Chapter 1

Launch your plan

Congratulations on taking the first step toward writing a marketing and sales plan. You've started reading this book, and hopefully you have stimulated your thinking about your company's strengths, weaknesses, and opportunities by completing *Dr. Revenue's Marketing & Sales Check-Up*, as I suggested at the end of the Introduction.

Now what? We recommend the following approach:

1. Read this book
2. Decide who should be on the planning team
3. Decide who should lead the team, and whether to have a project administrator
4. Decide whether to have an outside facilitator
5. Decide who will actually write the plan
6. Explain the project to the team members
7. Provide each team member with a copy of *Profit Rx*

8. Assign responsibilities for the first meeting, and alert team members about upcoming assignments that require lead time
9. Decide where to meet
10. Decide when to meet

The details

This section is devoted to the details of how to build your planning team and launch your planning process. It may not be as thrilling as reading about how to compare yourself to your competition, which comes right afterward, but I promised you that this book would guide you every step of the way in creating a written marketing and sales plan, and I intend to keep that promise. So, without apologies, here are the details of our method for getting started.

1. Read the book

As with any project, it's good to see the big picture before getting caught up in the details. That way you won't arrive at week seven in the planning process and say, "Oh, if I'd know that, I would have acted earlier." For example, when you discuss strategy, in Meeting 5, you may want information about trends in your industry or in your marketplace. Knowing that, you can take action now to make that information available when it's needed.

Reading the whole book will also give you a better handle on whom to include in your planning team.

However, if reading the whole book is likely to take you months or more unless you get others involved, consider moving directly to the next step and reading along with the other members of the team. Our approach to planning is that "Do it now" beats "Do it perfectly (much) later." Sometimes it's obvious, as in the following example, that your survival is at stake, but having a plan sooner rather than later is always a plus.

Plan now, not later

At Waltco Manufacturing IBM not only provided 95% of all revenue, but the parts that Waltco was making for IBM were for machines that were scheduled to be discontinued within 18 months. At that point backlogs and incoming orders would quickly approach $0.00 after resting at a comfortable and profitable $18 million for many years.

The problem was that all attention went to IBM and Waltco just did not seem to be able to find other business that would become substantial enough quickly enough. Without a plan, everyone's attention was focused on meeting current demand and putting out fires, even though they realized they were on a fatal course.

The marketing and sales plan focused on changing the balance. The results: IBM continued buying from Waltco, which sold them on their ability to make parts for other machines. The new "non-IBM sales force" brought Digital, Hewlett Packard, and several other business on board. Changing habits built up over many years took rigid discipline, firing two sales people, and a hard-fought battle for a new compensation and incentive system for sale personnel bringing in non-IBM business. We made these changes in time to avert the impending disaster. We were lucky at times, but it was a clear example of "making your own luck" through hard, smart work.

__2. Decide who should be on the planning team__

The key leaders of marketing and sales should be on the team. If an owner, president, or CEO is—or should be—heavily involved in marketing or sales, that individual should be a team member. One or more frontline salespeople can add great input and reality checks. Membership on the team can also be a means of developing staff members who may have an important role in your company's future. If you have a leader of R&D, he or she could be a great addition to the team.

What about people who by their position alone could or could not be on the planning team, for example, the head of credit or the head of customer service? Your judgement call should be based on many factors, including their personalities and other responsibilities. My general advice is to include them if you think they could make a positive contribution and would not make the team too large. If you don't think someone needs to be on the team, but they want to participate and would be offended if not selected, consider including them to avoid creating a negative situation. A rejected player may oppose or even subvert any marketing and sales plan the team creates, simply because they weren't invited.

If your company does not operate with open financial statements, take that into account in building the team. To function meaningfully, team members should have access (at a minimum) to data concerning sales, gross profit and margin, and cost of goods for all products and services.

Managers are sometimes reluctant to involve salespeople in meetings of this nature. They've experienced salespeople sitting back with arms folded, exuding cynicism without saying a word. And they've experienced the other side of the coin—endless unconstructive complaints.

Why do many of the best salespeople project the attitude that they cannot learn anything from the sales manager, the president, or even the world's greatest expert in the industry? The life of a salesperson is full of rejection. A customer's initial reaction is almost always no. This builds insecurity, and many salespeople compensate by adopting a cocky, know-it-all attitude—particularly toward those who are not customers!

If this is a problem in your company, do not give in to it. Find creative ways to break through their facades and involve your top salespeople in figuring out how to get more business. Because of their direct contact with customers, salespeople can make a unique contribution to your planning meetings, and they can learn a lot about the problems and opportunities of the company at the same time.

Involving salespeople leads to multi-million-dollar breakthrough

> Everybody was happy with the plan we wrote after a Clinic at a small paging company. But business didn't increase. Each month dips and increases in income resulted in just breaking even. Management felt they had good salespeople. I kept asking the salespeople questions about the way the four stores operated, and solicited their suggestions. It became apparent that 60 to 70% of the salespeople's tasks were related to paper work, not selling. (In a talk at Inc. Magazine's Growing the Company Conference, Arthur Martinez, Chairman of Sears, talked about a study that showed that Sears retail salespeople were performing over 300 tasks, of which only 100 were directly related to selling. Martinez said that eliminating non-selling tasks had been critical to Sears' turnaround.)
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> We revamped paperwork systems and ran a series of Saturday morning sales training sessions in which we scripted phone conversations and created new closing programs. The results—a 2000% (yes, that's three zeros) increase in net additional customers per month. The company is now on its way to going public or being acquired. The owners will end up with millions of dollars in their pockets as a result of diagnosing and solving this problem.

Earlier I talked about owners, presidents, or CEOs who are, "or should be," involved in marketing and sales. Sometimes in entrepreneurial companies, especially startups, the founder is a technical person who came up with the original idea and would enjoy continuing on the R&D side. But there is nothing more important than customers, and often customers value dealing with the boss. They feel that working with the top person is one trade-off for the risk (or perceived risk) of buying from a small company. The story goes that Mrs. Fields herself made her company's first major cookie sale—to Neiman Marcus.

Of course, an owner or CEO meeting with customers is in a position to learn the customer's needs directly and act on them in ways that a large company generally cannot. Participating in sales may, therefore, put the owner or CEO in the best position to develop new products and services.

Even if your owner, president, or CEO is not on the planning team, the team might want to evaluate what their role in marketing and sales should be, and might want to include them in some of the meetings (for example in the session on strategy). You may also want to include the CFO—or whomever functions as the CFO—in the meeting on budget.

Owner leads planning team from train wrecks to dentists

> ETS—Environmental Transloading Services—was a hazardous waste hauler that specialized in cleaning up train wrecks. The current owner's father had started the company as a railroad salvage outfit 15 years before. The company had made money, but the new owner saw a significant opportunity if he could move the company into hauling the five waste streams from dental offices. That business had a higher margin and did not depend on train wrecks or tankers jackknifing on the freeway. The focus of ETS's first Clinic was to develop a marketing and sales plan and a business plan to take the company off the railroad tracks and into the dental suites.

How many players on your team?

Your planning team should include as many members as it takes to get the job done. For efficiency, even if your company is large, you probably don't want more than ten. If the company is so large that even its divisions are large, each division should have its own planning team, with coordination among them for company-wide issues such as overall strategy, image, Web site, and cross marketing.

If your company is relatively small, a team of between two and five people might be just right. What if you are a one-person startup, a virtual firm, or a professional making plans to expand your business? You can do the plan yourself. (It will still take only four hours a week, among other reasons because the number of doable opportunities is more limited.) Better, you can have a volunteer planning team. Even one or two additional people will help keep you committed, and will add input and objectivity. Figure out which business associates, friends, and family members are interested in your success and qualified to be helpful, and ask them to join your marketing and sales planning team. Be ready to adjust your meeting schedule to their needs, and be prepared to return the favor.

Before you make your final decision as to who should be on the team, consider the implications for your company after the eight weeks is over and the plan is completed. The way working on a marketing and sales plan changed the dynamics among GBH's executives is instructive.

GBH defends prices, cuts costs—and creates team

> GBH Distributing's sales of telephone headsets were growing fast. But, without a plan, the company competed primarily on price. Profits grew more slowly than revenue, and the rate of profit declined.

At a Dr. Revenue Marketing & Sales Clinic, GBH developed "The GBH Difference," a matrix of customer benefits that supported GBH's prices. In addition to avoiding price competition, GBH lowered marketing costs. They had traditionally mailed their catalog to over 30,000 customers and prospects. The new catalog was designed for insertion in *Telemarketing Magazine*, the industry leader. GBH got the new catalog out to over 50,000 potential users for less than the postage alone on the old catalog. A real push produced the catalog by the magazine's deadline. The result: an immediate 25% jump in sales, with profits increasing faster than revenue.

At GBH, the owner-president had been frustrated because although he and his staff came up with good ideas, they were rarely implemented. At the Clinic, the company's controller resolved long-standing problems of communication between the credit department and sales; the head of customer service coordinated with marketing and sales to make promotions work; the #1 salesperson stepped in at a critical point with a vital element of selling to large companies that he alone had learned from experience, and a newly hired salesperson was enabled to get a fast start in a remote territory. GBH's planning team evolved into an effective, ongoing executive committee.

3. Decide who should lead the team and whether to have a project administrator

The person responsible for marketing or sales is probably the most logical person to lead your team. This could be the VP or director of marketing or sales, or the owner, CEO, or president of the company. If the owner, CEO, or president currently leads marketing or sales but is transferring that role to another individual as the company grows, the new head of marketing or sales may be the perfect person to lead the planning process, with active participation by the current head.

Another possibility is for the heads of marketing and sales to be co-leaders of the team, functioning as a kind of executive committee between the weekly meetings of the full team. This can be a powerful way to keep things on track.

The team leader (or co-leaders) has overall responsibility for making sure that the team functions properly, that the meetings happen, assignments are carried out, and a plan is written and implemented. The leader chairs the meetings, except when he or she assigns another team member to chair a particular meeting or section of a meeting.

The team leader may want the assistance of a team administrator (TA). The TA creates and distributes agendas, collates data, sends reminders of assignments and meeting schedules, and may also follow up on assignments. The TA can be a member of the team or a staff person who is added to perform these tasks.

4. Decide whether to have an outside facilitator

This book is written as a do-it-yourself guide to the process I use when I lead a Dr. Revenue Marketing & Sales Clinic. But I would be remiss if I did not at least raise the possibility of using an outside facilitator. A good, experienced, knowledgeable outside facilitator can add objectivity and focus to your planning efforts, allowing you to accomplish more in less time. If you consider hiring an outside facilitator, make a thorough investigation of possible candidates before settling on two or three to investigate further. It is important to put serious time and effort into choosing a facilitator.

One of the most important questions to ask a facilitator is this: “Do you agree that the planning meetings must produce a written marketing and sales plan for the coming year, with goals, a budget, and a calendar?” If so, exactly what role, if any, will the facilitator play in writing the plan? When I conduct a Dr. Revenue Marketing & Sales Clinic, I write a draft plan and deliver it within five business days after the Clinic. I’m not saying your outside facilitator has to write a draft of your plan, but you and the facilitator must know who is responsible for writing the plan.

Because marketing consultants tend to specialize in marketing, and sales consultants specialize in sales, it may be hard to find an outside facilitator who grasps the relationship between marketing and sales and feels comfortable dealing with them together.

To investigate the candidates on your short list, after they pass your interview process, call three companies they’ve worked with in the past two years, but not last week or even last month. You want to talk to people who have had time to evaluate the results in real life. Ask them if they actually wrote a plan, and what specific results they've had from implementing their plans.

I advocate caution because the wrong outside facilitator can destroy your planning process and sour team members on trying again. Some consultants will jump on ideas you suggest without first encouraging you to analyze all your opportunities to see which you should be working on now. Some consultants may not take adequately consider strategic considerations.

Some of the worst results I've seen occurred when companies used their CPA or lawyer as the outside facilitator. It seemed logical: the company had a good relationship with an objective, smart professional who understood their business and even helped them grow. The problem arose when the CPA or lawyer turned out to have little experience in marketing and sales, but to be quite opinionated about these areas. I know CPAs and lawyers who are competent marketing and sales consultants, particularly in their fields, so this is not a blanket condemnation. It is simply a warning.

If you want an outside facilitator to follow the *Profit Rx* planning method, be sure that he or she has read this book and feels comfortable with this approach. If you are hiring a consultant who intends to use his or her own method, be sure you are comfortable with it, believe in its merits, and are confident it will lead to a practical plan that your company can implement.

When looking for an outside facilitator, ask other entrepreneurs whose business success has earned your respect about their experience. Ask leaders of your trade association, chamber of commerce, or networking group. You can also check with local and national marketing associations, most of which have Web sites. The business school at a local university may also be a good source.

There is a large variation in consultants, and a large range of prices. Some consultants are primarily university professors who consult on the side, others are fulltime consultants, or, as in my case, consultants, speakers, and writers. You cannot draw any conclusions about how good an outside facilitator will be based solely on how they allocate their professional time, nor is their fee necessarily a clue. Some relatively low-priced consultants may do an excellent job, while some relatively high-priced consultants may not. Probably the lowest you can expect to pay for a qualified person is $100 an hour plus expenses. At the other end of the scale there are "celebrity" marketing consultants who get $25,000 for a day of their time. My fee structure is available on www.ProfitRx.com.

5. Decide who will actually write the plan

You can have eight great meetings, but to end up with a written plan, someone has to put their fingers to the keyboard. Here's our suggestion as to the least painful and most helpful way to handle the writing process:

Writing should take place after each meeting. It's more important to get it done quickly—say within 48 hours—than to make it polished. You are going to end up making changes in the light of subsequent meetings, and there is no point in polishing text that may end up greatly altered or not there at all. A rough draft is fine until all the meetings have been completed. Get it done and circulated to all team members, so they have a chance to think about it before the next meeting.

The team leader can do this writing, or assign different team members to write up the results of different meetings. You may be fortunate enough to have a team member who likes to write and is good at it. Anoint that team member as the official scribe. The team leader may want to review the scribe's work and make any necessary changes or additions before copying and distributing.

Whoever acts as the scribe should take thorough notes. Take the notes on your laptop and you are halfway through your writing assignment before the meeting is over. You are faced with a reorganizing and condensing job rather than a writing job. It's much more fun to cut and paste than to build from scratch.

Once the eight meetings are over, the scribe puts all sections of the plan together, changing the earlier parts to reflect decisions made later if necessary. Now is also the time to edit for clarity, readability, and if possible to make sure that the passion and commitment come across. Once your plan is completed, it's not just for the team members. It's a tool that can guide and motivate your sales people and many others within your company. It can have a positive effect on suppliers, customers, investors, and strategic allies as well.

6. Explain the project to the team members

There is a saying that the most important ingredient of a good speech is a good introduction. A strong, favorable introduction motivates the audience to like the speaker and the speech, and to understand that their investment of time and concentration will help them in the future.

The same logic applies to recruiting the members of your planning team. Few business people jump at the chance to attend another meeting, let alone a series of meetings. Review the Introduction to this book, which describes the competitive advantage of having a written marketing and sales plan. Apply that material to the challenges facing your company, and use it to motivate team members to see that this series of meetings is like no other. It will enable your company—and your team members—to make great strides forward. As sales, market shares, and profits increase, team members will earn financial rewards as well as professional growth. Help people understand that it is an honor and an opportunity to be selected for the planning team, and not “just another meeting.”

These points will be an important part of the Launch Meeting, but you may also want to have an individual discussion about them with each person you’ve selected.

It may be too soon to go into detail, but you may want to get team members thinking about their particular assignments now. Make it clear to everyone selected that the importance of creating a marketing and sales plan requires mandatory on-time attendance at all meetings and assignments that must be completed on time. Remember those players you didn’t necessarily want but were concerned about excluding? With a little bit of luck, they will excuse themselves when you make it clear that there is work involved and give them a gracious way out if their other responsibilities are too demanding.

You'll notice that we're including the information on team building in the book, which everyone who will actually be on the team can and should read, rather than putting it in a separate "leader's manual." That's because we believe that people who fully understand what's going on will produce the best results. Which sets us up for the following point:

7. Provide each team member with a copy of Profit Rx

You want each member to arrive at each meeting fully aware of the goal of that meeting, and prepared accordingly. The only way that can happen is for each member to have his or her own copy of this book, to read, mark up, and think about. The first benefit of selection for the planning team is being presented with a copy of *Profit Rx*. Urge everyone to read the Introduction that night, if not sooner. Create a buzz!

To get a book for each team member, visit www.ProfitRx.com or call to get the volume discount on orders of five or more. If this book helps you write and implement an effective marketing and sales plan, consider buying copies for your customers, distributors, suppliers…whomever could benefit. At Holiday time, they might appreciate a copy of *Profit Rx*, with an explanatory note from you about how it can add to their bottom line for the coming year, more than another gift basket or bottle of booze.

8. ***Assign responsibilities for the first meeting, and alert team members about upcoming assignments that require lead time***

Everyone should read the Introduction and Chapter 1 before the first meeting. If they can read the whole book by then, they will be even more prepared to contribute to the creation of a valuable marketing and sales plan. They will understand the serious nature of this project, the work that's involved, and the benefits that will result. The more team members who take an active role from day one, the better your plan will be. Everyone should also complete *Dr. Revenue's Marketing & Sales Check-Up*.

Everyone should copy the final "Results" section of the *Marketing & Sales Check-Up* and get it to the team leader or team administrator (whomever is designated) no later than 48 hours before the first meeting. The team leader will average the scores and distribute the composite results at the Launch meeting, and will review the three ideas for immediate improvement to see if there is a convergence of opinion or some other remarkable finding.

Everyone should pay particular attention to the competitive matrix, and come to the Launch meeting prepared to discuss two questions to prepare your company's competitive matrix:

- Who are your company's chief competitors?
- What are the most useful parameters for comparing you to them?

Those involved in sales forecasting should begin preparing for the third meeting, where sales forecasts will be required. Frontline salespeople must play the leading role in making meaningful forecasts. They should forecast sales for the next 12-18 months for every customer that accounts for 2% or more of their revenue. Those team members who will be involved in making the forecasts or seeing to it that they are completed should read the relevant parts of Chapter 3 nowand take action to get the process started. They should also do the checkup required to make sure that the forecasts arrive on time to be copied, distributed, and reviewed before the third meeting.

The team administrator (TA), if there is to be one, should be briefed on his or her assignments, and on the priority nature of the project. If other urgent tasks are going to interfere with timely completion of assignments for the Marketing & Sales Planning Team, the TA should immediately report the problem to the team leader, who will do what is necessary to solve the problem. If the team leader is unavailable, the TA should go to another team member who has been designated in advance.

The initiator of this project has had a head start, and may have concluded that taking certain steps now will prove helpful at a later stage of the planning process. So he or she may assign particular team members to investigate new alliances, new markets, new methods of production, new advertising or promotional concepts—whatever appears relevant and potentially doable. These assignments may range from a few hours on the Internet or the phone to hiring a research firm or reviewing trade publications. As all team members will see once they get into the planning process, you never know where it will take you or what doors it will open.

9. Decide where to meet

It is a great help in the planning process to post materials on the walls, from blowups of competitive matrixes to flip chart pages with lists of opportunities or problems to advertising demos. Charts of sales and profits, calendars, timelines, organization charts can all stimulate thinking. Therefore if possible you should have a room dedicated to the marketing and sales planning project, where you can leave materials on the walls and/or the whiteboard, or even on the conference table. Team members can visit the room between meetings to do their assignments or just to think in an atmosphere, away from day-to-day responsibilities. If others must use the room between planning meetings, they should be instructed to leave the exhibits alone. Post notices to that effect to avoid slipups.

Many companies refer to this dedicated room as the “war room,” in recognition of the competitive nature of business and the all-out team effort that produces victories. Even the need to make creative, timely plans based on incomplete information is similar to war. But at a Dr. Revenue Marketing & Sales Clinic I conducted for an entrepreneurial company in southern California, “war room” clashed with the company’s culture. I suggested “growth room.” They decided on “greenhouse.” This is not a gibe at Southern California, where I have enjoyed living for many years, and which is home to more than its share of successful entrepreneurial companies. Call it your war room, growth room, greenhouse, or, if the spirit moves you, concept cafeteria. The point is that if you can dedicate a space to the planning project, it helps.

Do not allow lack space to keep you from moving forward; some great plans have been written by companies that hardly had room to conduct their day-to-day operations. One company turned that problem into an advantage by renting a meeting room in a nearby hotel for each of its eight weekly meetings, thus getting away from interruptions, and underlining the importance of the project.

10. Decide when to meet

When to meet is more important than where to meet, but it can depend on the availability of your location, thus its position on our list. As we described in the Introduction, the basic method laid out in this book is to have eight 4-hour planning meetings, one meeting a week for eight weeks. We have supplied an agenda for each meeting that allocates time so that each meeting takes four hours or less. Get everybody together, with their calendars, and set the schedule for all eight meetings. (As long as you can reach agreement on when to have the first meeting, this step can be put off until then.) If you're in an industry where it's impossible to make commitments eight weeks ahead, schedule the first three or four meetings. Make it clear to all that each team member must prepare for each meeting, arrive on time, and plan to stay until the end.

You may already have regular meetings to discuss marketing and sales. Those can go on forever without producing a marketing and sales plan, because they are not designed for that purpose. To end up with a good plan, insist that the meetings outlined in this book are kept separate from all other company functions.

By working through these details you've demonstrated your commitment to writing a marketing and sales plan. Now, on to some equally necessary but perhaps more exciting material.

Know your competition

I used to be astonished at the lack of knowledge companies have about their competitors. Now, after working with over 400 companies, I'm astonished only when I find one that is knowledgeable about its competitors. Here's what I find is the norm:

Retail managers who rarely, if ever, visit competing stores

Manufacturers who rarely, if ever, analyze competing products

Executives who rarely, if ever, visit their competitors' Web sites

Marketing and sales people who go to trade shows and don't systematically collect and review competitors' marketing materials

I could go on, but you get the point.

There are two typical exceptions:

- **People who used to work for a competitor** Their picture of their former employer is often frozen in time one-sidedly negative. It's as if they escaped from a bad marriage and don't want to hear anything more about their spouse, especially anything good.

- **Salespeople** They hear about their competition every day from customers and potential customers. Problem: All they hear is how great the competition is, and how low their prices are (and how terrible their own products are, and how high their prices are). The best salespeople figure out that if all this were true, the customers would have no reason to even be talking to them.

Competitive intelligence pays off

> I was helping a graphic arts firm recruit top salespeople from the competition after we had canned four of ours who were not doing the job. I interviewed a cocky guy who was with one of the competitors. He had one major flaw, a couple of subtle weaknesses, and he talked too much! We did not hire him, but based on what I learned at the interview, we were able to devise a way for our salesperson to compete with him more effectively. During the next 12 months we more than doubled our rate of proposals closed when he was our primary competitor.

One of the simplest and least expensive ways to get an edge on your competitors is to take a little time to learn about them. The best way to study your competition is in relation to yourself. This gives focus and purpose to your information gathering, and as you will see in the next chapter, leads directly to opportunities for your company.

Build your competitive matrix

A competitive matrix is a simple but powerful tool for systematically evaluating your company's strengths and weaknesses relative to your competitors.

How does it work? Let's use a relatively simple example. My wife, Liz Haskell, is the founder and CEO of Country Faire Bakery. Country Faire bakes and sells cookies in West Los Angeles. When she started, I urged Liz to develop a competitive matrix to help identify opportunities. Liz did not like this idea (to say the least). She said, "I'm a baker, not a market researcher." Finally she agreed to do the matrix, but only if I would do the tasting. Liz did not want to eat inferior cookies.

To create the competitive matrix, we identified Liz's five main competitors and listed them in the left-hand column, along with County Faire. Next, we decided on the key parameters of competition and wrote them across the top of the matrix. The parameters vary from industry to industry. In our case, we decided they were taste, price, location, packaging, and "customer," by which we meant the level of customer affluence.

Next, we filled in the boxes by evaluating County Faire and its competitors in each parameter on a scale of one through ten, with ten being the best, and one being terrible. The scale often has to be further refined for each parameter. For example, in our competitive matrix,

- taste: 10 = fabulous; 1 = wretched
- price: measures only price, not value; therefore the higher the number, the lower the price (because we felt that high price alone was a negative)
- location: 10 = perfect for customer base, traffic, parking; 1 = inaccessible
- packaging: 10 = terrific professional packaging, several unique features (such as in Liz's case the name of each type of cookie on sealed bag); 1 = throw cookies into an open generic bag
- customer: 10 = upscale, price no object; 1 = can't afford product

When constructing your own competitive matrix, it's hard to be objective. You may unconsciously want to select only those parameters that slant things your way. Try to look at every competitor—and yourself—through the eyes of a potential customer who has no prior allegiance. When you are putting yourself in the head of potential customers, you should also take into account that few if any customers have your knowledge of the industry.

At the Launch meeting, you're going to decide who your main competitors are, so give it some thought. In many instances, that's not as simple as it sounds. In Liz's case, for example, we decided that her main competitors were other "boutique" cookie bakeries, not supermarkets nor even bakeries that created other products as well as cookies.

You may decide you have two or more distinct sets of competitors. For example, you manufacture and sell high-tech ceramics for scientific applications. You have only two direct competitors, but another group of competitors manufacture and sell similar products made from metal. Or, you sell office supplies from a superstore, and your direct competition is massively visible four blocks down the street. But you also know that you are competing against less visible but equally present mail order office supply catalogs. Another example, relevant to many consultants is this: You have three significant direct competitors, but the indirect competition is that the potential client can, or believes he can, do the job internally. Even more insidious indirect competition is that the potential client may decide not to do the job at all.

You may feel it would be useful to have two competitive matrixes: one that compares you with your direct competitors, and one that compares you with your indirect competition. These competitive matrixes would probably require at least some different parameters of comparison.

At the Launch meeting you will decide what parameters to use in comparing yourself to your competition—the equivalents of Liz's taste, price, location, packaging, and customer. So give that some thought as well.

How to get information about competitors

If you've done applicable market research, you can use the results to fill out the competitive matrix. In fact, working on the competitive matrix may suggest areas for market research, which doesn't have to be time consuming or expensive. For example, I decided to share the glory (and calories) of my cookie tasting assignment by invited a group of friends over for coffee and a blind cookie tasting.

Of course, if you are a salesperson, you've heard a lot about your competition from your customers and potential customers. If you're not a salesperson, ask your salespeople to tell you about the competition. The ones who are always on your customers' lips are certainly your direct competitors. Just realize that many customers tell you one-sidedly positive stories about your competition is as a bargaining tactic. Also realize that horror stories about a competitor may not be typical of its performance.

Here's an example of how you could get information on your competitors if you operate a retail store. With a little imagination, you can develop tactics to get similar information about the competition in your industry. Their Web sites can be a great place to start.

Informal competitive research for a retail store

Identify as many stores as possible devoted exclusively to your product. Visit each store and pace off its size. This horseback measurement will give you very approximate square footage for each competitor.

Estimate the square footage of your own store by using the same pacing method, in order to compare apples to apples. Then, use your own sales figures for the past few years to estimate your dollar sales per square foot.

Visit the stores at a variety of times to estimate how busy they are, by counting the number of customers entering the store, the number of cars in its parking lot—whatever works. Also collect information on lines carried, prices, service, layout, décor, location, and so on.

Construct a matrix that includes your store and each competitive store, and enter its square footage in the “size” column. Create another column headed “volume/sq. foot.” Rate your store 1.0. If a competitor appears to be doing about the same volume per square foot, it gets a 1.0. If a competitor appears to doing 25% more business per square foot than you, enter 1.25. Twenty-five percent less, enter 0.75. And so on. Now multiply the square footage by the volume/sq. foot factor and enter in another column the estimated total volume of each competitor relative to yours. (If you wish, enter your actual dollar volume and use the resulting ratio to estimate their dollar volumes.)

Make columns for all the categories of information you collected, and see if a pattern emerges that reveals what factors lead to higher volume per square foot.

(For stores that sell a broad range of items, like a K-Mart, pace off only the section of the store devoted to the merchandise you sell.)

Now that you’ve spent some time thinking about who your competitors are, and what the best parameters of comparison are, you’re prepared for the Launch meeting. Before going to the meeting, please study the assignments and agenda. They are on page XX, or your team leader or team administrator may have given you a customized version. Also, review Dr. Revenue's Rules of Order which will help you get the most out of every minute you spend at any business meeting.

On to opportunities

Congratulations. With the competitors and the parameters filled in on your competitive matrix, you are off to a jump start on identifying opportunities for your company. That's the subject of the next chapter. And that's what you'll be doing at the Opportunities meeting, which is one of the most free-wheeling, exciting, and enjoyable meetings of the series.