



# 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.

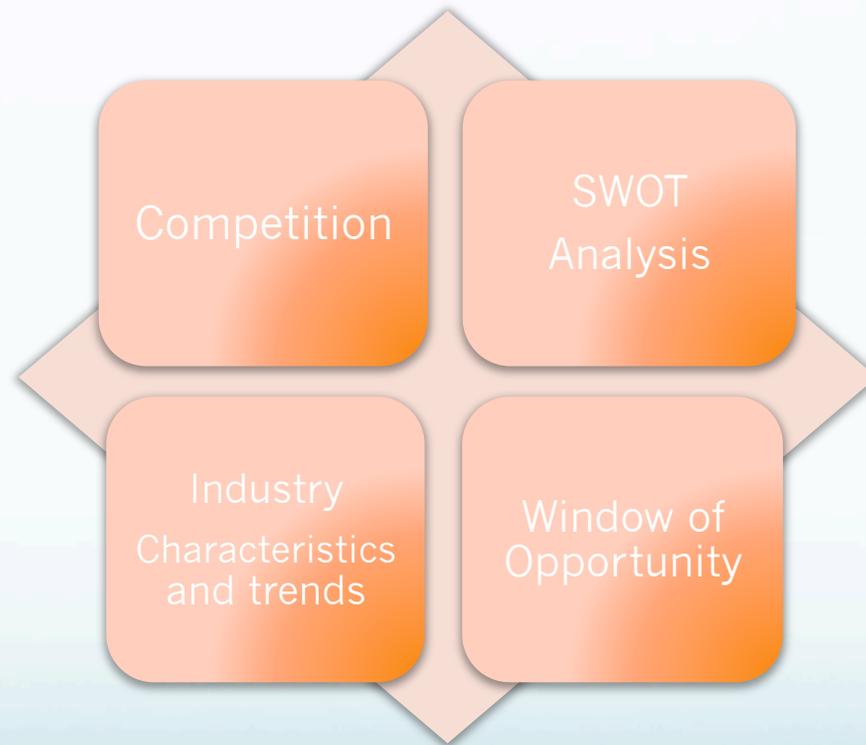
Develop multiple points of contact with the organization.

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:

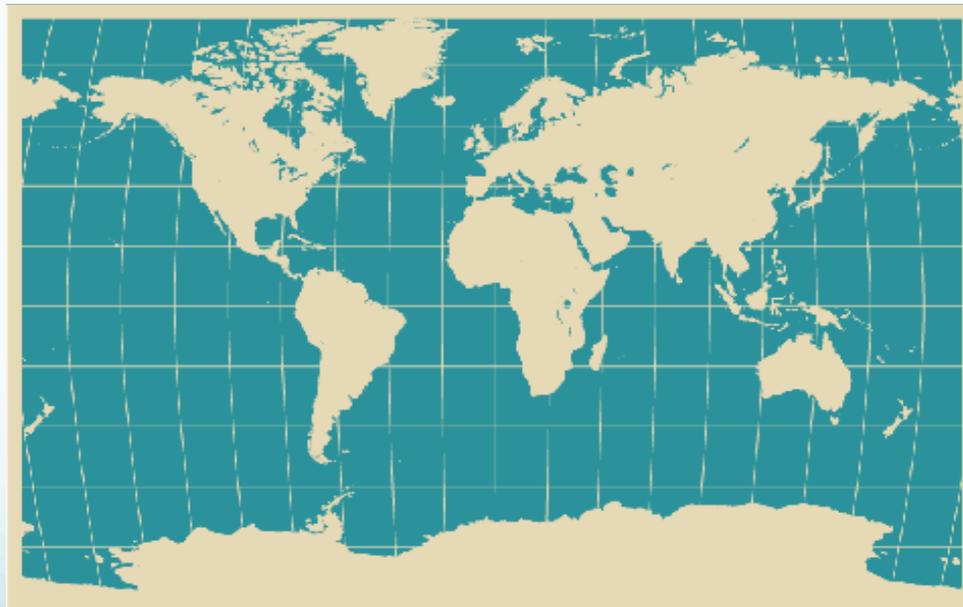
## Developing the Most Effective Sales Channel

- 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



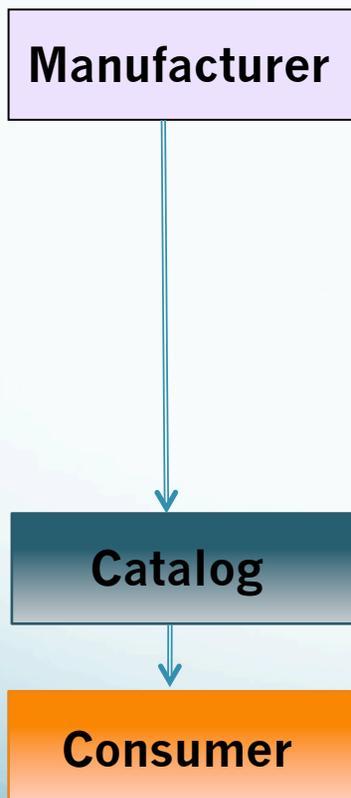
# Market Entry Alternatives

- 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

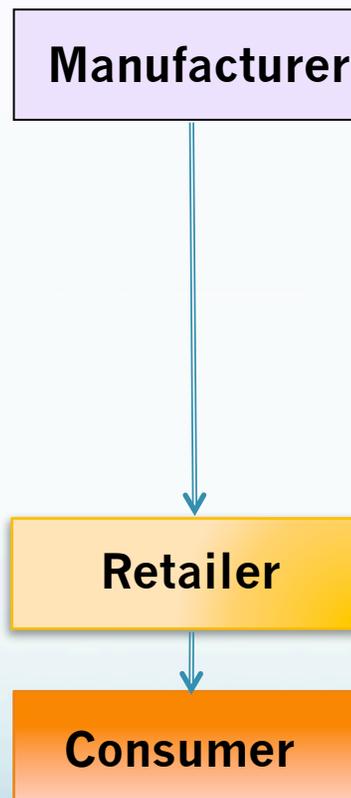


# Consumer Marketing Channels

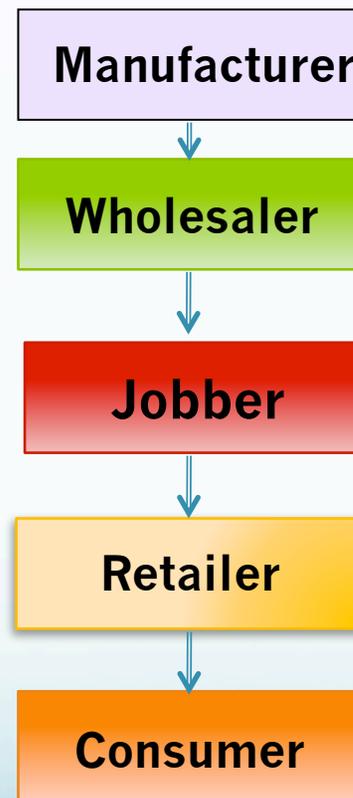
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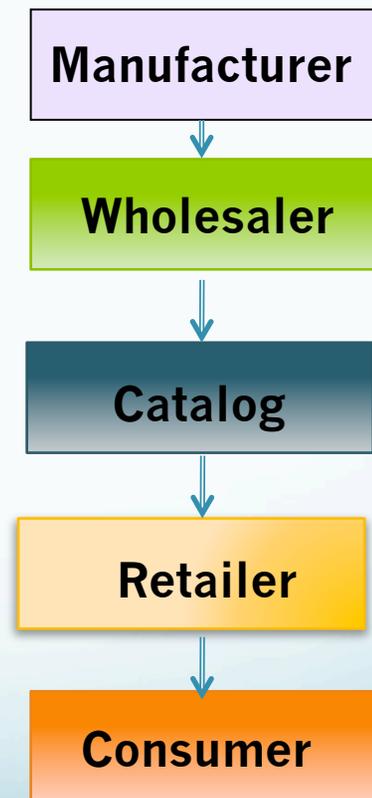
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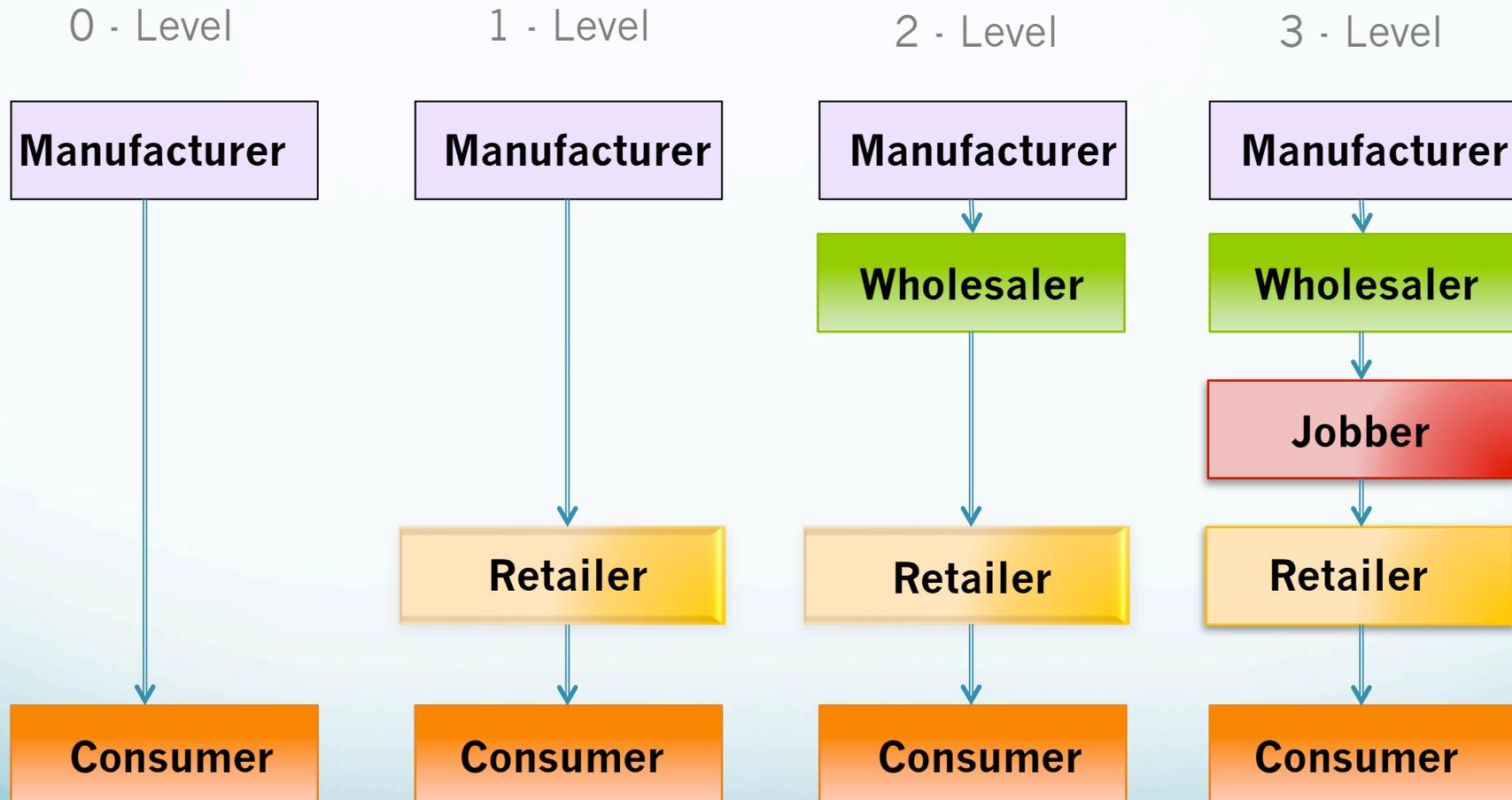
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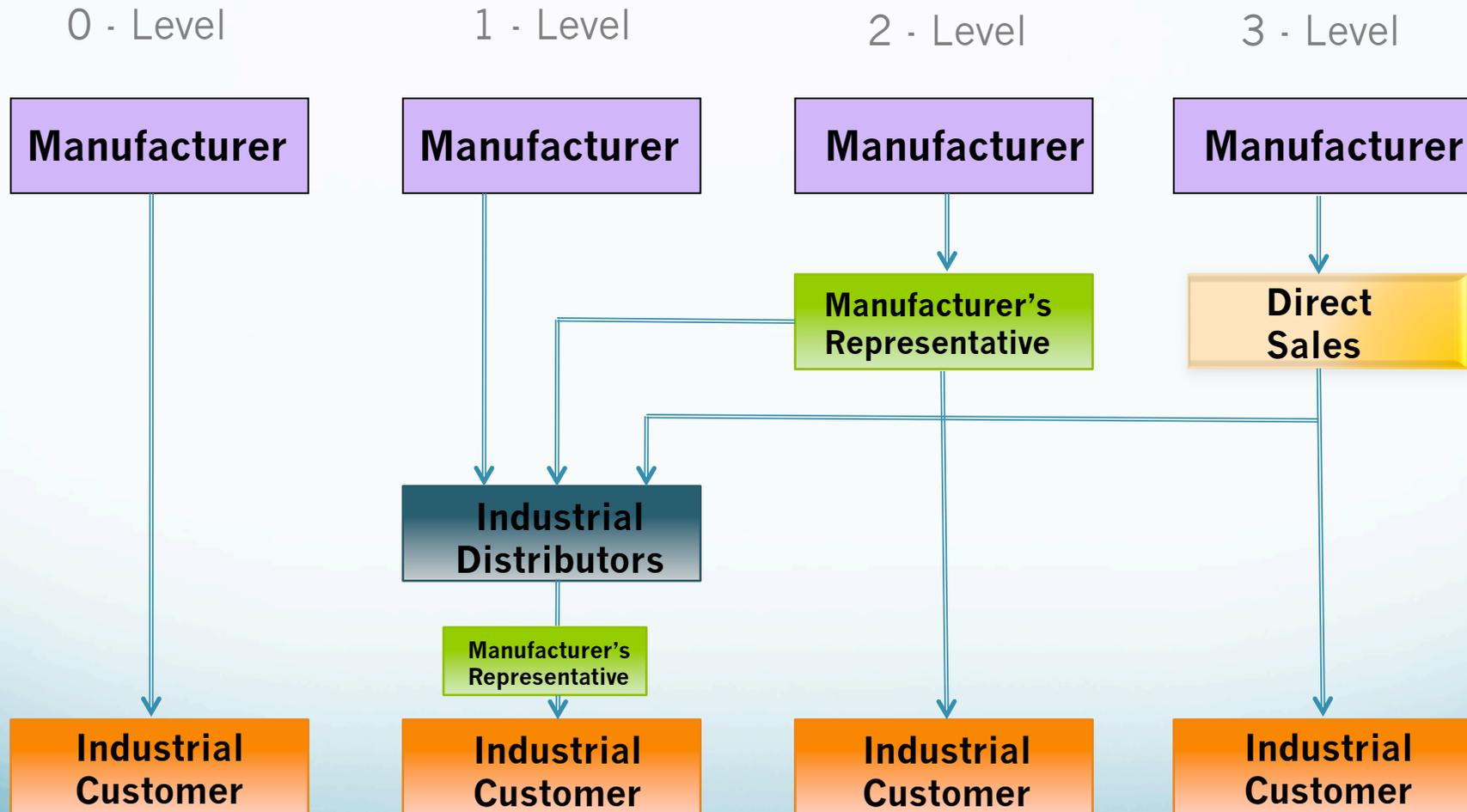
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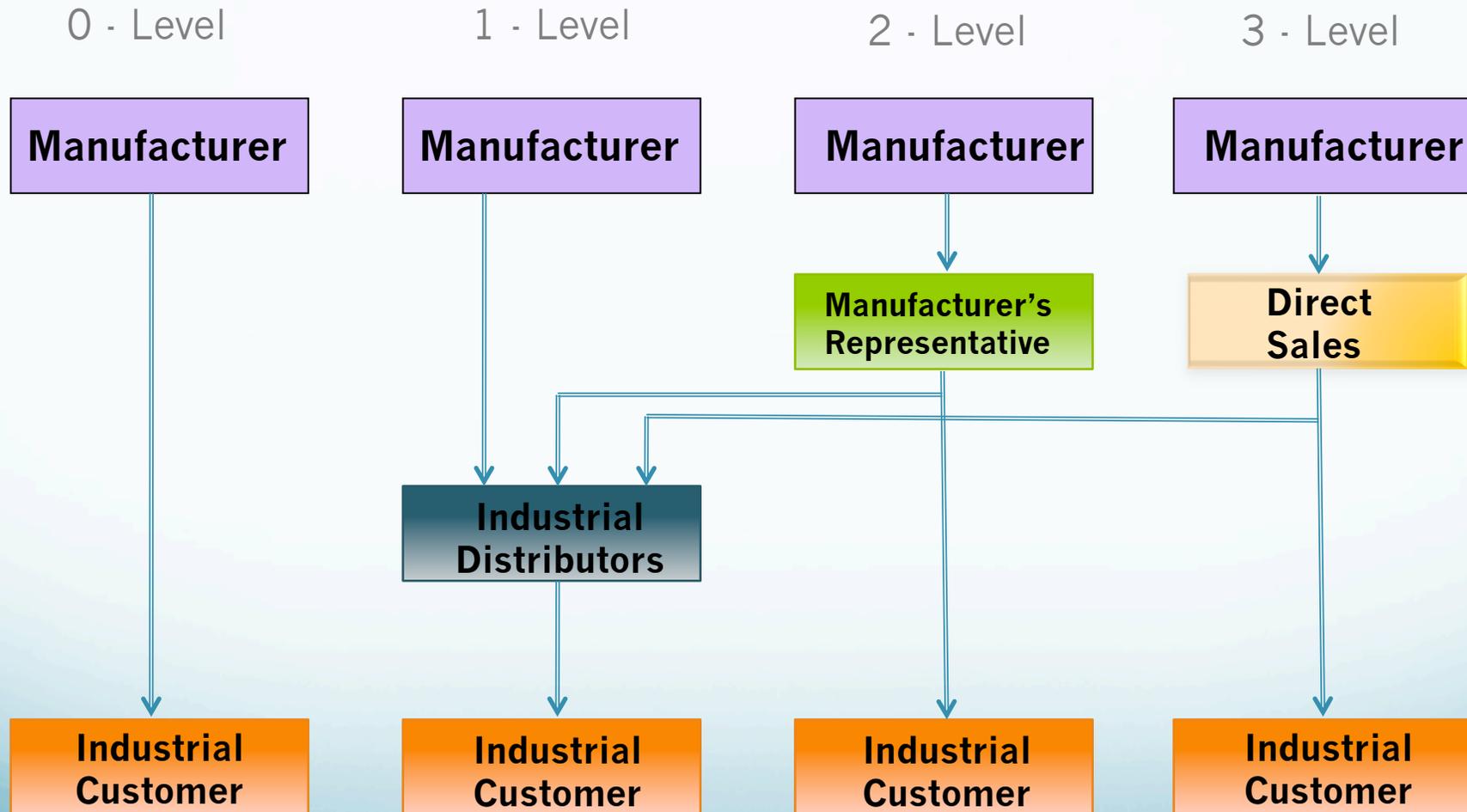
# Consumer Marketing Channels



# 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)



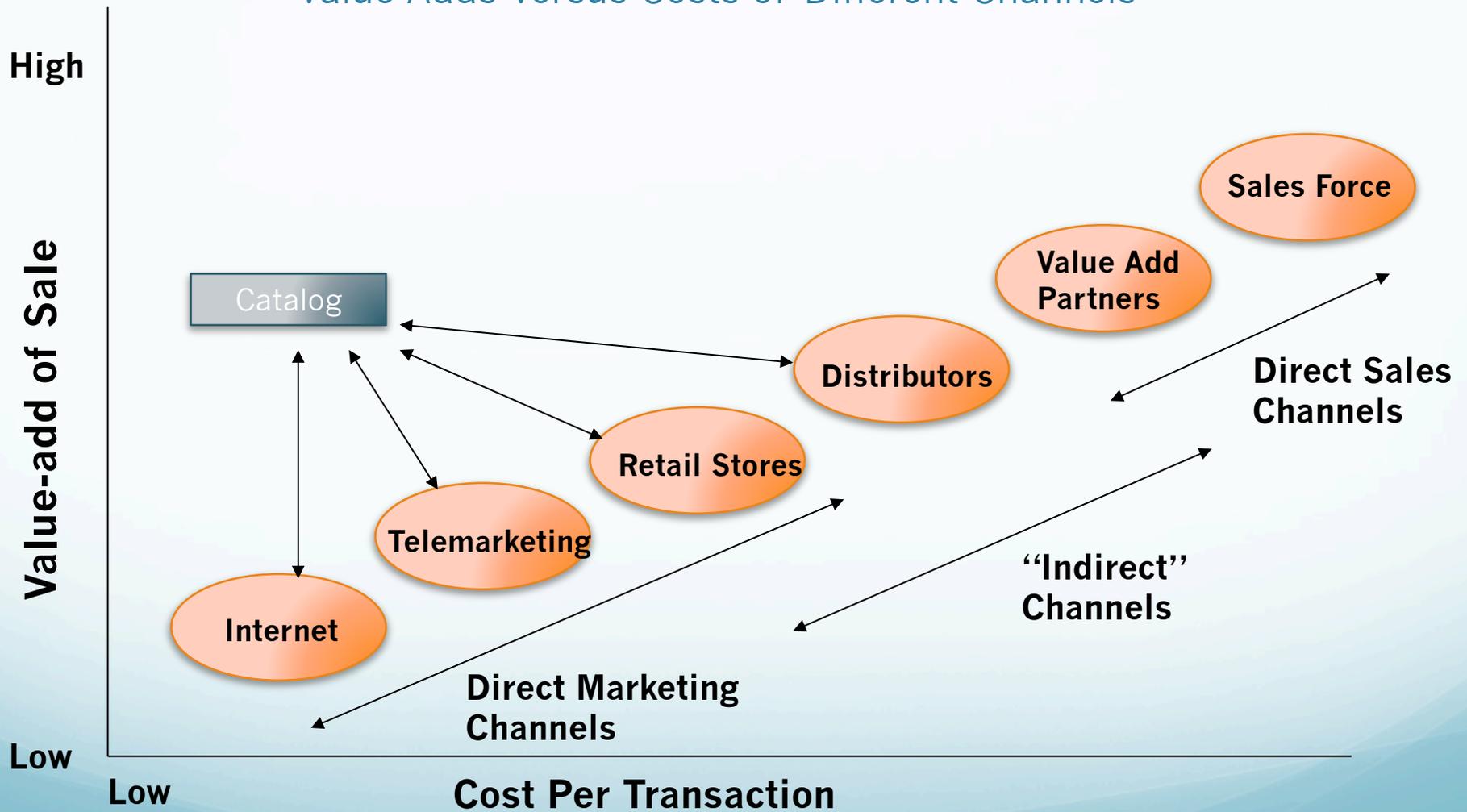
# Social Networking: “The latest web marketing craze”

- 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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