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The essential elements of an excellent marketing plan

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Summary

Before we explain how to use the Marketing Navigation System, we need to check if you have a good marketing plan ready to implement. This chapter looks at the key elements of marketing plans and how to prepare them. Those readers totally familiar with and experienced in preparing excellent strategic and tactical marketing plans can go directly to Chapter 4.

In order to explore the complexities of developing a strategic marketing plan, this chapter is written in four sections.

- The first section summarizes the contents of a world-class SMP and sets out the criteria for judging its effectiveness.
- The second describes the strategic marketing planning process itself and the key steps within it. It also deals with implementation issues and barriers to marketing planning.
- The third section provides guidelines for the marketer which will ensure that the input to the marketing plan is customer focused and considers the strategic dimension of all of the relationships the organization has with its business environment.
- The fourth section provides a brief overview of a process for assessing whether the strategic marketing plan creates or destroys shareholder value, having taken account of the risks associated with the plan, the time value of money and the cost of capital. It also outlines other metrics for measuring the effectiveness of the marketing strategy.

■ Introduction

Research into the efficacy of formalized marketing planning (Thompson 1962; Leighton 1966; Kollatt et al. 1972; Ansoff 1977; McDonald 1984; Greenley 1984; Piercy 1997; Smith 2003) has shown that marketing planning can make a significant contribution to commercial success. The main effects within organizations are:

- The systematic identification of emerging opportunities and threats
- Preparedness to meet change
- The specification of sustainable competitive advantage
- Improved communication among executives
- Reduction of conflicts between individuals and departments
- The involvement of all levels of management in the planning process
- More appropriate allocation of scarce resources
- Consistency of approach across the organization
- A more market-focused orientation across the organization.

However, although it can bring many benefits, a strategic marketing plan is mainly concerned with competitive advantage – that is to say, establishing, building, defending and maintaining it.

In order to be realistic, it must take into account the organization's existing competitive position, where it wants to be in the future, its capabilities and the competitive environment it faces. This means that the marketing planner must learn to use the various available processes and techniques which help to make sense of external trends, and to understand the organization's traditional ways of responding to these.

However, this poses the problem regarding which are the most relevant and useful tools and techniques, for each has strengths and weaknesses and no individual concept or technique can satisfactorily describe and illuminate the whole picture. As with a jigsaw puzzle, a sense of unity only emerges as the various pieces are connected together.

The links between strategy and performance have been the subject of detailed statistical analysis by the Strategic Planning Institute. The PIMS (Profit Impact of Market Strategy) project identified from 2600 businesses, six major links (Buzzell and Gale, 1987). From this analysis, principles have been derived for the selection of different strategies according to industry type, market conditions and the competitive position of the company.

However, not all observers are prepared to take these conclusions at face value. Like strategy consultants Lubatkin and Pitts (1985), who believe that all businesses are unique, they are suspicious that something as critical as competitive advantage can be the outcome of a few specific formulae. For them, the PIMS perspective is too mechanistic and glosses over the complex managerial and organizational problems which beset most businesses.

What is agreed, however, is that strategic marketing planning presents a useful process by which an organization formulates its strategies, providing it is adapted to the organization and its environment.

■ Section 1 – What should appear in a strategic marketing plan?

Table 3.1: What should appear in a strategic marketing plan

- 1 Start with a mission statement.
- 2 Include a financial summary which illustrates graphically revenue and profit for the full planning period. Ideally, explain this according to the Ansoff Matrix – defined later – in terms of revenue and profit from: productivity improvements; existing products in existing markets; new products in existing markets; existing products in new markets; new products in new markets: and if necessary, from acquisitions, joint ventures, licensing and the like.
- 3 Do a market overview: preferably, draw a market map plotting revenue and volume flows from producers through to end users, with major decision points highlighted. Has the market declined or grown? How does it break down into segments? What is your share of each? Keep it simple. If you do not have the facts, make estimates. Use lifecycles, bar charts and pie charts to make it all crystal clear.
- 4 Identify the key segments – described later – and do a SWOT analysis for each one: outline the major external influences and their impact on each segment. List the key factors for success. These should be less than five. Give an assessment of the company's differential strengths and weaknesses compared with those of its competitors. Score yourself and your competitors out of 10 and then multiply each score by a weighting factor for each critical success factor (e.g., CSF 1 = 60, CSF 2 = 25, CSF 3 = 10, CSF 4 = 5).