



## Real men do marketing

by Art Raymond  
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In the Dilbert comic strip below, Dogbert not only lampoons people who work in marketing but also the function itself. While this cartoon is humorous, think again. Remember that nothing happens in your company's value chain until the consumer takes out his/her wallet. Certainly then the most important task facing you and your company is convincing your customers — either directly or indirectly — to buy your product. The exchange of money from the buyer to you (or your reseller) is the objective of the marketing process.

Marketing consists of all activities involved in moving goods and services from the producer to the consumer. Included in this definition are the critical choices of what to sell, to whom to sell, how to distribute, how to promote

and how to price. Clearly, these decisions have great impact on the profitability of your company.

### Weakness of a product focus

When making these decisions most manufacturers think first about their product. Lots of effort is spent tweaking design, optimizing production processes and testing demand. Getting the product right is viewed as the key to success.

But the idea of building a sustainable advantage with a better mousetrap is fantasy. Recent history contains many examples arguing against such product centrism. Think about Apple Computer. Techies have long considered Apples, Macs and PowerBooks superior to Intel/Mi-

crosoft-based PCs. But Apple was never able to become the industry standard, and the company's 2001 PC sales languished in sixth place, with only 4.5 percent of the U.S. market. Having a better product has created little value for Apple.

Also consider that most wood products can easily be copied. Hundreds of plants around the globe stand ready to knock off the latest hot seller in furniture and other wood items. Most

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### UNDERSTANDING MARKETING PEOPLE



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## *raymond's view*

products in this me-too world are fast becoming commodities.

More worrisome to U.S. manufacturers, many of these products trade only on price. Companies chase

cheaper products from one low-cost supplier to another offering even lower prices. As a result, manufacturers are less relevant to buyers, and power has flowed to the resellers and consumers.

This situation leaves manufacturers to wonder how they can differentiate their offering in the eyes of their customers. Product and price are obviously two key attributes that customers seek in making a purchase.

Thankfully, other attributes that define how a product is offered are more important to many prospective customers than the physical product itself. Often a customer buys on price

### **The marketing audit**

**C**ompanies should regularly assess their marketing plan as if each year begins with no customers and no products. This zero-based approach will force executives to determine if their company is making the right offerings to the right customers, if the marketplace has changed and if their marketing process is delivering the targeted results.

The originator of the marketing audit concept is unknown. A generic methodology was suggested by a group of professors and practitioners in a 1977 article in Sloan Management Review. These writers offered a thoughtful approach and process to the audit idea paraphrased below:

#### **Scope, timing and execution**

By definition the audit must be horizontal, cutting across the entire marketing process. More in-depth evaluations should be reserved for problem areas identified in the audit.

Be proactive not reactive. To provide the most value, audits must be conducted regularly. Don't wait until a sales decline or change in industry structure creates a crisis. A regular audit can reveal problems and weaknesses before the situation turns sour.

To ensure objectivity and independence, a person or group from outside the company's marketing organization should complete the audit. Company personnel from other functions/departments, acade-

because the other attributes they value are the same from their universe of suppliers.

Think of your offering as having two interrelated but independent elements — one *the thing* that you make; the other, *the packaging* that surrounds it. This *packaging* can include all sorts of intangible elements such as how, when and where your offering is delivered. The most critical responsibility of your marketing function is defining this *packaging*; for example, the services that surround your physical product. In most markets today these

services comprise the attributes that separate your offering from that of your competitors.

Your company, therefore, must have a marketing process that defines and delivers this bundle. The package of attributes accompanying the physical product is really what the customer wants. Without the physical product

and its *packaging*, you can't create high customer satisfaction.

Look further at the Apple Computer story for an example. Dell, its primary competitor, wrapped its physical product, the PC, with a direct selling approach offering customization to match the buyer's preferences and fast

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mics with practical experience and management consultants are resources for the auditor/audit team.

### Audit components

The audit must cover the company's marketplace plus its strategies, objectives, organization and systems:

1. The marketing environment — What are the implications of macroeconomic forces on the company's future prospects? What are the key trends, attitudes and thoughts in the company's specific value chain — its suppliers, competitors, resellers and consumers?
2. The marketing strategy — Is the company's strategy well-conceived in view of the opportunities and threats facing the company? Are the objectives and targets set by the owners/managers realistic given the macroeconomic and industry situation? Has management developed the best plan for achieving its objectives?
3. The marketing organization — Is the marketing team aligned to management's plan? Is the team achieving targeted results? What adjustments to the organization should be made?
4. Marketing systems — What tools are available to plan and control the marketing process? Do systems exist for forecasting sales and managing inventory, new product development, product mix and distribution? Are these tools formal, real time and

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delivery. With this bundle of attributes, Dell has captured nearly 25 percent of the U.S. PC market and is now moving into higher-margin products like servers.

How can you ensure that your

marketing process is producing high customer satisfaction at a profit? The gurus suggest a marketing audit. Basically this type of audit involves analyzing the strengths and weaknesses of a company's overall mar-

keting effort. The objective is to ensure that changes in the marketplace are being well met by the firm's strategy, objectives, organization and activities.

### Three success basics

Former Harvard Business School professor Benson Shapiro lists three critical basics for success:

1. Operating in the right market(s); i.e., those in which profits come easy.
2. Concentrating on a few important tasks; i.e., doing the right things.

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quantitative or simply intuitive, back-of-the-envelope methods? What forms of market research does the company employ?

5. Marketing productivity — Where is the company making money? Is it with new products or old products, new customers or old customers? Where is money wasted chasing unprofitable business? Are marketing costs accurately allocated among customers and channels?

### The outcome

Owners/managers can no longer stand on their marketing strategy. The changing marketplace regularly demands a recycling of their plans, objectives and activities. An audit can identify the elements requiring adjustment. Common problems found in marketing audits include:

1. Reliance on price rather than other consumer attributes.
2. Absence of market-based product evaluation process.
3. Misalignment of marketing organization with strategy.
4. Failure to segment and exploit the market.

A marketing audit is not a substitute for a strategy but a great tool to help you in formulating one.



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3. Completing those important tasks correctly and consistently; i.e., doing the right things well.

Determining if a company is achieving those basics is at the heart of the marketing audit.

Strictly speaking, every employee's job is to satisfy the customer profitably. But those in senior positions are ultimately responsible for setting marketing strategy and ensuring its implementation. An attitude that marketing

should sell what the plant makes is simply unacceptable.

Few secondary wood processors employ a staff dedicated to designing a coordinated marketing process. The CEO and the senior staff must get down in the trenches with their customers, determine what these customers value and react accordingly. Customer satisfaction is the objective.

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Achieving high customer satisfaction requires more than a simple statement to that effect. First you have to determine how to differentiate your offering. Then you have to set up objectives, the initiatives to achieve those goals and the organization and systems to make them happen.

Following the herd — doing what everyone else in your industry is doing — is clearly the road to hell. If you compete only on product and price, you probably rely on volume to generate profits. When times are good and the plant is running full, let the profits roll. But when volume turns down, the crying begins.

To break that cycle of product dependency, think marketing.

### **Bottom line**

In the words of David Packard, co-founder of high-tech company Hewlett-Packard, "Marketing is simply too important to leave to the marketing department." Get involved, evaluate your marketing process and get moving to fix its weaknesses. Your company's success depends on it. ▲