

BUSINESS PLANNING

Marketing in Tough Times

After another busy and exciting year of business in 2008, I am delighted to present the first newsletter in 2009 for Sarah Richardson Consulting. Thank you to all the clients who provided interesting and challenging projects for the consultancy last year. The question on everyone's mind is what will the future bring?

The global financial crisis is the pre-eminent concern for Australian business owners. How will the sales be affected? Should prices be trimmed to bring in customers? Will employee levels need to be reduced? What about other costs and final profitability? Will the organisation survive and what will it look like in a year's time? This is usually the moment business leaders look to cut 'discretionary costs' such as marketing. The research indicates, however, that firms which maintain or increase their marketing investment in difficult economic times, compared to firms that cut marketing spend, perform better after a financial crisis.

Marketing, particularly in the business-to-business arena, doesn't have to be

expensive—but it does need to be based on the right foundations and incorporate the right programs. Some of these foundations include the appropriate brand name (for the current business), the logo, the brand positioning and the communication platform. First and foremost the marketing should emanate from a deep customer understanding. The best marketers are customer not product experts.

Maintaining marketing expenditure may appear risky, particularly if cutting other programs such as operational costs and staff numbers, and it is not appropriate to launch new activities without careful investigation. It is a suitable time, however, to review the brand platform in light of the current market conditions and ensure the business is well positioned to meet the customer needs and differentiated from competitors. Businesses, like houses, built on solid foundations will withstand harsh and unforeseen circumstances while weakly developed enterprises will falter. Tactical and panicky price cutting suggests there is nothing different other than price from

one firm's offering to another's. But what about those historic technology investments, new business processes, proprietary products, emphasis on staff, relationships with customers, vision of the Managing Director, solid financial backing and supplier history? In these tough times it is even more critical for organisations to strengthen their marketing foundations to ensure survival and long term success.

Sincerely,



Sarah Richardson
Director



BRAND IDENTITY

Company Evolution & Brand Impact

Many firms in Western Australia are second and third generation family businesses. Some attempt to throw off the family associations in a bid to be seen as corporate and professional. While businesses need to evolve in much the same way as individuals develop, it is preferable to build on

historic roots rather than seeking to recreate a brand that has existed for several generations. The alternative extreme of forcing the company to stand still, refusing any change, in order to embrace the past is also unsatisfactory since change is a fundamental constant in the business environment and worlds of the customers, staff and suppliers.

Family values can add tremendously to an organisation and may often be the reason for staff and customer retention. Customers are human and like to see a face behind an enterprise, particularly one known and trusted from the past and when that person may be

responsible for setting the vision and values of the firm.

It is an ideal time to consider is there a current and valid Business Plan, are the company structure and people appropriate for the current enterprise, does a solid customer understanding exist, are customers engaged with the organisation and is the marketing platform compelling to the target audiences. Make a new year's resolution that this is the year to ensure the people and processes reflect the current stage in the firm's evolution and that the company is set to survive and prosper.



THE PEOPLE PROBLEM

External Advice or Local Development?

Unfortunately for a variety of reasons employees are typically not qualified, experienced, objective or appropriate to set the course for the organisation and this is the role of the owner or Managing Director. External advice can be beneficial here.

An important question for business leaders is where is the line between setting the right course for the organisation and getting staff input?

Communicating the vision and strategy to the team and getting their buy in and cooperation are important but are not the same as developing the strategy internally. Unfortunately for a variety of reasons employees are typically not qualified, experienced, objective or appropriate to set the course for the organisation and this is the role of the owner or Managing Director. External advice can be beneficial here.

There has been a recent explosion of business coaching responding to business

leaders' need for an external sounding board and mentoring. This suits some business leaders who have solid ideas for the future development of the organisation but require



a qualified and open minded advisor with whom to talk through the concepts and perhaps receive ongoing support. Other Managing Directors are unsure where to begin, have staff weaknesses and conflicting objectives and face significant market,

competitor and customer change. This situation warrants a full business review and Business Plan development by an experienced expert which will incorporate direction on the organisation structure, people and processes as well as the marketing and sales strategy.

Whether the organisation is relatively new or mature, the employees are recent hires or long term and committed staff, the results are marginal or impressive, setting or adjusting the enterprise onto the right course will be vital to its long term success. The current financial uncertainty is arguably the most important time to undertake a formal externally led business planning process.

LOCAL PICTURE PERFECT

Western Australia: Resilient to the Global Trends?

Many West Australians hopefully believe this prosperous state will be insulated from the global financial crisis. As local jobs are being lost, house valuations are falling, the stock market is extremely volatile and companies are finding it difficult to service their onerous debt levels, it is difficult to understand the local thinking. Is this just naivety and arrogance of a remote state? Is it the wishful denial of a life changing event for a state that has had too much variability and is finding it difficult to adapt?

Certainly the rich resources of Western

Australia are valuable and will be in demand for years to come. The entrepreneurial dominance in local business is another factor making our business people resilient, enterprising and visionary. The regional focus on education and scientific endeavour also sets this state apart.

Perhaps the economic situation will force the necessary building of disciplines and maturation of business processes into the Western Australian corporate framework. The jury is divided on the likely impact on Western Australia of the global financial

crisis. The positive buzz of the local business community continues however and, one thing is sure, local citizens are immensely proud of this state and that energy and enthusiasm will be pivotal in rebuilding the financial foundations of the state's economy and prospering again in future years.

STATE OF BUSINESS INTERVIEW

Roger James, Chairman Australian Marketing Institute

Roger James has been involved with Australia's pre-eminent marketing association, the Australian Marketing Institute (AMI), for almost a decade and is currently Chairman. His stellar career spans 25 years in marketing and policy roles in the private sector, government and his own marketing research and strategy consultancy, Roger James & Associates, and he is a Board Director of Architecture Media Pty Ltd. As AMI Chairman he spearheaded the recent AMI Marketing Metrics project, a four year program in collaboration with industry, academia and government developing a suite of globally recognised marketing metrics to raise the profile and accountability of marketing in Australian organisations. Currently overseas for a regular ISO Brand Valuation Working Party meeting Roger James and I spoke via teleconference on 3 March and discussed his career, the work of the AMI and his outlook on marketing.



The AMI originated 75 years ago and, while in early days focused on general commercial development and was state based, in the last two decades has developed a national approach to building marketing profile. The organisation's direction is firstly marketing advocacy, by representing the 7,000 members and the marketing industry in general and promoting the value of marketing in the broader arena. A second role is professional development of marketers and, as part of this, the AMI has begun an accreditation process for tertiary marketing courses in addition to continuing to develop strong relationships with all tertiary institutions and training providers. The third and evolving area is influencing public policy on ethical and moral issues in marketing.

The AMI is experiencing unprecedented growth at a time when other membership organisations are stagnant or declining in membership. James highlights that Australian marketers must present the quantitative contribution of marketing within their organisations, understand finance and speak the financial language. He cites two key industry trends of the breakdown of traditional media with wholesale change in information delivery and use and the transition from mass to one-to-one marketing driven by understanding customer behaviour. Both trends have significant implications for marketers in terms of the marketer's role and marketing communication.

In addition to running regular events and seminars across the country, presenting a range of publications to members, offering members benefits from associated organisations and collaborating with a variety of government and non-government organisations on policy issues, the AMI major activity has been the Marketing

Metrics project which recently culminated in the launch of the world class and ground breaking *Marketing Value* website which provides, exclusive to members, a host of interactive tools and frameworks for evaluating marketing activities. According to James this is a world first resource, quantifying and presenting by live example the rigorous and serious value derived from marketing. The next agenda program is sustainability, another global issue—marketing sustainable products and conducting marketing in a sustainable way.

James has a diverse and busy role. For his consultancy he regularly talks to clients, prepares correspondence and writes reports. His board directorship with Architecture Media Pty Ltd, a dynamic Australian media publisher with spectacular growth and a New Zealand arm, requires his strategic marketing attention on a regular basis. As AMI Chairman his key focus is to ensure clear strategic direction and he typically spends 30-50% of his time on this role, including close daily contact with Sydney based AMI CEO, Mark Crowe. In addition he travels nationally and internationally to industry meetings and events, fostering links between the AMI and other leadership organisations, leading AMI key forums such as the national annual conference and the regular webinars, speaking to media and writing articles.

In commenting on his AMI role passion, James notes "I am extremely privileged, I get to meet and learn from the best marketers in the world. In addition to significant recent growth we also have a much stronger financial base to deal with the financial challenges ahead. I am pleased to be involved at a time when marketing is stepping up and the AMI is asserting its leadership role in the marketing community".

With multiple university qualifications in English, philosophy, psychology and physiology, James had a strong grounding for a complex and diverse marketing career. He is particularly proud of his role in the global and cross-functional team that delivered the Marketing Metrics project, shepherding resources, encouraging the project and promoting the work to the broader community. On a private level he mentions his accomplishment as a semi-competitive racing driver during almost a decade, indicating "it was probably the most intellectually demanding thing I've done because of needing to think so fast, so quickly for so long—it's very challenging and exciting, but it's not about being brave, it's about processing of information, thinking and judging very quickly."

James describes himself as:

"a marketing enthusiast still fascinated and delighted with this most interesting discipline because it deals with complex quantitative data, rigorous planning and the range of human emotions at the same time."

When asked for advice to organisations in these tough financial times James insists the advice is no different for SMEs than multinationals or for consumer than business-to-business entities and claims firms should 'hold the line, evaluate activities to know where to spend efficiently, argue budgets carefully and scrutinise activities—but marketing is about value creation so major cutting is not appropriate."

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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 and 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.

Qualifications include:

- MBA (Honours), Marketing/Finance, University of Chicago Graduate School of Business, USA
- BCA, Business/Accounting, Victoria University of Wellington, New Zealand
- BA, English Literature, Victoria University of Wellington, New Zealand
- CPA and CMA Exams, Society of Chartered Accountants, New Zealand
- Teacher's Drama Diploma, Trinity College, United Kingdom
- Australian Institute of Company Directors/ Women on Boards Scholarship

Sarah Richardson is an active member of:

- Australian Marketing Institute (Associate Fellow, CPM)
- Australian Institute of Company Directors (GAICD)
- Women on Boards
- University of Chicago Alumni Association (Mentor; Alumni Club of Perth Founder)

DOLLARS & SENSE

Marketing: Investment or Cost?

In the current financial times it is even more likely for organisations to view marketing expenditure as a cost. The overwhelming evidence, however, is that marketing expenditure leads to brand development and thereby creation of value. Marketing strategy should start with definition and understanding of the customer target, identification of the direct and indirect competition and clarification of the brand positioning in terms of the proposition and personality. The branding and promotional activities will fall easily out of a well

researched and appropriate strategy.

Stakeholder perceptions are made up of all of their exposures to the brand over a period of time and it takes many exposures and a long time to build perceptions. For this reason the best marketing programs have a framework like an artist's canvas that becomes rich and engaging over time as more is added reinforcing the core concepts in a consistent and integrated way.

As the planning period approaches review the business results and the marketing

activities, consider the customer needs and how they have changed, identify the ideal mediums to reach the customers and the optimum messages that differentiate the brand, and determine how the new marketing programs can deliver value in the most efficient and effective way. After all, marketing is an investment in the firm's most valuable asset, its brand.

