



Sales & Marketing Director Survey Q4 2009

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Surviving and Thriving in a Recession

Sales and Marketing should be focused on the world outside their business; on customers, clients and/or consumers. But has a year or more of a recessionary climate changed their focus? We asked Sales and Marketing Directors what their key learnings have been from a year of tough business conditions.

Delight your customers

Our sales and marketing leaders believe there has never been a more important time to make the customer or consumer king. At a time of uncertainty for many businesses, it's been easy to look inwards and become confused about what is important. Of course people are concerned about their jobs and need to be reassured. Those budget revisions needed by Group management need to be done. It is, of course, still critical to be present at all those internal meetings! But without customers and consumers it is all in vain. And there have been significant and perhaps permanent changes over the past year; not always in a negative way for manufacturer and service suppliers. Consumers are looking for value but they also want treats. They are questioning as never before why a brand is worth more than a retailer's own label product and those brands that have recognised the need to differentiate, innovate and sometimes reassure and comfort are better placed than those who slash budgets and look inwards. Service customers are human too; they need to know their suppliers care. They may be demanding levels of flexibility on price, and service that are extraordinary in "normal" times. The key learning is that as never before the sales and marketing teams need to talk to their consumers and customers, they need to get intimate with them and be able to understand and explain their views (and demands) internally. Then respond to their changing needs. As one director put it "find ways of making [customers] look good and support them with new initiatives to get through the recession. Show that you care and that they are your focus". There are opportunities here as well as huge risks but companies must be ready to listen and adapt.

"The goal as a company is to have customer service that is not just the best, but legendary".

SAM WALTON

Know the difference between price and value

Consumers are better educated than ever before, the internet helping to inform choice in hundreds of different ways. Customers are always looking for a better deal and the rise of the procurement function has brought a tough professionalism to buying choices, making every customer as demanding as Tesco or Sainsbury's. This is all old news but there is no doubt that the recession has raised the bar, with everyone expected to be looking for the best price/deal/offer and often in a corporate environment being forced to then justify their decisions to others. As one Sales Director put it - "procurement has become the corporate king, and Sales don't know how to deal with them". While flexibility on price has become necessary, whether for a brand on the shelf in Waitrose or in a tender for a major new NHS contract, it is too easy to become one-dimensional. As one director explained - "world class service is expected at transactional pricing levels." Sales and marketing people need to engage with this new reality, our survey said, and focus

on delivering value. This goes back to a deep understanding of customer and consumer needs. The Marketing Director who engages with this will be the winner. *“Fight for the brand. In the desire to trade through this recession decisions are made which can negatively impact the integrity of the brand, so now, more than ever, brand teams have to champion the brand and argue for both short and long term brand-building activities”.*

“Price is what you pay. Value is what you get”

**WARREN
BUFFET**

Commercial pressures are also affecting the relationships between members of the top team. The recession has made the Finance Director even more influential in businesses as he or she drives to conserve cash and ensure every penny spent is justified. A key learning mentioned by several Sales and Marketing leaders is to recognise the need to build a stronger relationship with the FD and to ensure he knows what your customers want. Like other functions and activities in a company, the commercial arm must be able to justify its existence in hard, financial terms, just as is expected for a production plant.

Measure ROI effectively

The recession has made businesses focus on what can be measured. If it can't be measured, how do you know it is working? How do you know if it is better or worse, cheaper or more expensive than last year? Our directors constantly highlighted the need to recognise that in tough times, *“everything is being looked at by everyone”*. One Marketing Director said ruefully *“everyone [on the Board] is now a marketer”*. In difficult times, everything is laid bare, and companies have little time for gut feel, emotion and other intangibles. The Board wants to be able to understand and control and so measurement is a key trend highlighted by our respondents. Just because a 2-for-1 promotion has always worked in the past is not sufficient reason to do it again; now it needs to be measured and compared to alternative ways of growing (or defending) volume and profit. Every discount, promotion, product launch or new service offering needs to be assessed to demonstrate its return on investment. This is seen as some of our respondents as intrusive, but by others as a fabulous opportunity to start to engage the rest of the business with what they do. By finding a language by which the rest of the Board can see the power of a new advertising campaign or the effectiveness of a temporary price reduction can only enhance the standing of the best sales and marketing leaders. Our respondents recognised the difficulty in agreeing credible models for looking at return on investment but many felt there was no turning back.

“True genius resides in the capacity for evaluation of uncertain, hazardous and conflicting information”

**WINSTON
CHURCHILL**

Get better at being flexible

“Things have changed very quickly” said one respondent. Perhaps others might see this as something of an understatement. The pace with which change happened in the financial markets caught most by surprise and the depth and intensity of the following recession has also surprised. A key learning stated is the need to adapt very quickly indeed. Large companies take a long time to make decisions and what seems to have happened to many is that the rapid responses were all about stopping, cutting, delaying but not about adapting, being flexible, innovating and changing. Organisations seem to be very skilled at putting the brakes on fast but poor at learning and adapting. The major grocery retailers did respond fast; putting pressure on suppliers, introducing new ranges and seeking innovation fast. A key learning is seen as getting better at being more flexible; all crises produce opportunities but businesses need to be able to take them.

*“Test fast, fail fast,
adjust fast”*

TOM PETERS

A Word from the Partners

We are very grateful to all of the Sales and Marketing Directors who took the time to respond to the survey and we would like to extend our thanks to you all. We hope you have found this summary of our survey useful and we would love to hear your thoughts. If you would like to discuss the findings in more detail, or if you would like to suggest other topics for our survey, please don't hesitate to contact us

Best wishes

The Partners

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