



A killer marketing strategy for small businesses who need to grow

A business owners' guide



prizm



Introduction

It sometimes seems as if the terms 'marketing' and 'strategy' are dirty words in the SME environment! Our history is littered with examples of failed marketing initiatives and most of us are much too busy to concern ourselves with alien corporate concepts such as 'strategy.'

But, this is a critical subject for all of us. We all need to win customers; we all need to adapt to changing market conditions; and we all need to ensure that our methods and processes evolve to meet the developing needs of our growing businesses.

This is our practical guide to developing solutions to problems related to winning customers - after all, that's what a 'marketing strategy' is. Based on many years experience in the field, it offers a straightforward approach to identifying and solving the marketing problems we all face.



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Why marketing initiatives go wrong

Marketing doesn't work!

If I had a pound for every time I heard this expression I would be very wealthy indeed! The complaint usually comes from businesses that have invested precious resources on an initiative that has yielded absolutely nothing. Websites, advertising, email campaigns and leaflet drops are all common culprits.

In general terms, of course, the statement is clearly nonsense.

If we take 'marketing' to mean winning customers profitably, 'marketing doesn't work' implies that no business ever makes a sale!

So, for the purposes of this article we will narrow our focus and **examine why so many marketing initiatives fail for so many SMEs.**

Conventional wisdom has it that the issue is down to a lack of planning, investment and monitoring. True, but that doesn't really get us very far!

All my experience suggests that the problem is a good deal more fundamental than that and can be broken down into **three key issues:**

"evolution," "silos" and "abrogation."

At first glance this may sound a bit strange but let me explain.



Evolution

One of the most valuable lessons gained from working in the SME environment is that all businesses evolve and **many marketing failures can be attributed to not adapting to these evolutionary changes.**

Let me give you two examples.

Take the case of a business that has successfully navigated the start-up phase and is now looking to grow to its full potential.

The business won its first customers through 'relationship marketing' using personal relationships, reputation and referral within the owner's personal network.

But growth means moving into bigger markets and this is where the problems start.

The business has to compete much more effectively; it can no longer rely on personal networks as the primary source of new customers; but nothing has been put in their place.

For the second example we'll take the case of a well-established business that is dependent on repeat orders from loyal customers.

However, these customers are now starting to drift away and there is no effective process in place to replace them.

Although the two businesses are very different, the core problem is the same - **the approaches that used to work no longer do so; the problem rapidly becomes urgent and something needs to be done - fast!** And this takes us directly to the second issue...

"Siloism"

Apologies for the dreadful use of language but the term neatly describes a really important problem: the enormous inefficiencies and inertia generated by over-specialisation and compartmentalisation.

The critical process of customer acquisition has been broken up into the completely artificial 'sales, marketing, branding and customer service silos' [[see 'Why Silos Fail'](#)] directly leading to an uncoordinated 'scattergun' approach to customer acquisition - a classic case of not seeing the wood for the trees!

Examples include hiring more sales people or slavishly adopting the current marketing 'silver bullet' without giving any thought to the validity of the initiative or how it fits into the overall customer acquisition process.

But, whatever the cause, the **results are the same: wasted time, effort and money; disillusionment; and, worst of all, no new customers!**

"Abrogation"

Running SMEs is tough! There is always too much to do and too many demands on our time. One of the unfortunate consequences is that it becomes much too easy to put off the things we don't like doing (full disclosure - I've done it myself many times!) and customer acquisition tends to be one of those things.

But, customer acquisition cannot be put to the back of the queue. It is the most critical element of running a business. Nothing is more 'strategic.'

"If you are running a SME you are, first and foremost a marketer. That is your job!"

This is perhaps the single most important point I have attempted to drum into my mentoring customers over the years and it remains the case today.

To put it bluntly, if we are not dedicating most of our time to our business' customer acquisition processes we are not doing our jobs properly.

By all means delegate or outsource specific elements. **But, the responsibility for understanding and managing the process as a whole is ours.** That involves a really serious investment in learning, thinking and doing.

Key Learning Points

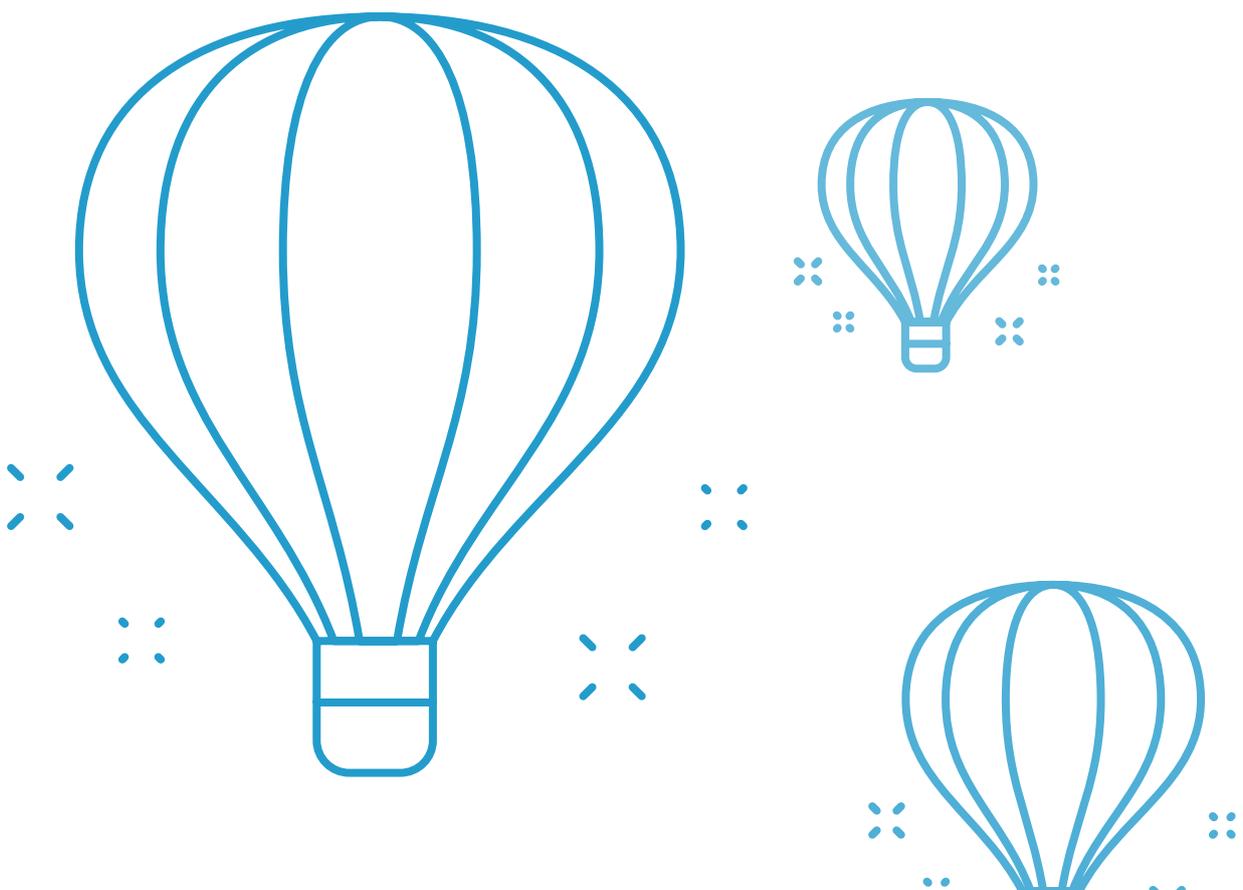
Put customer acquisition at the top of your list of priorities - and keep it there!

Development and optimisation of the customer acquisition process is your responsibility.

Avoid silos, 'silver bullets' and 'scattergun thinking' by taking an holistic view of your customer acquisition process.

You cannot outsource a problem! Only delegate or outsource elements you understand and can monitor.

Invest carefully. Business growth cannot be done on the cheap.



Putting the strategy basics in place



Putting the strategy basics in place

'Strategy' has to be one of the most ridiculously over-used expressions in the business vocabulary, although competition is fierce! The word either conjures up images of 'business visionaries' supposedly endowed with a genius that us lesser mortals can never hope to reach, or a bunch of over-enthusiastic 'business-school types' spouting an endless stream of meaningless jargon.

Is it any wonder that so many experienced business people turn and run when the dreaded term is uttered in their presence?

So, before we go any further, we need to have a very clear idea of what we are talking about.

A 'strategy' is simply a plan put in place to achieve defined objectives

- no more, no less. As business people, we spend our lives designing and implementing 'strategies' of one form or another.

Within a **customer acquisition or marketing context**, these strategies will relate to the **volume of business to be won, the methods used to win it and the management of the associated costs**. After all, that's what customer acquisition is about.

So, the first requirement of any successful marketing strategy is to understand what needs to be achieved (the objectives) and why.

We'll start with 'the why.'

If your business is growing sustainably and generating positive cash-flow, it is reasonable to assume that your objective is simply to maintain current levels of performance.

The 'strategy' will be carry on as before and maintain a watching brief. You don't need 'strategy away-days' or a gaggle of over-paid consultants to work that one out. Your existing plans are obviously working, so why would you want to do anything differently?

But, what if your business has stalled? Perhaps growth rates have started to decline or profitability may be under threat. These are issues faced by many SMEs at some point in their development.

In such cases, the 'why' is very clear. A workable plan to re-invigorate growth is needed, otherwise the business is heading for trouble.

Now for 'the what.'

A serious problem has been identified but **what is to be done?** After all, you cannot expect your strategy to work if you don't know what you are trying to achieve.

Getting this right involves understanding the causes, not just the symptoms. Growth may have stalled but do you know why? Or do you just think you know?

The first step in developing any successful marketing strategy is to...

Understand the problem you need to fix

At its simplest, declining growth will be the result of changes in the external environment or within your business itself. Externally, customer demand may be shifting or competitor behaviour may have changed. Internally, the business may have outgrown its customer acquisition processes or you may simply have taken your eye off the ball!

But, whatever the cause, you need to have a clear, unbiased understanding of the actual problems your strategy has to fix. Once that is done, you can think about...

Framing the solutions.

This part of the process is about identifying practical, achievable methods of fixing the problem. The specific nature of these solutions are obviously problem specific but, in all probability there are a number of solutions worthy of consideration. Don't just jump on the first idea that comes to mind!

For customer acquisition or marketing strategies, it is almost certain that your solutions will be derived from a combination of -

'Growth plans.' Suitable in cases where you are confident that growth can be achieved by selling more of your existing products into your existing markets. It implies no fundamental change in your external environment but a need to improve the efficiency and effectiveness of your customer acquisition processes. You would expect to see tangible improvement over relatively short time-scales.

'Pivot plans.' Major changes in your market environment will require radical steps to develop new product and or move into new markets, almost certainly requiring the development of new approaches to customer acquisition. The process will be complex, long-term and uncertain.

'Cost reduction plans.' This is the easy one! If it is simply the case that customer acquisition costs are running out of control, efficiency savings and process re-design will be needed. But, remember, long term savings will require short-term investment. Costs are likely to go up before they start coming down!

Sketch out a range of possible solutions and prioritise based on a realistic assessment of costs, times-scales, risk and return. You are then ready to...

Build your minimum viable processes

It is now time to stop strategising and start doing using the **lean management toolkit** [[Four Approaches Vital to Efficient Customer Acquisition](#)]. Each potential solution you decide to try will require a 'minimum viable process' - the core assumptions, tests, metrics and methods used to validate a solution that works.

Key Learning Points

A 'strategy' is just a plan to achieve a set of objectives.

It's created to address a defined problem.

The causes of the problem need to be understood clearly and objectively (otherwise the strategy is likely to fail).

Sketch out and assess a range of solutions rather than jumping on the first thing that comes to mind.

Use lean and agile management techniques to build and test implementation processes.



An Introduction to



Introduction to Lean and Agile

Lean and agile management techniques are becoming increasingly widespread to the point where they are in danger of becoming the next management 'silver bullets.' But, what are they? Are they important? And, should you consider adopting them in your business?

This primer provides a brief introduction to the subject for anyone who needs to know but is afraid to ask!

What Are They?

We'll Start With 'Lean'...

The lean management concept was the brainchild of Toyota with their **Kanban** and Just In Time manufacturing processes.

But, for our purposes, we need to start with **Eric Ries'** 2011 book, '**The Lean Start-Up.**' Despite its title, it is not just for new businesses! It is of interest to any organisation dealing with conditions of 'extreme uncertainty.'

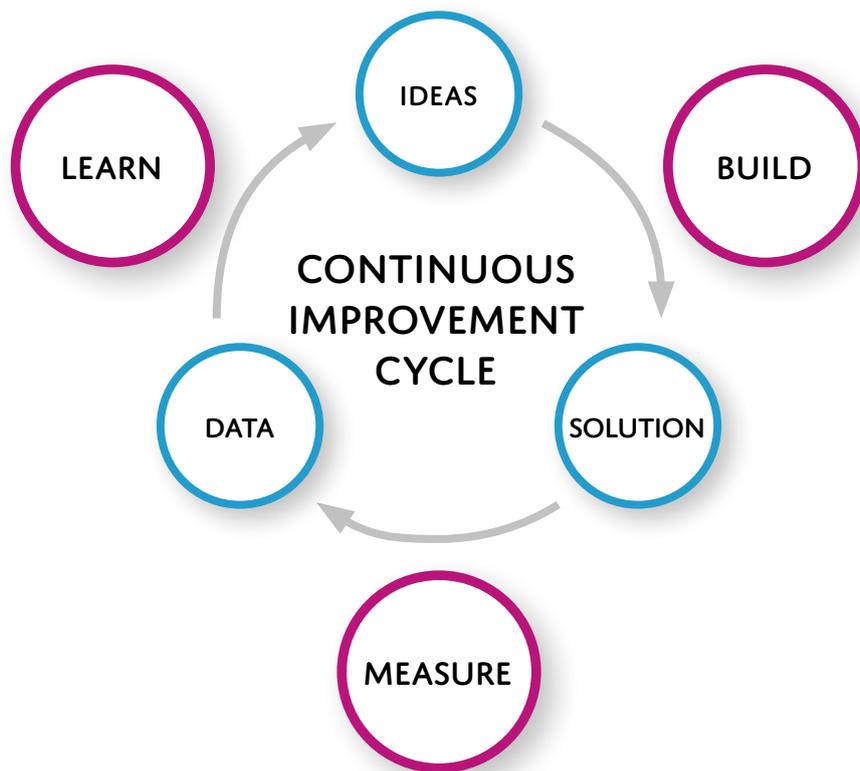
Entrepreneurial start-ups clearly fall into this category but so, too, does any organisation developing a new product or moving into a new market. In fact, it applies to anybody faced with the question, "will people buy this?"

The core idea is very simple...

In a world of extreme uncertainty, the classic approaches to business planning or new product development don't work.

The usual linear 'research, develop, launch' approach is much too risky to be taken seriously and explains why the vast majority of new business ideas fail.

Instead, Ries advocates an iterative '**build, measure, learn' loop**. He argues that an initial business idea can never be more than an untested hypothesis, no matter how much effort goes into research. **The only effective way to validate such a hypothesis is to test it in a live setting.**



This involves building a '**minimum viable product**' (MVP) and getting it to market quickly so you can observe, measure and learn from the reaction. The hypothesis is then refined and the MVP is modified and re-tested.

The key point here is that the **MVP is a prototype, not a fully developed product**. It must work well enough to test your hypotheses and be sufficiently adaptable to respond quickly to what the market tells you. Sometimes the feedback will encourage you to 'persevere' by evolving your product. In others you will need to face up to a fundamental flaw in your thinking and make a radical 'pivot.'

But, either way, you are **reacting to how the market actually behaves**, rather than how you think it should behave!

And so to Agile...

Put simply, 'agile' is the application of lean principles to the customer acquisition process.

It is no exaggeration to say that old school marketers were largely operating in the dark. Marketing communication was expensive, cumbersome and inefficient and, to make matters worse, nobody could be sure what worked or why! Sales managers faced the same problem. They relied for their information on their sales people in the field, who were notoriously economical with what they chose to reveal!

Faced with such an environment, it is hardly surprising that attitudes to marketing investment were characterised by suspicion, reluctance and conservatism.

That has all changed. The overwhelming adoption of digital technologies has had a ground-breaking impact.

The response of the market can now be observed and measured with confidence for the first time. We can see what people access, how they access it and how they respond. Customer profiling is much more precise, enabling us to target effectively. And, content can be produced and modified quickly and economically, so we can respond rapidly to what the market tells us.

Are They Important?

In a word, "yes!" And, this is coming from somebody with a life long aversion to the uncritical adoption of the next 'silver bullet.'

Unlike the vast majority of past 'bright ideas,' the combination of lean and agile fundamentally improves our ability to assess investment effectiveness. The commercial potential of new business ideas (whether products or market approaches) can be evaluated rapidly and customer acquisition processes can be developed and optimised with confidence.

'Agile customer acquisition' has now become a fundamental element of the overall lean development process. After all, **it's hard to see how you can test an MVP without it!**

Should You Use Them?

These approaches are, of course, relevant to any business engaged in new product or market development but they also apply to organisations needing to achieve rapid growth or are having to cope with a fast changing environment.

If you operate in mature, low volume, stable local markets and win business through personal relationships and word of mouth, this is, possibly, something you can do without. But, for everybody else, this stuff is very important indeed!



The lean and agile strategic framework

The lean and agile strategic framework

Your business has a major customer acquisition problem that is having a serious financial impact. The causes have been objectively and carefully assessed and an outline solution has been identified.

It is now time to build and implement the detailed strategies and plans required to implement this solution.

'Conventional Wisdom' dictates a linear approach

Define your objectives - Measurable goals to measure the success of your strategy. "To increase revenue by x% over the next year," is the classic example.

Develop the 'marketing strategy' - How these goals will be achieved. Classically, this will involve thinking about -

'Segmentation' - How the overall market can be sub-divided into defined groups that share a set of common characteristics.

'Targeting' - Which of these groups marketing activity will focus on.

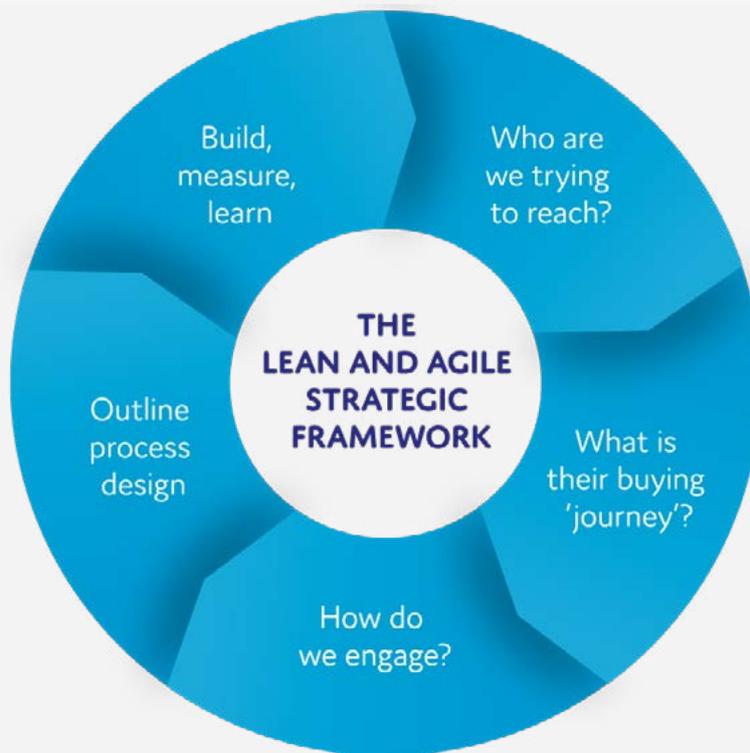
'Positioning' - How the business intends to compete and be perceived in the mind of the target customer

'Tactical planning' - The detailed plans required to implement the strategy, involving consideration of the features of the product, price, etc. (the 4 (or 7) 'Ps' much featured in the traditional marketing texts.

Lean and agile approaches have turned this thinking on its head, for all the reasons discussed earlier.

But, we still need a plan! Individual lean and agile techniques still need to work within an overall framework. After all there is little point in investing in a series of website development 'sprints' if you don't know how your website fits into the overall customer acquisition process.

The Lean And Agile Strategic Framework



Who are we trying to reach?

This is about developing detailed profiles of the types of individuals we need to reach. Although derived from traditional 'segmentation' it is much more detailed and thorough approach.

What is their buying 'journey'?

What specific steps do they take up to their decision to buy? Again, this is a detailed assessment that goes far beyond 'Awareness, Interest, Decision Action' or similar ideas

How do we engage?

Where in this journey can we engage and how do they want us to engage with them?

Outline process design

What does the customer acquisition process look like and what are its specific stages? What tools and content will be required to support it?

Build, measure, learn

What 'experiments' are required to test the elements of the process? What results do we expect to see? How do we measure the results? What do they tell us?

Key Learning Points

This is a cyclical framework, not a linear, top-down approach.

Performance is measured against the actual behaviour of the market, not against a set of artificial 'strategic goals.'

Each stage of the process is open to modification or complete re-design, depending on the results of the experiments.

It is designed to be responsive, fast and agile.





Efficient Customer Acquisition Implementation

Efficient Customer Acquisition Implementation

You have identified a serious marketing problem in your business. You have developed a strategy (or strategies) that address the problem. You now need to put it to the test and implement it.

The scale of the task will depend on the changes to be made. In cases where the strategic aim can be achieved by making relatively minor adjustments to existing processes, the task may well be relatively minor. On the other hand, if your plans involve a major 'pivot' in the way you do business, the scale of the task is considerable.

However, the fundamental objective is the same - **to win the customers you need as efficiently as possible.**

But, what do we mean by 'efficiently' here? The current generation of commentators talk a lot about the 'sales funnel' and the importance of dividing focus between 'marketing' and 'sales' activities. We are exhorted to produce 'content' and invest in email marketing and referral programmes etc. etc.

Of course, none of this is new. Even if it is dressed up as 'lean' and 'agile' it all sounds depressingly familiar! Remember that **traditional marketing and sales activities are staggeringly inefficient.** Most 'campaigns' were considered a success if they achieved a hit rate of 1% - 3%!

So, why do we continue with this outdated thinking? If lean and agile methods are to prove their worth, they need to achieve an exponential improvement in customer acquisition efficiency.

We need a different approach...

Ours is based on a series of linked modules. How the modules are structured and combined over time is determined by the nature of the demand that exists for the product; the specific characteristics of the customer persona it is designed to help; and the journey they are undertaking.

Taken as a whole, these modules are combined to create a trusted relationship between customer and supplier.

Module 1 - Trust and credibility

Trust and credibility underpin every purchasing decision that is made.

Of course, the levels involved vary hugely for different products and markets but it is difficult to challenge the validity of the basic assumption.

Unfortunately, they are in desperately short supply! When considered in the context of a never ending procession of 'mis-selling' scandals and corporate malpractice, it is hard not to agree with the view that there is no reason why any buyer should believe a word we tell them.

Building trust and credibility is vital and it takes time.

Exactly how they are built and how long it takes clearly depends on the product and the characteristics of the target persona(s). So, there are no universal rules that can be applied but it is possible to identify two key 'dimensions'-

A **'positive dimension'** through which trust and credibility can be established through pre-sales service, trialling, high value content, word of mouth and opinion former endorsement etc.

A **'negative dimension'** - the activities and behaviours that undermine or destroy trust and credibility. Examples include criminal or unethical behaviour, mis-selling, poor service etc. But even seemingly minor issues can have a negative impact. The excessive use of pop-up bots on websites and the use of paid referral schemes are good examples here.

Although they take time to build, they can be destroyed in an instant!

Module 2 - recognition and relevance

Almost as important as trust and credibility is the need to establish recognition and relevance in the mind of the potential customer. Part of the requirement is to ensure they know who you are - that's the easy bit! But, of much greater importance is ensuring that the potential customer recognises that you have something of value to offer that they need.

This is not as daft as it sounds!

In the case of somebody who is searching for a new pair of trainers, it is reasonable to assume that they know what they are looking for but, for many products, this level of awareness doesn't apply.

Somebody selling debt management services is faced with this problem. Potential customers may not accept they are in a mess; they may not be aware that help is available; and it is highly likely that they are doing their utmost to avoid facing up to it. In cases like this, establishing recognition and relevance is crucial - but far from easy!

Module 3 - The introduction

At some point in the process, an introduction needs to happen so that both parties become aware of each other's existence. In some cases, this step happens right at the start of the process and the relationship that develops is used to establish trust, credibility and relevance. In others it may be necessary to build a strong reputation in the market before the introduction takes place.

But, wherever it is placed in the process, specific methods of making the introduction between buyer and seller need to be developed.

Module 4 - Active interest and desire

This answers the question, "what can you do for me?" It involves converting 'recognition and relevance into an active intention to buy. The potential customer needs to have confidence that you understand their specific requirements and have the ability to meet their needs. The focus moves from communicating in general terms to talking about an individual customer's specific needs.

Whereas the relative position of modules 1-3 in the overall process will be flexible, achieving active interest and desire will follow on from them.

Module 5 - Close

The final module is about closing the sale. Providing the previous modules have been thought through, this part of the process should not be much more than a formality. It is about making sure that it is easier for the customer to say 'yes' than 'no!'

Putting it all in place

So, how do you go about the process of putting all this together? Obviously, the customer acquisition process for a consulting service is very different to what is need to sell chocolate bars. But the overall approach is similar -

1. Determine the order the structure of the modules. You might begin with making the introduction but most established businesses will start with a combination of trust and credibility building and establishing recognition and relevance.
2. Determine the key challenges involved in building trust and credibility and establishing recognition and relevance. Mapping it to the characteristics of your personas is key here.
3. Within the overall structure, design the specific steps, methods and tools that will assist your personas along their journey.
4. Set efficiency targets for each of these steps.
5. Build your 'minimum viable process,' design the experiments required to validate it, test and refine.

And, remember, get in touch and monitor the Prizm site. We are here to help!

Key Learning Points

Traditional linear marketing and sales approaches are much too inefficient to be taken seriously.

The approach is designed round your personas, rather than attempting to force fit people into an inflexible structure.

The approach is modular and consists of - Trust and credibility

Conclusion

An effective 'marketing strategy' is a plan to solve clearly identified problems with winning customers. So, the first step in the process is to make sure you have a detailed, objective understanding of the actual problem you face - not what you think the problem is or its symptoms, but the actual problem itself.

Once you have done that you can start to frame and prioritise possible solutions. Deciding which one to go for will involve balancing costs and complexity with the likely positive impact.

You can now start to apply lean and agile methods to building, testing and refining prototype solutions before applying them to your business.

Putting in place effective marketing strategies is simply about taking a rational approach to problem identification and solution - not the application of esoteric management concepts or the next marketing silver bullet!



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