



e- Book Series

# Guide to Writing a Killer Marketing Plan

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# Purpose of this book

You are either someone that has been doing marketing as a part of your professional career or you look at as that “thing you do to promote your business and attract customers to buy”. Regardless of where you are along that spectrum, you have arrived here because you have been charged by the CEO of the startup you work for to write a marketing plan for your business or you need to create one for your own business.

**You need to not just write just any marketing plan. You need to write a Killer Marketing Plan.**

One that your boss will say “awesome, let’s get started” and which will tell all those people who have been looking for a product or service like yours for a long time. This book is written for you.

Marketing plans are sexy mistresses that tempt you to include all of the coolest of campaign ideas without the sanity of budgetary constraints. While marketing is one of the more important functions of a small business, it is one that is limited by the budgets of that business and campaigns must demonstrate a return in order to justify their existence. Since I have written more marketing plans than I care to tell you, I can share with you my knowledge and experience of what has worked almost all the time, some of the time and none of the time.

While this is not the single tome on marketing plans, I hope that this helps you balance the unlimited creative ideas with the budget you have to work with and find a mix that is both innovative and results in sales.

I invite you to explore as many resources out there, some of which are mentioned at the end of this book. I don’t need to wish you luck. Just get started, get out there and crush it.



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# Section 1: Product and Purpose

## Part 1: The Art of Marketing

Doing marketing planning, which is captured in the marketing plan, is an essential organizational activity, considering the hostile and complex competitive business environment. Our ability and skills to perform profitable sales are affected by hundreds of internal and external factors that interact in a difficult way to evaluate. A marketing manager must understand and build an image upon these variables and their interactions, and must make rational decisions. Here is a great description of Marketing from [HowStuffWorks](#):

*"According to the Dictionary of Marketing Terms, marketing is "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals. What does that mean to you? It means marketing encompasses everything you have to do in coming up with a needed product or service, making potential customers aware of it, making them want it, and then selling it to them. So then, is sales considered "marketing"? Is advertising "marketing"? Often, you'll hear sales functions referred to as "marketing," but really sales is just a part of the larger marketing process, as is advertising. In the olden days (back 30 or 40 years), marketing did consist primarily of sales. Rather than having marketing departments, companies had sales departments with an advertising manager and someone who did market research. Sometimes they added a promotions manager or hired an agency to handle advertising and promotions. Things began changing as some companies grew larger and larger and began offering many product lines that warranted having their own brand managers, market segment managers and many more specialized positions that addressed and mulled over the needs of their particular markets. The need for a marketing department began to be seen as a vital part of business. The marketing department also takes most of the blame if a product (or company) isn't successful, regardless of whether or not the fault actually lies there."*

Logically, your CMO or VP of Marketing would be in charge of this effort but in many startups you don't have someone in that position so it is probably you with the ultimate responsibility. So my dear reader, I am here to the rescue to guide you through very important part of executing your overall business plan. Planning your company's marketing program is a process much like the one you go through in writing the business plan. You go through phases of:

- What are you going to do with the plan?
- What are the company's skills, strengths and weaknesses?
- Goal setting based on those strengths and weaknesses
- Setting strategies for achieving your goals
- Executing the plan
- Putting the numbers together to back up your words

**But before you dive into the plan, you should know what type of plan you are expected to write.**



## Part 2: The Three Types of Marketing Plans

Most of the time when you are writing the marketing plan, it is usually something that needs to stand on its own and in other cases it might need to be incorporated into another document like a business plan. So before we dive into the executive summary, it is important to understand that there are three marketing plan types with various content and sizes.

### **Marketing Plan Type #1: The Marketing Plan for the Business Plan**

*In a business plan, the sales and marketing section as part and parcel to the business plan, which is true, but it is not the entire picture. The business plan essentially holds the executive summary and key components, graphics and financials that support the greater business plan. This means that the data came from somewhere*

- **Page Range: Usually 3-6 Pages**

### **Marketing Plan Type #2: The Strategic Marketing Plan**

Here is a great description of the Strategic version of the Marketing Plan from Sheridan College Institute of Technology and Advanced Learning in Oakville, Canada:

*At the strategic marketing plan level, marketers are scanning the environment, pondering what is happening and looking for emerging or robust market segments which they could consider as target markets. The outcomes of such plans are clearly identified target markets and the strategies which will meet their needs, as identified in our analysis. Marketing plan objectives are typically on the level of sales, profit, return on investment or, for the larger firm, market share.*

- **Page Range: Usually 3-6 Pages**

### **Marketing Plan Type #3: The Tactical Marketing Plan**

Here is another great description of the Strategic version of the Marketing Plan from Sheridan College Institute of Technology and Advanced Learning in Oakville, Canada:

*Tactical plans, in contrast, presume the target market and marketing strategy as a given and don't look much at the external environment. They deal with issues such as raising awareness or getting more returning customers. The main way to tell at which level you are working is whether your target market is a given or not. If you are scanning the environment, you are seeking new target markets or looking for subtle changes in your existing target markets; you are preparing a Marketing Plan. If however, you start from the premise that you know exactly who your target*



*market is, you would then develop a range of tactics to reach them; this is a **Tactical Plan**. Many people mistakenly operate at the tactical level when they should be at the strategic level. For instance, suppose your product sales were poor, so you came up with a plan to advertise more. The result was an even faster decline in sales. Why? People found even faster that your product was terrible. Had a **strategic marketing plan** been developed, we would have determined what consumers want, compared those desires to our product and made the appropriate modifications.*

- **Page Range:** Usually 10 – “As many as people want to read” Pages

### **Sometimes it is better to start big and widdle your way down**

There are different schools of thought on this one. The first being to write the tactical version with everything and then extract information to create the strategic and narrow further for inclusion in a business plan. The second is to write the strategic one first to focus your thoughts and have one person tighten it up for the business plan and a team expand on it so the tactical issues are worked out. This can be a problem because your financial projections might not be totally accurate and your plan will fail. I would offer taking the tactical plan and mapping out the sections with the abstracts so that all the issues are addressed, then write the strategic so there is a plan that others outside of marketing can digest and only when it is approved should it be tuned up and included in a business plan.

### **Now you know so let's get started**

Now that you understand what a marketing plan is, its purpose and the type you should write, let's get to the heart of the matter. In Part 3 we will discuss the Killer Executive Summary.

## **Part 3: Framing a Successful Marketing Plan**

In Part 2 we talked about selecting the right type of plan to fit your needs. Now that you have decided that, let's get into the general structure of a marketing plan. Please note that this is a proposed outline and depending on your emphasis, this structure can and might change.

- Marketing Plan Outline
  - Section I – Cover Page
  - Section II – Table of Content
  - Section III – Situational Analysis (Market, Competitive Environment, Technological Environment, Socio-Political)
  - Section IV - Problems and Opportunities
  - Section V – Objectives
  - Section VI – Action Plan
  - Section IX – Financial Data



So there you go, a basic outline. I know that putting all this together might seem daunting, especially if you are not a marketing and sales person. Fear not, that is what we are here for and from here on out we will break down each section and subsection in detail so you understand what information is required and how to get it.

## Part 4: Killer Marketing Plan Summary

**Everyone who begins the journey of writing a marketing plan usually looks at the Executive Summary section early on in the process. A Marketing Plan Summary is usually 1-3 pages long and the goal is to summarize the entire marketing and possibly sales plan into something digestible by new readers and those in other departments who want to get to the bottom line. Don't despair, the hard work you put into the marketing plan will be useful to some people, not all of them. Each reader is trying to get something different and the executive summary is the best way to give them the big picture so they understand their part in this area of the operation.**

### When is the best time to write the Marketing Plan Summary?

There are many schools of thought on when to write the Marketing Plan Summary, either write it first, write it along the way or write it at the end.

I take a little different of an approach in that you should try and write it at the beginning and then re write it again at the end. There are two reasons for this:

**Reason #1** – Writing it at the beginning can focus you and force you to answer questions in the shortest way possible. This is an interesting and valuable exercise for many because they work to answer many of the hard questions and because it forces you to get in the habit of getting to the point.

**Reason #2** – Writing it at the end is great because you will revisit what you wrote and either be on track with only a little tuning required or most likely will roll your eyes and see how far off you were and really have a much easier time tuning the summary up to make it truly a killer Executive Summary.

### What are the overall components of the Marketing Plan Summary?

Generally, you need to write 2-3 sentences MAX on each of the following sections:

- Company description of what you are doing



- Problem and Opportunity
- Your products and/or services that address the problem and take advantage of the opportunity
- Money You Need and What it will be used for (this is if the summary is targeted at investors)
- The market and your customer
- The Competition and Your Differentiators (how you will kick the competitor's butt)
- Your current Marketing and Sales (if you have them)
- Your Management Team (If they are an A-Grade team this might be further up)
- Current Business Operations (if you are an existing business)3-5 Year financial projections and plans (How much have you made, how much will you make and if you are looking for investment, how you will use it) – This includes a small table of numbers in addition to the 2-3 sentences.

### **What makes a Killer Executive Summary that stands out from other businesses?**

There are many well written Executive Summaries out there that have never been funded or missed the market or for whatever reason never got off the ground. But what makes an Executive Summary “Killer”? Here are six key things to make it “killer”:

1. BE focused and clearly state what you do -Too many businesses, especially startups try and “boil the ocean” making you look like you are all over the place and will not be able to execute successfully.
2. BE a business that solves a problem and not a solution in search of one – You might have an awesome “widget” but if people don’t need it or companies can live without it, why are you starting a business?
3. BE strong and positive with your language – This is not a time to be passive. From potential investors looking to give you money to those people willing to join the team, people must know that you “are” going to execute, not “may” or “might” do something.
4. DON’T cut and paste – Read the sections and extract the best and write a new concise section
5. DON’T use Jargon – Most industries have acronyms or buzz words that are neat and catchy. One or two that make a point are fine but if your engineer is writing the business plan, don’t get all geeky on the solution. Remember, the Executive Summary is about telling someone the time, not how the watch works. The business plan will have plenty of places for that type of content.
6. Write an “Executive Summary” of the Executive Summary – Most people have very short attention spans and once you are done the Executive Summary you should try and compose a 2-3 sentence summary at the top that gets all the critical elements in so that people really want to read the rest and get excited about reading the entire business plan.



## Part 5: Understanding Your Market

The Situational Analysis is designed to take a snapshot of where things stand at the time the plan is presented. The Situational Analysis is probably one of the hardest sections you will write because you are essentially laying out how the product will function in various environments and how it will be perceived in the marketplace.

In many marketing plans, the first section could be the product analysis. If you already have existing products/services you should start with this so that you provide a “lay of the land” for readers not familiar with where you are at with your current product(s) and/or service(s). That section covers the product attributes, current pricing, current distribution and services offered. This should be about a page or two in length. For the purposes of this Marketing Plan series we will assume you are a new company and dive straight into defining the market.

That is why the first part of the situational analysis is called the “Market Analysis”. This subsection of the situation analysis section should be about two to four pages in length and provides actionable information on selling to target buyers and stimulating purchases or usage by the ultimate end users. Key questions answered in this subsection include: description of target buyers or end users in demographic, psychographic, and lifestyle terms target buyer/end user wants, needs, attitudes, and perceptions of category products and services where target buyers/end users are located and how to reach them, which segments of the total market or category are growing or declining and why.

You will need to tell the story in a way that makes sense to you and your readers so the following outline should be arranged as you see fit:

### **Target Market Approach**

Start with a description of your total potential market (your potential customers). Present a general strategy that is used to reach targeted customers that might include a mass market or segmentation approach. Describe the needs/benefits sought by market, the product usage, the positioning and what people's attitudes are regarding the product you are selling and the product category in general.

### **Target Market Profile(s)**

Create and describe the demographic/psychographic profile(s) of the market including elements such as gender, income, age, occupation, education, family life cycle, geographic region, lifestyle, attitudes, purchasing characteristics, etc.



### **Target Market Motivations**

Since you know the profile(s) within your target market you need to explain what motivates them to buy your products/services. Begin by describing how your product/service satisfies the needs of this market. Follow up with describing the particular customers that you will target. Expand into the size of your total potential market (number of potential customers), and then drill down into your target market so that you can make the motivational case you set out to in the first place.

### **Target Market Purchasing Strategy**

Ok, great. You have the market explained, the target profiles done, the market motivations are worked out, now how are people gonna buy your amazingly cool new widget? Well, you need to detail that out in your purchasing strategy. First, you will need to explain how the target market makes their purchases. Then explain what is involved in the decision-making process and the timeline for the purchase (is it an impulse buy or something that takes an extended period of time). Finally you will cover who influences and then makes the purchase.

### **Target Market Growth Strategy**

To wrap things up you will need to provide market size estimates but keep in mind these are estimates for the market, not for a specific product. You will need to provide size estimates for the potential market that include the largest possible market that would buy. Then you need to narrow your focus and provide estimates of size for the current target market (how many actually purchased this kind of product) and provide estimates for these growth rates. Lastly, all of this needs to be projected out for at least through the timeframe for the plan (e.g., 1 year) but most likely longer (e.g., 3-5 year projections).

### **A Final Thought on Numbers**

Throughout all of these explanations it is critical that you need to support estimates with factual data. You can have the best laid plans with awesome projections but if you have nothing to back up your story and make your case you are just fooling yourself that your strategy is the right one.



# Section 2: Analysis and Competition

## Part 6: Understanding and Beating the Competition

This is the second part of the situational analysis which deals with the competition and appropriately called “Competitor Analysis”. I mentioned in Part 5 that the Situational Analysis is probably one of the hardest sections you will write and this section validates that statement. You believe your product/service is the best on the market but not just to validate yourself but to validate the strengths, weaknesses, opportunities and threats along with trends of those competitors.

Here is how the Competitor Analysis sub-sections break down:

### Competitive Landscape

First you need to identify major competitors: name, location, and market share. The best thing to do is create a table that allows clear comparisons of your product/service with that of your major competitors (brand name, quality, image, price, etc.).

Then you need to perform a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis (coming in a future post) and compare your firm with that of your major competitors. Include factors such as company reputation, size, distribution channels, location, financial standing, target market perception and if relevant, research and development capabilities.

After your SWOT analysis is complete, use that as sounding board to honestly evaluate your chances as the new competition and how successfully you would be able to enter this market. Include your thoughts and observations on what you have learned from watching the competition and you can learn from the good and bad parts of their business models to increase your chances of success.

### Competitive Opportunities

**While in the competitive landscape doing much of the SWOT analysis, you should include a section that really expands on the opportunities you uncover because those usually end up being the foundation for things like your marketing messaging and web site content. It is designed to really expose the differentiators that make you stand out in a competitive marketplace.**

### Competitive Trends

This section is where you should discuss the trends of your competitors. This includes whether your competitors’ sales increasing, decreasing or steady. Answering those questions clue into the growth or decline of competitors from a shifting market share



perspective and also from a more macro market size perspective. This should also help you identify any future competitive threats that your team should be made aware of but not focused on, yet.

**Describe direct competitors in terms of:**

- Target markets served
- Product attributes
- Pricing
- Promotion
- Distribution including the distributor network
- Services offered

**Discuss competitor's strengths and weaknesses:**

- May need to consider much more than just marketing issues such as:
  - financial standing
  - target market perception
  - R & D capabilities

## Part 7: Technology, Economy and Sociopolitical Analysis

As we continue our Marketing Plan Series and keep working our way through the Situational Analysis we make a pit stop to talk about the macro-level environments that impact your marketing and your competition. This part of the Situational Analysis is usually called "Environmental Problems and Opportunities" and is about 1-2 pages in length.

This could easily turn into a diatribe about politics and economics so what you need to focus on in this sub-section is how technology, the economy and the socio-political environment affect the marketing of your products/services.

### **The Technological Environment**

When you discuss the technological environment think about how you create/leverage/affect creating new ways of satisfying needs (i.e. using technology to enhance the demand for existing products). Innovation can create or wipe out industries and businesses in less than a year. One example is the popularity and convenience of DVD players all but eliminated the sale of VCRs and seriously depressed the manufacture and sale of video tapes. This is especially important for you if your product is technology based.

### **The Economic Environment**

Regardless of the current state of the economy, there will be good times and not so good times. You need to describe how your company will survive and grow in this most challenging of economies. Look at the bright side, if you can find the opportunities and sell successfully in this market you could position yourself as almost recession-proof in the long run.



## **The Socio-Political Environment**

These are governmental policies and regulations that affect the market. It is also the economic environment around your company; which is the business cycle, inflation rate, interest rates, and other macroeconomic issues. For example, here in America there is a sweeping trend to dress more casually, with function and comfort driving new clothing and shoe trends. People are cooking less and are more concerned about nutrition and fat in their diets. And today, American business people are less willing to sacrifice family life for business careers. These types of factors can impact the marketability of your product or service.

## **Part 8: Financial Summaries that Sing**

You can't have a product discussion and not include financial for the number geeks in all of us. We will dive into our "Marketing Plan Financials in Plain English" toward the end of the series but many will need to connect some financial dots in the situational analysis at a high level leaving the detailed stuff (budgeting, break even analysis and cash flow analysis) for the "back of the book".

This section should be about 2-4 pages in length and kids, keep it pretty for the rest of us. Now while you will need to write some short paragraphs to explain your information, tables and graphs are your friend here. *The Financial Analysis section is separated into two general areas – sales and profitability*

### **Part 1 – Sales Analysis**

In this section you need to focus on the current sales that your industry and your business are doing across segments, product categories and various distribution channels. Let's break it down like this:

#### Overall Industry and Market Share

- Sales for the Entire Market
- Sales for Your Company
- Sales for Your Competitors

#### Sales By Segments and/or Product Categories

- Sales by segments and/or product categories
- Sales by company product(s)
- Sales at this level compared to competition

#### Sales By Distribution Channel

- Sales for each channel
- Sales for company product(s) by channel
- Sales for Your Competitors by channel

#### Sales By Geography

- Sales for Each Region
- Sales for company product(s) by region
- Sales for Your Competitors by region



## **Part 2 – Profitability Analysis**

Since we focused on sales which is really revenues, we need to splice this up and see what is actually profitable. Just because you can make money from it does not mean you make a profit. You will need to look across the revenues and include the marketing related expenses. Let's break it down like this:

- Revenue Breakdown
  - Use the sales numbers from above but identify realized revenues not just projections
- Marketing Expense Breakdown
  - Direct Marketing Expenses - These are the expenses that are tied to the product(s) and must be identified in that way
  - Indirect or Proportional Marketing Expenses – These are the general administrative and broad marketing expenses that may be assigned to a product based on some criteria like percentage of sales or a pre-determined distribution amount.

### **Lastly, remember that this is the “30,000 foot view”**

- Since this part of the situational analysis, you are using this sub-section to make your point and support your overall analysis.
- Stay high level
- More detailed financial stuff comes later and in the marketing plan and we will do explain it in plain English later in this book.

## **Part 9: The SWOT Analysis Dance**

Concluding our dive into the sub-sections of the situational analysis, we wrap up with the all important SWOT analysis. It is a “dance” of sorts because you have to dance around the fact that in some ways your competitors might have over you but it is better that you learn this now and how to work around it or market against it that will help you in the long run.

The term **SWOT** analysis stands for “**Strengths, Weaknesses, Opportunities and Threats**”.

**Start with posing these sessions to your brainstorming team:**

- Are your competitors becoming stronger?
- Are there emerging trends that amplify one of your weaknesses?
- Do you see other external threats to your company’s success? Internally, do you have financial, development, or other problems?



Let's break each part down and then wrap up with some the advantages this section can offer you and your team:

**Strengths:** Here is where you must capture the positive aspects internal to your business that add value or offer you a competitive advantage. This is an opportunity to remind yourself of the value existing within your business. Think about what your company does well. You should address the strengths within your business that add value to your product or your marketing efforts. You should also describe your positive tangible and intangible attributes.

**Weaknesses:** These are factors that detract from your ability to have a competitive edge. It includes the negative aspects internal to your business that distract customers from seeing the value you offer or place you at a competitive disadvantage. These are areas you need to enhance in order to compete with your best competitor. The more accurately you identify your weaknesses, the more valuable the SWOT Analysis is to your readers. Some questions to help you get started are: What do your customers complain about? What are the unmet needs of your sales force?

**We continue breaking each part down....**

**Opportunities:** Traditionally, a SWOT looks only at the external environment for opportunities. I suggest you look externally for areas your competitors are not fully covering, then go a step further and think how to match these to your internal strengths. Remember, these are opportunities external to your business. If you have identified "opportunities" that are internal to the organization and within your control, you will want to classify them as "strengths". Try to uncover areas where your strengths are not being fully utilized. Are there emerging trends that fit with your company's strengths? Is there a product/service area that others have not yet covered?

**Threats:** What situations might threaten your marketing efforts? You have to ask this hard question. Get your worst fears on the table. A threat is a challenge created by an unfavorable trend or development that may lead to deteriorating revenues or profits. As with opportunities, threats in a traditional SWOT analysis are considered an external force. By looking both inside and outside of your company for things that could damage your business, however, you may be better able to see the big picture. Competition — existing or potential — is always a threat. Other threats may include intolerable price increases by suppliers, government regulation, economic downturns, devastating media or press coverage, a shift in consumer behavior that reduces your sales, or the introduction of a "leap-frog" technology that may make your products, equipment, or services obsolete.



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### **Advantages of a SWOT Analysis – Uncovering Opportunities**

This is where you look externally for areas your competitors are not fully covering, then go a step further and think how to match these to your internal strengths. Try to uncover areas where your strengths are not being fully utilized. Are there emerging trends that fit with your company's strengths? Is there a product/service area that others have not yet covered?

Once you have uncovered these opportunities take each one and discuss how you will market them. Will it be a mixed marketing campaign? A targeted sales effort? What resources will you need (e.g. new collateral, selling guides, web site content, e-mail marketing)?

### **Advantages of a SWOT Analysis – Address and Overcome Problems**

Problems are not necessarily a bad thing. They are just issues that need to be overcome. It is better to get out front of problems that may exist than have them rear their ugly head when you are selling or raising money. Problems could be strong competitors, your product lacking critical features that you are not able to roll out yet or a long sales cycle.

You should list each problem and discuss an approach to overcome them in a sales situation and with specific marketing messages that counter what a customer might be thinking.

## **Part 10: Mapping Out Your Marketing Objectives**

OK. You are half done the marketing plan and while you might scream “only half!” at the top of your lungs, you have suffered through the tough part – the analysis. You have spent time building the case that your products/services are competitive, viable and profitable. Now that you have proved that point you have to demonstrate how you are gonna actually do it.

The first part of telling this second half is setting out the overall objectives in the marketing plan. Now let's breakdown the Marketing Objectives section. We have put together this great breakdown and outline of how you might want to structure the objectives section. Please note, some of this outline may or may not apply to your business so use this as a suggestion and not a list of requirements.

### **Target market objectives**

- Market Share – total, by segments and by channel
- Customers – total, by number/percentage new, by number/percentage retained



### **Channel Objectives**

- Dealers – total, by number/percentage new, by number/percentage retained
- Order Processing and Delivery – on-time rate, shrinkage rate, correct order rate

### **Promotional Objectives**

- Level of brand/company awareness
- Traffic building (e.g. store traffic, web site traffic)
- Product Trials (e.g. sales promotions, product demonstrations)
- Sales Force (e.g. cycle time, cost per call, closing rate, customer visits, etc.)

Continuing our breakdown and outline of how you might want to structure the objectives section. Please note, some of this outline may or may not apply to your business so use this as a suggestion and not a list of requirements.

### **Market Research Objectives**

- Studies Initiated
- Studies Completed

### **R&D Objectives**

- Product Development

### **Other Objectives**

- Partnerships Developed
- Rate of Purchases, size/volume of purchases
- Purchases

### **Advice on Setting Your Objectives**

Remember these are objectives that you expect to meet so keep in mind that these should be achievable. I have used the SMART approach to setting objectives and that stands for Specific, Measurable, Achievable, Realistic and Time-based.

## **Section 3: Strategy and Action**

### **Part 11: Setting Your Marketing Strategy**

Once you have completed writing your Marketing Objectives, as discussed previously in Mapping Out Your Objectives, you need to write your marketing strategy. The marketing strategy section of your plan outlines your game plan to achieve your marketing objectives. There is no other way to say it but this section which is in the center, is essentially the heart of the marketing plan.



The marketing strategy section should then include information that revolves around the “4Ps of Marketing”. Don’t know what they are? Let’s do a quick refresher: The “4Ps of Marketing” are a few decades old but are the most basic and classic way of slicing up your marketing strategy. They are broken down as follows:

- Product – your product(s) and services
- Price – what you will charge customers for products and services
- Promotion – how you will promote or create awareness of your product in the marketplace
- Place (distribution) – how you will bring your product(s) together with your customers.

### **Product**

Describe in detail your products or services in terms of the features and benefits they offer customers. Describe what you need to have or do to provide your product or service (how it's produced).

### **Pricing**

List the price of your products and describe your pricing strategy. List price ranges for product lines. For example, if your product is a line of cosmetics, include information in this strategy section about your lipsticks “ranging in price from \$5.00 to \$15.00 per item” rather than a detailed product price list. (You should, however, consider including a detailed price list in the Supporting Documents section.) Describe any price flexibility or negotiating room, as is common with large purchases such as houses or cars. Outline any discounts you offer for long-term customers, bulk purchases or prompt payment. Also, include the terms of sale, such as “net due in 30 days,” extended payment plans, and whether you accept credit cards

### **Promotion Plan**

A promotion plan describes the tools or tactics used to accomplish your marketing objectives. In your Action Programs section, you will describe the steps that need to be taken in detail, when they should be done, who will do them, and so on.

<b>If your marketing objective is to:</b>	<b>Then tools or tactics might be:</b>
Create awareness of baby care products among mothers of newborns.	<ul style="list-style-type: none"><li>• Advertise in baby care or motherhood magazines.</li><li>• Distribute product samples to obstetricians.</li><li>• Offer free baby care seminars to expectant mothers.</li></ul>
Increase sales of potato chips to teens.	<ul style="list-style-type: none"><li>• Distribute free samples or discount coupons at high school football games.</li><li>• Sponsor an event attended by teens.</li></ul>

### **Placement (Sales and Distribution)**

In this section, describe how your products and customers “meet” or come together through sales and distribution.

Describe your sales philosophies and methods. Do you employ an aggressive sales method for a large number of quick sales, or a relaxed method where the emphasis is on having customers feel comfortable to come back another time even if they don’t buy now? Do you use contract sales people or employees? Explain your approach to sales issues.

Describe your distribution system. (Where will your product be placed so customers have access to it?) A few points about distribution to address in your marketing plan are: Is the exchange of the product made in a store? Through the mail? Through a direct sales representative?

What are your production and inventory capacities? (How quickly can you make products and how many can you store?)

Are there cyclical fluctuations or seasonal demands for your products? For example, if you produce Christmas decorations, how will you manage peak production and sales periods as well as slow periods?

Do you sell to individuals or to re-sellers? Your company may use more than one method. For example, you may sell directly to customers who place large orders but also sell to customers who buy small quantities of your product through retail outlets.

## **Part 12: Action Plans**

The Action Plan covers the “Who, Where and How Much” of your plan. You should look at this section as the “to do list with budget numbers” and separate it into sub-sections or “mini-plans” that are involved in your marketing efforts. They can include but are not limited to the following:

**Publicity Marketing Plan** – How do you pitch? I am not talking fastballs, but rather using the media to spread the word about your business. You could also call this mini-plan your media plan and it includes the costs and tasks involved in pitching stories to the press and writing press releases on a consistent basis.

**Customer Marketing Plan** – No small business can survive without customers and smart business know that it is FAR cheaper to keep the customers you have than always working to replace them with new ones. This mini-plan talks about what activities you will undertake with your current customers and the types of targeted offers you will be making to retain them.



**Advertising Plan** – Now we all know that most traditional advertising is hit or miss and it is hard to track results. However, there are more and more promotional programs that provide you with a way to measure results that you can create a mini-plan of where you are going to advertise and how much of it you will be doing.

**Internet Marketing Plan** – Every one these days has a web site. If you don't and you are small business, then that is another matter. If you are a small business that is actively engaged on the web to promote your products or services then you need to include a separate mini-plan on Internet marketing that could include search engine optimization, pay-per-click advertising and any other online campaigns.-

**Promotional Event Plan** – Related to advertising and Internet marketing the promotional event plan includes different promotional activities such as, having sales, sponsoring contests, awards, or events.

**Referral Marketing Plan** – All small businesses need referral business. In fact, it is how many survive and even thrive. Here is where you need to identify specific programs that will add incentive for those that value your work enough to tell others about you.

## Budgeting AKA “The Bottom Line”

We all wish we could do awesome and cool marketing campaigns but we are quickly brought back to reality when the limitations of our budgets are staring us in the face. Small Business Notes provides some great advice on putting together your budget.

Estimate the cost of the marketing activities you've described in the marketing plan so you will have a budget to keep everyone on track over the course of the year. Typical marketing expense categories are marketing communications, market research, promotions, advertising, events and public relations. Because marketing needs and costs vary widely, there are no simple rules for determining what your marketing budget should be. A popular method with small business owners is to allocate a small percentage of gross sales for the most recent year. This usually amounts to about two percent for an existing business. However, if you are planning on launching a new product or business, you may want to increase your marketing budget figure, to as much as 10 percent of your expected gross sales. Another method used by small business owners is to analyze and estimate the competition's budget and either match or exceed it.



# Section 3: Strategy and Action

## Part 13: Sales Projections in Plain English

### What Are Components of Sales Projections?

Projection of sales is an important part of the marketing plan. Part of the sales projection work is planning for a better performance in the future and correcting past performance with which you are not satisfied. You do this by finding out what profit contribution each sales representative makes. One goal of measuring a sales representative's performance is improvement assistance. This is done in the marketing personnel section of the marketing plan.

### Cost of Goods per Unit Worksheet

This is the first preliminary worksheet you must complete. The reason you have to start here is because these are the basic costs of raw materials, production labor and other costs that, once added up, give you the cost of goods per unit number you will need to get the "Estimated Sales Table" completed.

Raw material	Production and Labor	Other cost of goods
\$350.00		\$50.00
\$900.00		\$100.00
\$700.00	\$100.00	\$100.00
\$1,000.00	\$200.00	\$350.00
\$45.95		
\$10.00		
\$5.00		
\$200.00		
\$25.00		

### Estimated Sales Table Worksheet

This is a preliminary worksheet that helps you figure out what the total sales and cost of goods sold are for each product year by year. You need to include the units, or number of things, sold by each product line. Take each number times the selling price of each product and you will get the actual sales for each product.

Tally that number up and create a column called % of sales and divide each number by the total and you can see how much each product brings in as a share of the entire sales projection. You should already have the "Cost of Goods Sold" per unit from the previous section. Put that number in after the "% of sales" and then multiply that number times the units and put the result into a new column called "Cost of Goods sold total". Once that is done, do the same thing we did with "% of sales" and create a "% of Cost of Goods Sold".

2002	Units	Selling price	Actual sales	Sales %	Cost of goods	Cost of goods per unit	Cost of goods total	Cost of goods %
<b>Hardware</b>								
Desktops	250	\$900.00	\$225,000	43.0%	\$400.00	\$100,000	44.4%	
Laptops	50	\$1,500.00	\$75,000	14.3%	\$1,000.00	\$50,000	66.7%	
Networks	20	\$2,000.00	\$40,000	7.6%	\$900.00	\$18,000	45.0%	
Servers	10	\$2,500.00	\$25,000	4.8%	\$1,550.00	\$15,500	62.0%	
<b>Sales line 1</b>	330		\$365,000	69.8%			\$183,500	50.3%
<b>Software</b>								
Business	300	\$99.95	\$29,985	5.7%	\$45.95	\$13,785	46.0%	
Utilities	150	\$20.00	\$3,000	0.6%	\$10.00	\$1,500	50.0%	
Games	1,000	\$10.00	\$10,000	1.9%	\$5.00	\$5,000	50.0%	
<b>Sales line 2</b>	1,450		\$42,985	8.2%			\$20,285	47.2%
<b>Accessories</b>								
Peripherals	200	\$500.00	\$100,000	19.1%	\$200.00	\$40,000	40.0%	
General	300	\$50.00	\$15,000	2.9%	\$25.00	\$7,500	50.0%	
<b>Sales line 3</b>	500		\$115,000	22.0%			\$47,500	41.3%
<b>Total</b>	2,280		\$522,985				\$251,285	48.0%



## Sales Projections Worksheet

This is where all the hard work comes into focus and you break things down by months that give you the total amount you put together in the estimated sales table. You will use a concept called “weighing” which is basically splitting 100% across 12 months as to when you think that total amount will be met each month. Think of busy periods where sales are way up and slow periods where it is way down. A good example is retail with busy holiday periods and slow winters and then busy back to school sales. You will also include the cost of goods sold numbers and percentages

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Hardware</b>													
<b>Weighing %</b>	5.0%	5.0%	8.0%	8.0%	6.0%	5.0%	5.0%	5.0%	8.0%	10.0%	15.0%	20.0%	100%
Desktops	\$1,260	\$11,250	\$15,000	\$19,000	\$17,000	\$11,250	\$11,250	\$11,250	\$11,250	\$22,500	\$37,750	\$45,000	\$225,000
Laptops	\$7,500	\$7,750	\$6,000	\$6,000	\$4,500	\$2,750	\$2,750	\$1,750	\$1,750	\$1,750	\$11,250	\$15,000	\$75,000
Networks	\$2,000	\$2,000	\$2,200	\$2,200	\$2,400	\$2,000	\$2,000	\$1,000	\$2,200	\$4,000	\$5,000	\$8,000	\$40,000
Servers	\$1,250	\$1,250	\$2,000	\$2,000	\$1,200	\$1,250	\$1,250	\$2,000	\$2,500	\$2,750	\$5,000	\$25,000	
<b>Sales line 1</b>	\$9,250	\$18,250	\$29,200	\$29,200	\$18,250	\$11,250	\$11,250	\$2,200	\$36,500	\$54,750	\$73,000	\$365,000	
Cost of goods %	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%
Cost of goods	\$9,175	\$9,175	\$14,680	\$14,680	\$11,110	\$9,175	\$9,175	\$1,175	\$14,680	\$18,350	\$27,525	\$36,710	\$183,500
<b>Net sales line 1</b>	\$9,075	\$9,075	\$14,520	\$14,520	\$10,590	\$9,075	\$9,075	\$1,075	\$14,520	\$18,150	\$27,325	\$36,340	\$181,500
<b>Software</b>													
<b>Weighing %</b>	5.0%	5.0%	8.0%	8.0%	6.0%	5.0%	5.0%	5.0%	8.0%	10.0%	15.0%	20.0%	100%
Business	\$1,499	\$1,499	\$2,399	\$2,399	\$1,799	\$1,499	\$1,499	\$1,499	\$2,399	\$2,999	\$4,498	\$5,997	\$29,985
Utilities	\$150	\$150	\$240	\$240	\$180	\$150	\$150	\$150	\$240	\$300	\$450	\$610	\$3,000
Games	\$500	\$500	\$800	\$800	\$600	\$500	\$500	\$500	\$800	\$1,000	\$1,500	\$2,000	\$10,000
<b>Sales line 2</b>	\$2,149	\$2,149	\$4,329	\$4,329	\$2,579	\$2,149	\$2,149	\$1,499	\$4,329	\$4,299	\$6,448	\$8,517	\$42,985
Cost of goods %	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%	47.2%
Cost of goods	\$1,014	\$1,014	\$1,623	\$1,623	\$1,217	\$1,014	\$1,014	\$1,014	\$1,623	\$2,029	\$3,043	\$4,057	\$20,285
<b>Net sales line 2</b>	\$1,135	\$1,135	\$2,816	\$2,816	\$1,362	\$1,135	\$1,135	\$1,135	\$2,816	\$2,270	\$3,405	\$4,540	\$22,700
<b>Accessories</b>													
<b>Weighing %</b>	5.0%	5.0%	8.0%	8.0%	6.0%	5.0%	5.0%	5.0%	8.0%	10.0%	15.0%	20.0%	100%
Peripherals	\$1,000	\$5,000	\$1,000	\$8,000	\$1,000	\$5,000	\$5,000	\$5,000	\$10,000	\$15,000	\$20,000	\$100,000	
General	\$750	\$750	\$1,200	\$1,200	\$900	\$750	\$750	\$750	\$1,200	\$1,500	\$2,250	\$3,040	\$15,000
<b>Sales line 3</b>	\$5,750	\$5,750	\$9,200	\$9,200	\$6,900	\$5,750	\$5,750	\$5,750	\$9,200	\$11,500	\$17,250	\$23,000	\$115,000
Cost of goods %	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%	41.3%
Cost of goods	\$2,375	\$2,375	\$3,880	\$3,880	\$2,850	\$2,375	\$2,375	\$2,375	\$3,880	\$4,750	\$7,125	\$9,510	\$47,500
<b>Net sales line 3</b>	\$3,375	\$3,375	\$5,400	\$5,400	\$4,050	\$3,375	\$3,375	\$3,375	\$5,400	\$6,750	\$10,325	\$13,510	\$67,500
<b>Total gross sales</b>	\$26,149	\$26,149	\$41,629	\$41,629	\$32,179	\$26,149	\$26,149	\$26,149	\$41,629	\$52,299	\$78,446	\$104,517	\$522,985
<b>Total cost of god</b>	\$12,564	\$12,564	\$20,103	\$20,103	\$15,077	\$12,564	\$12,564	\$12,564	\$20,103	\$25,129	\$37,193	\$50,237	\$251,285
<b>Total net sales</b>	\$16,585	\$16,585	\$21,726	\$21,726	\$16,202	\$13,585	\$13,585	\$13,585	\$21,726	\$27,170	\$40,755	\$54,340	\$271,700

## Part 14: The Break Even Analysis in Plain English

We continue talking plain English with you in this fun and crazy world of marketing plan financials and move on to the all important Breakeven Analysis. The Breakeven Analysis is especially useful when you’re developing a pricing strategy, either as part of a marketing plan or a business plan.

The Breakeven Analysis is actually pretty straightforward and asks one question – when do you break even and turn a profit? Simple.... Not quite... but I will explain in plain English.

### You mean there is a formula for this thing?

Yes, you knew I would eventually get to a formula, but fear not math haters, it is straightforward.

**Fixed Costs divided by (Revenue per unit – Variable costs per unit)**



**Fixed Costs** – Fixed costs are costs that must be paid whether or not any units are produced. Things like rent and equipment fall into this category. These costs are fixed only over a specified period of time or range of production.

**Variable Costs** – Variable costs are the things that make it fun and go up and down based on your production levels. Things like materials, labor, overhead are in this category.

**Let's give you a real example:**

If your total fixed costs were \$500,000, the price tag of your product (unit) was \$25, and your variable Costs were \$15, the equation would look like this:  $500,000/25-15 = 500,000/10 = 50,000$

You would need to sell 50,000 units to break even. Everything over that is profit and you dancing to the bank.

**Still, this not a perfect equation:**

Bplans.com points out that this equation, while important, can be misread or misinterpreted. Here are some key things they point out:

- It is frequently mistaken for the payback period, the time it takes to recover an investment. There are variations on break even that make some people think we have it wrong. The one we do use is the most common, the most universally accepted, but not the only one possible.
- It depends on the concept of fixed costs, a hard idea to swallow. Technically, a break-even analysis defines fixed costs as those costs that would continue even if you went broke. Instead, you may want to use your regular running fixed costs, including payroll and normal expenses. This will give you a better insight on financial realities. We call that “burn rate” these post-Internet days.
- It depends on averaging your per-unit variable cost and per-unit revenue over the whole business.

However, whether we like it or not, this equation is a cornerstone of financial analysis. You may choose to leave it out, but really, a business or marketing plan would not be complete without it.

## Part 15: Sales Cash Flow Statements in Plain English

As important as when you will break even, you must be able to show how, on a monthly basis, you will manage the cash flow to support the business and not sink it from an overly ambitious strategy and action plan.



## **Similar to the Cash Flow Statement in a Business Plan**

The cash flow statement reports the cash generated and used during the time interval specified in its heading. The period of time that the statement covers is chosen by the company. For example, the heading may state "For the Three Months Ended December 31, 2007" or "The Fiscal Year Ended September 30, 2008". For many, looking at a cash flow statement it looks a bit weird but it provides a different, yet critically important view of the business. For the marketing plan, you need to create a subset of this that eventually rolls up into the business plan to support it and give detailed projections.

## **Three Sections of a Marketing Plan Case Flow Statement**

For the purpose of the marketing plan cash flow statement that flows up and reports to the master cash flow statement, there are three sections that must be created – Operating Activities, Investing Activities, Financing Activities. We explain these on the next few pages.

### **SECTION 1: Operating Activities**

This section converts the items reported on the income statement from the accrual (you book the sale but you might not have the money yet) basis of accounting and includes the following:

- Cash receipts from sales or for the performance of services
- Payroll and other payments to employees
- Payments to suppliers and contractors
- Rent payments
- Payments for utilities
- Tax payments

### **SECTION 2: Investing Activities**

Investing activities include capital expenditures – disbursements that are not charged to expense but rather are capitalized as assets on the balance sheet. Investing activities also include investments (other than cash equivalents as indicated below) that are not part of your normal line of business.

These cash flows could include:

- Purchases of property, plant and equipment
- Proceeds from the sale of property, plant and equipment
- Purchases of stock or other securities (other than cash equivalents)
- Proceeds from the sale or redemption of investments



### **SECTION 3: Financing Activities**

Financing activities include cash flows relating to the business's debt or equity financing:

- Proceeds from loans, notes, and other debt instruments
- Installment payments on loans or other repayment of debts
- Cash received from the issuance of stock or equity in the business
- Dividend payments, purchases of treasury stock, or returns of capital

#### ***IMPORTANT: Don't Forget to Include an Expense Budget***

Because you will be estimating cash inflows for various product lines you must account for the expenses that are incurred related to them. This must include enough detail to track expenses month by month and follow up on plan-vs.-actual analysis.

## **That's a Wrap!**

Well, this concludes our 15-part series on writing a marketing plan. We hope you have learned new things and relearned things forgotten long ago. The following pages include extra resource for this Guide to Writing a Killer Marketing.

We hope you have enjoyed this series and visit [GrowSmartBusiness.com](http://GrowSmartBusiness.com) for more great content to help you grow your business.

## **Additional Resources**

### **Small Business Administration**

<http://www.sba.gov>

### **SCORE**

<http://score.org>

### **American Marketing Association**

<http://www.marketingpower.com/>

### **Microsoft Small Business Center**

<http://www.microsoft.com/smallbusiness/hub.mspx>

### **Microsoft Startup Center**

<http://www.microsoft.com/smallbusiness/startup-toolkit/default.aspx>

### **How to do a Competitive Analysis**

[http://www.ehow.com/how\\_5220467\\_write-competitive-analysis.html](http://www.ehow.com/how_5220467_write-competitive-analysis.html)

### **Writing a Marketing Plan**

<http://www.knowthis.com/principles-of-marketing-tutorials/how-to-write-a-marketing-plan/>

<http://www.entrepreneur.com/marketing/marketingbasics/marketingplan/article43018.html>

<http://www.marketingforsuccess.com/MFS-marketingplan.html>



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Steve has been actively writing about small business and innovation since the late 90s on how small business could leverage the Web and stellar customer experiences to innovate their business and compete with the largest of competitors. He was among the early thought leaders on the intersection of user experience, customer service and innovation.

Steve currently is Managing Principal of AppSolve. In its 10th year, Appsolve specializes in user experience design, enterprise web development and online community management. Through AppSolve, he works with Network Solutions to manage its online small business community. Prior to that he was founder and CEO of Slipstream Air, a software provider to the private air travel industry. It was sold in 2008 to JIT Airline Resources, which rebranded as Slipstream Aviation Software. Steve has also held key leadership positions at Global Network Solutions, OnSite Technologies, IKON, USConnect, Ryland and Wells Fargo.

He has published several e-books on Small Business Management, User Experience, Online Marketing and Innovation. Currently, he is working on his first book, "101 Rules for Entrepreneurs" slated for a Spring 2010 release.

He holds a Bachelor of Science in Business from University of Baltimore and on a personal note he is a great airplane pilot, a horribly slow 5K runner, a fairly talented musician and a budding concert photographer. He currently resides in Columbia, MD, USA.