

Previously on E&I...

A sequence of steps you can follow to estimate the demand

A quick review

- ▶ How to go from a literal description to a numeric estimate
 - ▶ Input: Properly specified customer profiles
 - ▶ Output: Production and sales objectives.

- ▶ Four steps
 - ▶ From profiles to populations
 - ▶ TAM
 - ▶ SAM
 - ▶ Target

Homework time!

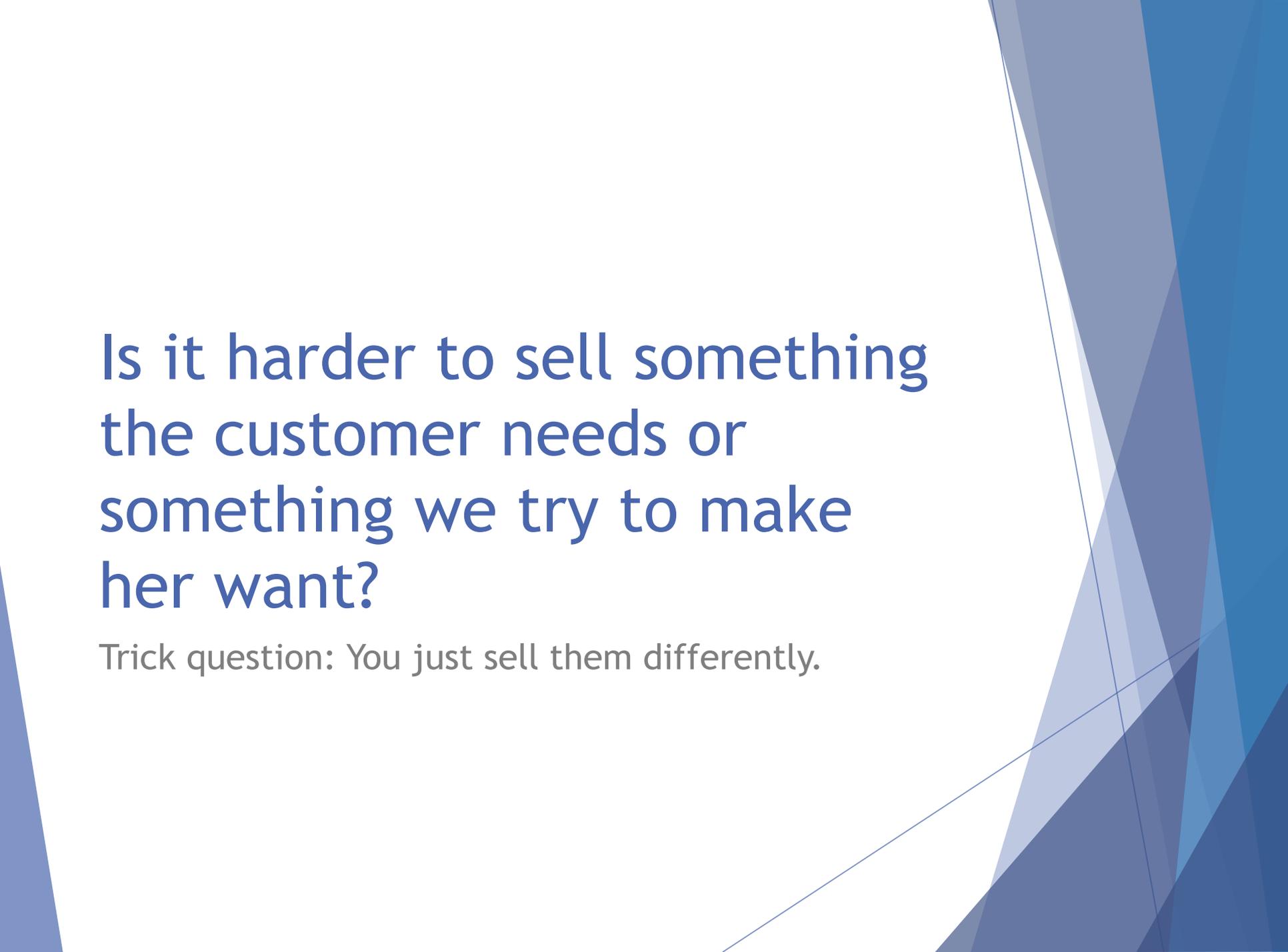
- ▶ Not a peep from any of the groups
- ▶ What now?
 - ▶ Oct 9 : Marketing Plan (Budget)
 - ▶ Holiday (Oct 16)
 - ▶ Oct 23 : Second Presentation
 - ▶ ?
 - ▶ Nov 8 : Feria del Emprendimiento

ENTREPRENEUSHIP AND INNOVATION

Class 11 - The Marketing Plan : A Primer

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The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light to dark, creating a modern and professional aesthetic. The shapes are primarily triangles and polygons, some with thin white lines intersecting them.

Is it harder to sell something
the customer needs or
something we try to make
her want?

Trick question: You just sell them differently.

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You may actually follow very similar steps, use identical techniques...

The difference is in their Marketing Plan.

What is a Marketing Plan?

- ▶ A comprehensive list of the things you need to do in order to **win and keep** customers.
 - ▶ It's steered by a **marketing strategy**
 - ▶ Includes numbers, facts, **measurable** objectives, a timeline
 - ▶ Integrates all the **tools and tactics** necessary to achieve the sales goals
 - ▶ Perishable
 - ▶ Short, specific.

What is a Marketing Plan?

- ▶ A plan of **action** comprising
 - ▶ What you sell: VP.
 - ▶ Who wants to buy it: Market research.
 - ▶ The leads you'll generate to make that happen :
Communication and distribution channels.

Tactics? Strategy? Leads?

▶ Market Strategy

- ▶ A goal plus all the short and long-term activities to achieve it.
- ▶ In total, it describes **a way of engaging with the market:**
 - ▶ Diversification, Integration, Cannibalization, Second product line, etc.
 - ▶ Market leader, follower, niche-player, etc.
- ▶ Goals are written in terms of a market share, sales figures, brand positioning, etc.

Tactics? Strategy? Leads?

- ▶ **Tactics**

- ▶ Short-term goals and actions.

- ▶ **Leads**

- ▶ How and where you'll catch the eye of your customer

Marketing Plan

- ▶ Includes six basic components
 1. A diagnose
 2. A goal (no more than yearly, very specific, measurable)
 3. The strategy
 4. The sub-goals and tactics
 5. Measurement actions
 6. A budget

Marketing Plan

1. A diagnose
2. A goal
3. The strategy
4. The sub-goals and tactics
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The Diagnose

- ▶ Two main parts:
 - ▶ Where we start
 - ▶ Where the competition stands.
- ▶ Where we start
 - ▶ Our current performance stats: market share, potential demand, customer profile, etc.
- ▶ The competition
 - ▶ Benchmarking analysis.

Marketing Plan

1. A diagnose
2. A goal
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A Goal

- ▶ Increase our market participation in Bogotá by 15%, by the end of 2017.
- ▶ Expand into the 35-and-over segment of the population, with a 5% market share by the end of the first semester of the year.
- ▶ Double December 2016's sales figures for toy cars, in the same period of the year.
- ▶ Raise the benefit margins of our product XYZ by 2% in the second quarter of 2017.
- ▶ Introduce product XYZ in Bogotá's Estrato Socioeconomico 6 and 5 segments, with a minimum participation of 10% and sales of 50 million pesos by the end of 2017's second quarter.

Marketing Plan

1. A diagnose
2. A goal
3. **The strategy**
4. The sub-goals and tactics
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The Strategy

Though there are many, I'll show you the two most common ones:

- ▶ Marketing Mix: 4Ps
- ▶ USP (Unique Selling Proposition)

4Ps

- ▶ Product
- ▶ Price
- ▶ Place
- ▶ Promotion

Product

- ▶ What you are selling
 - ▶ The Value Proposition
 - ▶ A thorough description of the product or service.

Place

- ▶ **Where is it available** (physically or otherwise)
 - ▶ Where it is easiest for the customer to find it (Use data to back this decision)
 - ▶ Distribution channels, logistics, market coverage, for each segment or customer.

Price

- ▶ “Great value for my money”
- ▶ Different segments entail different pricing strategies
 - ▶ Freemium
 - ▶ Skimming
 - ▶ Bundling
 - ▶ Penetration pricing
 - ▶ First, second, and third degree price discrimination
 - ▶ Pay-what-you-want
 - ▶ Marginal pricing
 - ▶ Etc.

Promotion

- ▶ All the advertising tools and techniques used to **get the right message to the correct audience.**
 - ▶ Informative
 - ▶ Appealing
 - ▶ Use the most effective venue/platform/resource/media for your target.
- ▶ Techniques
 - ▶ Advertising, Direct marketing, Product Placement, Viral Campaigns, Sponsorships, etc.
- ▶ 7Ps?

USP (Unique Selling Proposition)

- ▶ Target Customer (Demographic and Psycographic profile)
- ▶ Value Proposition
- ▶ Pricing Strategy
- ▶ Positioning Strategy (Leader in a wide market, Niche player, etc.)
- ▶ Distribution plan
- ▶ Offers (Free trials, packages, discounts, guarantees)
- ▶ Marketing materials (Website, visiting cards, brocheures, etc.)
- ▶ Promotion Strategy (Web, SEO, TV ads, press releases, events, social media)
- ▶ Conversion Strategies (How you turn prospective customers into paying consumers)
- ▶ Joint Ventures and Partnerships
- ▶ Retention Strategies (Fidelization)
- ▶ Financial Projections

Marketing Plan

1. A diagnose
2. A goal
3. The strategy
4. The sub-goals and tactics
5. Measurement actions
6. A budget

The Sub-Goals and Tactics

- ▶ Identify and target all **prospects** along the sales cycle
 - ▶ *Cold Prospects*
 - ▶ Not exposed to our message yet
 - ▶ *Warm Prospects*
 - ▶ Exposed to the message but not the product yet
 - ▶ *Hot Prospects*
 - ▶ Ready to close the sale, maybe already familiar with the product.
- ▶ **Leads**
 - ▶ Where do they get their information?
 - ▶ Do we find them or do they find us?

Marketing Plan

1. A diagnose
2. A goal
3. The strategy
4. The sub-goals and tactics
5. **Measurement actions**
6. A budget

Measurement Actions

- ▶ Indicators to **evaluate and monitor** how the campaign is going
 - ▶ Brand recognition surveys,
 - ▶ Sales figures,
 - ▶ Market share, etc.
- ▶ Concrete deliverables embedded in a timeline.

Marketing Plan

1. A diagnose
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The Marketing Budget

- ▶ Affordable
- ▶ Well-targeted
- ▶ A percentage of the gross sales, funding, etc.
- ▶ Realistic!

What now?

- ▶ An example of a marketing plan with me
- ▶ Group work?
- ▶ A primer on how to build the Budget?

ENTREPRENEURSHIP AND INNOVATION

Class 12 - Cost-Benefit Analysis: The pocket-size version

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A process to know if the project cuts the mustard

- Profits = Revenue - Expenditure

A process to know if the project cuts the mustard

- Profits = Revenue - Expenditure
- Profits > 0
 - Intertemporality
 - The so-called humanitarian and social projects?

How can I know the resources I need to bring my project to life?

You just need to answer four simple questions.

To learn the resources you need, ask yourself

- ▶ What is it and what is it made of?
- ▶ Who makes it?
- ▶ Who sells it?
- ▶ Who is paying for lunch?

Why do we want this information?

Resources = Money.

Where do we find this information?

- ▶ The **items** come from your process map
- ▶ The **quantities** are determined by the demand.

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Let's work on an example!

So you can believe me it really is that simple.



A chocolate cake

To learn the resources you need, ask yourself

- ▶ What is it and what is it made of?
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What is it and what is it made of?

- ▶ A chocolate cake for 8 persons, single-tier, made of wheat flour, with orange marmalade stuffing and dark chocolate icing.
 - ▶ [Sacher torte](#)
- ▶ List the ingredients with their respective quantities
 - ▶ In your case, the quantities will come from the demand estimation.

I'm giving you a (very crude
but hopefully useful) toolkit

[Excel file](#)

To learn the resources you need, ask yourself

- ▶ What is it and what is it made of?
- ▶ Who makes it?
- ▶ Who sells it?
- ▶ Who is paying for lunch?

Who makes it?

- ▶ Workers?
 - ▶ A cook
- ▶ How long does it take them?
 - ▶ 4 hours
- ▶ What about all the supplies/machines/instruments?
 - ▶ For the time being, we will assume we rent them.
 - ▶ Remember economic theory: sunk costs do not affect the participation decision.

To learn the resources you need, ask yourself

- ▶ What is it and what is it made of?
- ▶ Who makes it?
- ▶ Who sells it?
- ▶ Who is paying for lunch?

Who sells it?

- ▶ Your sales force
 - ▶ A Clerk
- ▶ All other promotional and distribution costs
 - ▶ Packaging
 - ▶ Advertising
 - ▶ Free samples
 - ▶ Distribution
 - ▶ Renting a shop
 - ▶ The store's cut*
 - ▶ VAT*, etc.

To learn the resources you need, ask yourself

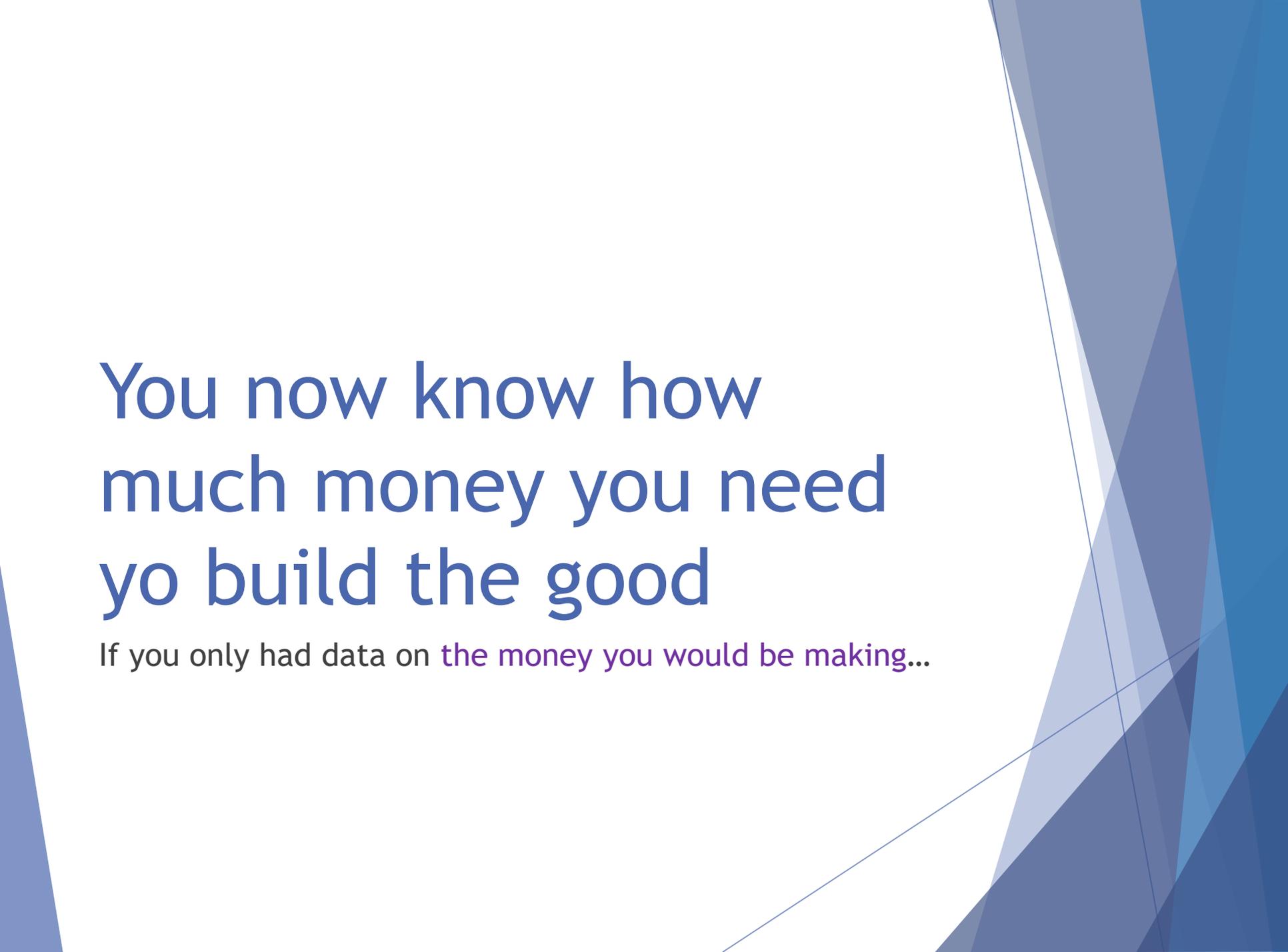
- ▶ What is it and what is it made of?
- ▶ Who makes it?
- ▶ Who sells it?
- ▶ Who is paying for lunch?

Who is paying for lunch?

- ▶ There is no such thing as “free lunch”
 - ▶ Electricity, water, office supplies...
 - ▶ The time of the person buying the ingredients, YOUR time!
 - ▶ Legal paperwork, etc.
- ▶ Given the (toy) model we are using, all indirect costs would go here:
 - ▶ Managers, janitors, etc.
 - ▶ Indirect costs: All the items that do not explicitly appear in the product.

To summarize

- ▶ Just list all your cost items
- ▶ Take them to Excel
 - ▶ Register their quantities
 - ▶ Unitary prices
 - ▶ Multiply
 - ▶ Add
- ▶ Include all cost items
- ▶ Enjoy!

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You now know how
much money you need
to build the good

If you only had data on **the money you would be making...**

...Some crude decision criteria could arise

- ▶ Profits > 0
- ▶ Return (ROI) $>$ Putting the investment in the bank
- ▶ Unitary cost \geq market price of the cheapest rival

And what if you were in the red?

- ▶ Lifeline from 4Fs
 - ▶ Friends, Family, Followers, and Fools.
- ▶ Playing the long game
 - ▶ Year 3 onwards...
 - ▶ A 5 year plan, IRR.
- ▶ Seed investment (through an accelerator/incubator)
- ▶ Make those non-monetary assets count!



Before you take the decision

- ▶ This is good enough as an early back-of-the-envelope approximation
- ▶ You probably know better, more accurate, complete, realistic tools
 - ▶ By all means, use them!
- ▶ To be sure, you won't sell just one cake
 - ▶ You can divide the cost by the total quantity sold, though not technically correct.
- ▶ Is that the price? Not necessarily.
- ▶ Technicalities will come later, taxes, depreciation, etc.

Classwork!

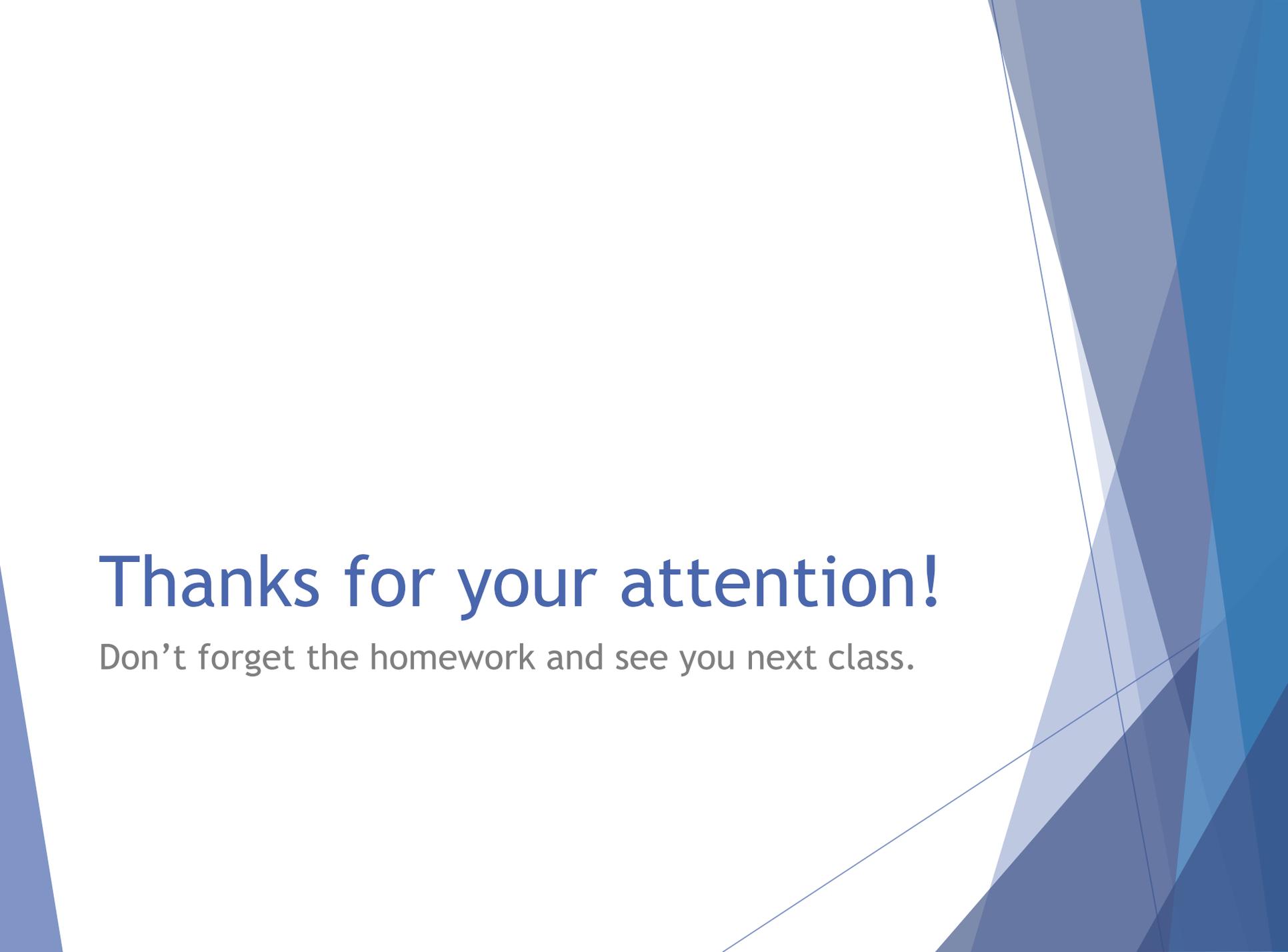
- ▶ Start thinking about your resources.
 - ▶ **Materials** (The Ingredients)
 - ▶ **Supplies and equipment** (The oven)
 - ▶ **Workforce** (The cook)
 - ▶ **Salesforce** (The clerk)
 - ▶ **Promotion and distribution** (The cute little box)
 - ▶ **Indirect costs** (Who pays for lunch?)

Homework



Homework

- ▶ Now you absolutely have all the pieces a **Bussines Plan** usually comprises.
- ▶ Really?
 - ▶ Yes, really.
 - ▶ No, seriously. I swear to God.
 - ▶ We will next learn some models to arrange and put those pieces in order.
- ▶ Start thinking about your own marketing plan, resources, etc.



Thanks for your attention!

Don't forget the homework and see you next class.