Developing the Marketing & Sales Plan

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Grow Your Business using the Ansoff Growth Matrix

Without clear goals, a strategy is just a wish, which is why a Strategic Marketing & Sales Plan has deadlines with specific tasks for specific people. By Ian Rheeder.

However, putting a Strategic Plan together is no easy task, particularly if there are tight deadlines involved and the CEO (rightly) insists that you don't achieve your sales growth via the simple strategy of slashing prices!

A tried-and-tested approach – of great value when you feel under pressure and likely to miss some vital step in the process – is to fall back on the **Ansoff Growth Matrix**. Although in existence since the 1950s, it remains a good framework for ensuring that you methodically cover all your bases as you decide the direction your sales team should take.

The four options (below) should always form the heart of the detailed tactical sales plan. But a word of warning before you proceed: while the matrix is a framework, it's not a panacea for all the ills of the sales department, or indeed the business. Instead, sales managers must continuously research, innovate and implement this four-pronged growth strategy according to their own needs and changing market conditions.

Growth Strategies

	Present Products	New Products (NPD)
Present or Existing Markets	**Market Penetration.** Growth in existing product Markets. 1. Increase market **Share (cross-sell and/or up-sell)** 2. Increase product **Usage** ➢ Increased **Frequency** used ➢ Increased **Quantity** used ➢ Find **New Application** for current users	New **Product Development** Develop **New products** for the **Same** market 1. Add product **Features** 2. Develop a **New-generation** product (iPod, L.E.D. TV)
New Markets	New **Market Development** 1. Expand geographically 2. Target new segments	**Diversification** Involving new products and new markets 1. Related (Coffee to hot chocolate) 2. Unrelated (Cars to motorbikes)

Vertical Integration & Mergers/Alliances (non-organic growth) Forward and/or Backward/Horizontal

Source: Based on Professor Ansoff's Harvard Business Review article (Sep/Oct, 1957, pp.113-124)

Major growth decisions using the Matrix
The above model is designed to grow a business into **existing** and **new** segments, with **existing** and **new** products or services. For example, targeting new markets with present services is **Market Development**, while targeting new markets with new services is **Diversification**.

Where both the product and market is understood, **Market Penetration** is the least risky. But where the product and market is not yet tested, **Diversification** is the most risky.

Tactical sales plan using the matrix
A **Tactical Sales Plan** is part of the broader sales strategy, but identifies the people responsible for achieving the budgeted sales units, turnover, profit and activities. As part of this process, it's crucial that daily, weekly, monthly and quarterly goals are agreed upon.

This plan has two key elements:

a). Existing market growth strategies & tactics (Market Penetration & New Product Development in the Ansoff Matrix).

Tactical detail here will include answers to the following questions: **'**who'; 'what'; 'where'; 'when'; 'why', and 'what happens thereafter'. For example, you may decide that you will exceed quota with existing customers by doing the following:

* Increasing share of key customers by launching x-number of new products/services per annum for existing and possible cross-border markets;
* Sending out y-number of white papers to your customer base on topics which interest them;
* Once a new customer is satisfied with their first delivery, you will ask for the names of x-number of associates who may be interested in your product/service.

b). New business acquisition strategies & tactics (New Market Development & Diversification in the Ansoff Matrix).

You may decide you will meet or exceed quotas by implementing the following tactics (for example):

* Research x-number of new prospects in a specific region before launching your new products/services;
* Join y-number of associations which are used and respected by your prospects;
* Visit a specified number of trade shows frequented by key decision makers;
* Do x-number of public talks on a topical and well-researched subject.

Remember, the ideal sales strategy blends both strategic and tactical elements, and also takes cognisance of the other strategies of the business, including marketing. Slavishly following the Ansoff Matrix will not provide a sales manager with a ready-made set of strategic answers – but it will provide a hefty nudge in the right directions.

Integration as a strategy

Based on my own experience, I have added a fifth growth strategy – integration – to the four used by the late, great Professor Ansoff in his Matrix.

Integration enables non-organic growth via new business acquisitions and/or partnerships, and a crucial benefit is that allows a business to take control of the value chain and improve innovation, quality and availability. Four integration options exist:

- Backward integration is taking over command of your upstream supply-chain. This is done by buying out your supplier or becoming a producer of your product or service;
- Forward integration (also known as dis-intermediation) is taking control of your downstream channel-to-market. Cutting out the middleman can increase profit margins, and if done well, also improves service through superior account coordination and strategic partnering;
- Vertical integration is implementing both backward and forward integration. An excellent example of this is the global zipper giant, YKK. It sources its own raw materials, produce the machines that manufacture the zippers and, finally, sells the products using its own sales force. While the benefit is a high performance value chain, the downside of vertical integration is that it is capital intensive, almost always requiring taking a step backwards before advancing forwards;
- Horizontal integration is the merger with a company similar to yours, offering economies-of-scale and cherry-picked resources.

Although not a sales strategy in the true sense, successful integration can bring about many benefits for the sales team – including more selling opportunities and greater control over product quality and delivery schedules.

Ian Rheeder has trained thousands of leaders & negotiators. His previous corporate position was Marketing & Sales Director of the global zipper giant, YKK. He is a Chartered Marketer and holds an MSc in Leadership (cum laude). He facilitates persuasion skills – marketing, sales and leadership at The Gordon Institute of Business Science (GIBS).