Successful Sales and Marketing Strategies

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Agenda

- Introduction: Dennis Beard
- Sales & marketing from a business development perspective: Tim Hoerr
- Marketing: Getting your message heard: Don Elmore
- Sales channels alternatives: Mac MacGregor
How Can A Corporate Partner Assist Your Start-up?

- Contract research engagement with your company for mutual benefit of the parties
- Co-contracting on federal government grants
- Sales/distribution channels for your product
- Corporate venture capital for financing your company
Initial Steps in the Process of Corporate Partnering

- Determine how a corporate partner can best assist your company

- Identify corporate partners in your industry/market space:
  - Trade shows
  - Conferences
  - Referrals
  - Market research
Initial Steps in the Process of Corporate Partnering, cont.

- Reach out to the right people at the corporate partner
  - Business development officer
  - Chief technology/scientific officer
  - A “known point of contact” (former UIUC student, former colleague, etc.)
Points to Consider in the Corporate Partnering Process

“Keep the end in mind”: Developing a win-win agreement.

Corporate partners are typically slow-moving, bureaucratic organizations. Be patient!

Offer shorter term concessions for longer term gains.

Develop multiple points of contact with the organization.

Be mindful of Intellectual Property issues.
Marketing Basics

- Research and analyze

- Competition
- SWOT Analysis
- Industry Characteristics and trends
- Window of Opportunity
Marketing Basics, cont.

- Apply technical expertise to develop solutions needed in the marketplace
- Don’t rely on strength of product alone
- Avoid having to educate market
- Market-driven vs. engineering-driven
Who Is Your Customer?

- Customer and end user are not always the same
  - Customer has purchasing authority; end user has need.

- Location
  - Geographic
  - Industry/market type (horizontal, vertical, government, or private sector)

- Characterizing customer and location affects many sales and marketing decisions
How Do You Reach Your Customer?

- Delivery of message and product share many similarities
  - Education and training needed
  - Best delivery method
How Do You Reach Your Customer ?, cont.

- Determine the best media based on customer characteristics:
  - Print
  - Broadcast
  - Web
  - Social Media
  - Support, Training
  - Trade Shows
Trade Shows

- Will your customers and/or end users be there? Look at these indicators:
  - Exhibitor lists
  - Session topics
  - Addresses and special presentations

- Should you exhibit, present, or just attend? Pros and cons, ROI.
Sales Channel Selection and Management: 
Developing the Most Effective Sales Channel

- Market entry considerations:
  - Markets served (industries, sectors, geography?)
  - What is your competitive advantage?
    - Your market differentiator?
  - How do your competitors approach the market?
  - What resources will it take?
  - Support requirements
  - Cost vs. value
  - How do customers want to deal with you?
Where Are Your Customers/Prospects?

Market diversity presents both CHALLENGES AND OPPORTUNITIES
The Selling Process Has Changed in the Last 5-10 Years

- Internet: Vast amounts of information are available
  - Products
  - Competitors
- Customer expectations
  - Speed of response
  - Amount of detail desired
- Instant support
- Has shrunk the world? Or is it becoming FLAT?
- Customer level of sophistication is increasing
- The “Hard Sell” is out of vogue
The “Sales Channel” Perspectives

• How does the customer view the channel?

• What value does your sales channel bring to the process for you?
The Customer’s View

Three Customer Types

Intrinsic Value Customer
Extrinsic Value Customer
Strategic Value Customer
Intrinsic Value Customer

- The value is intrinsic to the product, not the method of delivery
  - They focus on cost
  - Product is usually a commodity
  - They see little or no value in an external sales channel

- Examples:
  - Mass merchandiser
  - Grocery chains
  - Part suppliers.
Extrinsic Value Customers

- Focus on the benefits of the product
- Put a premium on advice and help
- The value of the product is how it is used—solutions and applications
- They expect the sales channel to understand their needs
- They rely upon the supplier for knowledge of how the product applies to their needs
- They see value in the right kind of sales channel
Strategic Value Customers

- They want to leverage suppliers’ core competencies
- It becomes a tightly knit relationship -- playing on each other’s strengths
- Your product + theirs = the value proposition to their customer
- The sales channel can add value:
  - Finding and qualifying them
  - Understanding their needs
  - Bringing the parties together
  - Maintaining the relationship
Market Entry Alternatives

- Licensing
  - Lowest investment
  - Rapid market entry
  - Least revenue
  - Loss of control
  - Legal considerations

- Strategic alliances – with synergistic companies
  - Leverage their channels
  - “Instant sales channel”

- Sell Directly
  - Company owned sales office(s)

- Manufacturer’s reps

- Distributors
Consumer Marketing Channels

0 - Level

Manufacturer

Retailer

Consumer

1 - Level

Manufacturer

Wholesaler

Retailer

Consumer

2 - Level

Manufacturer

Wholesaler

Jobber

Retailer

Consumer

3 - Level

Manufacturer

Wholesaler

Retailer

Consumer
A look at each channel

1. Direct (Company Employee)
   - Field sales (End-User or OEM)
   - Multi-industry end user sales
   - Single industry concentration
   - National Account sales person

2. Independent Sales Reps

3. Telemarketing
   - Your own or should you contract it out?
A look at each channel, cont.

- 4. Company owned catalog sales
- 5. Direct response advertising
- 6. OEM (Original Equipment Manufacturer)
- 7. Value Added Reseller (VAR)
- 9. Retail Store
  - Company-owned or Mass Merchandisers?
- 10. Internet, e-Commerce, Social Networking
Sales Channel Definitions

- Direct - employed by manufacturer
  - Sells only one line of products

- Multiple Line Sales (Mfgr’s Rep)
  - Sells many lines (usually 10 - 15)
  - Independent business person
  - Usually limited geography
  - Paid 30 days after mfg. gets paid
  - Sometimes takes possession
    - (stocking rep)
Social Networking: “The latest web marketing craze”

• Definition: “focuses on building and reflecting of social networks or social relations among people, e.g., those who share interests and/or activities”

• Most social network services are web based:
  • Facebook, Bebo and Twitter widely used worldwide; MySpace, and LinkedIn being the most widely used in North America.
Evaluating The Major Alternatives:
Value-Adds Versus Costs of Different Channels

- Internet
- Telemarketing
- Retail Stores
- Distributors
- Value Add Partners
- Sales Force
- Direct Sales Channels
- "Indirect" Channels
- Direct Marketing Channels

Value-add of Sale

Cost Per Transaction

High

Low

Low
Detailed Considerations to the Market Entry Process

- Market Analysis
  - Size
  - Demographics – Where? How many?
  - Market window

- Competitive Analysis

- External Forces Analysis
  - Regulations
  - Duties

- Budgeting

- Expectations
  - How rapidly do you want to enter and grow?
  - Regional, Nationwide, Worldwide?
  - Volume
  - Timing
Strategy Considerations, cont.

- Geographic Coverage
  - Travel cost and time
  - Are your markets concentrated?
  - Where best to establish offices?
  - Cultural differences?
  - Language barriers, lit. translation?

- Number of people at start up?

- People availability
  - Skills
  - Trustworthiness
Strategy Considerations, cont.

- **Product Characteristics**
  - Documentation?
  - Training (Sales/Service/Customer)?
  - Technical content?
  - Pre- and Post-Sales support required
  - Innovative (patents – uniqueness)
  - Does product lend itself to distribution?
  - Commodity?
Strategy Considerations, cont.

- Competition
  - Brand name recognition?
  - Missionary work required?
  - Pricing?
  - Which sales channel used?
  - Strengths/Weaknesses?

- Trade Press – who will handle? You or international agency individual?
Strategy Considerations Financial

- Recruitment
- Travel
- Training
- Office & equipment
- Salaries/Commissions
- Legal & Accounting
- Web Server's
- Advertising
- Ownership/Equity?
- Transfer pricing
- Duties/Shipping
- Payback period?
- Trade Shows
- Literature Format - Change
Strategy Considerations: Administrative

- Time difference (with you)
  - Domestic and International
- Support – here – there?
- Management decisions at what level?
- Language barrier?
- Export paperwork
- Commission accounting
- Rates of exchange
- Language barriers
The Channel Is Still Important In All Of These Scenarios

- Selling is about relationships.
- At the end of the day, technology may be remote, but service (relationships) is still local.
- The sales channel plays a huge role in the delivery of that service.
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