

Maximise the profitability in your business by developing an effective sales and marketing plan

Your business is up and running, but how do you know that you are reaching the right clients, offering the right services or products and at the right price? Mark Perrin and Zoe Pink highlight a number of areas which could be integrated into your company's business plan to help maximise profitability.

There has never been a greater need for businesses to have an effective sales and marketing plan which helps to maximise profitability. The current economic climate has eroded activity in a number of business sectors, resulting in increased competition for fewer business opportunities. To maximise sales activity in this environment, businesses need to have an effective sales and marketing plan.

However, most owner managed businesses fail to consider this properly. Lack of motivation, limited time, denial that a business needs it, or simply no understanding of how to go about it means that a profitable business could be well beyond reach.

So how do you approach this and actually succeed? Your sales and marketing plan should be dynamically implemented and integrated into the total business. Performance should be continually monitored and, as a result, your strategy adjusted on an ongoing basis. This will enable you to communicate with your market, sell your product or service, and reach your organisation's strategic goals in the most profitable way possible.

Aligning costs and benefits

The focus of any sales and marketing plan should be to maximise the return on investment of the resource expended. We refer to resource because the true cost of sales and marketing activity can often be overlooked and should include management and administrative time as well as

any marketing activities¹ and sales activities².

A cost/benefit analysis of your current sales and marketing activity should be undertaken to assess the current position. It is important to capture the full cost of current activity and reflect on what value is currently being received.

"Diversifying across sectors will protect your business in the long run"

Once the current position has been properly assessed your business can focus on developing a more effective sales and marketing plan for the future. Looking ahead, the controllable elements of your marketing plan are traditionally referred to as the P model³ or alternatively, C model⁴. We

advocate the idea of one of these models to market your products or services. This article aims to help you maximise the benefit of any sales and marketing plan to deliver profitability.

Target market positioning of products and services

Every business should have a clear statement of how the business positions its products and services in the various target markets, which all employees understand. Without this it will be impossible to develop the most effective sales and marketing plan. This exercise will underpin how the plan is developed and help maximise profitability.

To establish a statement for positioning your products and services, segment them by category and confirm the individual target markets. Assess the quality and pricing strategy of each category and compare it to your competition. Determine your unique selling points and assess the future potential for sales. Grade all products and services by profitability, and if necessary, adjust your financial reporting systems to get this information. Consider what changes should be made to your product and service range.

The key is to understand how sensitive your customers and target market are to price. Reviewing your product mix ensures the business makes informed decisions on what range of products it wants to sell. Commercially, you will want to maximise sales of the most profitable products but will also need to consider your

¹ Marketing activities: market research and customer surveys / focus groups, product development and trials, user groups and customer forums, samples / try before buying promotions / reward or loyalty schemes, signage and advertising, brand development, events, sponsorship, design / printing / postage, merchandise and uniforms, website and social media, public relations and public speaking etc.

² Sales activities: new business pursuit time and materials, entertaining, networking, travel, tradeshow, distribution partnerships and intermediary/influencer relationship development etc.

³ Product, Price, Promotion, Placement, Packaging, People, Process, Physical Evidence (service industry) and Payment (ease of payment online etc).

⁴ Consumer (a custom solution rather than a one size fits all product), Cost (of ownership), Convenience and Communication (PR, Twitter etc) is more consumer-oriented and attempts to better

fit the movement from mass marketing to niche marketing.

customer buying patterns and may sell lower margin ancillary products to retain and win new customers.

Ideal customers

In the infancy of a business its customer base is yet to be established, and over time evolves, which under challenge, can be far from ideal in terms of profitability. Reviewing your customer base will allow you to develop a clearer picture of who your ideal customers are.

Refocusing to build your ideal customer base not only helps increase profitability but also increases the long-term value of your business. Including employees from management, sales and operations teams when agreeing the criteria for an ideal customer will ensure there is buy-in from all parts of your business.

Have a clear understanding of how many ideal customers you have, the products they use, how much revenue they generate for you, what sectors they are in and the nuances involved when marketing and selling to their sectors. Consider what your business went through to win them and why they continue to buy from you. Realistically, is this something that can be repeated?

Establish a target database of potential customers which meet the ideal criteria for each product category. Fully understand the issues and strengths in each industry sector involved and prioritise the ones that are growing. Diversifying across sectors will protect your business in the long run.

Identify bad customers which are costing your business money and actively manage them to become profitable. If you are unable to improve their profitability, pass the customer onto a more suitable

organisation (this will protect your reputation in the long run).

Keeping ideal customers

Depending on the nature of your product or service the cost and time of winning new customers will always be greater than generating more business from your existing customers. Your sales and marketing plan should include activities which focus on improving your ideal customers experience and satisfaction, protecting them from competitors and maximising the revenue and profit you get from looking after them.

Loyalty or reward schemes, relationship building and regular contact to understand their business and even introducing them to new business in your network are but some of the avenues you can deploy to identify your ideal customer needs and keep them in the long-term. A solutions lead approach to customer care is invaluable. Likewise, a bespoke approach for your ideal customers will build goodwill and increase retention, sales and ultimately profit.

Finding new ideal customers

Implementing sales and marketing aimed at your ideal customers may seem obvious, but some forget to:

- 1) Where appropriate, ask happy ideal customers for referrals. Depending on your business model, recommendations and introductions from happy customers is often the easiest route to finding new customers.

- 2) Establish and leverage relationships with distribution or channel partners who can help sell your offering into your target market and introduce you to new target markets. These relationships can build quality revenue streams if developed and managed effectively.

- 3) Network with key influencers (people or organisations who will not be clients but are movers and shakers in your industry). Pure association could raise your profile and bring in new work.

Key performance indicators

All sales and marketing targets and activity should be tracked and benchmarked with key performance indicators (KPIs). Adopting this mindset in all areas of activity, even the simplest of points, will help maximise sales and profits. Target and achieved KPIs should be regularly communicated to all employees involved to benchmark, recognise and reward, demonstrate return on investment and engage everyone as a team.

Making it work

There has never been a greater need for businesses to have an effective sales and marketing plan which maximises profitability. However, to develop an effective plan these marketing activities are fundamental in achieving your goals and should continually be assessed.

If management challenges the business in an objective and honest manner, substantial value can be derived from an internal review, but it can be tricky. Internal reviews often lack objectivity because people are too close to the business and an independent challenge of the areas outlined often yields stronger results.

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