



6 STEPS TO A MIGHTY MARKETING PLAN

Simply writing down your marketing goals can boost your income by 10 times. **by Leslie Stevens**

For most integrators, marketing can be overwhelming. But it is manageable if it is broken down into tasks. So where should you start? By organizing and documenting your pool of abundant thoughts and ideas. ■ A 1979 Harvard study of MBA grads reveals some interesting statistics: three percent of the students had written goals when they graduated; 13 percent of the students had goals, but did not write them down; and 84 percent did not have any goals. ■ Ten years later, the 13 percent of students who had goals but had not written them down earned twice the amount of money than those who did not have goals at all. However, the three percent of students who wrote down their goals made 10 times the amount of money as those who did not have any goals. ■ A good marketing plan starts with a basic understanding of the principles behind marketing. Simply defined, marketing seeds the market for sales tomorrow; promotes your business to potential customers; generates leads in which to turn into sales; reminds people of your service; and increases your brand recognition. Remember, you are the brand . . . not the lines you carry. Products come and go. You want the customer to come to you no matter what you carry or install. ■ Without belaboring the fluff, there are typically six strategic steps to building a framework for a marketing plan.

Marketing

1 Clearly Define Your Business Defining your business sounds simple enough, but what if you installed only one whole-house surveillance system in the past five years? Should you actively promote that service along with your other more common installations? Or, if you will be offering cabinetry six to eight months from now, should you include it in your promotional literature today? These are real issues that cause dealers to fail in the completion of their marketing tools, such as literature or ads.

Start with a definition of the services that you offer and what you want to call them. For example, do you offer distributed audio, and is that a term your customer will understand? Perhaps you'd prefer to call it whole-house music or multiroom audio?



Also, include a list of credentials that you offer, such as industry-related memberships in CEDIA, CEA, CABA, AIA, ASID or CABA or certifications from ISF or THX. Don't forget participation in the Better Business Bureau, local chamber of commerce, small business administration or other business organizations. It's important to get their logos now so that you will have them on file when you need them in a hurry.

2 Identify Target Markets As with most companies, you have a finite amount of resources, both human and financial. You need to determine which markets to allocate your allotment of assets. Based on your business model, you most likely target some of the following markets:

Repeat Business—This is your most

cost-effective customer.

Referral Business—85 percent of business is generated this way.

New Business (not repeat or referral based)—This is your most costly customer, but a primary outlet for growth.

There are also a series of questions every integrator needs to answer when addressing the types of niche markets he wants to address, such as:

New Construction

- Do you have relationships with architects and interior designers that you can leverage?
- Do you have relationships with builders?
- Do you understand builders' construction cycles? If so, what are those build cycles?

You need to determine which markets to allocate your allotment of assets.

- Are you staffed to handle mass production builders?
- What is the total number of housing starts in your area?
- Can you float the costs/maintain cash flow before being paid? If so, for how long?

Retrofit/Existing Homes

- Do you know the process for factoring upgrades into the mortgage?

Architects/Interior Designers

- Do you understand how to integrate your services with theirs?

Commercial Work

- Is commercial work part of your repertoire? If so, what are the vertical markets you plan to attack? How?
- Is it a good idea to estimate the per-

centage of your business that you plan to derive from each of these markets? Which market is your priority? Are you looking to re-organize your company?

3 Determine Marketing Budgets Based on a random survey of 20 dealers, integrators typically spend 2 percent to 4 percent of their annual sales on marketing expenses. However, the median was closer to 2 percent, using 2005 sales data to determine their individual percentages.

Take your budget and determine how you want to allocate it among target markets and types of the marketing activities. This is also the time to determine what co-op dollars to expect from your manufacturers. Determine your accounting practices for programs that include credit memo, deduct from memo (DFI), etc.

4 Select Marketing Tools There are a number of marketing activities, including literature, hosted events, advertising and more. Some factors that will influence which marketing tools you require include:

- Whether or not you have a showroom.
- Your primary target market.
- Your budget.
- What you are trying to accomplish.

Determine who will complete these projects for you. Your options basically include yourself, farming it out, or passing it to an employee or your spouse. If you have limited staff, keep in mind the "opportunity costs" associated with doing it yourself. Nothing is free.

5 Create a Calendar of Events This is where you schedule your activities for each month. It includes pre-planning, event execution, follow-up and evaluation. The primary benefit of these calendars is that it allows you to effectively:

- Negotiate rates to your advantage.
- Plan for monthly expenditures.
- Create marketing tools with less chaos.
- Make sure everyone at your company knows the schedule.

Case Study: Strategic vs. Financial Marketing Plans

Bill Anderson of Genesis Audio/Video in Lake Forest, Calif., describes his marketing plans:

"We have two competing reasons for creating a marketing plan: one is financial and the other is strategic. We have to allocate funds according to our business objective and pre-planning gives us a unique advantage. We start with forecasting our volume, which enables us to determine how much money to re-invest into our company. Our business year starts July 1 and runs through June 30. We start forecasting back in March or April. Based on the volume we're projecting, we develop a budget from which everything comes out of, including

advertising, business cards, brochures, promotional events, Web sites, etc.

"We find that every marketing outlet wants us to utilize their services. By pre-planning, we have time to critically evaluate the type of medium and how it will benefit our company. In addition, it gives us the ability to negotiate contracts to get the best rates and discuss with manufacturers co-op dollars.

"Another compelling reason that we pre-plan is that it gives us timelines for targeting new markets and planning against threats in the marketplace. Best Buy has moved in right next store. We had time to research other integration companies in similar circumstances and learn how it affected them. Our pre-planning enabled us to react, which in the end, resulted in a positive outcome for Genesis Audio/Video."

- Establish regularly scheduled meetings.
- Assign responsibilities.

6 Evaluate ROI In simplest terms, there are four elements to take into account when calculating your return on investment (ROI):

- Program costs.
- The number of leads generated per campaign.
- Actual sales realized.
- Time spent implementing the campaign.

To track leads by source, simply identify the "trackable" options (or others you've considered) and document what you would like to do. Those options can include:

- Using a different 800 number for each promotional piece. These phone lines

are inexpensive.

- Using a different Web link. Most people will go to the Web site before calling.
- Asking callers where they got your name. Keep a log.
- Coding coupons with different numbers.
- Evaluating marketing campaigns based on lead generation. Code each campaign for "hits" received (leads). For example, use the code AD for advertising or DM for direct mail. Assign points for every lead that comes in, and divide the points by the cost of the campaign. However, consider that some campaigns may generate more leads, but result in fewer sales. Also, the quality of the leads needs to be analyzed.
- Considering investments in some lead-tracking software.
- Training employees.
- Finding time to get it on paper.

Your best bet for completing your own marketing plan is to start by scheduling a time to start and finish the task. You'll find that this is typically the most difficult part of the process. **CE Pro**

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