

**Ten Crucial questions Boards are asking their marketing colleagues
and the answers they should be giving**

Think about your own company and then rate your company performance on each question. This is for your own evaluation and will help you during the Masterclass Event. It is not necessary to share this information with other delegates but you may wish to complete this form with your company colleagues.

Q.1. Do we know and understand our key markets?

(‘Markets’ will at the very least be vertical demand groups, and not product groups such as pensions, mainframes etc.)

	1. Poor/not good							7. Pretty good
Is there a clear and unambiguous definition of the markets we wish to serve?	1	2	3	4	5	6	7	
Are they clearly mapped, showing product/service flows, volumes/values in total, our shares, and critical conclusions for our organisations?	1	2	3	4	5	6	7	
Do we know what the key decision points are in the value chain? (the 20/80 as this is where market segmentation needs to be done)	1	2	3	4	5	6	7	

Q.2. Do we address real segments in our key target markets?

(Segments are groups of customers with the same or similar needs. They are not high level a priori groups such as high net worth individuals, women between the ages of 18 and 24, etc.)

	1. Poor/not good							7. Pretty good
Are the segments in each target market clearly described and quantified? (Note groups with similar needs, not sectors!)	1	2	3	4	5	6	7	
Are the real needs of these segments properly quantified, with the relative importance of these needs clearly identified?	1	2	3	4	5	6	7	

Q.3. Do we know for sure what our sources of differential advantage are in each of the principal segments in our key target markets?

	1. No idea						7. Pretty certain
Is there a clear and quantified analysis of how well our company satisfies these needs in each principal segment compared with our competitors?	1	2	3	4	5	6	7
Are the opportunities and threats clearly identified by segment, with implications for the company spelled out?	1	2	3	4	5	6	7

Q.4. Do we all agree on the prioritisation of our markets and the segments within each market?

(Prioritisation must be based on economic criteria and data such as the potential for growth in our profits over at least a three year period. 'Profit Growth' will be determined by market size (revenue potential), percentage margin available (ROS) and percentage growth.

	1. Not at all						7. All done & agree
Are the markets, and the segments in each, classified according to their relative potential for growth in profits over the next 3 years and according to our company's relative competitive position in each? (See Question 3.)	1	2	3	4	5	6	7

Q.5. Are the objectives for revenue growth and market share realistic?

(These must be based on the reality of our current competitive position, not on vague hopes of doing better or on extrapolations of past performance).

	1. Not at all						7. Well checked
Are the objectives consistent with their position in the portfolio (volume, value, share, profit)?	1	2	3	4	5	6	7
Are we certain that, for example, if we have aspirations to grow our competitive position in an attractive market where we have few strengths, we do not set unrealistic profit growth objectives for it?	1	2	3	4	5	6	7
Are we certain that we are not overserving markets which are not particularly attractive and in which we have few strengths?	1	2	3	4	5	6	7
Are we being prudent in those markets where we have strengths but which are not particularly attractive to us in terms of future growth?	1	2	3	4	5	6	7

Q.6. Are our strategies (including products, services and solutions) consistent with the objectives?

(Strategies include those for all relevant functions, not just marketing)

	1. Not at all						7. All aligned
Are these strategies based on the improvements we need to make in our offers to the market as a result of a deep understanding of the needs of customers in all targeted market segments?	1	2	3	4	5	6	7

Q.7. Have we assessed dispassionately the risks associated with our strategic marketing plan?

(The purpose of such a quantitative risk assessment is to reduce forecasts of net free cash flow if they are unrealistic)

	1. Not at all							7. Absolutely yes
Have we assessed the riskiness of the <u>markets</u> we are targeting (newness, size, growth)?	1	2	3	4	5	6	7	
Have we assessed the riskiness of the <u>strategies</u> we are planning for these markets (real segments, differentiated offers based on known needs)?	1	2	3	4	5	6	7	
Have we assessed the riskiness of the <u>profit pool</u> available in our markets (price levels, margins, competitor response)?	1	2	3	4	5	6	7	
Based on the risk assessment, have we reduced the forecast net free cash flows if necessary?	1.	Not done this					7. Full check	
	1	2	3	4	5	6	7	

Q.8. Having taken account of the risks referred to above and having adjusted the forecast net free cash flows from each major product for market each year, have we calculated whether the strategic plan creates or destroys shareholder value?

	1. No							7. Yes
Have we allocated a notional amount of capital invested in each major product for market in the plan?	1	2	3	4	5	6	7	
Have we multiplied that by the cost of capital?	1	2	3	4	5	6	7	
Have we deducted the resulting sum from each of the risk-adjusted net free cash flows from each product for market? (some will be positive and some will be negative if we are taking a deliberate decision to invest in them for the future)	1	2	3	4	5	6	7	

Having done this for each year of the strategic plan, is the resulting figure positive at the aggregate level? If so the plan is creating shareholder value. If negative, the plan is destroying shareholder value and should be revisited.	1	2	3	4	5	6	7
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Q.9. Have we agreed the measurement of effectiveness metrics we want reported to us and their frequency?

	1. Not at all							7. Absolutely yes
Do we know the levels of promotional expenditure necessary just to maintain our current levels of sales and market share (maintenance expenditure)?	1	2	3	4	5	6	7	
Have we subjected any promotional expenditure over and above 'maintenance' levels to net present value calculations based on new or incremental levels of sales (investment expenditure)?	1	2	3	4	5	6	7	
Are we clear about the difference between 'lag' indicators (sales, market share growth, profit growth, customer retention/growth, cross-selling, up-selling etc) and 'lead' indicators (the actions taken by us such as product/service improvements, promotional expenditure, etc.)?	1	2	3	4	5	6	7	
Based on the above, have we decided:-	1. Not at all							7. Clearly, yes
<ul style="list-style-type: none"> • What needs reporting? • Why it needs reporting? • How frequently it needs reporting? • Who should be responsible for such reporting? 	1	2	3	4	5	6	7	

Q. 10. Overall, are we happy that the time, effort and expense involved in developing marketing strategies are worth it?

	1. Not at all						7. Absolutely yes
Do they demonstrate a clear understanding of the market?	1	2	3	4	5	6	7
Do they list in order of priority, key target markets and segments?	1	2	3	4	5	6	7
Do they describe the value that is required by each market?	1	2	3	4	5	6	7
Do they spell out how our company is going to create sustainable competitive advantage? (SVA, super profits)	1	2	3	4	5	6	7
Are they creative, interesting and believable?	1	2	3	4	5	6	7
Do they enable us to allocate appropriate resources to achieve our commercial objectives?	1	2	3	4	5	6	7
Do they enable us to initiate reward structures to facilitate the achievement of our commercial objectives?	1	2	3	4	5	6	7

INTERPRETATION

Add up your score.

1 192-224 EXCELLENT. You are doing a thoroughly professional job and are clearly highly valued by your board of directors. If you aren't, you need to find ways of communicating more effectively with them.

2 128-191 WELL DONE. You are attempting to do a professional job, but you are either only doing some of the things you should be doing, or need to improve the way you are doing them.

3. 32-127. There are three possibilities here:

1. You are probably not being permitted to carry out a proper strategic marketing job, being restricted to only a promotional role. If this is the case, you should bring to the attention of the board that whoever is responsible for developing strategy should be carrying out the assessment spelled out in this questionnaire.
2. You either are or have been in a growth market for many years, where demand outstrips supply or are in a semi monopolistic market where you can survive without being concerned about customers' needs. An example of a semi monopolistic market would be an airport. Once the contract is won, some owners concentrate solely on extracting as much money as possible from captive passengers whilst ignoring their real needs. Any person who HAS to use such an airport cannot do anything about the appalling way they are treated.
3. You just don't know much about marketing. If this is the case, you need to get yourself professionally qualified.