

# Growing Strategically



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# Gelb

# Growing Strategically

## Overview

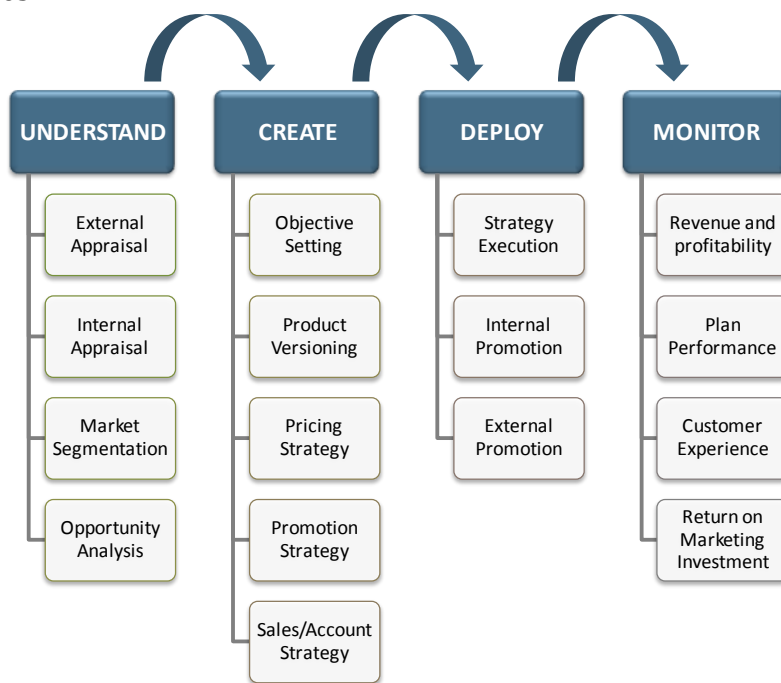
Often times, corporate marketing departments find themselves between the proverbial rock and a hard place when it comes to developing a strategic marketing plan and bringing it to fruition. While the desire to design a well-thought out strategic marketing plan exists, resource and time constraints curtail companies from putting their marketing efforts in the strategic framework needed to guide them in carrying out their plans thereby ensuring success.

Strategy is about resource allocation. Unfortunately in many organizations, “strategy” devolves into responding to the squeakiest wheel or the executive with the most political power. If you had only \$100 to spend and 10 areas in which to spend it, merely allocating \$10 across each area is not likely to give you the results for which you’re looking. Conversely, neither is putting all resources toward a pet initiative. Effective strategy development carefully examines all options and places priority on each for information-based decision making.

Absence of a strategic marketing plan does not equate failure, but practically guarantees problems, missteps and duplicate work. Our framework was developed based on best practices, but with specific industry needs in mind. Gelb’s ultimate goal is to provide our clients with a customized framework and tools to repeat the strategic marketing planning process on their own for subsequent initiatives.

### Benefits of the Growth PlayBook:

- Provides an organizing framework to use market information to share insights and make effective decisions
- Formalizes strategic marketing planning processes
- Synthesizes organizational and market intelligence for effective communication to senior management
- Allows decisions to be monitored, adjusted, and documented
- Provides a means for Growth Teams to present information-based strategy recommendations to senior leadership within 90 days



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## Getting Started

Our experience has shown that forming Growth Teams is not only critical to assessing market and internal factors, but also increases the likelihood of successful implementation. Marketing is a process, not a department. There's a role for operations, marketing, management, and administration to play in setting forth a path for growing an organization's revenues.

A potent Growth Team includes representation from various disciplines, service/product areas, and divisions. The formation of a cross-functional team is a best practice in innovation. Individuals on the team will play a variety of roles, but the main purpose is to work together to make recommendations to senior management regarding the strategic thrust of the organization, whether it is corporate-wide or only one particular area.

Establishing roles and group norms is an important component of the genesis of the Growth Teams. Members should understand what time commitments, background work, meeting time, and support will be required of them. It is important that their executives support their commitment as well.

A Growth Team Leader is assigned by the Growth Team to call meetings, set agendas, review group goals, assign action items, and report process/information hurdles to the executive sponsor. The Executive Sponsor acts as a liaison between the team and senior management, providing routine updates on progress and securing additional resources as the teams require. The team members participate in meetings, complete assignments; but, most importantly, will be responsible for overseeing execution. Our process provides results tracking systems, or dashboards, to make this as efficient as possible, but the scope of work in execution requires active oversight from team members.

Often Growth Teams can get encumbered by information overload or uncertainty. Toward that end, Gelb recommends establishing decision rules – principally outlining “knowns” and “unknowns” and documenting assumptions. Furthermore, while consensus is desirable, there will often be disagreements within the team on the best approach. It is therefore necessary to respect those differences of opinion, but converge on a reasonable solution. Presenting strategic alternatives is another tactic that respects differences among groups. Finally, in many circumstances, it is critical to define the scope of the decision. Often times, groups are NOT tasked with go/no go decisions (e.g., entering a market). Their charge is to determine how to enter a market effectively.

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## UNDERSTAND

### External Appraisal

The Growth PlayBook provides worksheets to capture information regarding market dynamics such as customers, competitors and market share. These worksheets are used as part of the initial investigation but can be retained to provide on-going monitoring of success. Understanding market share is an important component of growth to answer the fundamental question – who do we take market share from and how.

Yet, customers have options that neither you nor your competitors provide. These substitutes (e.g., using internal resources) may actually represent the greatest threat to your growth. Growth Teams should examine these dynamics carefully.

To complement these analyses, we recommend validating some of the assumptions with primary research in the form of thought and opinion leader interviews, especially when entering a new market segment. These individuals can provide keen insights regarding critical success factors and barriers to market entry. Thought and opinion leaders are often those with a high-level view of the industry, such as association leaders or industry-leading customers.

When expansion, whether geographic or industry, is being considered, there are often macro-environmental issues to consider. These are issues beyond the control of the organization – things such as legal, political, economic restrictions or facilitators. Government regulations often play a role in limiting the ability of organizations to grow. A key question for Growth Teams to examine is why others haven't yet pursued this opportunity.

Finally, there are other market trends that may include adoption of new products or services, the decision cycle, profitability, growth rates, and actual customer needs. With this data that goes beyond individual customer information, Growth Teams are able to make strategic decisions regarding the entire segment rather than individual customers with a high level of attractiveness. This begins to move the discussion from a sales-orientation to a market-orientation.

### Internal Appraisal

Just because an opportunity exists doesn't mean you're in a position to capitalize on it. Understanding the ways the organization creates value is a critical component to the process. Examine the value chain – how well do support functions allow customer-facing groups to perform? Are there barriers erected that make it difficult for customers to do business with you? Can you meet capital requirements for market entry? How effective is your supply chain?

Given our work in brand management, we also know that perception of your brand plays a key role in determining success. How well is your brand managed? What are your key points of

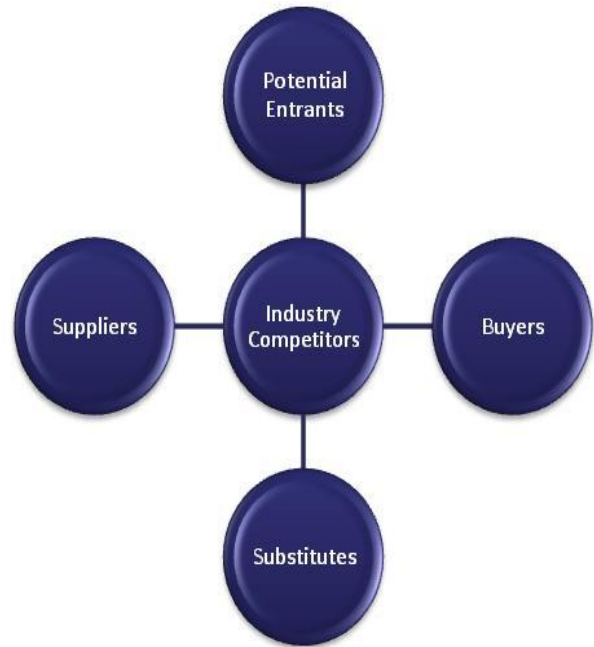
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difference vis-à-vis the competition? How flexible is your brand strategy to explore new opportunities? If change is required, how ready is your organization?

### Putting it All Together

Fans of Michael Porter's Five Forces will recognize this model. By examining the opportunities and the dynamics of the market using Porter's Five Forces, Growth Teams are able to consider the multitude of inputs into the decision making process. As outlined heretofore, there are strategic implications regarding new entrants, substitutes, competition, and customers.

By using this construct, Growth Teams are able to document their assumptions using a common framework (helpful when many teams work concurrently). Furthermore, discussions centered on this model should yield seed ideas for strategic opportunities. We have found that there often ideas that had not been previously explored that emerge from this conversation.



Some key questions to ask to generate a healthy debate:

- How intense is the competition?
- Who will you take market share from?
- How much do they know about us? (Rivalry among existing competitors is especially intense when competitors are numerous and fairly equivalent in terms of ability to deliver; when industry growth is slow, competitive intensity increases)
- What entities might potentially enter the market?
- What barriers are there to market entry (e.g., infrastructure, technology)
- Are there ways that customers satisfy their needs through non-conventional methods?
- Are there resources required that you do not currently have in your internal value chain?
- What buying power do they have?
- How transparent is their buying process?
- What is the length of their buying process?

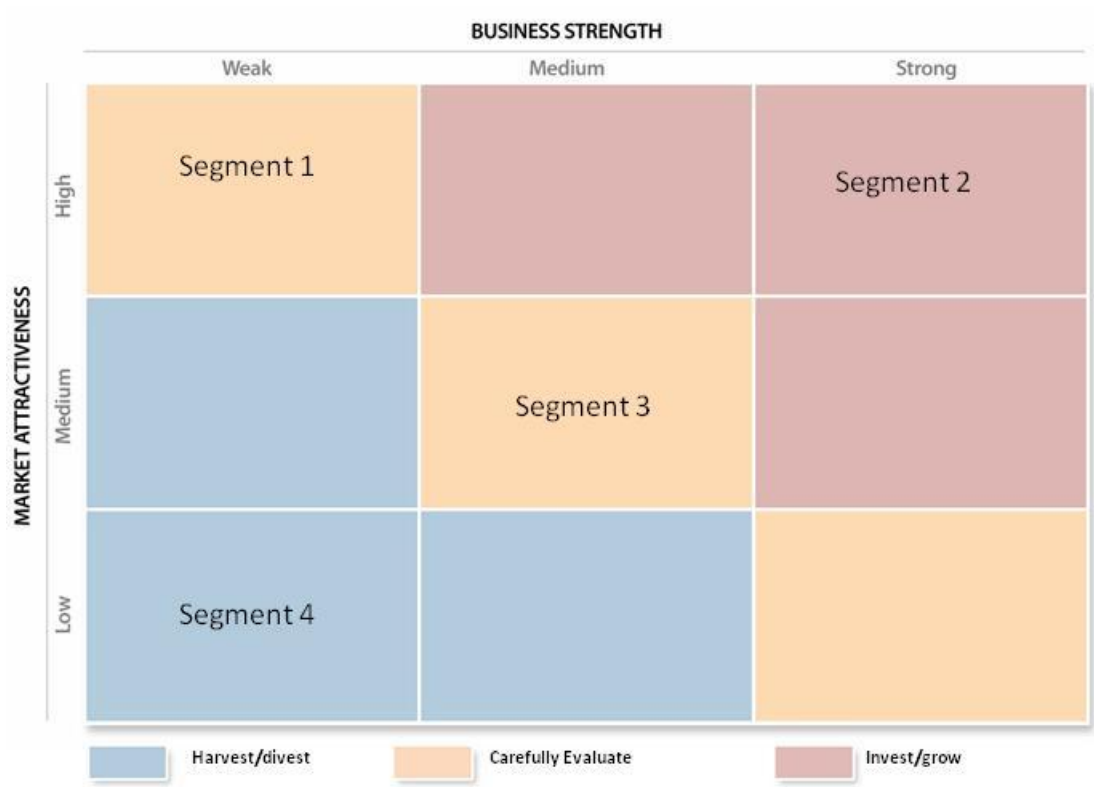
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## The Importance of Segmentation

Segmentation’s role in strategic marketing planning cannot be understated. At the macro level, Growth Teams are examining large segments or industries. To further refine strategic recommendations, the evaluation of market segments is necessary. Using this process and the Growth PlayBook worksheets, teams would have the information necessary to perform an appropriate evaluation of market segments.

To prioritize the segments, we recommend creating a series of objective criteria based on segment attractiveness and business strengths. These evaluations are provided by the Growth Teams and documented for review by senior management. Information gathered in previous steps is used to substantiate the evaluation.

By completing the evaluations in this way, we are able to mitigate emotional connections to a particular effort and be more inclusive of other opinions. The net result is a priority map:



This map clearly outlines those areas with the highest potential so that Growth Teams can focus strategy development effectively.

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## CREATE

### The Strategy

Growth Teams next develop strategies for each high potential segment. These strategies should include the entire marketing mix (price, promotion, product, delivery) and take internal issues into account (e.g., training, communications, incentives).

Utilizing Growth PlayBook worksheets, segment profiles and objectives are created. The segment profiles should include customer targets, regionally specific issues, key motivators, attitudes to overcome, attitudes to reinforce, and solution sets that meet customer needs. In addition, segments should be sized and assessed for profitability and fit with the organization's strengths (e.g., ease of penetration). The objectives should be easy to understand and measurable (e.g., market share increases, revenue increases), including timing and areas of impact.

For each growth segment, it is then necessary to determine how you will deliver value. Matching existing solution sets to current needs is the first step. Following is the need for new solutions for existing problems. The temptation to create new products for unarticulated needs is one that should be avoided without sufficient data to justify pursuit. With this exercise, Growth Teams should also define the core benefit of the solution (to focus messaging and product innovation) and explore potential augmentations (e.g., support services for products).

The pricing strategy is different than prices. The pricing strategy focuses on how the prices will be positioned against the "fair-value line" with all alternatives and substitutes. Growth Teams should determine the customers' willingness to pay for the solution. It is often helpful to conduct a quantitative research study using forms of trade-off analysis (e.g., Conjoint Analysis) to identify the price/benefit assessments customers make.

The pricing strategy should clearly define an objective. Common objectives include penetration pricing (lower prices to enter the segment), skim pricing (attracting only early adopters to maximize early returns), parity pricing, etc. consider also the next best alternative to what you're selling which includes competitors, process, materials, and doing nothing.

It is important to note that pricing strategy should be done by the segment, not the product. This seems counterintuitive, but pricing should align with perceptions of your brand. You wouldn't want to be known for "everyday low cost" when you're a technology leader.

Finally, examine the economic value of the solution to the customer. This value-based pricing will provide some context for the range of prices you can reasonably charge. Gelb often looks at how your customer may make money (his/her ultimate goal). Does this solution increase revenues or reduce costs or is it risk management? Ultimately, the price of the solution should be less than the added value to the customer.

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Operationally, you need to deliver a solution to the customer cost-effectively. Growth Teams should consider the impact of the strategy on all functions operations, technology, marketing, manufacturing, supply chain, etc.

Your teams should identify changes necessary to ensure successful implementation to maintain the quality of corporate earnings. Don't overlook training, particularly for new segments or new solutions. Individuals with customer-facing responsibilities should have a clear understanding of the strategy (overall) and the specific offers.

To communicate the strategy and motivate audiences to action, Gelb recommends a Message Map. This document is created for each strategy and audience. Audiences can include internal stakeholders, customers, and influencers. The Message Map reviews current perceptions, desired outcomes and key messages, and the touchpoints that will be used to persuade. Key messages must include positioning, differentiating messages and reasons to believe.

Finally, the strategy's budget should be prepared as a series of ranges. This is important because ranges will be needed to demonstrate potential return in the business case. There are 4 generally accepted practices for budgeting: objective-based (recommended), affordable, competitive-parity, percentage of potential revenue. To make an effective business case, we recommend contrasting any budget with existing (and approved) plans. This will place a \$1M investment into context with other types of expenditures previously approved.

### **DEPLOY**

Setting communications goals are a critical first step. By this point in the Growth PlayBook, you will have defined key messages and described target market segments. Your communications goals should also align with marketing objectives – how much you want to sell is related to how you will motivate or persuade target audiences to action.

Just as the brand aligns with business strategy and your messaging aligns with the brand, integrated communications should align through touchpoints to maximize the value of marketing communications investments. Without consistency (i.e., repetition), much is lost on the prospect.

Common frameworks for establishing communications goals include the 4As – Awareness, Attitude, Action and Action2. Action2 refers to the repeated behaviors of established audiences (e.g., current customers) and is often overlooked. Your communications goals should strive to affect one or more of these, but frequently begin with those who have had experience with you such as existing customers and employees.

One of the more complex issues in communications planning is determining the extent to which you need to establish awareness of your product or service. Using carefully designed market research and tracking prospects, you should be able to discern a relevant threshold to reach so that positive attitudes are formed and product/service adoption is achieved.

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## External Promotion

There are a multitude of tactics available to communicate with targeted segments. The challenge is identifying the optimal mix of media and message frequency. In the B2B environment, the target segments are often well defined and allow for superior tracking of response marketing than B2C.

In the Growth PlayBook, we first prioritize touchpoints. Every interaction with prospective and current customers is a touchpoint. These activities have a relative importance to awareness building, attitude reinforcement, and purchase.

An example follows:

<b>Touchpoint</b>	<b>Awareness</b>	<b>Attitude</b>	<b>Action</b>
<b>Presentation</b>	Low	High	High
<b>Article</b>	Low	High	Moderate
<b>Billboard</b>	High	Moderate	Low
<b>Press release</b>	Low	High	Moderate
<b>Trade show</b>	High	High	Moderate
<b>Sales Visit</b>	Low	High	High
<b>Advertising</b>	Moderate	High	Low
<b>Direct Mail</b>	Moderate	Moderate	Moderate
<b>Sales presentations</b>	Low	High	High
<b>Online advertising</b>	High	Moderate	Low

The relative importance of the touchpoints is also correlated with the richness of each. The richer the medium, the more effective it is at creating action. But as noted above, different segments, given their respective communications goals (e.g., building awareness for a new product), will require a unique mix.

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It is important also to note that many touchpoints include message and design elements. While the balance between these may vary, all touchpoints include both to some degree. Ideally, message and design work together to achieve the desired communicative outcome (e.g., tone, context). Below are examples of how these two elements work through the touchpoints:

<b>Touchpoint</b>	<b>Message</b>	<b>Design</b>
<b>Presentation</b>	What's said and put into deck	Visuals presented, presenter
<b>Article</b>	Copy and context	Illustrations, exhibits
<b>Billboard</b>	Copy – must be succinct	Images that can convey more than words
<b>Press Release</b>	Content	Publication
<b>Trade show</b>	What's said/digital presentations, handouts	Venue, exhibit materials, conversations, people
<b>Sales Visit</b>	Conversation	People, materials design
<b>Advertising</b>	Key messages	Imagery

Once decisions are made with how to communicate and what to communicate, the next step is determining when. Calendar-based planning is critical to getting the most from your marketing budget. We typically recommend examining key immutable dates and schedule activities around them. Examples of fixed dates would be trade shows or budget reviews.

Planning back from those dates, message creation and creative development resources should be allocated. By reviewing the calendar across all touchpoints, further prioritization may be necessary based on the resource levels required.

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## Internal

Depending on the initiative, internal communications is often as critical if not more important than speaking to customers. Employees have different behavioral levers, though. To affect change, communicators must consider the motivators (i.e., a carrot or a stick) and the ability to make the changes (e.g., tools, training, processes). Ultimately, change is typically “voluntary” as most employees will do the work expected to avoid negative repercussions. But to add work load in the form of change or additional responsibilities, the communications should address “what’s in it for me.”

Our work with the American Productivity and Quality Center indicates that there are some best practices for internal communication, particularly around creating alignment around a shared vision. Effective internal communication, or change management for that matter, comes from the top. Your senior leaders must be the megaphones through which consistent messages are communicated and reinforced. Everyone in the organization should be on the same page.

As in message mapping, an overarching vision (or positioning for customers) is established. After the vision statements are crafted, the Growth Team develops the internal communications plan. Key messages are integrated into communications plans of business units/divisions.

These messages are then transmitting throughout the organization in a “cascade.” This process begins with senior leaders, then through divisional leaders, supervisors, and, ultimately, front-line employees. This often includes face-to-face meetings between the CEO and top level management, who then carry the messages to their reports. The second-level messaging is reinforced with CEO videos and/or live interactive broadcasts then face-to-face meetings between managers and their employees continue the process. This initial set of activities should be reinforced with other media such as toolkits and intranet messaging.

To connect the messaging with “what’s in it for me,” line managers and supervisors serve as primary communicators who link corporate objectives with employee’s job objectives. One of our best practice companies utilized the following five-step program: generate awareness, diagnose and assess, train and develop, support, and measure/reward.

One of the ways Gelb does this is through personal action plans. By allowing individuals to create a personal action plan, each is able to see the connection between his/her actions and the overarching corporate objectives. To track progress toward these goals, Gelb deploys an Organizational Excellence dashboard with personal action plan inputs.

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To determine if employee communications will be effective, pre-test using the following measures:

- Are employees familiar with key business issues, value statements and strategic intent?
- Is there real understanding of the key messages?
- Do employees understand how they can perform their jobs to help the company meet its objectives?
- Are employees committed to the strategic objectives of the corporation/business unit?
- Do they agree that the objectives are important and necessary?
- Have employees changed their performance, or seen changes in co-workers, that relate to the strategic messages?

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## MONITOR

### Making the Case

Senior management, even for high dollar strategies, is not likely to spend the time reviewing the details of the plan. They have ostensibly entrusted the detail work to the Growth Teams and require a high-level view and recommendation. And the Growth Teams, following these steps, will have reason to believe in these recommendations because they are based on market information reviewed through a deliberate, thoughtful process.

At a minimum, the business case for senior management should include a list of high priority segments and corresponding objectives, critical success factors for reaching the segment, a budget range (or investment) and an expectation regarding the probability of success. Our experience indicates that questions may arise and Growth Team members should be prepared with responses. However, getting mired in detail will distract your leadership team from the big picture. Therefore, pulling together meaningful statistics that relate to key business outcomes is paramount.

## Marketing Effectiveness Dashboard



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## About Gelb

Feeling pressure to grow revenues? Gelb Consulting Group, Inc. is a strategic marketing firm that merges analysis, strategy and technology to help clients build and sustain revenue growth.

Gelb is here to help you understand the complexities of your market to develop and implement the right strategies. We use advanced research techniques to understand your market, strategic decision frameworks to determine the best deployment of your resources, and technology to monitor your successes.

For over 40 years, we have worked with marketing leaders on:

- Strategic Marketing
- Brand Building
- Customer Experience Management
- Go to Market
- Product Innovation
- Trademark/Trade Dress Protection