



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.

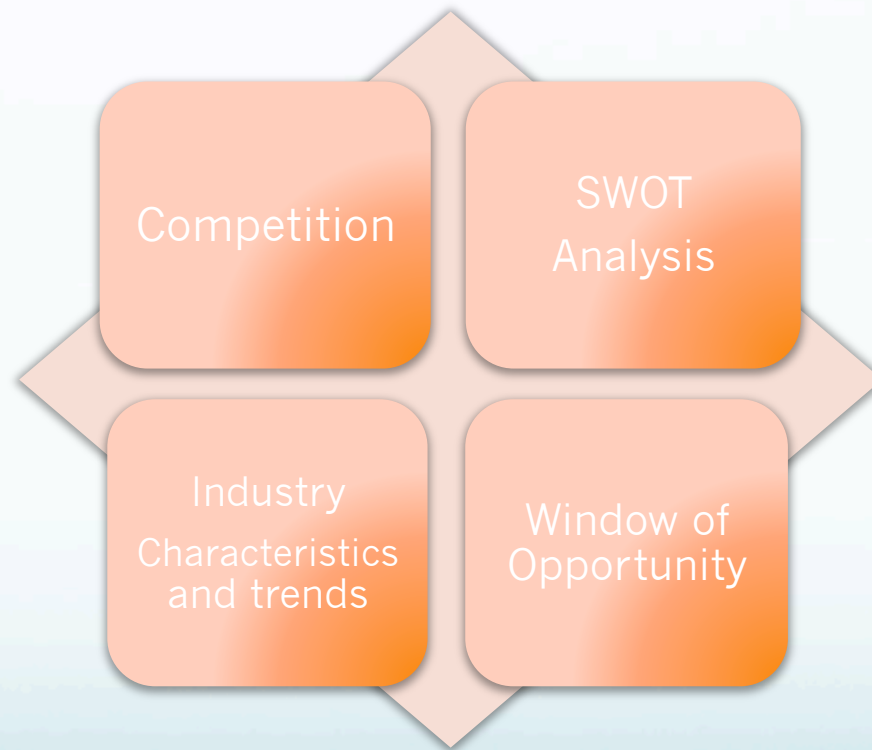
Develop multiple points of contact with the organization.

Be mindful of Intellectual Property issues.



Marketing Basics

- Research and analyze



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:

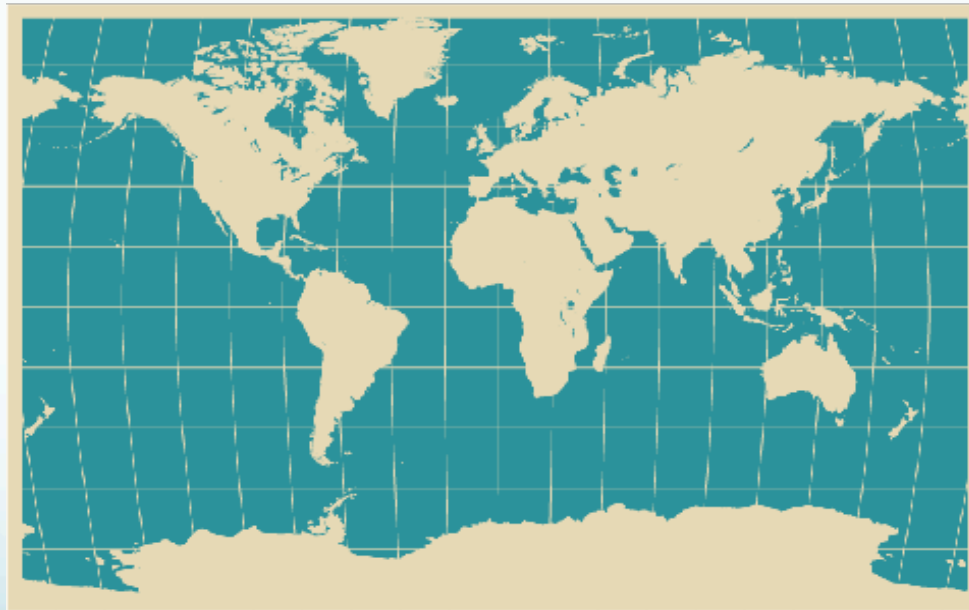
Developing the Most Effective Sales Channel

- 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

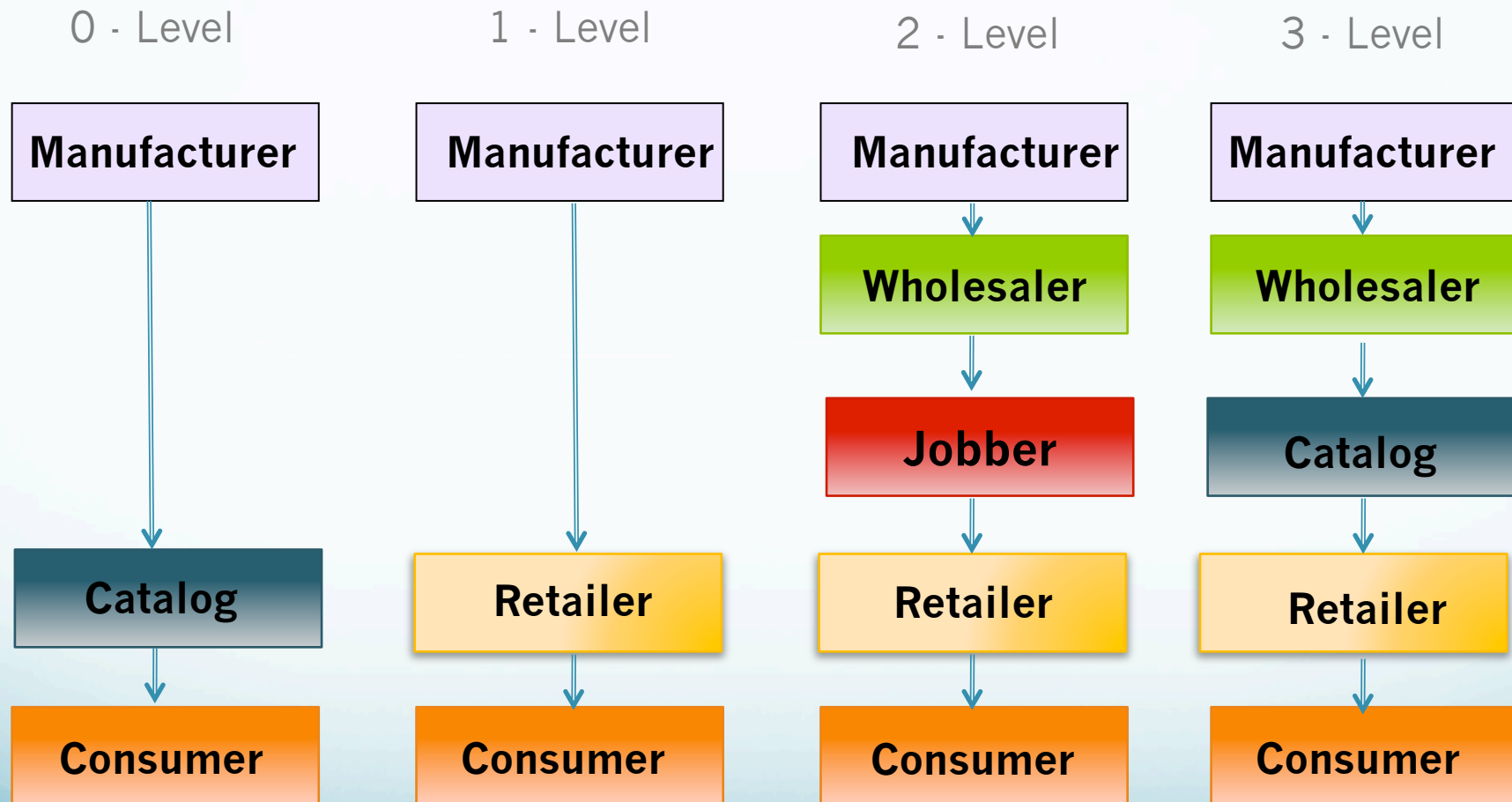


Market Entry Alternatives

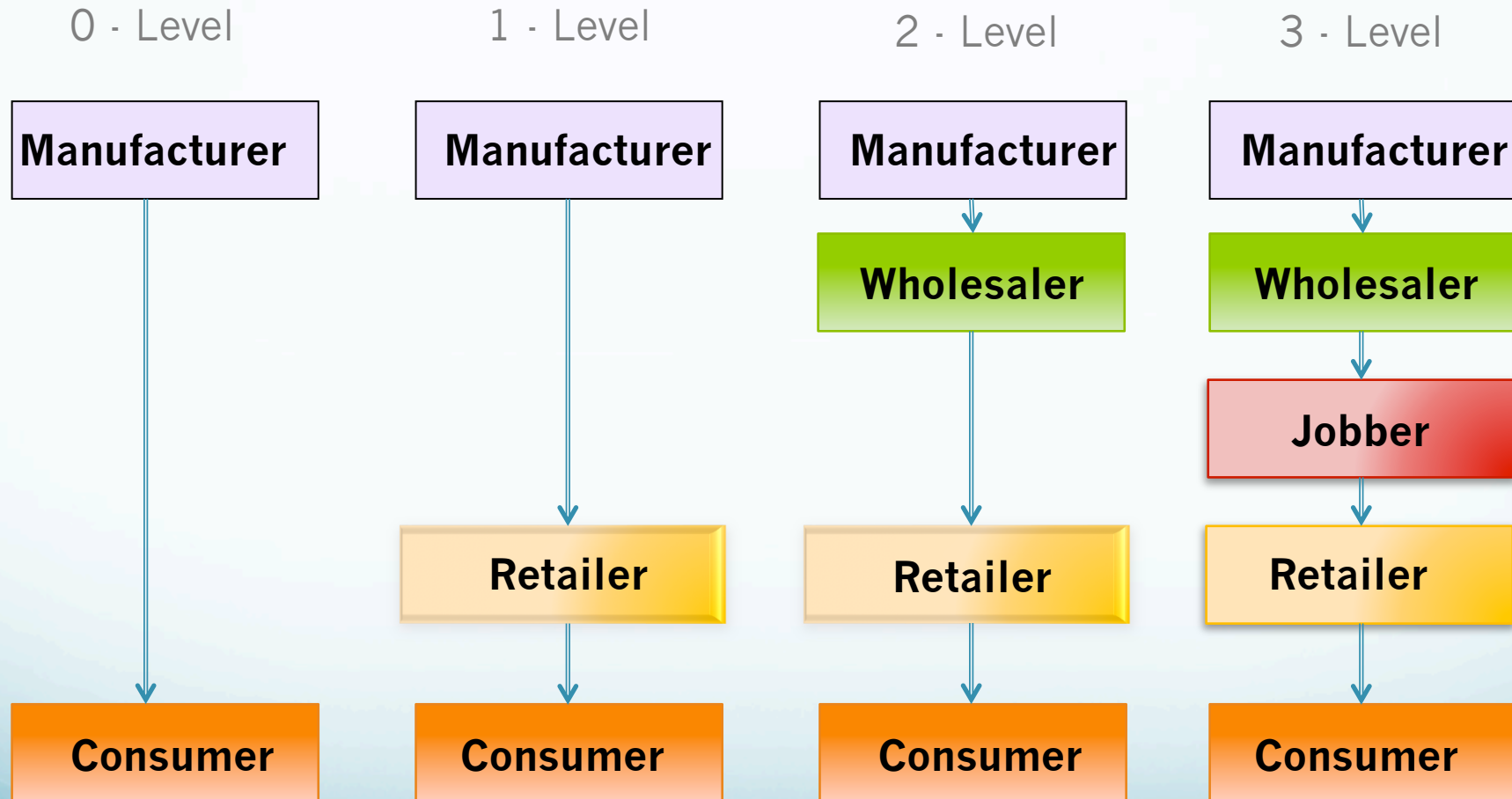
- Licensing
 - Lowest investment
 - Rapid market entry
 - Least revenue
 - Loss of control
 - Legal considerations
- Strategic alliances – with synergistic companies
 - Leverage their channels
 - “Instant sales channel”
- Sell Directly
 - Company owned sales office(s)
- Manufacturer’s reps
- Distributors



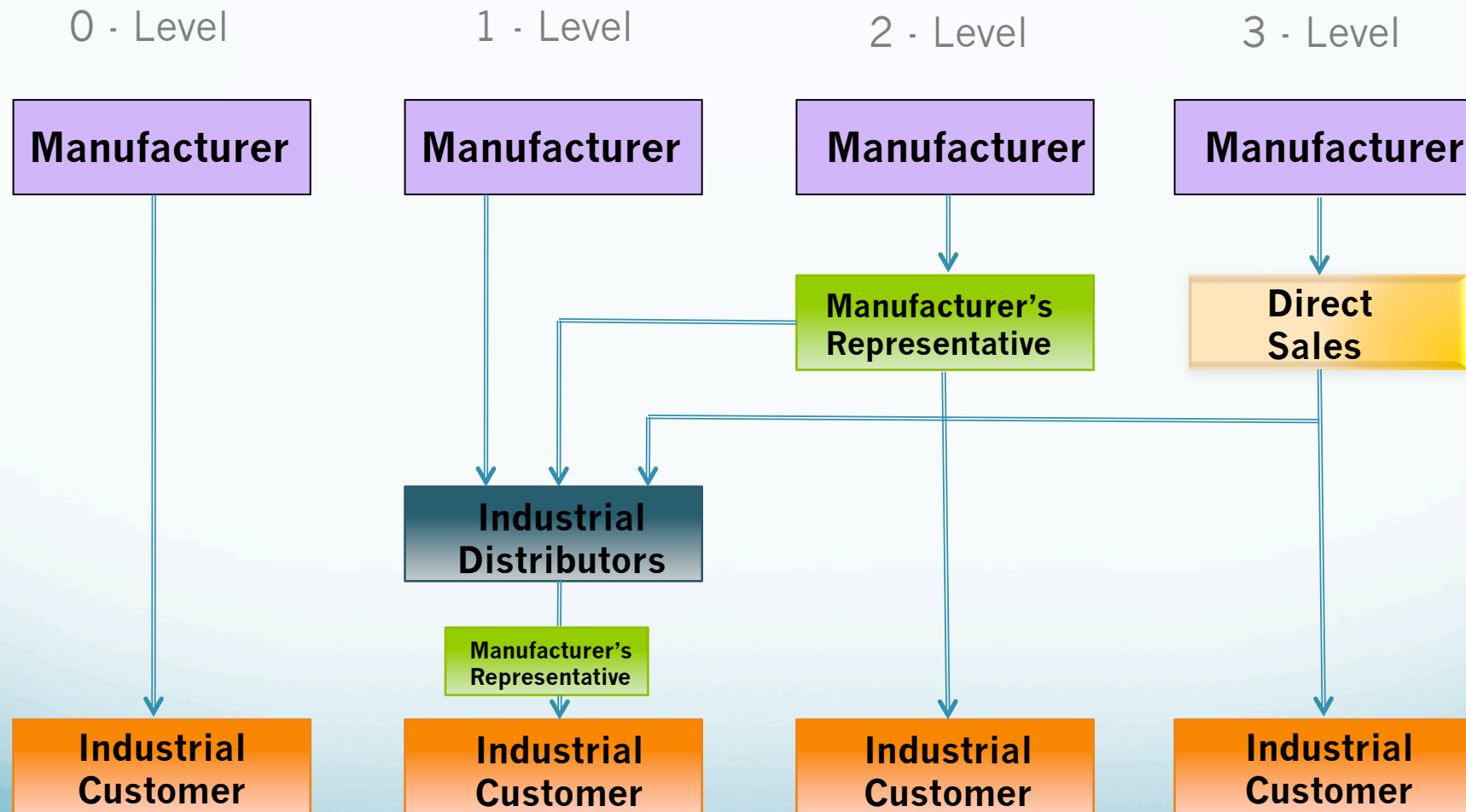
Consumer Marketing Channels



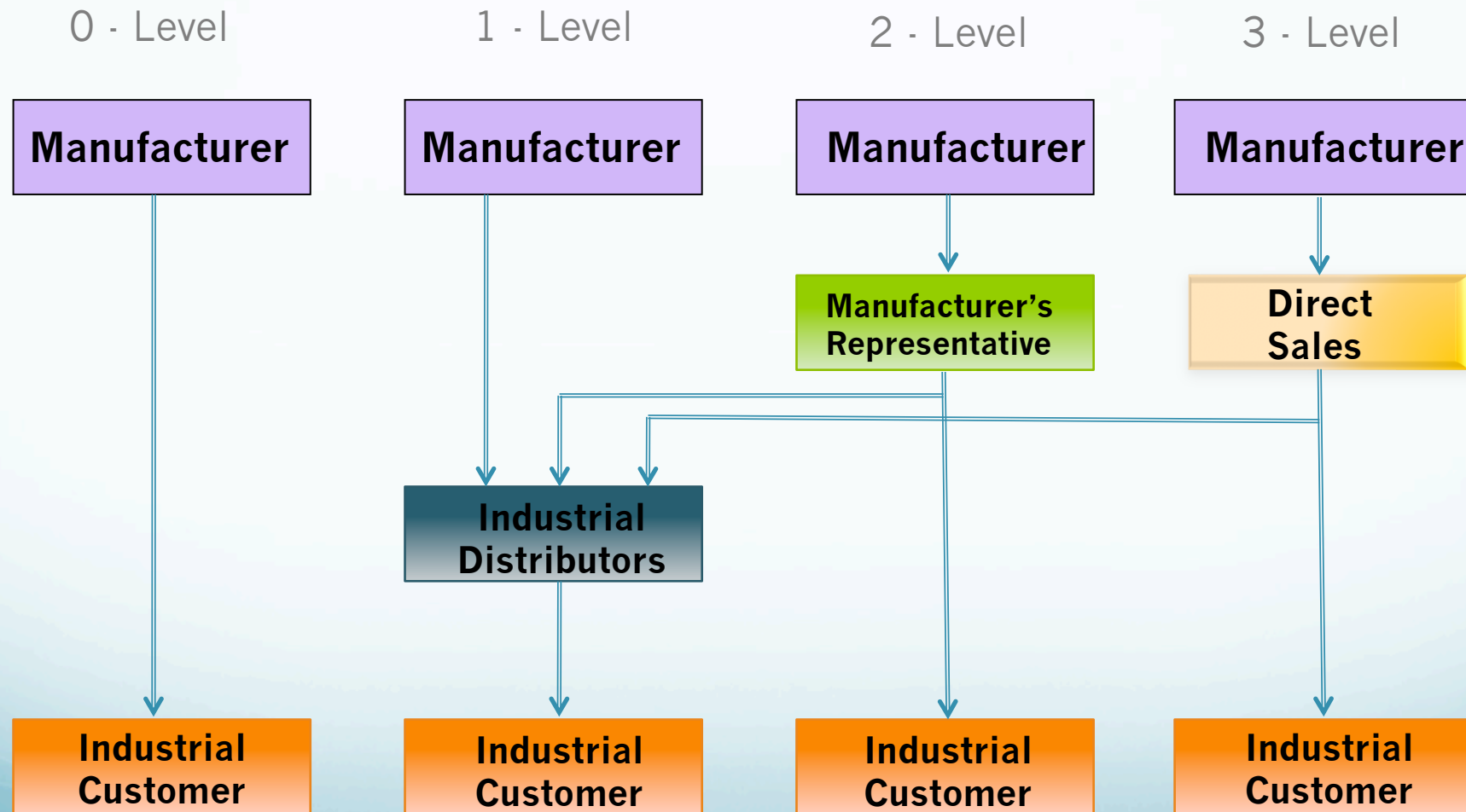
Consumer Marketing Channels



Industrial Marketing Channels



Industrial Marketing Channels



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)
- 8. Distributor: National, Regional, International, Specialty
- 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:

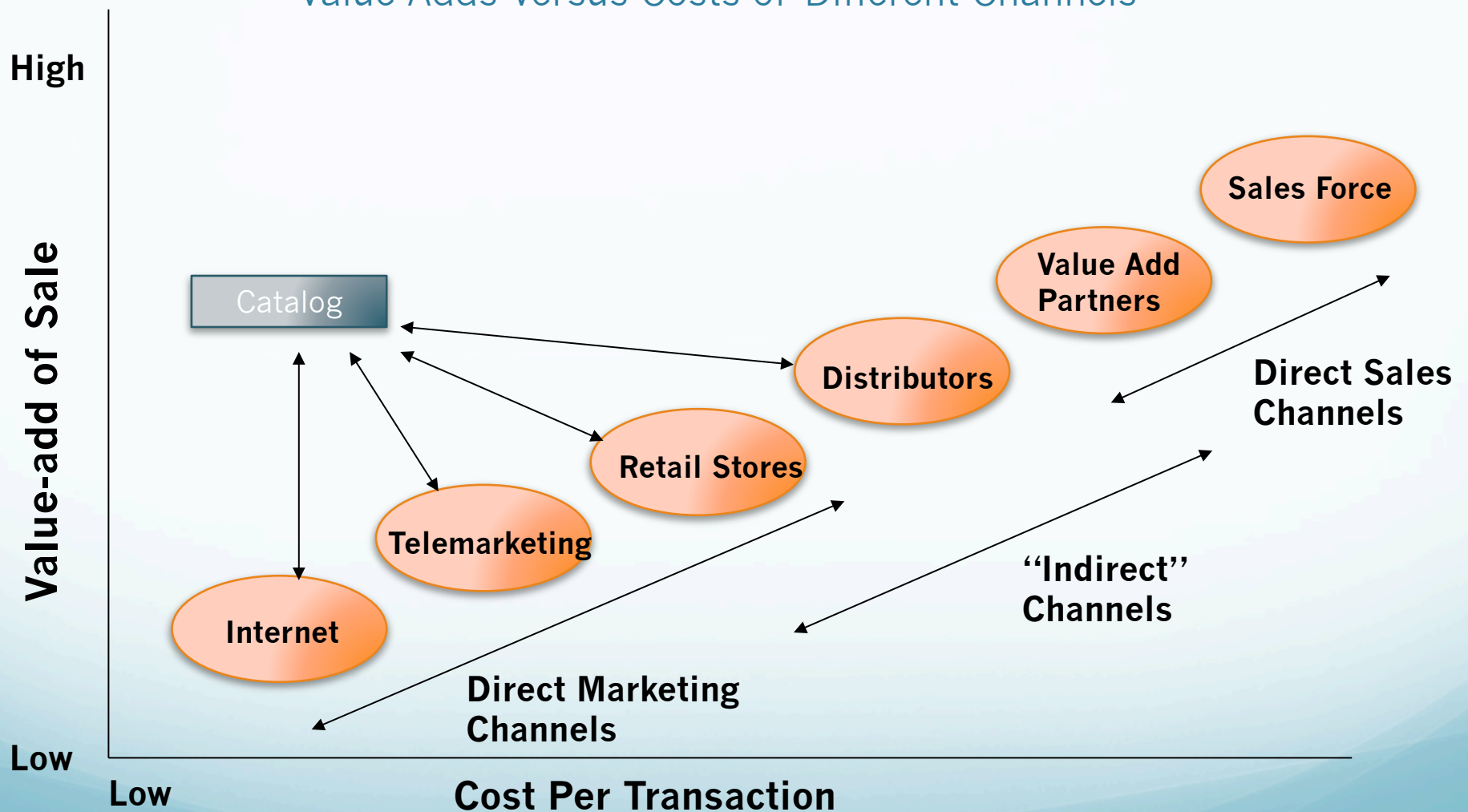
“The latest web marketing craze”

- 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



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
- Adverstising
- 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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