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brilliant

Business Plan

What to know
and do to make
the perfect plan



brilliant

business plan



‘Now we understand that the most important thing we do is market the product. We’ve come around to saying that Nike is a marketing-oriented company, and the product is our most important marketing tool.’

Phil Knight, CEO Nike



brilliant definition

Marketing

The process of deciding the customers you want and the customers you don’t want and communicating effectively to both groups.

How to avoid wasting money in marketing

Occasionally you will meet people who tell you marketing is a waste of money and it doesn’t work (often the same individuals tell you it is unfair people don’t support businesses like theirs ...). Invariably those with little faith in marketing have come to this conclusion because they once did some advertising and it didn’t get them a single customer. Their first mistake was to confuse marketing and advertising – they’re not the same. Secondly, they failed to appreciate the difference between strategic marketing and promotional marketing.



brilliant timesaver

Take time to understand the differences between strategic marketing and promotional marketing and use this knowledge in planning your marketing; you will save a fortune!

**brilliant definition****Strategic marketing**

Deciding what you want to do, which markets you want to be in, which customers you want, who your customers will be, how you will position your products in the market, your core messages, etc.

Promotional marketing

Simply communicating these messages to your chosen customers, e.g. advertising.

It's like building a house. Strategic marketing is the foundations of the house. Get the foundations right and the remainder of the house has the chance to be good. But if your foundations are poor, you can throw as much money at gold taps, plasma TVs and the like as you want but it will still be a poor house.

Most businesspeople who do not believe in marketing, when they do try it, mistakenly jump in and do some advertising (promotional) without doing the strategic marketing. A fantastic way of wasting money. A colleague once visited a small business owner who was very angry that he'd done some marketing and it was a waste of money. It turns out that he had met an advertising salesperson who had sold him a radio advertising campaign – several thousand pounds. My colleague asked him if any of his potential customers listen to this particular radio station? 'How am I supposed to know that?' he asked. A classic case of throwing money at advertising without planning the marketing first.

There is no shortage of advertising salespeople who will call you all the time and they will all have very positive figures to prove what they are selling will work. We never deny another business person the opportunity to make a profit but let them

make a profit out of other people. Our role is to decide our marketing strategy and then we call them to make the right things happen.



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Present your

- (i) strategic marketing and
 - (ii) promotional marketing plans.
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Marketing and sales

As seen above, marketing (and specifically strategic marketing) is about making the big decisions – which customers, offering, pricing, etc. – and then this is communicated to the market via promotional marketing. Some of this promotional marketing will be done electronically (e.g. website) and some in writing (e.g. newspaper adverts), but some in person. And this person-to-person communication part of marketing is what we call ‘sales’. Sometimes we meet organisations that regard marketing and sales almost as separate things (actually usually the same firms that think marketing is just advertising) but they are wrong: sales is part of marketing.

It is worth highlighting here that if we have no marketing and no selling, we will sell nothing and very quickly go out of business. Now we may have a stereotype of a salesperson – perhaps as someone in a suit with a PowerPoint presentation or someone in a shop who pushes products at you – but it doesn’t have to be this way. As a business owner we should always be talking to people about what we do – this is selling.

Later in this section we will look at the selling of ‘services’ and in that case the *person* who is selling is everything.

Having said sales are very important, there is a situation where you may not need salespeople. If your marketing is very good, and here we mean *very good*, you can create such a demand that customers come to you. Think about the latest elec-

tronic gadget or the latest designer handbag. The companies behind them are so good that they use the media and other communications to release news items, snippets of information, etc. that creates such a desire customers rush to the shops to buy. In fact sometimes this is so good, and supply is deliberately restricted, that customers have to go to the shop to put themselves on a waiting list to have the privilege to buy the product. In this case you don't need salespeople in the shops, you just need charming order takers.

as a business owner we should always be talking to people about what we do – this is selling



Summarise your marketing and sales activity.

I need a Lexus ... a big expensive one

It is true that I am often heard to say, 'I need a Lexus.' Or I hear others say, 'I need that ... handbag', 'I need that ... phone.' My family quite rightly point out that I don't need a Lexus, but that I 'want' a Lexus. As much as I argue, they are of course right and this illustrates a key point in marketing, and in the reason our business exists (Chapter 3). 'Needs' and 'wants' are different.

A 'need' is a fundamental thing. A good example is hunger. When hungry, we must eat. Otherwise we will, ultimately, die. Other basic needs are warmth, shelter and love (less easy to

buy). It therefore becomes clear that those who fulfil a 'need' have a strong potential business.

A 'want' is a need with more choice. For example, if you have to walk and have no shoes, you will buy any pair of shoes. If you already have shoes you may then 'want' a particularly brand of shoe. Likely this choice will be influenced by marketing, the opinion of friends/other people, etc. Whilst less fundamental than a need, a 'want' can still be very powerful. However, no one ever died because of having the wrong brand of shoes so wants may be less powerful in driving customers to purchase.

At the time of writing many countries have been or are in economic recession. With people being or feeling poorer they have still spent money on food (a need) but replacing their aged, worn but still functional dining table? Well, that is a 'want' and that can wait until people start to feel wealthier again. Hence food retailers are still doing ok but furniture retailers are having a difficult time.

However, be it a 'need' or a 'want', neither is of any use to you unless the prospective customer has the money to buy what you are offering.



'A customer is not a customer until their money is in your bank account.'

Anon.



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Write very clearly and precisely the 'want' or 'need' your business is addressing.

Products or services

The things we sell fall into two categories: products or services.



brilliant definition

A product

'Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organisations and ideas.' Kotler *et al.*

A service

'Activities, benefits or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.' Kotler *et al.*

Products and services are different and the distinction between them is vital in our planning for two reasons. First, services are usually more profitable and secondly, deciding if you are a product or service business is important because it requires different marketing approaches.

Products are usually less profitable for the reason of lacking a strong sense of competitive advantage. Consider the situation where you buy products and then resell them (a common retailer or distributor situation). The problem here is that other people will be selling the same thing (unless you can get an exclusive distribution agreement – then you have a competitive advantage!). And they will probably be attempting to sell the same thing at the manufacturers' suggested retail price so customers now have the choice of buying the same thing from two retailers. Multiply that by ten and the customer has lots of choice but any one retailer lacks a source of competitive advantage. If this is a growing market, everyone can sell and make a living. If it