



MARKETING AS A PROCESS, NOT VOODOO

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Introduction

In most businesses, leaders understand that “operations” is a process, and an individual’s role with respect to that process is generally clear. For example, it is typically understood when a vendor ships a load of product to a customer, whose responsibility it is to unload that product and what to do with it. It is rare these days that a product comes in and its storage is random. Additionally, in the production process people are quite comfortable with the fact that there is an agreed upon sequence of activities that occur to make a product. For example, (1) we do this, (2) then this, and (3) likely this. Again, it is not left to random chance as to who does what and when.

Unfortunately, the same cannot always be said for “marketing.” It seems many companies’ view of marketing ranges somewhere between alchemy and voodoo. As a result, marketing programs tend to be implemented randomly – we’ll try to sell our product to this company, or this person wants to buy from us – rather than following a clear and structured process that optimizes resources and maximizes the likelihood of success. Today, most companies do not have the resources to waste in haphazardly trying to grow their organizations. Careful planning and implementation are paramount.

In this report we discuss the basic principles of marketing and propose a process, *The Wheel of Marketing*, as a means of coordinating marketing activities to ensure success. In addition, we assume that those reading this article may struggle with coming up with new ideas, and that the first step is the hardest (*i.e.*, If I want to do something different, how do I begin?). The Wheel of Marketing process intends to help a company start with what they already know to create effective new approaches.

Marketing

Marketing can be defined as:

“Those business activities directed at satisfying wants and needs through voluntary exchange processes.”

There are a number of important subtleties to this definition, including the voluntary nature of the exchange and the fact that you are addressing the wants and needs of both parties—buyer and seller—through this exchange. A critical and often neglected part of this definition lies in the term “satisfying.” In fact one author who coined the above definition, Dr. Jacob Naor, has suggested that a more appropriate spelling of the term in this use might be “satisficing” to distinguish it as a marketing term referring to the fact that the ultimate goal of marketing is to insure that the organization provides its customers with exactly what they need; nothing more, nothing less!¹ Anything more and you are potentially spending money needlessly – anything less and your customer will not be happy.

¹ Dr. Jacob Naor, 1992. Professor of Marketing, University of Maine, personal communication, December 1992.

For some people this notion of “satisficing” conflicts with their inherent understanding of the role of service in an organization. How often have you heard, or perhaps stated, that the goal of the organization is to “exceed the expectations of our customer.” The suggestion here is that if you are doing that over a long period of time there is the likely accumulation of “excess economic activities” (i.e., service) that *the customer enjoys, but does not necessarily value*. Generally, the hope is that customers will at some point value these enough that they will either be A) more loyal or B) more likely to pay for them in the future. Unfortunately, this also leaves the door open for a low cost provider (e.g., China or an ex-employee) to step in and supply the product with fewer services but at a much lower price. While you may be thinking that you are throwing in “free benefits” – your customers may be wondering if they are being charged for things they didn’t ask for.

Thus, the goal of a good marketing program is to precisely understand what a customer wants and the degree to which they value it. One tool to guide this evaluation is called the *importance-performance graph*. To develop this graph the company asks their customers to rank the company’s services (and or product enhancements) as to both how well they are performed (as compared to the competition) and how important they are to the customer. From these rankings a simple graph can be developed that has four quadrants:

- Activities that are important to the customer that the company does well
- Activities that are important to the customer that the company does not perform to expectations
- Activities that are not important to the customer that the company does not perform to expectations
- Activities that are not important to the customer that the company does well

Both the second and last category requires change by the company. The second category suggests the company needs to apply greater effort to meet the interests of customers, while the last category includes the things that are “nice, but not necessary” and should be limited. For some companies developing this graph can be a very enlightening experience.

Marketing Programs

The simplest way to look at marketing is to understand the four most common programs: product, price, promotion, and place (channel). Each of these is discussed briefly below.

Product: a product is defined as a “bundle of benefits.” Under this definition all services are incorporated into the sum that is the total value received by purchasing the product. Benefits are the economic utilities perceived by the customer. These can include convenience (time and place), form (quality), and ownership (e.g. credit).

Price: is the strategy a company uses to value the various products in their product line(s). Depending on the nature of the company, possibilities include a “penetration” strategy to grow market share, a “premium” strategy when they have a specific advantage (e.g., patent), or a cost-based strategy – to name a few. Many companies severely underestimate the importance of having and constantly evaluating a pricing strategy. There are two ways to make more money on a product line: lower costs or raise average prices. Companies appear

very comfortable with the lower costs approach, but completely adrift when discussions occur about managing prices (e.g., lowering some and raising others). Pricing can be the key low hanging fruit for profitability in some sectors.

Promotion: is the sum of all the activities an organization uses to move a customer through the process of awareness of the product, interest in the product, evaluation, trial and adoption. Personal selling is a form of promotion. Publicity, advertising and trade shows are other common forms of promotion. This is the program that is most commonly thought of as “marketing.” Many companies separate sales and marketing, when they actually need to be carefully integrated to maximize success. A sales program is a subcomponent of marketing.

Place: refers to the channel (distribution) a company uses to reach the end consumer of the product. Do you sell through distributors, direct to retail, direct to a professional of some sort, or direct to the consumer? Do you perhaps use manufacturers’ representatives? All of these options should be made through conscious decisions that are carefully considered and reviewed annually.

Each of these four common programs is a component of the marketing plan that needs to be considered at each stage of the process. For many people a clearly defined sequence of events is valuable to guide this planning process. The marketing wheel discussed below is one approach to consider.

The Wheel of Marketing

Much of the concept behind the wheel of marketing is adapted from the work of William Stockton, Ph.D, a cultural anthropologist who studied successful communication strategies. In adopting this model we are acknowledging that not only is a series of steps necessary to ensure that appropriate functions are fulfilled but also recognizing that it is the agreement in the priority of those activities and commitment to their fulfillment that is equally important. Marketing at its heart is about people serving people, and aligning staff behind the approach is a critical component of a successful marketing plan.



The Wheel of Marketing has six steps that occur in a clockwise direction. Many of these steps are likely to be recognized by those that are familiar with a planning process, although the order may at first appear unusual. We will discuss each of these in turn.

The steps and order are:

- | | | |
|----------------|-------------------|--------------------|
| 1. Assessment | 2. Possibilities | 3. Success Factors |
| 4. Action Plan | 5. Responsibility | 6. Benchmarks |



Assessment

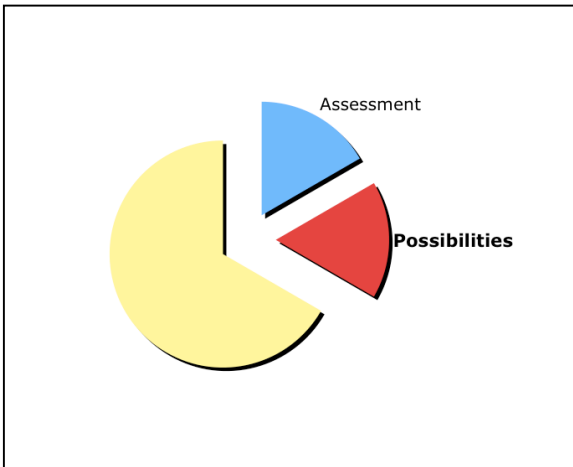
The purpose of the assessment process is for individuals to reach a common understanding of the current status. It is important to get the perspective of all key stakeholders, including owners, staff, customers, and, in some cases, vendors. There are two key questions that are suggested to flesh out this information. These are: A) what is present in the organization’s sales and marketing programs that are contributing to the success of the organization?

And B) what is missing such that IF it were present the organization would realize a higher degree of success?

The process is to get the participants, either jointly or individually, to make a list of all the things that are present first, since this is usually the hardest. Examples might include: a good website, great advertising program, good sales staff, ability to provide a wide variety of products, superior products, and good customers. The greater the degree of detail that can be attained the better. Such as: we have 5 regular, reliable well-paying customers that do 50% of our business.

An important note here is that the same item can be both present AND missing. In the above example it could be great that you have 5 really good customers but it also could be bad that either you only have 5 or that you are so highly reliant on just 5 customers.

As a further note on detail – it is imperative that you understand the specific details of what makes up categories like great service or great quality. Having met with hundreds of companies over the years, virtually all have claimed to have the “best” service and the “best” quality. So it is critical that you can detail what you do that backs up your claim. This would be part of your “present” list. Examples for best quality include: specific data reporting the percentage of rejects and/or returns as compared to the competition, and data on product durability. Your “present” list will become the basis of your promotional material later.



After developing a complete listing of “present” and “missing”, the next step is to identify “possibilities”.

Possibilities

Each of your top priority “missings” becomes your possibilities. So, for example, if one of the key items your company is missing is “a top salesperson that can penetrate the high end cabinet market in Colorado”, then the

possibility becomes “a top salesperson is identified and engaged that can penetrate the high end cabinet market in Colorado.” Or if a key missing is “ability to deliver custom millwork within 24 hours” then the possibility becomes “we are able to provide custom millwork within 24 hours.” Note that at this point you haven’t figured out how to do these things or exactly what they mean, you have only identified them as the key issues that if addressed would have a significant impact on the success of your company. In general, you don’t want to have more than five or six top priorities, maximum, to work on at a given time.

Some of your “possibilities” are going to be pretty straightforward as in the examples above, while some are going to be less direct as in “we need a new product line.” The balance of the marketing process will address both of these. The difference is that one will have a longer implementation time and more action items than the other.

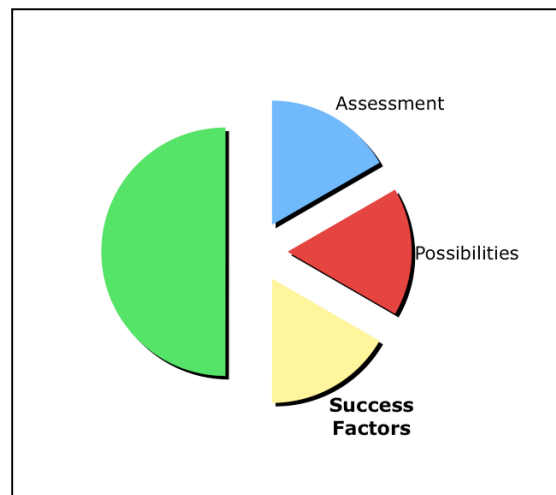
Success Factors

The next step is to take each of the five or six possibilities and identify how you will know that you have achieved that possibility. These are called conditions of satisfaction. Using the example of the top salesperson above, conditions of satisfaction for achieving a successful hire might include:

- A. A person is identified and in place within 6 months
- B. The person has at least 5 years experience in selling in the Colorado Market
- C. The person has a record of selling at least “x” dollars in that market (e.g., \$1M)
- D. The individual has the knowledge/skills to sell the company’s product
- E. The individual’s selling style matches the culture of the company

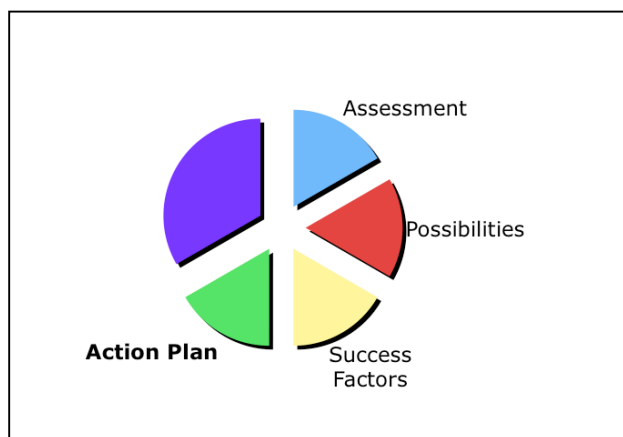
So now you have 5 or 6 possibilities and a number of conditions of satisfaction for each possibility (no more than 6 here either). This is where you decide whether each possibility is a go or not! You take a look at the possibilities, and the conditions of satisfaction you have described for each, and decide which ones (all, some, or none) you are willing to commit to. It is best if you actually get a consensus from the group involved in working on the possibilities that you decide to go forward with. Commitment means you will commit to the time, energy, and resources to achieving those conditions of satisfaction. It is valuable to have everyone behind an idea for it to succeed.

If you are unable to get consensus on a number of possibilities, it is likely you have missed some conditions that the dissenting individuals need to put on that possibility in order to meet their expectations and to make it possible for them to commit. For example, someone may not support the hiring of a new sales person if they think it means someone else will need to be fired, so you might need a condition of satisfaction that addresses this concern. To achieve consensus you will have to ask people to speak their mind about the issues.



Important note: it is valuable to point out that at this stage you have yet to decide who is going to do what! This is simply due to the fact that until you know what needs to be done (next step) you do not know the skills needed by the individual that will undertake the actions.

Another important point is that this process allows for a team to include multiple points of view about an idea and have them all be applicable, unless they specifically conflict. That is, in the example above it might be the human resources manager suggesting the importance of a good cultural fit, while the finance department feels it is important that they are able to bring in at least “x” dollars in new sales, and the operations manager wants to be sure they have the knowledge to sell the product appropriately. These items are not mutually exclusive and the process allows for the incorporation of various individual or department’s concerns.



Action Plan

At this point in the process you are committed to three to five possibilities with three to five conditions of satisfaction or success factors in place for each possibility. The next step is creating the action plan that most companies are so familiar with. You answer basic questions such as “what are we going to do? and how are you going to do it?” In general, most companies are pretty

comfortable with this step and are able to proceed rapidly from here. In fact, people are comfortable with this step to such a degree that generally they skip the “possibilities” and “success factors” steps and go right from assessment to an action plan. This is often the case because we are taught from a young age that the way to approach an issue is to:

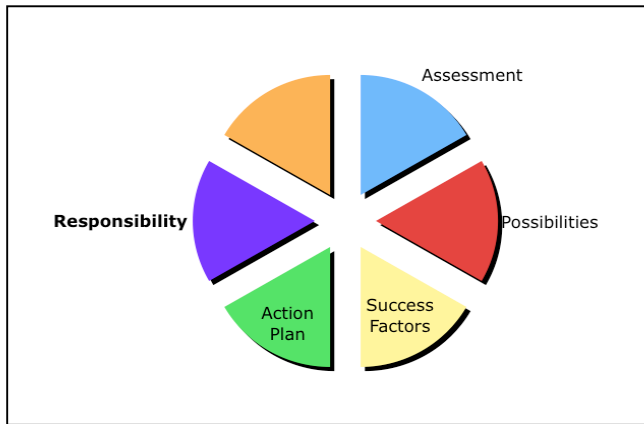
- Identify what is wrong (or missing...as in step one), and
- Fix it (the plan...step 4)

For Example: how many times have you heard the phrase “don’t bring me problems, bring me solutions?” This is a perfect example of the iterative process of “see a problem, fix a problem (e.g., Chevy Chase’s “honey, I fixed the newel post”²) without consideration of any alternative options or what might be the optimum use of resources at the time. The marketing wheel approach is more of a traditional, “measure twice, cut once” rather than a “got a problem, try this” approach.

Once you have commitment on a few possibilities, you then need to describe actions for each condition of satisfaction. For the earlier example of identifying a top salesperson, you need to define the tasks necessary to achieve the condition of satisfaction that A) a person is identified and in place within 6 months. Each condition will have at least one task that will

² National Lampoon’s Christmas Vacation, where Chevy Chase’s character is carrying a chainsaw down the stairs, sees a loose ball on the top of one newel post, and cuts it off.

need to be implemented. An example of a task to address this might be to identify and contract with a professional recruiter – or to simply put an advertisement in the paper.



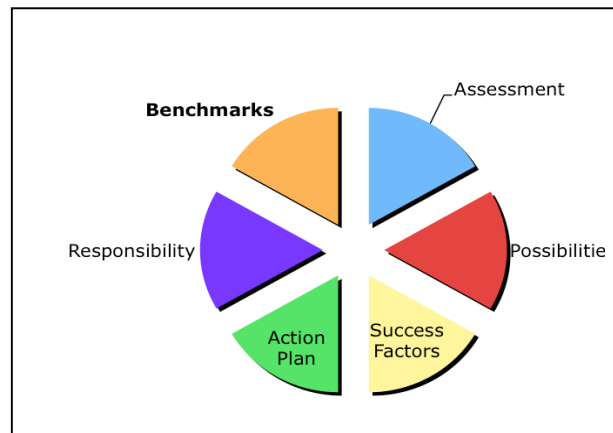
Responsibility

Once we know what we are trying to do and how we want to do it, we now have the ability to evaluate what person has the skill necessary to accomplish what has been identified as critical to the future of the company. It is here that you finally decide, who is going to accomplish which action, and by when. Basically, you are picking champions and deadlines.

It is important to note that the kind of skills you need to accomplish some tasks may not be present in your company. For example, to hire a top notch salesperson away from another company may require a professional recruiter. Some tasks may require consultants, and some tasks may require you to free up staff time by identifying some of their activities that can be handed off to other employees or to temporary hires. In today’s market there are a lot of highly skilled people readily available to utilize on a short-term basis if needed. It is important to be sure the champions have the ability to put the actual time needed into accomplishing the end goals you desire.

Benchmarking

Benchmarking is about accountability. By assigning benchmarks that measure progress toward the successful completion of a task, you allow the company the time to adjust and realign as necessary to keep the ultimate goal on track while taking into consideration what might be bumps in the road. Too many companies assign a critical project for completion in six months, and then six months later ask “is it done?” Only then do they come to find out



the individual ran into a major obstacle (perhaps conflict for time) in the second month that could have been addressed then rather than waiting until the end.

Ideally everyone does everything on time...but reality is that things come up on a daily basis that have the potential to add to the complication of completing a major project. It is best if projects have regular benchmarks along the way that the teammates and leaders can use to keep both the project on track and the resources available to ensure a timely and successful completion.

Questions to ask to aid in benchmarking include:

- When are you (e.g., the project team) going to meet to measure progress (and how often)?
- How will you know progress is being made?
- What are key measuring or decision points along the way?
- What would make you change course?

All these benchmarks are valuable to identify BEFORE you start the project.

Conclusion

The nice thing about a wheel is that once started, it is easy to keep it spinning. The same is true with the wheel of marketing. Once you have the process started, you keep it going. As you complete projects you can go back to the assessment stage and start again, even if on a more limited fashion as other projects are on-going. It is also easy to apply this process to a specific marketing program. That is, you start by asking what is present and or missing with the company's marketing promotion, or with the product(s). Then you can follow the wheel around and develop a continuous improvement process for all parts of the marketing system.

Ultimately, consistency is the key. Picking a good process and using it consistently is typically a key to success. The Marketing Wheel offers a simple and highly successful approach that any size company can use to implement or improve a marketing plan.

This report was prepared by
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