

Welcome

Following an exciting first year of business, I am delighted to present the inaugural newsletter of Sarah Richardson Consulting. The purpose of this quarterly newsletter is to keep our key clients up to date with critical marketing, sales and management issues facing business.

Much of the consultancy's work in 2004 revolved around the thorny issue of business planning. Most of us have good intentions to develop our business plan, but unfortunately the day-to-day running of the business gets in the way. Whether a small family



business which has grown dramatically or a large stable multinational, without developing internally or commissioning a business plan, key stakeholders, including staff, customers and financiers, won't know where the business is going.

It is surprising the number of companies that don't have a recent business plan, let alone an annual planning process. Sometimes managers worry that a written plan might be too theoretical and could create rigidity in the business. While it is critical to keep the business flexible, particularly with changing market conditions, without a plan there is no clear vision and the business could end up being controlled by frequent operational crises.

A worthwhile plan can not be developed in a few hours or without collaboration. It requires significant research and analysis to identify where the business has been; time, thought and discussion to determine the



strategic direction; and detailed planning to fully cost the right program elements. The research phase doesn't need to be a costly exercise. Perhaps the business seems to have no useful information and funded research is required, but many times the information exists, and it is just a matter of massaging and analysing differently existing information, extracting new data from internal systems, and talking to staff, suppliers and customers.

Make a New Year's resolution that this is the year to put aside several months to develop internally or externally this critical strategic document to chart the organisation's future success.

Sincerely,

Sarah Richardson
Director

Integrated Marketing

A hot topic in business today is integrated marketing. Businesses want to get good value out of their marketing expenditure and one way to do that is by developing and implementing an integrated marketing program. This is a coordinated promotions program recognising that different elements have different objectives. It is an extension of the fundamental marketing mix concept of the four P's: product, price, promotion, place.

Integrated marketing is critical in today's marketing arena because it allows you to reach the target audience at all points in the decision process from awareness to behaviour change, trial and finally repeat. With recent changes in population mix, working and lifestyle habits, and social values, the elusive customer is now more complex and harder to reach than ever before.

The relevance of an organisation's

marketing programs depends on the target audience and product or service. The key elements of an integrated marketing campaign can include advertising, public relations, promotion, sponsorship, and packaging or service delivery.

From now on, make sure the marketing programs deliver by making sure they are well integrated.

Building Successful Brands

If brands are invested in and managed consistently over time, they can become the organisation's lifeblood.

In today's competitive business climate, brands are a key to success. They provide differentiation from competition and add value to the business. If brands are invested in and managed consistently over time, they can become the organisation's lifeblood.

However, if not managed well, brands can soak up the company's money and energy and deliver few tangible rewards.

Unfortunately many managers like to put their creative stamp on the company's brand and marketing programs, and so some brands end up going through a life of constant change. Customers receive thousands of impressions from a multitude of diverse brands every day. For a brand to be memorable and relevant to

current and potential stakeholders, first of all, it is necessary to be consistent — and not for just a few months, but for years. It is critical not to dilute this potentially valuable asset by embarking on diverse programs delivering conflicting messages. Focus the dollars and energy.

could have evolved dramatically. Over time, the objective is to develop a deep relationship with customers as deep relationships create loyalty. It costs a lot more to win a new customer than to build loyalty and usage of an existing customer.



Perhaps several key links to the brand already exist that remind customers about the business and reinforce the brand identity. These are the things that spring to mind with customers when the brand is mentioned, such as the logo, typical colours, key products or services, the tagline. If these links reinforce the brand positioning, they

could be valuable and worth using in a powerful and consistent way in all marketing materials.

Remember, a strong brand builds customer demand and allows premium pricing.

It is also important to understand the customers to be able to develop a compelling and differentiated positioning. Don't assume they truly know and are involved with the business. Long time customers may exist but the business

Managing Change

Some form of change at different times is likely to be what makes the business stay alive. When the organisation started, the market, competition, customer and economic conditions were different than those of today. The ability to gather and use information to make decisions was different. The type and number of staff required were different. The business may have previously operated successfully simply by keeping close to operations and customers. Now, new disciplines may be needed to manage a larger, more complex

enterprise. Or the internal controls and middle managers may be stifling the creativity, innovation and expansion of the business.

Constant flux can break a business. 'Change agents' often have a short life in each organisation they venture into and a typical change manager may not be right for the business. However, there are some characteristics of this new breed of manager that are valuable for business leaders to either develop or source.

Consider what worked in the past but also be open to change. Understand the way the business has evolved, the stage it is in now, and where it should be heading. Recognise that many leaders have vision but may need others, internally and externally, to help take the business to the next successful stage.



Qualitative or Quantitative Research

By Nina Finlayson, Director/Owner of Buzz Strategic Insights

Nina Finlayson is a qualitative research specialist with 13 years experience from Kaleidescope, rushTV and most recently her own strategic research company, Buzz Strategic Insights. Buzz works closely with their clients providing the client's customers viewpoint in the development of brand strategy. They strive to get close using innovative and proven research techniques and client feedback is tailored to be useful, clear and strategic in nature.

There are two key categories of market research – qualitative and quantitative. Quantitative is traditional, survey-based research that produces data and charts by studying a statistically significant sample of the identified research target. It is generally used to survey opinions, a good example of which would be political polling. Quantitative research is usually carried out by call centres, online or mail. This type of research is useful in identifying how many customers are thinking, behaving or purchasing in a certain way but does not explain why they are behaving in that way. Quantitative research provides shallow responses across many respondents while qualitative research explores attitudes and behaviour of a small sample of the research target.

Take the example of a bank that is looking at the numbers of people who are banking online versus those who are not. It would be easy to assume that customers who are not online are technophobes, fearful of the

security issues surrounding the internet. Qualitative research can delve into the reasons why people might not be adopting such a technology and find that a plethora of reasons exists for lack of uptake of the internet, including inability to access the net in a private place, inability to access the net because of other household members, or lack of response from the bank in establishing customers as net users. With this knowledge the bank is in a much better position to investigate the barriers to banking online and address each of them as they affect different target groups amongst their customers.

As this example demonstrates, qualitative research explores attitudes and feelings and produces more individual responses than quantitative research which are then analysed by an experienced research consultant. It is generally based on face-to-face interviews, focus groups or ethnographic studies (observational research) and uses various projective

techniques to relax respondents and extract valuable information. Qualitative research can help managers look at their market and

understand the different mindsets that exist amongst the target. In all likelihood, each of these different types of customer will react differently to the marketing messages and it is important to have this background knowledge to better predict how the campaign and/or marketing efforts are likely to be received across the board.

So when contemplating research and tossing up between quantitative and qualitative, remember neither technique is "better" than the other. It very much depends on the objectives of the marketing team and a combination of both is often required. However, when it is important to understand the nuances of customer perceptions, with an experienced researcher and the face-to-face context, qualitative research is able to dig deeper for insights.



Getting the Most from the Sales Team

Most businesses need some form of a sales team but they forget to ensure it is a highly performing team.

Many companies spend a large portion of their valuable human resource investment on their sales team. Even when the business is underperforming, often other areas are focused on and managers are reluctant to reduce or change the mix of selling costs in the fear that sales revenue will be impacted.

Most businesses need some form of a sales team, but they forget to ensure it is a highly performing team. Sometimes sales teams become stale and

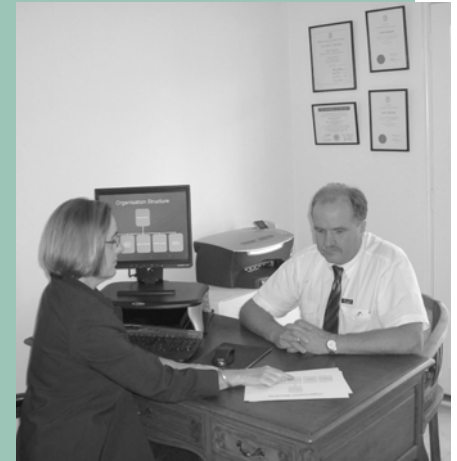
they need to be revitalised through new tools, training and accountabilities ... and sometimes even the sales personnel and mix of sales efforts need to be changed to meet the changing nature of a business and of its business environment.

It is important to look at the current mix of customers, the type and value of business they provide, and how they interact with the organisation. For example, the business might be

ready to transition from a medium sized junior sales team to an expensive, highly performing small senior team. In addition to getting the right team of people for where the company is now and where it should be going, it is also necessary to ensure the appropriate cost structure and that the team has the correct incentives and accountabilities and the right tools. Last but certainly not least, good ongoing leadership is essential for a sales team to perform.

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Sarah Richardson Consulting was established in early 2004 to provide sales, marketing and management consulting for small to medium sized firms based in Western Australia. The consultancy offers business advice to Managing Directors/Owners who may not have a full-time senior marketer or who are looking for an objective outside review.

The company provides consulting on:

- Sales & Marketing
- Organisation Structure
- Forecasts & Budgets
- Purchasing
- Acquisitions Integration
- New Business
- Supplier Management
- Profit Optimisation



Sarah Richardson, the sole Director, has held senior sales, marketing, strategic planning and general management positions over 18 years in the following business-to-business and consumer branded companies:

- Kellogg's (Australia)
- CCH (Australia)
- Johnson & Johnson (Australia)
- Yoplait (France)
- NutraSweet (USA)
- British Petroleum (New Zealand)

Prior to Sarah Richardson Consulting, she managed for three years the national sales, marketing and customer service functions for a small family owned importer and producer of craft products distributing to many small retailers and large chain stores across Australia.

Sarah Richardson is an active member of:

- Chamber of Commerce & Industry
- Rotary
- Australian Marketing Institute

Pricing for Profitability

Many businesses start off with well thought out pricing strategies but along the way buckle to pressure by customers and their own employees. These organisations can end up with pricing tactics that are complicated, inconsistent and difficult for the customer to understand or for the business to implement internally.

Well run businesses use information to their advantage. Evaluate the revenue and profit contribution of the product and service mix. Set margin guidelines for all product and

service segments. Analyse the customer mix and purchasing patterns. Work out which customers provide strong revenue and which ones deliver profits. Develop alternative profitable delivery options or exit strategies for underperforming product and service segments and customers.

There is no value in being in business long term if it is unprofitable. Lack of profits creates stress for suppliers, employees and customers — and often it is the beginning of a downward spiral.

Also, it is important the pricing approach is strategic and that pricing is used as a key marketing tool, reinforcing the brand or product/service positioning.

Cost reductions are critical for underperforming businesses but often provide only short term solutions. Effective pricing and product mix strategies can deliver much needed sustainable revenue and profit growth and reinforce the marketing messages.