Email? Phone calls? _____

Who contacts potential customers? _____

How many times is a potential customer contacted before he or she is discarded from the list? _____

When are potential customers contacted? _____

How long does each contact take? _____

How frequently are current customers contacted for additional follow-on sales? _____

Who contacts current customers? _____

SALES PRODUCTIVITY

What are your sales goals? Delineate volume and revenues expected within a certain time frame. _____

What percentage of your revenues will come from online sales? _____

What percentage of your website visitors do you project will convert to purchasing customers? _____

How many times, on average, must a potential customer be contacted before securing:

An appointment? _____ A sale? _____

What percentage of potential customers agree to an appointment or demonstration? _____

What percentage of those agreeing to an appointment or demonstration subsequently purchase? _____

How many calls will each salesperson be expected to make, and in what time period? _____

Who handles phone, mail, email, or online orders? _____

Who ensures orders are filled promptly and properly? _____

Does this information get reported to the salesperson? ☐ Yes ☐ No

How? _____

Who checks credit? _____

OTHER SALES PROCEDURES

One of the biggest challenges in serving international customers is fulfilling orders. If you have a physical product, it may be difficult and expensive to ship, and you may face tariff or custom considerations. You need to examine those issues before you spend time or money marketing and building a sales operation.

If, however, what you are providing is a downloadable product (such as software or content) or an online hosted service, there's almost no problem in fulfilling orders—assuming, of course, that the product or service has some international appeal. If that is the case, you should certainly give consideration to how to improve your online presence to attract global customers.

Recognize that sales conditions and terms may be different in other countries. For instance, in some countries, many consumers will not have credit cards, or you may have limits on the interest rates you can charge even your commercial customers. As you make your sales plans and projections, you'll need to understand those differences.

A typical way for companies to develop international sales is to partner with another company/corporation or a sales company or distributor in that country. Or, you may license your product or intellectual property (for example, software, designs, content), for them to sell under either your brand name or theirs. Contact your industry trade associations to see what's typical in your industry and how other companies currently license similar products in other countries.

One excellent way to test the waters for global markets is by participating in international trade shows. These expositions bring many parties in an industry together to show their products to potential customers. Trade shows are an excellent, efficient way to reach a large number of international customers and partners. They can be a method of finding local distributors or licensors in other countries.

Preparing the Marketing Section of Your Plan

You need to distill the highlights of your marketing and sales planning into a concise and compelling statement of how you reach customers and convince them to purchase from your company. The Marketing section of your business plan should include:

- The message you attempt to send customers; how you position your company in the market.
- The marketing methods and vehicles you use.
- The sales force and sales procedures you use.

The *Marketing Budget and Sales Projections worksheets* and the *Plan Preparation Form* on the next several pages help you organize information for completion of your business plan's Marketing section.

Refer to the previous worksheets in this chapter when completing your marketing budget estimates for the *Marketing Budget worksheet*. Some of this information will also be used in the *Financials* section of your business plan. To complete the *Sales Projections worksheet*, estimate income by each

product line, then total the income from all product lines and transfer this information to the appropriate financial forms in Chapter 16.

Chapter Summary

Your marketing plan and sales strategy are at the heart of your company's business. To stay in business you have to reach customers and secure sales. That is why this section of your plan is likely to be closely reviewed by prospective investors. When studying your marketing plan, these investors want to see that you have a realistic, cost-effective approach to positioning your products or services in the market and to motivating customers to purchase.

In your sales strategy section, potential funders want to see that your sales methods are appropriate for your business and that your sales force is both large enough and trained well enough to be able to secure the sales levels necessary to sustain your business.

Globalization: International Sales

1. Do you intend to make sales internationally? _____

2. What is the nature of the products you're selling (downloadable content, products, services)? _____

3. Have you researched which concerns, if any, there are with fulfillment (shipping, customs, tariffs, etc.)? _____

4. Which specific products or services in your line are most appropriate for international sales? _____

5. When selling internationally, will you be selling through a third party or with direct sales? _____

6. Do you intend to open a sales office in other countries? _____

7. Do you plan on hiring sales reps in other countries? _____

8. What are the typical commissions in the countries where you'll be selling? _____

9. What are the typical terms of sale in the countries where you'll be selling? _____

10. What other concerns with selling internationally have you identified? _____

Marketing Budget					
	JAN	FEB	MARCH	APRIL	MAY
Professional Assistance					
Marketing/PR consultants					
Advertising agencies					
Social media specialists					
SEO specialist					
Graphic/Web design					
Brochures/Leaflets/Flyers					
Signs/Billboards					
Merchandising Displays					
Sampling/Premiums					
Media Advertising					
Print (newspaper, etc.)					
Television and radio					
Online					
Other media					
Phone Directories					
Advertising Specialties					
Direct Mail					
Website					
Development/programming					
Maintenance and hosting					
Trade Shows					
Fees and setup					
Travel/shipping					
Exhibits/signs					
Public Relations/Materials					
Informal Marketing/Networking					
Memberships/meetings					
Entertainment					
Other:					
GRAND TOTAL COSTS					



NOTE: A Microsoft Excel version of this worksheet is available as part of The Planning Shop's Electronic Financial Worksheets package, available from www.PlanningShop.com.

Sales Projections					
	JAN	FEB	MARCH	APRIL	MAY
Product Line #1					
Unit volume					
Unit price					
Gross sales					
(Commissions)					
(Returns and allowances)					
Net Sales					
(Cost of Goods Sold)					
GROSS PROFIT					
Product Line #2					
Unit volume					
Unit price					
Gross sales					
(Commissions)					
(Returns and allowances)					
Net Sales					
(Cost of Goods Sold)					
GROSS PROFIT					
Product Line #3					
Unit volume					
Unit price					
Gross sales					
(Commissions)					
(Returns and allowances)					
Net Sales					
(Cost of Goods Sold)					
GROSS PROFIT					
Product Line #4					
Unit volume					
Unit price					
Gross sales					
(Commissions)					
(Returns and allowances)					
Net Sales					
(Cost of Goods Sold)					
GROSS PROFIT					
Totals for All Product Lines					
Total unit volume					
Total gross sales					
(Total commissions)					
(Total returns and allowances)					
TOTAL NET SALES					
(Total Cost of Goods Sold)					
TOTAL GROSS PROFIT					



NOTE: A Microsoft Excel version of this worksheet is available as part of The Planning Shop's Electronic Financial Worksheets package, available from www.PlanningShop.com.

Marketing and Sales Strategy Plan Preparation Form

Use the information recorded on this form to summarize the points you will cover in the marketing portion of your business plan.

Describe the message you are attempting to send customers: _____

Describe how you are positioning your company in the market: _____

Describe the traditional and online strategies you use: _____

Describe your sales force and procedures: _____

Use this information as the basis of your plan's Marketing section.

SAMPLE PLAN: MARKETING PLAN

MARKETING PLAN

ComputerEase distinguishes itself from its competitors by better understanding the needs of its customers. Other computer software training companies, both in the Vespucci area and online, market their services as if their customer were the individual student taking the class. ComputerEase, on the other hand, knows that the customer is actually the student's employer, the business that has contracted with ComputerEase.

ComputerEase Meets Customers' Needs

Employers have slightly different motivations than the students themselves. Although the companies, as well as the students, want high-quality, easy-to-understand training, the businesses also want:

- Increased overall productivity.
- One company to deal with for all computer training needs.
- Ongoing support for their employees.
- The convenience of not having to disrupt the workplace for computer training sessions.

These business customers want to deal with a training company with which they can have an ongoing relationship.

ComputerEase's slogan, "We speak your language," is designed to reassure its primary market: large corporate customers. The slogan implies both that the software training itself will be comprehensible and that ComputerEase understands the needs of the business customer.

As a play on the word "computerese," the name is designed to be memorable, with the added implication that the company makes dealing with computers easy. ComputerEase prominently features its slogan, "We speak your language," on all its marketing materials, on its company website, and at the bottom of email messages.

ComputerEase Emphasizes Training

ComputerEase emphasizes high-productivity training. This is accomplished by selling not only training at the introductory, basic user-level, but additional, advanced training to substantially increase the benefits to the corporate client. This additional training expands the number of services ComputerEase can sell each customer, and increases the revenues produced from each sale.

Organization of Sales Team

Since ComputerEase's primary target market is mid- to large-sized companies, it has to carefully tailor its sales pitch to the buyers of corporate training—either in-house training managers or human resource professionals. It does this through a small tele-sales team of three contractors who are each paid \$20 per hour plus commissions. Their primary job: to get past the primary "gatekeeper" and then pass the lead onto Vice President of Marketing Susan Alexander or President and CEO Scott Connors.

Describes the company's message.

Tells sales mechanism.

SAMPLE PLAN: MARKETING PLAN (continued)

*Indicates sales
training for staff.*

All queries coming in through the website are first screened by the receptionist, who doubles as the customer service representative, and who responds to each one immediately and personally, and passes the lead onto Alexander or Connors. Each website inquiry is called back within 24 hours. A part-time channel administrator is in charge of handling all requests for information or orders that come in through software or hardware resellers or consultants.

Additionally, all company personnel are considered members of the sales team. Even the software trainers themselves participate in monthly sales training meetings, and all employees receive financial bonuses if the company reaches overall sales goals.

Marketing Vehicles

Most of ComputerEase's marketing for its online products is done—appropriately enough—online. The firm buys keywords from the major search engines so that its ads show up anytime a user performs a search using those words, directing traffic to the company website. Additionally, the firm has bought a sponsorship on the premier corporate training website, and makes sure it is listed on every major business directory under “corporate training/software.” (Sometimes it has to pay for these listings; sometimes they are free.) ComputerEase has also been sending out a highly regarded email newsletter every month to a growing list of corporate trainers that explores best practices in technology training. The firm will also use social media as a mechanism for marketing services and for providing customer support.

*Gives specifics of
marketing plan.*

The firm has also sponsored ads in *Corporate Trainer* magazine, and is one of the sponsors of the largest software training conference in North America.

For its on-premise marketing, ComputerEase focuses on face-to-face solicitation of human resource and training directors of large local corporations with the goal of generating regularly repeated sessions.

Additionally, the company maintains an ongoing direct mail program. A schedule of ComputerEase's downtown classes is sent out every two months to the target audience. Currently 3,500 pieces are sent. ComputerEase purchases lists of human resource directors and another list of local subscribers to a leading computer magazine. All prior students are also included in the direct mail program.

Cooperative Marketing Plans

ComputerEase partners with leading software publishers on many collaborative marketing activities. These include sharing the cost of cooperative advertisements placed in regional computer publications, sponsoring special events to introduce corporate clients to the publishers' new software, and sponsoring a trade show booth at the regional human resource directors' annual convention.

As one of the key sponsors of the corporate training world's largest conference on software training, ComputerEase has earned a good deal of credibility through its presentations and executive speeches by Vice President of Marketing Susan Alexander and President Scott Connors. Additionally, ComputerEase has agreements with three of the top national software distributors and the largest hardware reseller chain as well as a growing network of computer consultants to “bundle” its training courses with new hardware and software sales for a discounted fee.