

# Malcolm McDonald Consulting Ltd.

## The Ten Principles of World Class Profitable Marketing

by Emeritus Professor Malcolm McDonald



Malcolm McDonald Consulting  
true sales and marketing strategists

# Can you say what your strategy is?

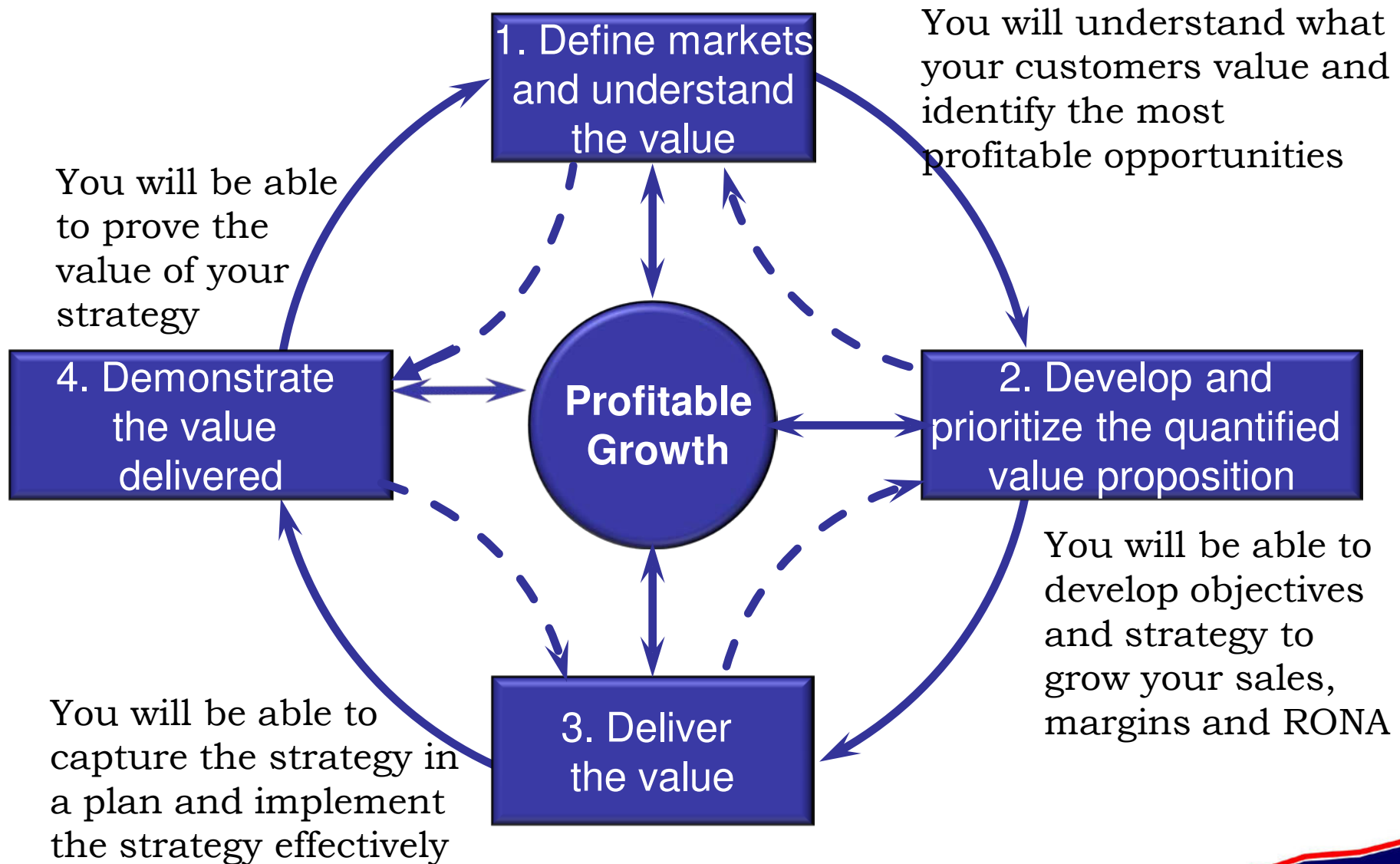
“Any strategy statement that cannot explain why customers should buy your product or service is doomed to failure”

(Collis D, Rukstad M. “Can you say what your strategy is?” HBR April 2008 pp 82-91)

# Chief Marketing Officer (CMO)

The title 'Chief Marketing Officer' suggests a powerful figure in charge of customer needs and wants, and the product development required to meet those needs, as well as evaluating whether the whole company is delivering what is required to keep those customers happy – for the sake of this year's earnings, and those in the future.

# The Profitable Growth Process™



# Our ten principles for profitable marketing

- ✓ Ensure that marketing is the driver of strategy in the boardroom.
- ✓ Understand your market, how it works and its key decision-makers.
- ✓ Group the decision-makers into segments based on their needs.
- ✓ Establish organisation's relative competitiveness in each segment.
- ✓ Focus your market strategy on the most attractive segments for your future profitability.
- ✓ Set realistic objectives and strategies for each segment to include compelling customer value propositions.
- ✓ Calculate whether your strategies will create shareholder value.
- ✓ Regularly review your strategy and justify financially your marketing investments.
- ✓ Communicate your strategy to the company and win their support.
- ✓ Ensure professional and ethical marketing.

# Our ten principles for profitable marketing

## **1. Understand that marketing is the driver of strategy in the boardroom**

- ✓ Marketing is NOT promotion.
- ✓ Marketing is NOT sales.
- ✓ Everything an organisation does from R and D through to delivery adapts to and converges on the business value proposition that is projected to the customer.
- ✓ Marketing IS a process that incorporates the following ten principles.

## **2. Understand your market, how it works and its key decision-makers**

- ✓ Define the market in terms of needs, not products.
- ✓ Map how it works from end to end, showing quantitatively product/service flows in total and your shares.
- ✓ Identify major points on the map where decisions are made.
- ✓ Understand how it is changing.

# Our ten principles for profitable marketing

## **3. Group the decision-makers into segments based on their needs**

- ✓ Do not confuse needs-based segmentation with descriptors such as socioeconomics, demographics, geo-demographics and psychographics.
- ✓ Needs form the basis of segmentation simply because the choice of what will be consumed depends on satisfying the decision-maker's needs, at a price they perceive as representing superior value for money, which is rarely the cheapest.
- ✓ List what is bought (including the use, where and when it is bought ).
- ✓ List who buys.
- ✓ List why they buy.
- ✓ Group those with similar needs into segments.

# Our ten principles for profitable marketing

## **4. Establish your organisation's relative competitiveness in each segment**

- ✓ For each segment, list their needs and the relative importance of each ( weights ).
- ✓ Score out of ten how well you and each of your main competitors meet these needs.
- ✓ Multiply the scores by the weights to determine your competitiveness in each segment compared with your main competitors.
- ✓ List the external opportunities and threats for each segment.
- ✓ List the major issues that need to be addressed for each segment.



# Our ten principles for profitable marketing

## 5. Focus your market strategy on the most attractive segments for your future profitability

- ✓ Establish the factors your company would use to determine the attractiveness of each segment such as size, profit potential and growth and the relative importance of these factors to one another ( weights ).
- ✓ For each segment, score out of ten how it meets each factor, multiply the score by the weight and thus derive an attractiveness score for each segment.
- ✓ Position each segment on the vertical axis of a two-by-two matrix according to the weighted attractiveness score, with the lowest scoring segment at the bottom and the highest at the top ( this being the “ attractiveness “ axis of a portfolio matrix.
- ✓ From the SWOT analyses from 4 above, plot each segment on the horizontal axis of a two-by-two matrix, with the highest weighted scores to the left of the central line and the lowest weighted scores to the right. This will position each segment as follows: ( 1 ) less attractive segments where you have strengths. ( 2 ) more attractive segments where you have strengths. ( 3 ) more attractive segments where you have few strengths. ( 4 ) less attractive segments where you have few strengths.

# Our ten principles for profitable marketing

## **6. Set realistic objectives and strategies for each segment, to include compelling customer value propositions**

- ✓ Set clear priorities and stick to them. You cannot be all things to all customers.
- ✓ For quadrant 1 (bottom left ), manage for sustained earnings.
- ✓ For quadrant 2 ( top left ), manage for growth in revenue and profits.
- ✓ For quadrant 3 ( top right ), select the most promising segments and invest in improving your competitive position. DO NOT try to maximise your profits in these segments.
- ✓ For quadrant 4 (bottom right ), manage for cash and minimise costs.
- ✓ Develop a quantified value proposition for the segments you intend to focus on. This means creating advantage for the customer, not merely avoiding disadvantage. Become the best in your chosen segments!

# Our ten principles for profitable marketing

## **7. Calculate whether your strategy will create shareholder value**

- ✓ Carry out a risk assessment on each strategy in each segment.
- ✓ Calculate risk-adjusted net free cash flows for each segment for each year of the planning period.
- ✓ Allocate the relative capital employed for each segment multiplied by the cost of capital.
- ✓ An overall surplus means that the plan is creating shareholder value.

## **8. Justify financially investments in marketing**

- ✓ Measure the indirect impact on sales and profits of all marketing expenditure.
- ✓ Measure the impact of promotional expenditure using econometric models.
- ✓ Measure and report to the board that your risk-adjusted marketing strategy creates shareholder value.

# Our ten principles for profitable marketing

## **9. Communicate your strategy to the company and win their support**

- ✓ Gain senior and operational management support for the strategic plan, as it is not you who delivers the proposed value propositions.
- ✓ Obtain senior management sign-off for the final strategy before communicating it to the rest of the company.
- ✓ Keep senior management engaged throughout the planning period.

## **10. Be professional and ethical**

- ✓ Develop professional marketing skills.
- ✓ Be innovative and open-minded.
- ✓ Consider the impact of your actions on all stakeholders.
- ✓ Be ethical at all times!

# Malcolm McDonald Consulting Ltd.

## Malcolm McDonald

- Emeritus Professor of Marketing, Cranfield University; Visiting Professor at Henley, Warwick, Aston and Bradford Business Schools.
- Author of over 40 books on marketing and key account management
- Previously Marketing Director of Canada Dry
- Works with the operating boards of a number of the world's leading multi-nationals on all continents

## Edmund Bradford

- Co-author of *Marketing Navigation: How to keep your marketing plan on course to implementation success*
- 20 years of experience with strategic sales and marketing programmes
- Built and ran the Global Account Management programme for an aerospace business
- Led projects and managed client relationships in many industries
- Developed marketing and KAM simulations

## Florin Vladica

- Over 20 years of experience in sales and trade marketing .
- Deep experience of the FMCG, including as Trade Development Manager at Philip Morris, but has also worked in other sectors both as a sales trainer and as consultant.
- Expertise gained in Europe, North America and Middle East, and that includes sales strategy, diagnostic and planning, consumer research, territory and portfolio management, sales performances.

# Our value proposition

**Boardroom proficiency** We bring insights to your boardroom after many years of working with top leaders in world class companies across industries, and in all regions of the world.

**Unique know-how** We quickly transfer our knowledge, skills deep understanding of strategic sales and marketing, by deploying our unique toolbox of best-selling books, online marketing games, white papers and articles, methodologies, business models, workshops and keynote addresses.

**Proven track record** The portfolio of services is founded on deep state-of-the-art research at top Business Schools, and methodologies and models, based on this research, have been proven to work in the market place.

**Partnership for value** We deliver substantial ROI, together with enjoyable learning experience, by partnering with your project teams as trusted outside expert, or as an embedded business partner, or any point in between.

**To summarise, our value proposition consists of end-to-end interaction, from Board level to your internal project team, in getting the fundamentals right in sales effectiveness and strategic marketing, all within budget and the agreed deadline.**





# We have helped many leading organizations improve their sales and marketing excellence



## These include businesses:

- American Express
- Aviva
- AstraZeneca
- Barclays
- Brussels Airlines
- British Gas
- BUPA
- GSK
- Howden
- Hitachi
- IBM
- Mercedes-Benz
- Oracle
- Siemens
- Standard Bank
- Shell
- Tesco
- Tetra Pak
- Tyco
- United Utilities
- Vodafone
- Zurich

## Non-profit organizations

- The Law Society
- CIMA
- Aston, Bradford, Cardiff, Cranfield
- Henley, Warwick, Worcester, York

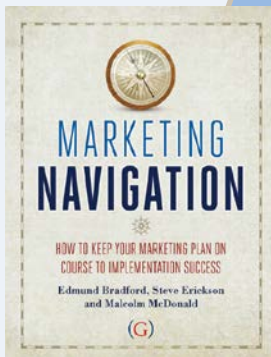
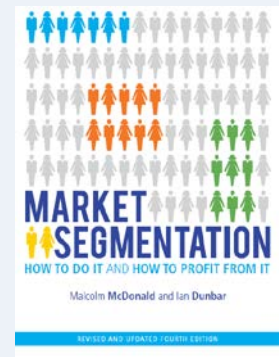
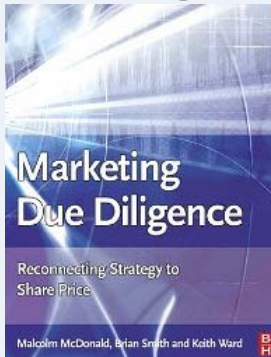
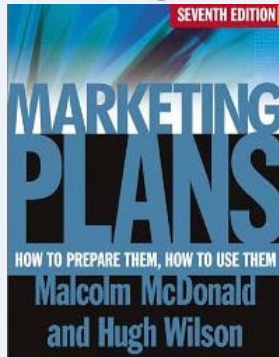
## Business Schools

## and many non-household names like:

Compass, Cushman & Wakefield, Hexagon, Jones Lang LaSalle, Parker *plus a host of SMEs*

# Portfolio: Scholarly articles and white papers

## Strategic Marketing

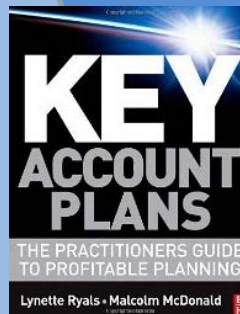
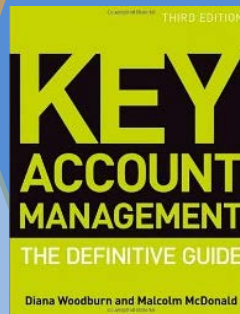


## Market2win Simulator

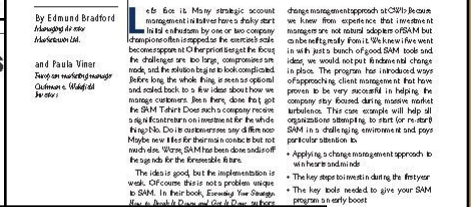
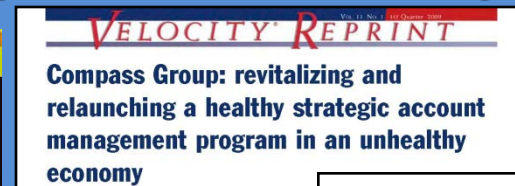


&

## Strategic Account Management



## Procurement and SRM



## SAM2win Simulator



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