Chapter 6
MARKETING STRATEGY FOR SMALL BUSINESS:
THE PROCESS OF MARKETING STRATEGY

History and Strategy
If you study the great military strategists such as Hanibal, Sun Tzu, and Sun Pin, four lessons on strategy can be gleaned:
1. Strategy is about seeking an unfair advantage in those situations where it’s the outcome and not the game that counts;
2. Doing strategy requires that you know the laws of physics that govern the outcome of the particular competition;
3. Specific knowledge of the competitors and the situation are needed to produce real, implementable strategies;
4. Creating strategies that win is a skill that can be learned.'

Strategy is a process or a way of looking at a situation.

Strategic Thinking
Developing marketing strategy requires a new way of thinking, or discovering a new and different process for attacking issues or problems facing the organization. There are three questions that are fundamental to the strategic process or mindset. The questions are simple, but the answers are often very complex and require a lot of research and analysis.
The three questions are:
Where are we now?
This question refers to the organization and its internal and external environment. It is an audit and assessment of the organization’s history of efforts, successes, and failures.
Where do we want to go?
What market do you wish to be in in the next two to five years? What type of marketing organization do you want to have and what levels of market performance does management desire? What are the marketing objectives?
How will we get there?
What marketing strategy, plan, and action should be taken?

College Pro Painters, returned as a CEO of IntePac, five years after selling College Pro, one of the first things he did was to try to get the basics of IntePac (a small, 3-person company in the packaging business) right by asking the fundamental questions:
What are our objectives? What business are we in, and why? What is our strategy and how are we going to get there from here? What are our values and how do we do business?

The basic model of strategy has four steps:
1. Gather information on the internal and external environment.
2. Analyze information.
3. Develop options. Select one.
4. Visions, goals, objectives, strategy, tactics.

Terminology:
Vision  The big picture, longer term
Strategy  How to achieve objectives
Tactics  The type of implementation selected to carry out the strategy
Goals  Ends desired
Objectives  Specific accomplishments to get to the goals.

Levels of Strategy
There are many levels of strategy, starting with overall organizational strategy and cascading to marketing strategy, financial strategy, human resource strategy and operations strategy. At a micro level, the marketing strategy breaks down into market selection strategy and strategy towards the target market. If a few customers make up the market, the organization may have a strategy targeted to each customer. Although there are many specific strategies developed within the organization, the process and underlying concepts are the same for all of them. The details and content are obviously different, but the thought process is the same.

Making Choices
Marketing strategy is about making choices, and by making certain choices, setting the direction of the organization. It is not about detailed implementation
or plans. The latter are certainly necessary, but these actions are not strategy. By making choices you are matching the organization and its strengths and weaknesses against the external environment that the organization operates in. The better the fit, the better the strategy, and the better the performance of the organization. The strategy is the signal and the direction for everyone in the organization to observe, share, and internalize. This last point is extremely important since you cannot execute a strategy if no one subscribes to it. In addition, the strategy must be straightforward so that everyone can understand it. A complex, obtuse strategy only confuses.

These choices are often difficult. However, they determine the market focus. If right, success follows, and if wrong, it can lead to disaster. The RPI distributor had to make strategic choices; remain a distributor of low technology products, or branch into high technology, such as lasers. They chose to branch into high technology and also to remain with the core business. This choice determined the marketing and sales focus for the next two or three years.

George Day, in his book Market Driven Strategy, sees four choices to be made in setting marketing strategy:

- **Arena**: The target market and segment
- **Advantage**: Competitive advantage, positioning/differentiation
- **Access**: Channels of distribution and communications
- **Activities**: Activities to be performed to generate value for customers (manufacturing, sales, service, etc.).

The four A’s of marketing strategy are obviously related. Once the market has been chosen, the balance follows. A change in distribution may lead to a change in markets and service activities.

**The Business Definition**

The definition of what business you are in is a good start to a discussion of strategy. The purpose of a mission statement is to define the scope of the organization. In smaller organizations, the whole company takes part in the discussion. Many organizations go away for a couple of days in order to agree on what the organization is, or should be, all about. To some extent, the mission and the vision are the foundation of all strategies. It is important to arrive at a consensus of the true purpose of the organization.

Many firms end up with glib top-of-mind statements that serve no purpose. A good mission statement sets up the true parameters of the organization.

A mission statement may need revision as the internal and external environment changes. This revision reflects changes in the direction of the organization and its strategy. The mission statement must address such questions as:

1. What business do we want to be in?
2. What are the areas/markets we wish to serve?
3. What type of organization do we wish to have?
4. What are our directions?
5. What are the values we aspire to have?

The mission statement should create insights for all the stakeholders. It must be dynamic and go beyond the single sentence. The mission statement, like the vision, must provide leadership for the organization, in addition to providing scope and direction. The process of arriving at a mission statement is often long and difficult, frequently involving a series of statements before one is achieved that has commitment from everyone.

The following demonstrates the deliberations and changes one organization went through before arriving at a suitable mission statement.

First try at a mission statement:

“To continue to be regarded as a most reputable and effective sales agency and master distributor for engineered components.”

Second iteration:

“The mission of _____ is to serve industry and government as a sales agency and master distributor with high quality products. The products that _____ will offer to the marketplace are engineered components, high technology components and systems. The market to be served is Canada. The driving force of _____ and its organization will continue to be a commitment to customer service and total customer satisfaction.”

Third iteration:

"The mission of _____ is to serve Canadian industry and government, as a sales agency and a master distributor, with high quality products. The products that _____ will offer to the marketplace are engineered components, high technology components, and technical solutions. The driving force of _____ and its organization will continue to be a commitment to customer service and total customer satisfaction.”
Fourth and final iteration:

“The mission of _______ is to supply Canadian industry and government, as a sales agency and master distributor, with high quality products. The products that _______ will offer to the market place are engineered components, high technology components, and technical solutions. The driving force of _______ and its organization will continue to be a commitment to customer service and total customer satisfaction.

_________ is dedicated to making a reasonable profit while providing a stable and challenging working environment. The success of the Company is seen as a result of the total organizational effort and therefore the success will be shared. The emphasis will be on continual human and corporate growth and the investments of the Company will be guided by this philosophy.”

To arrive at an agreed upon mission for this organization took a lot of soul searching and discussion over several months. The discussions culminated in a one day meeting with all the employees at a hotel. Groups were formed to discuss the mission and discussions took place on how to translate the mission into a “local” mission for every department. Everyone had an input and by the end of the day the final format was agreed upon. The process of arriving at a mission may be as important as the statement itself. If employees are expected to live the mission, they must be part of the formulation.

Endnotes