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MARKETING PLAN DEVELOPMENT

Introduction

The term *marketing* is often associated with advertising, sales promotion, or the random phone call from someone attempting to either conduct research or sell you something—usually around dinnertime.[1] These activities are legitimate aspects of a marketing strategy, but they only represent one tactical stage in an overall process by which a marketing plan is developed and implemented. The purpose of this technical note is to describe in detail the components of a marketing plan and the process by which data are collected and the plan is developed.

This note and the templates that accompany it have been developed over years in support of my second-year business-to-business marketing elective and executive education programs. My objective has always been to develop a sense of purpose and discipline in how one goes about the marketing plan development process and to assist in the gathering of data that will become part of the written plan.

Overview of the Process

An often-overlooked product of the development of a marketing plan is its written executive summary, which can serve to persuade other stakeholders that the suggested course of action is the correct one and should be funded—provided the plan is objective and fact-based. Rather than engage in conversations that begin with "Trust me, this will work," one should think carefully about each element and the veracity of the information that supports it.

This is not to say a chief marketing officer (CMO) will not be creative, use judgment, and rely on experience, but that the CMO's feelings must be supplemented by careful analysis of unimpeachable data (i.e., facts). When the plan is for a new-to-the-world product or service and

[1] Donald R. Lehmann and Russell S. Winer, *Analysis for Market Planning*, 5th ed. (Burr Ridge, IL: McGraw-Hill/Irwin, 2002).

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information is scant, analogies or analogs can be used to assess adoption rate; data might be less rigorous than that compiled for the next-generation iPhone, but the process remains rigorous insofar as it begins with an understanding of the customer's needs.

The process identifies a firm's differential advantage in the service of a customer through an organized, in-depth study of the marketplace comprising competitive analysis, market-needs analysis, and the marketing mix. A diagram of the process is provided in **Exhibit 1**. The major steps in the process are as follows:

1. *Define the market*. The market is defined by the product-market matrix and is taken from the perspective of the customer. Which is your most profitable set of customers? What are they really buying? What do they value the most? Direct your effort on what *they* value, not what *you* produce.
2. *Analyze the situation*. Understand the market, the industry, the competition, and one's own company—its strengths, weaknesses, opportunities, and threats.
3. *Identify problems and opportunities*. These emerge during the situational analysis and provide a basis for matching a firm's strength with a market need.
4. *Break goals down into concrete objectives*. Objectives should be realistic and measurable and should flow logically from a firm's strengths. For example, if a firm has a small market share, an objective related to market dominance might only make sense if the firm is competing in a niche market where it is able to serve a segment of that market better than most.[2]
5. *Develop an integrated strategy for each element of the marketing mix*. Each element requires its own set of tactics in the context of a comprehensive strategy.
6. *Determine budgets and assign responsibility for each tactic*. Each tactic would have a time line and a deliverable. Responsibility for execution can reside with an individual, and subsequent evaluations can incorporate this to establish accountability.
7. *Measure and monitor.* Metrics are used to measure performance and monitor the external environment to see if any adjustments are indicated.

Information gathered at each step is necessary for the subsequent step. The logical sequence helps evaluate the viability of the plan itself; if one step does not seem to flow logically from the previous step, it indicates that the information should be revisited.

[2] In the heavy-duty truck market, Paccar competes with Volvo and Daimler by offering the independent trucker premium commercial vehicles. Volvo controls twice the market share that Paccar does (6.4%), but its operating margin is 60% of Paccar's.

The process here outlined offers managers several benefits:

- *Prioritizes the allocation of resources*: Firms compete for resources and those with an abundance of resources are more successful than those without access to resources. During the planning process, managers will look to allocate these resources to those elements of the marketing strategy which will yield the best return. It should be noted that some of the resources required to compete effectively reside with collaborators, either upstream or down, with whom the firm must partner.
- *Focuses on objectives*: What are the firm's goals and objectives, and is the planning process consistent with these objectives? The planning process must support the objectives of the firm. For example, if the firm's primary objective is to provide a turnkey solution to its customers by building a relationship, then focusing on the transactional buyer would be wasteful and counterproductive.
- *Flows from the mission*: The marketing plan must flow from the business plan, which must flow from the corporate plan, in a cascading manner. By providing information uniformly to all relevant stakeholders, the process ensures that all parties are singularly focused on the specifics of the offering and that the entire organization is aligned in its support of the plan.
- *Identifies innovative alternatives*: Given the emphasis on bottom-up planning, the process is intended to stimulate creative thinking by those who are charged with developing and executing the plan. The bottom-up approach supports the notion of empowerment and encourages that those who are responsible for the plan to take ownership, thereby increasing the probability of better implementation.
- *Highlights trade-offs among alternative actions*: During the planning process, the necessary interaction with other disciplines leads to healthy debate and inevitable trade-offs. One classic trade-off is between marketing and manufacturing: marketing wants customization and manufacturing wants mass production at lowest unit cost. The innovative solution was to "mass customize." Dell became the poster child for mass customization through its online store; because its production batch size of one did not fit with its recently established retail channel, it needed to design and produce a small number of configurations.[3]

If competitors in a given market have no distinguishing characteristics and compete solely on the basis of price—and if your firm is not the low-cost producer—logic would dictate that either the wrong market has been selected or the market's needs are not understood completely. Under such circumstances, managers should reassess the firm's strengths and find another way to compete; a new segment of users might exist that would be attracted to a new value-added service, providing the differential advantage you strive for.

[3] David Simchi-Levi, Annette Clayton, and Bruce Raven, "When One Size Does Not Fit All," *Sloan Management Review* 54, no. 2 (2013): 15–17.

Bandag, a company that manufactures retreaded tires for commercial applications at a much lower price point than new tires, found itself competing solely on the basis of price. By focusing on fleet operators who valued longer tire performance, a national repair network, and a system-wide database, Bandag created a differential advantage. Such repositioning may appear obvious in hindsight, but it took insight and many discussions with users to better appreciate the needs of these fleet operators, for whom tires were the third-largest line-item expense.

1. Define the Market

Any journey begins with the first step. Here the first step is shown in **Figure 1**, the product/market matrix. (A blank version of the matrix is provided in **Exhibit 2**.) This particular matrix uses Caterpillar Inc. (CAT) as an example. Down the left side, we list the line of products CAT produces (for illustrative purposes, we list only a few). Markets are listed along the top. A *product* plan would address each product line across all markets in which it is sold; a *market* plan would explore the range of products used in each market served. We are interested in a *marketing* plan, the intersection of products and markets, where competition is based and battles for market share are fought. Komatsu competes against CAT in certain markets with certain products, but competitive battles are fought at the individual cell level. For a diversified business such as CAT, there would be a large set of products (P_n) and a large set of markets (M_n), which would yield a fairly large number of cells ($P_n \times M_n$).

Figure 1. Product/market matrix for Caterpillar.

Market / Product	Landfills	Surface Mining	Construction	Road Construction	Quarries
Off-Road Trucks		x	x	x	x
Compactors	x		x	x	
Motor Graders			x	x	

Once the markets and products have been arrayed, information relevant to each cell must be gathered. The first time this information is sought, managers tend to complain about the accuracy of the data, so they tend to be reluctant to share it. Accuracy is important but not an excuse to delay the planning process; in any event, secondary data often exist from governmental sources, trade or industry reports, and the firm's own sales force. To a large extent, the overall marketing plan will be the aggregate of the plans constructed for all the cells. To reiterate: the overall marketing plan for the firm is built up from the subplans, which are built up from the cells. For the sake of understanding the process, we will focus on one cell only and build a plan for the intersection of $P_d \times M_d$, the CAT off-highway truck sold for surface mining applications.

It is not difficult to ascertain the number of off-highway trucks sold; there are only a handful of manufacturers—ranging from Volvo and Terex to John Deere and Komatsu—and the different models are rated by tonnage capacity. In the CAT line, tonnage capacities range from 36 tons to more than 100 tons. Let's assume that CAT is the majority market shareholder, with a worldwide share of close to 50% across all models and a higher percentage at the higher tonnages. Within the United States, the number of surface mines is knowable because the government gathers and maintains such data through the Environmental Protection Agency and other regulatory bodies. Combining this data with actual sales information and firsthand knowledge gained from the sales force can allow one to make a reasonably accurate estimate of the size of the market. This estimate could be verified through comparison with annual surface mining production or sales, which in North America would be mostly coal.

The points to be made through the previous example are as follows:

1. It is possible for providers of many products/services to understand the size of the market, especially if the market is mostly U.S.-based (although this advantage is fading quickly, given that we are competing in global markets).
2. The less developed the country and the more innovative the product, the more difficult data collection is likely to be. Yet analogs can help one determine market size in newer, lesser-known markets.
3. The value of a sales force's ability to help size the market should not be underestimated. But avoid using market *potential*, which is absolutely the largest size of a market as defined most broadly (as if all consumers were to buy all they could manage). A more realistic number is *served* market, the portion of the total market to which your firm (in this case, CAT) has access. The United States might have trade agreements that restrict sales of equipment to a particular country; such sales might be considered a potential market but would not be part of the served market. From the served market one can easily find the *available* market—the part of the served market that CAT has a reasonable chance of winning. *Actual* sales would be the result of CAT's marketing efforts, and *market share* would be the percentage of sales in the served market.

Armed with this information, it is now possible to complete the "product X" market matrix. The data sought for each cell includes total sales in millions of dollars, the largest competitor, and the competitor's market share. The latter may help determine the urgency with which one ought to develop a plan for a particular product/market cell. In one cell your firm may dominate weak competitors in a mature market; in another cell your firm may see potential in challenging strong competitors in a rapidly growing market. Armed with this information, management could have a strategic conversation about how best to allocate its resources and whether it makes sense to aggressively pursue the second opportunity. There are trade-offs to be made, and determining which cells to focus on is likely to require an informed debate.

2. Analyze the Situation

To analyze the situation, list the major external factors that affect the business, determine whether the effect is positive or negative, and decide what the implications are for the firm (**Exhibit 3**). For CAT's off-highway truck market, sales are determined by *derived demand*: demand resulting from environmental factors that affect the sale of coal and other mined commodities. When the cost of natural gas decreases, a utility may switch away from coal. As coal demand decreases, equipment used to mine the coal might be utilized longer than it would be otherwise; machinery might be replaced with less frequency, maintenance might be deferred, and mine owners might postpone the purchase of new equipment. Another environmental factor might be union problems regarding wages and the loss of other benefits, which might result in decreased production or even strikes, making it difficult for CAT to meet what demand did exist. Every factor must be accounted for and become part of the situational analysis.

In another example, Ply Gem serves the home construction market as a manufacturer of siding, windows and doors, stone veneer, fencing, and gutters. Its business is directly affected by any factor that affects residential construction, such as interest rates, the cost of raw materials (lumber, copper, oil), or consumer confidence in the economy. Such factors would be listed and the effect of each noted, along with its implications for the company. It is essential that any such information address the following question: what are the major external factors that will affect the business and the planning process?

3. Identify Problems and Opportunities

With the information gathered using the tools in **Exhibit 2** and **Exhibit 3**, it is now possible to evaluate the company and its competition. **Exhibit 4** builds on the earlier two exhibits and flows directly from the product-market matrix. After the data are gathered for the entire matrix (or for as much of the matrix as is possible) one must determine the higher priority cells from the lower priority cell. Typically, I assign three or four managers to serve on each of the higher priority teams. They are responsible for the development of the plan and would be charged with generating the relevant data needed for each of the templates. To make key decisions, they would consider the following:

- The strength of the market leader
- The importance of tailoring any strategy to the specific segment
- The prudence of blocking strong competitive moves
- The likelihood that uncontested segments exist

- The tendency for market leaders to become lethargic
- The existence of competitive advantage

These data form the basis of the customer analysis. As **Exhibit 4** suggests, the plan is derived entirely from market need. The market-needs summary attempts to outline the benefits the customer seeks and the company's attractiveness to the targeted set of users. In many B2B contexts, the user is not the buyer; in the Ply Gem example, the buying process comprises several roles: the *initiator*, who identifies the need for the product; the *influencer*, who has informational or preference input into the decision; the *decider*, who makes the final decision, often through budget authorization; the *purchaser*, who makes the actual purchase decision; and the *user*. A Ply Gem product might be specified by an architect, installed by a contractor, and paid for by the end user. Moreover, the company does not ship directly to the small contractor, who must purchase the windows from a wholesaler or retailer. Ply Gem must meet the needs of all these stakeholders.

Meeting the requirements of all these parties can be quite complex. In the United States, CAT sales go through its North American dealer organization, which serves the needs of its own stakeholders; CAT dealers are independently owned franchises that have been granted exclusivity in a given territory. When machines must be repaired, the dealer organization carries the spare parts and works with its North American customer base. CAT dealers deliver spare parts within 24 hours, a program that provides CAT with a unique advantage in the marketplace. Outside the United States, CAT will only sell equipment to government entities.

Regarding customer needs, we try to understand the entire set of criteria according to which buying decision is made. This would be known as the *order-winning* criteria—those factors that are "must-haves" for the firm to be considered part of the set of possible providers. The more information one is able to articulate, the better. Note that criteria may be contradictory: the architect may want a window of a particular style and dimension, the contractor a window that is easily installed, and the buyer a window that keeps costs down. These conflicts need not be resolved, merely noted and compared with competitive offerings.

For the off-highway truck market, buyers would consider a number of factors that should emerge through the market-needs assessment. Among these are purchase price of the truck, total cost of ownership, ruggedness, time to first failure, life cycle of the equipment, durability, increased efficiency, noise factors, and reduced downtime. CAT may be one of the more expensive competitors, but its newer machines have remote sensing devices that check its "vital signs" and will indicate to a field engineer that the equipment may malfunction, allowing for preemptive repair and avoiding unscheduled downtime. For some buyers, such advanced capability may serve as a differential advantage that justifies the higher purchase price.

The second set of data differentiates competitors with regard to the marketing mix only, because these are the only decisions that the marketer controls and is responsible for. Having listed the top three to five competitors, one looks for ways in which they distinguish themselves. If they compete the same way across all marketing-mix elements, it is likely there are no differential advantages and the product is treated as a commodity, with price being a critical variable. A firm may find that it cannot distinguish itself or must overcome certain weaknesses before it can compete at the same level as its competitor. Or it may discern a relative advantage. Competition is often determined by the needs of the target market, so the outcome of this analysis is to understand how the firm is positioned vis-à-vis its competitors. Any distinguishing characteristic would permit the firm to compete from a position of strength.

Compare FedEx with UPS. Both use major hubs as ways to get closer to customers by providing specialized warehousing capabilities. Both have dedicated climate-controlled facilities for medical shipments. These dedicated facilities, often referred to as *adjacent* businesses, demonstrate a level of commitment to the customer and make the relationship more idiosyncratic and therefore more difficult to leave in favor of another.

Aligning the firm's offerings with a customer's needs and purchase-decision process involves asking the following questions:

- How do our customers select among competing offerings?
- What are the key purchasing criteria?
- How important is each criterion? (weights)
- Which criteria are gaining/decreasing in importance?
- Which processes affect which attribute set? Who is responsible?
- Why are orders won/lost? When we win, who loses?
- When we lose, to whom do we lose?
- How can we shift weights?

Other questions that help clarify the unique value a firm provides its customers include the following:

- What is it like to do business with our company? Describe a customer interaction.
- Our company equals—*what*? What comes to mind when one thinks about our firm?
- How is combined value conveyed? Where do (can) we add value?
- How does this align with customer needs?
- How does this differentiate us from the competition?
- What can our company do to provide value to our customers' customers?

This analysis helps one determine the firm's *strengths*—advantages it can capitalize on—and *weaknesses*—failures that needs to be remediated to compete seriously. A strength could be seen as a noncompensatory factor that must exist at a certain level and cannot be "averaged" with another factor. For example, it is possible to determine an expected value based on a lower price sufficient to compensate for a lower score on another factor. If reliability must exist at a certain level (e.g., hours to first failure or zero defects), a lower price cannot overcome the product's failure to meet the tolerance set for reliability.

4. Break Goals Down into Concrete Objectives

Collaborators are potential partners found along the value chain who can complement the firm's ability to meet the needs of the customer. Sullair, the air compressor manufacturer, relies on its distribution channel partners to compete effectively against Atlas Copco and Ingersoll Rand. For Toyota, it could be a tier-one supplier who offers an innovative subassembly that maintains Toyota's competitiveness. It is important to note that this supplier might not be the lowest-cost supplier but it does add value to the revenue side of the equation. In some instances the collaborator is not yet chosen, although the firm notes the deficiency in its current product offering. For the existing collaborator, it might be useful to assess the extent to which they do exhibit partner-like behavior. In the case of Sullair, since it will not compete with its distributors, it relies on its distributors as its outbound sales force.

Exhibit 5 illustrates the kind of information that a firm might gather as it begins the process of determining whether it needs a collaborator to better meet the needs of the buyer. In the case of Sullair, the buyer's needs might not be met fully by Sullair, which relied on its distribution partners to provide a number of value-added services. It should be noted that in **Exhibit 5** it is possible to go from strategic intent (i.e., what the goals of the partnership are) to the skills one might look for in a partner. Once it is determined where along the value chain a partner might complement the skills of the firm, it is useful to conduct due diligence to ensure that the chosen collaborator demonstrates partner-like behavior. The following questions will assist in assessing the stability of a proposed collaborative relationship:

- Why would this partner wish to enter into a collaborative relationship?
- What weakness in our firm will this partner strengthen?
- Do we trust this partner?
- What is this partner's level of commitment?
- Is this partner willing to share information?
- How flexible is this partner?
- How compatible are our procedures and technology?
- How similar are our cultures?
- Will the partnership foster a win-win environment?
- Is transparency an issue?

Thus far, we have focused mainly on understanding where we are. Next, the planning process addresses the question: Where do we go from here?

5. Develop an Integrated Strategy for Each Element of the Marketing Mix

Exhibit 6 provides an instrument that helps one weigh strengths and weaknesses against market opportunities. Weaknesses are inferred from competitive strengths. In the case of Sullair, its end-use customers wanted a level of local service that not all its current distributors were able to provide. Sullair needed to improve the capabilities of its distribution network to be considered on par with its two major competitors. Sullair might attempt to forge closer relationships with its distributors through a certification program in which its channel partners must achieve a certain level of capability over a specified period of time. Certainly, it would be more advantageous to build from strengths. In both instances, one would look for opportunities that create differential advantage. Since the information flows from the customer, it is important that this analysis be based on what others say, not what you think. The decision-making process is based on customer-centric thinking.

During this step in the process, a firm outlines the desired outcome it is trying to achieve. Setting goals identifies the focus of the firm's actions and defines the specific quantitative and temporal benchmarks to be reached. The metrics of interest here include return on investment, market share, and profits. Useful performance metrics are quantifiable, measurable, and time-sensitive. In addition, they should be ambitious enough to be challenging within external and internal constraints. Collins speaks of BHAGs ("big, hairy, audacious goals") as stretch goals to be achieved by the company.[4] Goals are often more general in nature and speak to how the firm intends to compete by addressing the question "where do we want to go?" Objectives must fit with the circumstances under which the firm operates and should be consistent with its resource base. For instance, a significant increase in market share can come to fruition if one has the resources to exploit a new market opportunity or from an existing competitor who has demonstrated vulnerability. In other instances, the objective might be to increase margins and to hold market share or to halt the decline in share. Here, it is likely that the company would try to upsell customers or try to develop additional value-added services.

In this manner, you would state the goals and objectives for the business, and what the overall strategy is for the product-market cell. There is logic to the process in that each template of the workbook reflects the earlier form on which it is built. **Exhibit 7** captures the firm's goals and objectives and then translates them into strategies for each of the marketing mix elements that are under the marketing manager's purview. An additional piece of information is the assumptions one makes relative to the objectives offered and the general strategy that delineates how the firm selects to compete. The inclusion of the explicit assumptions in the planning process adds an element of veracity in that it permits a strategic discussion that might not

[4] James Collins, *Good to Great* (New York: Harper Business, 2001).

otherwise happen. On one level, it forces the planners to assign a probability to an anticipated outcome. On another level, it can act as a check on the market forecast on which an objective was set or on the anticipated competitive response to our planned actions.

The process at this juncture should emphasize realistic and achievable product-market objectives. The strategy statement should reference market position and capture the opportunities that need to be addressed. The marketing objectives should relate to the 4 Ps and should fit with the objectives of other units/functions. **Exhibit 8** flows from **Exhibit 7** and develops the strategy and tactics for each of the marketing mix elements. For example, Sullair's distribution strategy might involve strengthening its dealer network through more proactive management: Sullair might grant territorial exclusivity in exchange for a more active role in setting sales quotas and might set channel margins based on functional discounting (e.g., dealers might receive margins based in part on meeting certain criteria, such as that all technicians need to be certified by Sullair).

After the objectives, strategies, and tactics for each marketing-mix element are enumerated, the pricing, product, place, and promotional elements should then fall together into a comprehensive whole. It is essential that each element of the marketing mix support each of the others. *Pricing* reflects the monetary aspects of the offering and would be seen as consisting of the price to the end user (and, in the case of Sullair, the price charged to the distributor as well). *Product* reflects the attributes of the product and would include any value-added services that might differentiate it from that of the competition. (In the CAT example, one such attribute is the ability of its distributor network to provide spare parts anywhere in the world within a 24-hour window.) *Promotion* informs current and potential buyers about the offering and would reinforce any equity that the brand has; it is often thought of as the communications elements, which involve such key decisions as goal setting, media selection, creative elements, and implementation.

6. Determine Budgets and Assign Responsibility for Each Tactic

Having articulated the objectives for each of the 4 Ps in **Exhibit 7**, **Exhibit 8** addresses the third question: How are we going to get there? The process also sets milestones in support of the tactics. It establishes both a timeline for the execution of the plan and the performance metrics that will measure progress toward the goals. Last, it assigns responsibility to a function (or a person) that can become part of the compensation plan for that person. For Sullair, it might require a timeline for certification of its dealers, who in the organization is responsible for what aspects of training the dealers, what the penalties associated with nonconformance might be, etc. To make certification work, there must be buy-in and commitment from the top of the organization, and all functions and departments must be aligned. If functions cannot partner internally, it will be hard to partner externally with one's channel. All criteria involved in certification must pass a litmus test: does it have a positive influence on a customer's decision to work with Sullair? Thus, the program is built inward from the end-use customer.

For Sullair, it might require the following kinds of activities to be performed:

- Training of distributors: job aids, product/sales training support, online support systems
- Communications: promote distributor/manufacturer image through joint advertising and sales promotion, demo centers, and comarketing through joint sales calls
- Customer service: Sullair would provide customer follow-up; provide interface points for problem solving and technical support
- More efficient operations: reliable sales-tracking system, more efficient ordering procedures, more timely compensation for sales made

7. Measure and Monitor

The control section of the planning process outlines the progress a company makes toward its goals as well as monitoring changes in the environment in which the company operates. By focusing on performance gaps it is possible to highlight the discrepancies between the desired and the actual results in performance on-key metrics. When a gap is revealed there is an opportunity to examine the situation in detail to determine whether the plan should be modified. For example, a review of the plan can stimulate inquiry into whether the fault lay in strategy formulation or in the implementation of the plan. By monitoring the external environment it is possible to alter the plan based on any factors that would affect the external environment. How often does one review the plan to ascertain whether it needs to be adapted? Given the velocity of change in certain businesses, such as the social media space, a yearly review might not make sense, yet review on a monthly basis might be too frequent to pick up trends. But milestones reached and set for certain tactics might make certain problems more apparent. Certain dashboard items might provide insights into potential problem areas. A lead generation problem might signify a flawed process where leads are not qualified correctly or the wrong customers are being sought. If the sales pipeline is not monitored regularly, major problems could surface and it might be too late. There are often early warning signs that can point to more serious problems if you know to look for them.

Jordan[5] developed the notion of *activities-objectives-results* metrics, in which the goal is to maintain a causal chain such that each element supports the others by working backward from results as measured by revenue growth. Through a reverse engineering process, the objectives support the results which in turn are supported by the sales activities. This monitoring would roll up from a call report to other metrics. For instance, if the results are not reached, it could mean that the product does not fit with the buyers' needs or that the sales force was not devoting the amount of time needed to close the sale. That is, the selling cycle was longer than anticipated and a transactional selling model was not appropriate for the targeted customer.

[5] Jason Jordan, *Cracking the Sales Management Code* (New York: McGraw-Hill, 2012).

Farris and his colleagues[6] have enumerated a number of key performance metrics that range from company-level metrics of the firm's (or business unit's) progress toward achieving its goals, customer metrics of response to the firm's efforts, and marketing mix metrics of each of the elements of the firm's strategy. Taken together, these metrics provide an appreciation of how well the firm performs relative to its competition. Beyond the ability to understand relative performance, one can apply these metrics to developing a set of marketing models. Marketing models are used to estimate the effects of marketing levers on marketing objectives and assist in making decisions about how to allocate resources.

Summary

In this technical note, I have presented each of the steps that a manager would go through as part of the marketing planning process. Each of the exhibits presents a template that requires certain information/data to be collected. It should be noted that there is a logical sequence to each of the exhibits in that one builds on the information provided in the previous exhibit. Each element of the plan is built from an understanding of the customers' needs, and the process ends with a budget assigned to each of the marketing-mix elements, along with a person responsible for the delivering the planned-for result. The objective is to constantly monitor financial performance to ensure that we are on track to achieve our goals.

The underlying premise of the planning process as developed here is consistent with the findings of a recent white paper[7] in which the author argues that to advance B2B practice, managers must build stronger interfaces between marketing and other functions, with the goal of extracting and leveraging more granular customer insights. Our framework begins with the customer. It is our ability to gain insights and to incorporate the voice of the customer into the planning process that provides value to our senior management. Also, although the planning process speaks to the elements of the marketing mix only, implicit in the process are the linkages made to the other functions of the firm and their specific plans. Of particular importance are the ties made to sales and R&D. The point is that the planning process is tied to (1) larger issues relevant to the role of marketing in the B2B arena, and (2) the importance of marketing achieving a more strategic role within its organization. In light of the fact that the planning process connects customer needs to individual responsibilities and budgets, there is an additional linkage to developing marketing talent and better performance metrics. Both of these factors are critical to facing the challenges that marketers face in their firms.

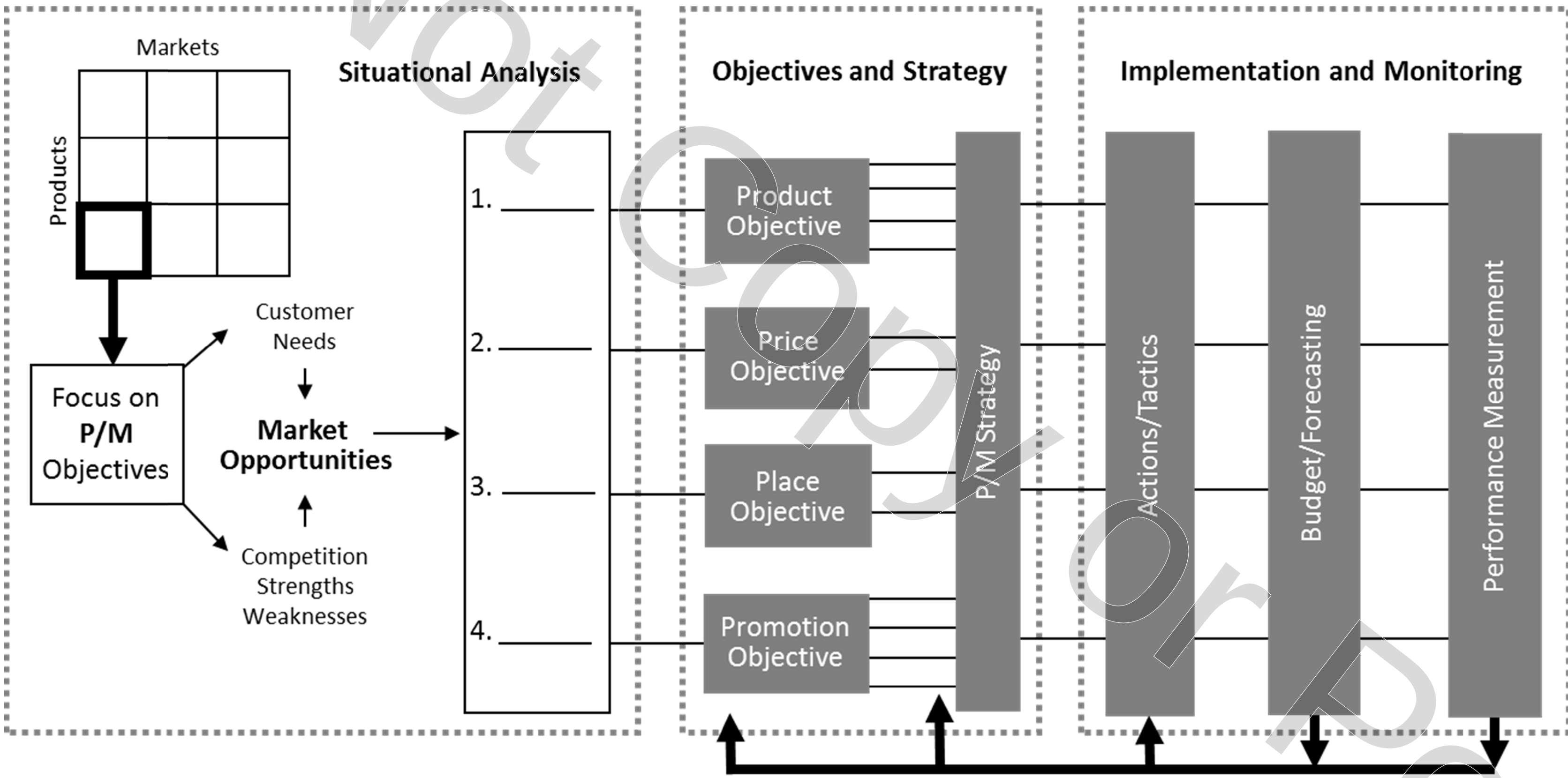
[6] Paul W. Farris, Neil T. Bendle, Philip E. Peiffer, and David J. Reibstein, *Marketing Metrics: The Definitive Guide to Measuring Marketing Performance,* 2nd ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2010).

[7] Fred Wiersema, "The B2B Agenda," working paper, Penn State University Institute for the Study of Business Markets, 2012.

Exhibit 1

MARKETING PLAN DEVELOPMENT

Planning Overview



Source: All graphics created by case writer.

Exhibit 2

MARKETING PLAN DEVELOPMENT

Product Line/Market Overview

Market / Product Line							

Exhibit 3

MARKETING PLAN DEVELOPMENT

Environmental Analysis

Major Environmental Factors Affecting the Business	Impact (+,-)	Implications

Exhibit 4

MARKETING PLAN DEVELOPMENT

Situation Analysis

Top Five Competitors (Rank)	Current Annual Sales ($M)	Current Mkt. Share (% Total Mkt)	TREND	Differentiation Factors (Marketing Mix)				
				Product Line Characteristics	Price Strategies and Policies	Distribution Channels and Methods	Promotion Policies and Activities	Key Differential Advantage (if any)
Your Company								
All Others								
Total								

Exhibit 5

MARKETING PLAN DEVELOPMENT

Understanding the Needs of the Customer to Determine the Type of Partner

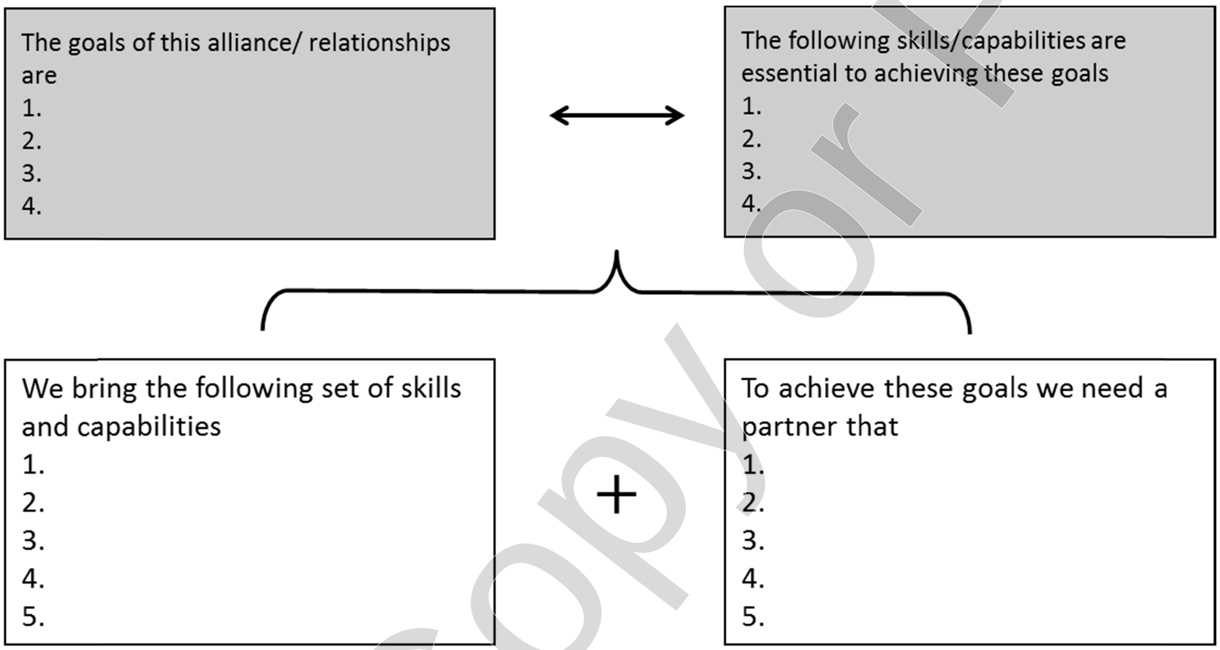


Exhibit 6

MARKETING PLAN DEVELOPMENT

Market Opportunities

Strengths:
Weaknesses:
Market Opportunities:

Exhibit 7

MARKETING PLAN DEVELOPMENT

Goals, Objectives, Strategy, and Assumptions

P/M Objectives: Share ________ Sales ________ Other(s) (List) ________ ________ ________

Product/Market Strategy:
(How you will compete)

Objectives	Assumptions
What are the objectives for the business? *These objectives will translate into strategies for each element of the marketing mix*	*Be explicit!*

Exhibit 8

MARKETING PLAN DEVELOPMENT

Product/Programs

Actions	Key Milestones	Performance Measurements	Responsibility by Function
Product strategies *Tactics* *Channel strategies* *Tactics* *Promotional strategies* *Tactics* *Pricing strategies* *Tactics*	*What needs to be achieved?*	*What is the result?*	*Who is responsible? (R&D, Marketing, Manufacturing)*

What gets measured gets done!