

A Step-By-Step Guide To A Formal, Written Marketing Plan

There are probably very few printers in this country who would question the wisdom of having a formal, comprehensive marketing plan. Why then are there so few printers who actually have one in place?

A large part of the answer may lie in a certain amount of mystery surrounding marketing plans. What exactly is a marketing plan? What does it look like when it's finished? How do you go about putting one together? The purpose of this article is to eliminate some of the mystery, and provide step-by-step directions and explanation for the creation of a "professional" marketing plan.

Three Questions

The process of developing a marketing plan really starts with three questions. Where are we now? Where do we want to be? And how are we going to get there? The answers to those questions become the three main sections of the written marketing plan: *situation analysis*, *forecasts and budgets*, and *program descriptions and action plans*.

Each of the main sections will have a number of sub-sections, but these don't have to be long, complicated documents. Basically, the level of sophistication you try for in a marketing plan can be determined by who's going to read it. If it's being written to give you as the owner of the printing company a set of goals, objectives, and benchmarks, it can be written pretty informally. If it's being written by an employee—a sales and/or marketing manager, for example—for senior management, it might be considerably more formal. And if it's being written as part of an overall business plan that might ultimately be taken to a bank as part of a financing proposal, it certainly wants to be on the formal side and especially comprehensive.

Situation Analysis

The first section of the marketing plan is a statement of *where we are now*. Actually, the best plans will start even before that and consider the *what*, or the basic identity and mission of the printing company. The first sub-section of the situation analysis might well contain the company's mission statement, and be followed by a series of brief—in some cases no longer than a couple of paragraphs—sections describing the following:

1. Definition of Products. What does this printing company sell? Does it specialize in simple, short-run, low-color work, or complex, long-run, high color...or anywhere in between. Does it specialize in general commercial printing or a specialized product area, like publications or business forms. Write the product focus of the company in straightforward declarative sentences, for example: *ABC Printing Company is a general commercial printer specializing in short to medium-run low-color printing, and short-run process printing. ABC's product capabilities include design and pre-press, and all of the finishing and bindery services typically required to produce folded flat sheets, brochures and catalogs, and bound booklets. ABC also markets certain products with the intention of brokering them, including business cards, business forms, and rubber stamps.*

2. Definition of Markets. Who does this company sell to? Does it service attempt to service a broad range of businesses within a certain geographical area, or does it focus on certain types or sizes of companies, or a particular industry niche, like the automotive or health care industries? *ABC Printing markets to the general business population of Raleigh, NC, and it's surrounding suburbs, with special emphasis placed on companies with more than 20 employees, or with formal marketing departments which generate substantial numbers of printing projects.*

3. Market Trends. What is going on in the marketplace which will have impact on the company's operations? This section calls for a couple of paragraphs describing trends in print usage (for example, greater use of color in promotional printing), the local economy, and any other factors of importance.

4. Competition. How many other printing companies are competing for the same business as this company? This section should include capsule descriptions of the most important competitors. Write what you know about them, including which customers they have that you would like to have, and which customers they appear to be trying to take away from you. Then try to identify and state each competitor's strengths and weaknesses.

5. Competitive Differential. How does your company compare to it's competition? This is where you consider your own strengths and weaknesses. First state your strengths, and relate them to the needs of the market and the weaknesses of your competitors. Then state your weaknesses, and relate them, too, to the needs of the marketplace and your competitor's strengths. An honest, objective look at your company is critically important here.

6. Opportunities and Threats. What have you determined in writing the previous three sections? Are there trends in the marketplace, or in the overall economy that hold opportunity for you, or threaten your business? Maybe you've determined that the trend towards more use of color means that you should buy new equipment, or establish a strong brokering relationship with someone who's already equipped for high-color work.

Are there areas in which your strengths match up well against a competitor's weaknesses? If so, you've identified that competitor's current customers as high-priority prospects for your sales and marketing efforts. Have you identified situations in which your weaknesses make you vulnerable to a competitor's strengths? If so, you've discovered that some of your own customers are at risk.

Look at every trend, every strength, and every weakness. This section gives you the "bottom line" of the situation analysis. It tells you what *programs* to put into effect as part of your marketing plan...programs to add new capabilities, to exploit current strengths, and to shore up whatever dangerous weaknesses your company may have.

Forecasts And Budgets

The forecasting process is probably the greatest mystery to most printers. How on earth do you guess at what your sales volume is going to be for the next year? The answer is that the most successful printers don't guess. They decide what they *want* their sales volume to be and then consider what kind of marketing they're going to have to do to make it happen. That's a large part of the reason that some printers grow no matter what the economic conditions are. They don't hope to grow, they plan to grow. And they balance the cost of growth against the value of growth at every step along the way.

The process might work something like this: A printer at \$1 million in sales states the desire to grow to \$1.3 million. He next has to look at the marketing programs it will take to make that growth happen. He may have to increase his advertising, perhaps a direct mail program or an ad each month in a local business journal. He may have to hire a new salesperson, or more than one. He may increase prices, selectively or across the board. He may even decide that reducing his prices—maybe on one or two specific prospects identified in the situation analysis—will bring in more volume and ultimately more profit.

The two key points here are that growth—especially substantial growth—doesn't come without cost attached. That cost may be in money paid out for marketing programs. It could also be in less money coming in *per job* through lowered prices. Either way, you have to look at cost vs. gain and make intelligent business decisions. The second point is that the right place for these decisions is in the marketing plan!

The cost of the marketing effort required to reach your goals should be "roughed out" here. How many direct mailings will you need, for example and how much will each one of them cost? Estimate the cost of each of the marketing programs you contemplate.

Breaking Down The Forecast

If the cost of the growth that you want is acceptable, you begin to finalize your forecast and marketing budget by breaking both sales volume and marketing costs down into monthly increments. (If the cost is *not* acceptable, you have to revise your forecast downward to represent the sales volume you can expect to get from the programs you can afford!)

You should expect some trial and error in getting the increments right. The best first step is to plot your previous year's sales according to actual monthly totals. With this "historical" data as a starting point, you can begin to add your projected sales increases onto this established base. (It's also a good idea to look back at the monthly volume pattern of the last several years, to determine whether your baseline is consistent with any established seasonality. If not, that too should be factored into the monthly breakout of your forecast.)

Some increases can be added from the very first day of your marketing year. Say that paper prices have increased by approximately 5% since the beginning of the previous year. If paper averages 40% of the cost of an average job (a number used for example only), the net effect would be a 2% increase in your average sale. You apply that "price increase factor" to your forecast by multiplying each month's total by 102%.

If adding a salesperson is part of your marketing plan, the effects on your forecast have to be weighted to reflect the realities of selling. The most important of those realities is that it takes time for any individual to learn what he or she needs to know and to build a following. Hiring a person with experience—and maybe even an existing customer base—may accelerate the process, but you should always expect any new salesperson's contribution to be heaviest toward the far end of the marketing year.

If a printer's overall projection included \$100,000 in volume from a new salesperson, based on having that person hired and working by the beginning of the marketing year, it would seem realistic to add no more than \$2000-\$3000 to the established base in each of the first three months. For the next three months, that could be increased to \$6000-\$8000. By the third quarter of the marketing year, a new salesperson might be expected to be bringing in \$12,000-\$15,000 each month. And by the fourth quarter, you might reasonably add \$20,000 each month to the established base. The same sort of "growth curve" should be applied to any sort of advertising program.

If you plan any sort of promotional program, the effects can be more directly applied to your annual forecast. For example, a printer might offer a chance at some sort of prize to any prospect who becomes a customer with a first order placed in June. If the projection for the promotion was an additional \$20,000 in new first-order business, that volume should be split by some formula and added to June and July sales forecasts. (For the rest of the year, it would also seem to be reasonable to add some volume to each month in anticipation of other orders from these new customers.)

As you build the specifics of your sales forecast, you're also fleshing out the specifics of the marketing programs supporting it. A direct mail program might be part of the overall marketing plan, with eight mailings throughout the year. You might choose to get that program off to a fast start with a mailing in each of the first four months of the marketing year, and then every other month for the remainder of the year. That would make it reasonable to start building some increased volume from the mailing program into the third or fourth month of the year, and growing along a curve through the rest of the year.

The costs of the marketing programs are related to sales in the budget section of the marketing plan. As noted, you should expect some trial and error in getting the increments right. A description of each individual program—and a marketing calendar—make up the final section of the written plan.

Program Descriptions And Action Plans

These descriptions can be pretty basic, or they can be highly comprehensive. Again, it largely depends on who's going to read it. It also depends of how far along you are with the ideas for your various marketing programs. If you've already begun to design an ad or direct mailer, you can go into much greater detail in describing it in the marketing plan. If you're not that far along, you might simply describe the basic intent of the program in your marketing plan. For example, *in the second half of the year, an ad will be developed and placed in the Local Business Journal. The ad will cover either one-half or one-quarter page in the journal, and be designed to stress ABC Printing's dependability and fast service. At this time, it's projected that the ad will run each month from September through the end of the year.*

Each program description should contain an action plan, specifying the schedule for development and implementation of the program. By what date will the artwork for a direct mailer be completed? On what dates will it be mailed, and to which and how many prospects?

The next to last step in the creation of your marketing plan is to take all of the individual action plans and finalize a year-long *marketing calendar*. Now, on one document, you'll have the "big picture" of your marketing effort. The calendar shows you where and when your marketing money will be spent, and with it, you can return to the budget you've "roughed out" and finalize both your budget and your sales forecast.

The Last Step

The last step in the creation of a formal, written marketing plan is to write a short "executive summary" of the plan and its costs and programs, and place it at the front of the document. This final writing exercise is the piece that can insure that you really understand what you're going to try to accomplish in the upcoming marketing year.

How do you use your marketing plan once it's written? You use it by referring to it regularly as a roadmap to your growth objectives. You use it by following the action plans you've specified, and by comparing your progress to sales volume as forecast. You also use to react to any variation from the results you've forecast.

A shortfall in sales might suggest that you cut back on your marketing expenditures. Keep in mind, though, that you might be better served to escalate your marketing efforts if what you originally planned isn't giving you the results you want. Marketing programs are usually the first things printers cut when business slows down for any reason, even though that action usually compounds the problem.

The Bottom Line

The bottom line on a formal, written marketing plan is this: The process of developing and writing the plan gives you a greater understanding of your business, and a clear picture of your marketing goals and objectives for a specific period of time. It also gives you the tool to monitor your performance, and adjust the plan at any time if that becomes necessary.

With perhaps a new understanding of the *value* of a marketing plan—and hopefully with much of the mystery taken away—there is far less reason for you to go into the next year without a formal, written, comprehensive marketing plan in place.