

Strategic Marketing Helps Manufacturers Steer Sales

By Gary Giallonardo

Faced with supplier consolidation, rapidly shifting technologies and increased competition from overseas companies, U.S. manufacturers are searching for ways to sustain their current market share while securing new business. This is an even greater challenge for small manufacturers with limited resources, which, according to Dun & Bradstreet, account for more than 90 percent of Michigan's industrial base. Strategic marketing and a new tool for troubled companies — Turnaround Marketing™ — are providing a secure route to stronger sales, profitability and market penetration.

Turnaround Marketing is a highly targeted strategic marketing process for reviving a company's sales. Similar to turnaround management, it involves a company in crisis but unlike the former, Turnaround Marketing does not involve a management overhaul. Instead, it helps a company's

current management take control of their future by providing a compass for change. Turnaround Marketing involves a research-based approach to market diversification that quickly and effectively focuses sales efforts for maximum returns at the lowest cost.

The road to diversification

Consider the dire situation of a contract manufacturer specializing in precision-machined engine parts for the aviation/aerospace industry. About to lose 50 percent of its largest customer's business to a competitor in China, the manufacturer's problem was twofold: One customer accounted for 85 percent of the company's sales, and nearly 100 percent of the company's sales were in one industry. The remedy, in turn, required a twofold approach: One, diversification to new customers in the same market and, two, diversification into new markets.

Supply/specifier chain mapping

The first approach required thoroughly understanding both the supply chain and specifier chain. This is the cornerstone of any successful strategic marketing plan. It involves understanding the needs and buying influences of, not only your customers, but also the needs and influences of your customer's customer and those of your customer's customer's customer — all the way up the food chain. Working down the food chain is just as important. You need to understand your supplier's capabilities and those of their suppliers in order to have a complete map of potential opportunities. (See Figure 1.)

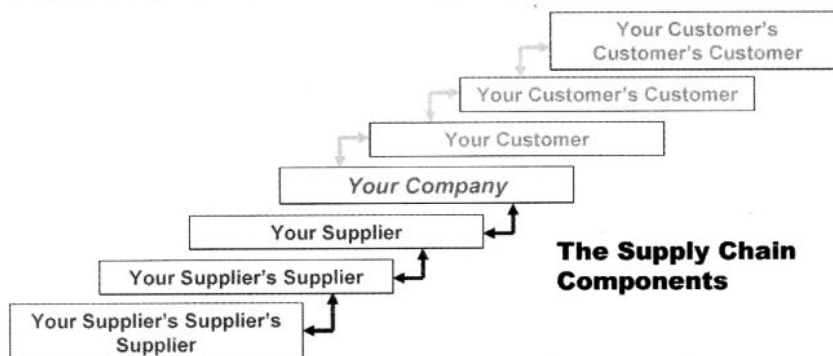
After extensive research and detailed analysis, I often find that a company's perception of its market is dramatically different from what the research reveals. In the case of the aerospace manufacturer, the company considered its lifeline to be aircraft engine manufacturers. Yet the strategic marketing process uncovered two new groups of previously untapped prospects in a completely different channel.

This revelation marked a turning point in the manufacturer's business. In an economy plagued by recession and an industry ravaged by consolidation, the once crisis-stricken manufacturer secured five new customers in the first year of the turnaround process. The first new customer came aboard only two months after the Turnaround Marketing strategies were developed.

While understanding all the components in the supplier/

Figure 1

Supply/Specifier Chain Mapping



specifier chain is one of the more important steps in the strategic marketing process, it's not the most critical and it's only one step among several.

Competitive analysis

To protect the manufacturer from the cyclical risks of a single-industry customer base, we still needed to find inroads into new markets. This involved a detailed competitive analysis of contract manufacturers with similar core competencies. An analysis of other high-performance machine shops fabricating complex parts revealed a host of markets and prospective customers outside the aviation/aerospace industry.

Gap analysis

The fastest avenue into new markets, especially during times of market consolidation, is to identify problems that competitors have been unable or unwilling to solve. These unmet needs, or gaps, provide opportunities for new business. To identify these opportunities, the manufacturer recruited a band of "foot soldiers" to help open doors into new markets. By identifying and attending trade association events in related industries, they developed a national network of manufacturer's reps to assist in positioning the company for future growth.

Implementation — stay the course

While analyzing the supply/specifier chain and competitive environment are important, the most critical step is implementation. Without implementation, strategic marketing is just a plan with no vehicle to drive the results. Implementation is the key to success.

Too many companies, especially small manufacturers, get caught up in the business of everyday operations and putting out fires. They eventually revert to their old ways and abandon the plan. You have to stay the course to achieve and sustain growth.


Successful strategic marketing relies on a thorough understanding of where you are now, where you want to go and how you're going to get there. It also requires quantitative and qualitative methods for evaluating whether you've arrived at your intended destination. To do this, you need an objective third party with no political agenda and no emotional ties; someone who won't be distracted by the everyday challenges of running the business or making the sale. You need someone who knows what to look for, where to get it and who won't be easily diverted from the course.

Your roadmap for change

Companies don't have to be in a crisis mode to reap the benefits of the strategic marketing process. Most manufacturers want to change; they want to be proactive. They just don't know how or they don't have the fact-based, decision-making tools needed to drive change in the right direction.

The art of strategic marketing is compiling an abundance of data from a variety of sources and assembling it into a meaningful format so you can pinpoint new customers and new markets. It involves finding the trends and patterns among a mountain of data. Whereas salespeople drum up sales, true industrial marketers drum up targeted information. They map out your whole market universe so you can make better, more well-informed decisions.

Investing in your future

It's what the big manufacturers already know and what smaller manufacturers are still learning. Research is an investment in your future. It drives down the cost of sales. You get more bang for your buck by developing research-based strategies to focus your sales efforts. In the long run, a strategic marketing plan steers you in the right direction, helping you go farther with less effort and less waste. 

Supply and specifier chain mapping, competitive analysis and gap analysis are just three steps in a comprehensive, 10-step process to develop a successful strategic marketing program.

Learn more this spring

Gary Giallonardo will present an MMA seminar on the components that go into developing a strategic marketing plan. Watch your mail, e-mail or the MMA Web site (www.mma-net.org) for details.



Gary M. Giallonardo, BSE, MBA, is president and founder of Industrial Visions Company (IVC), a research-oriented strategic planning and marketing firm focusing

on market diversification and geared to the unique needs of small- to medium-sized manufacturers and distributors. Turnaround Marketing is a trademark of IVC. For more information, visit <http://www.industrialv.com> or call 248-457-4505.