

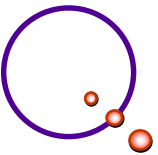
Moving the Market in YOUR Favor: Recognizing the Complexity of Delivering Value and the Redesign that Turns Your Value into Sales Gold



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Mike at

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Find resources to help your
company grow and people
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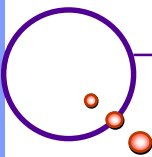


Let's Talk About Your Marketing Delivery System. Does it Need a Re-Design to Unlock your Product's Value?



Value delivery is the function of your marketing organization, as defined in its broadest terms.

QDI uses the concept, **Marketing Delivery System (MDS)**, to include your internal and external sales and marketing organizations. The Marketing Delivery System is the organization and the activities required to bring a product to market and support it in the marketplace.

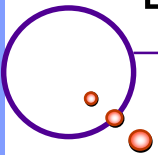


Marketing Delivery Systems Change Slowly Because of Their Complexity

Your Marketing Delivery System is a complex group of individuals, organizations, and relationships, which together, bring your products and services to your customers. Because of this complexity, it changes slowly.

If your MDS can keep up with these changes, you can capture that “pot of gold.” If not, you will be in trouble. This is a challenge because:

- Slow change is barely visible, and very dangerous.
- This slow changing Marketing Delivery System becomes its own barrier to launching new products or services that have multiple “Degrees of Change.”



Slow Change is Not Easy To See Until It's Too Late to React

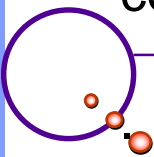
Slow change is barely visible, and very dangerous..

Market change happens slowly and is often not noticed by the marketing decision-makers (despite lots of signals). It is too easy to not notice it until it is too late to counteract these changes.



Why is this?

Market change happens slowly and there is no one action or event that forces the organization to say it has to change to counteract these market changes. Over time, marketing organizations have grown to serve many segments and carry many products, and have faced multiple challenges from competitive actions, customer and market changes, and internal changes within the Delivery System itself. This has made it close to impossible for the signals of slow market change to coalesce into a logical story that reaches the management team.

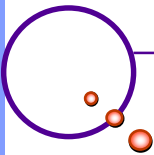


Finding, Understanding, and Responding to Hidden Market Changes is Difficult Because of its Complexity

Finding and assessing these slow / hidden changes going on in your marketplace requires stepping back from day to day operations and taking a broader look at the market and competitive landscape.

Learning how this landscape differs from the landscape your marketing delivery system was designed to serve is a critical step for your management team to grapple with and understand.

Only when they understand how the market has changed, including your marketing delivery system, can they begin to form the strategies that can leverage these changes in your favor before you fall further behind.

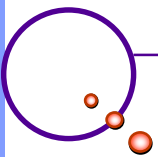
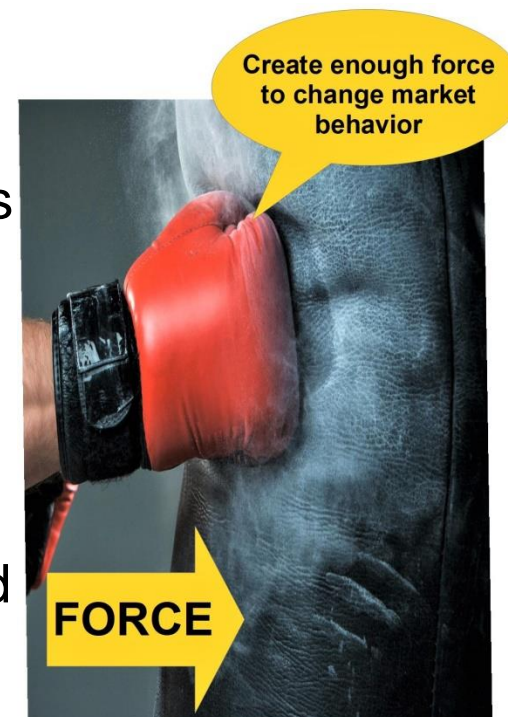


Create and Deliver Value Propositions With Enough Force to Change Market Behavior

This slow changing Marketing Delivery System becomes its own barrier to launching new products or services that have multiple “Degrees of Change”. As the “Degrees of Product and Customer Changes” increases, marketers must become very proactive in developing strategies to overcome these internal barriers or face marginal results.

QDI stresses that to grow, a firm needs to create and deliver value through new products or to new customers where the value is powerful enough that it will change market behavior.

Without success in both of these, any effort to grow your business will fail. While value creation is its own challenge, even when successful, it is often undermined by the inability to deliver that value to the customer.

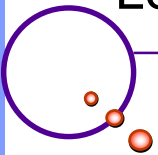


Let's Review the Marketing Delivery System

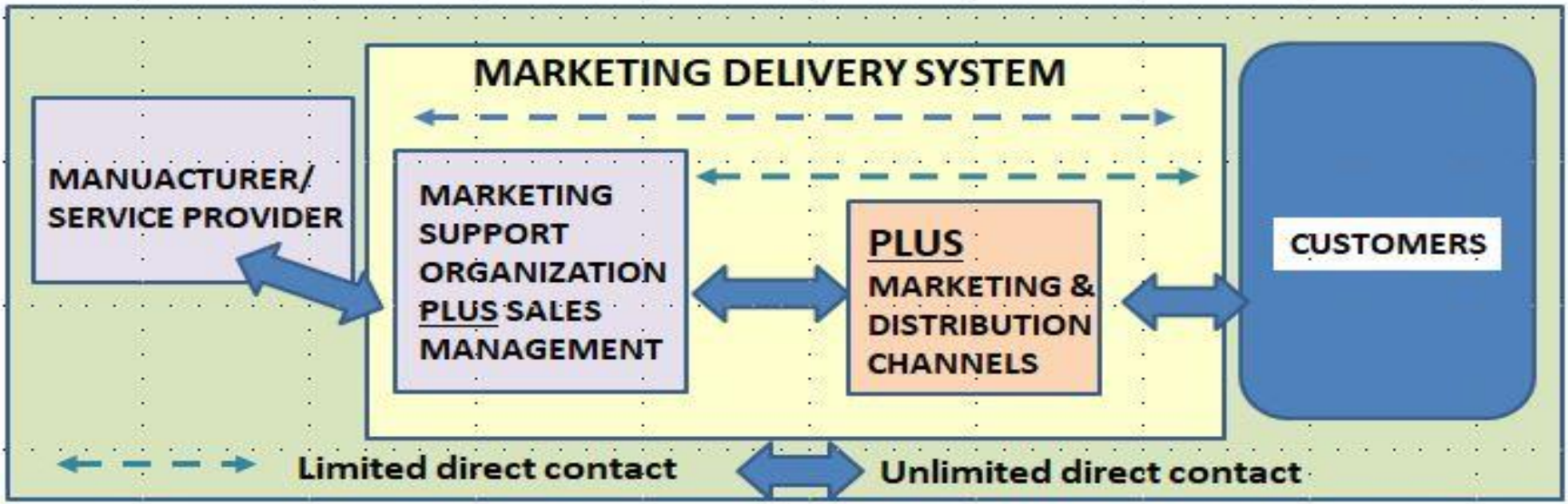


QDI uses the concept, **Marketing Delivery System** to include your internal and external sales and marketing organizations. The Marketing Delivery System is the organization and the activities required to bring a product to market and support it in the market. The marketing delivery system is the link between your product development / manufacturing functions, your distribution channels, and the customer.

Let's look at this in greater detail on the next few pages.



Manufacturer's Marketing Delivery System Required to Bring Products and Services to the Market and Support Post Sale

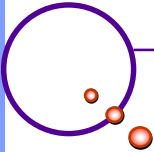


The Manufacturer / Service Provider – which is the organization that defines the product or service and produces it. Product management falls into this organization.

The Manufacturer's Channel Support Organization – which is a combination of sales and marketing functions that develops marketing communications, channel strategy, and selects, supports, and manages channels.

The Marketing Channels – which are the dealers, distributors, agents, external web sites, and / or direct field sales organization and company web-site that interfaces with customers

The Customers who purchase and use your products



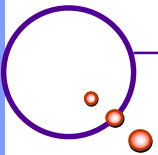
The Marketing Delivery System is made up of:

The **Marketing Delivery System** is made up of **Your Internal marketing support organization**:

- Sales and channel management, including field and district sales managers (but not the sales people or the channels themselves), web channel management, sales training, customer service, technical support, logistics, and financial support - all the functions to bring a product to market.
- Marketing communications - the advertising, promotion and PR entities that create message content and manage media and promotional organizations.

Manufacturer's Internal Channel Support Organization provides

- Strategic direction - which channels to use, roles for each, policies, communications strategies, and metrics
- Channel development - select - recruit - sign-up and train
- Channel program development - value propositions - benefits - costs and required channel and customer investments
- Channel support - customer service - technical support - financing
- Channel management - line management of channel organizations



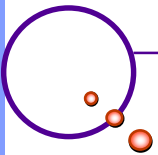
The MDS also includes all External Channels

Your internal team supports all your external channels - sales, communications (including web), distribution and service organizations that you use to sell, distribute, and service your products.

The dealer / distributor principals, managers, sales management and sales reps; the dealer/distributor customer support personnel -- all the people in the channel who are tasked with supporting the marketing of your product or service, as well as the web interfaces with your customers and channels..

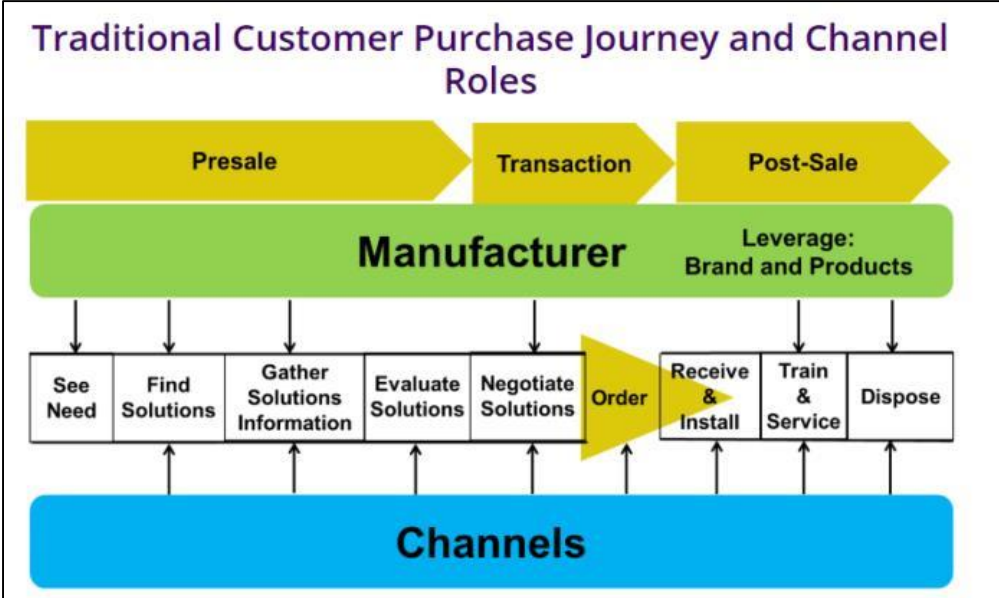
Key success factors when designing and managing the delivery system:

- Channel coverage – knowing the target market and having a strategy for deploying channels to maximize market share;
- Channel competency – economically controlling product and brand specifications;
- Channel-customer connection – developing relationships to acquire and grow business; and
- Channel commitment – getting a channel to promote existing and new offerings.



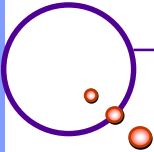
Understanding Role of Distribution Channels

To sell their products, manufacturers have built marketing organizations that address “pre-sale,” “transaction,” and “post-sale” requirements to market their products. As the chart below shows, the channels – dealers / distributors / sales agents – are the ones most responsible for helping customers throughout most of this customer journey.*



While marketing groups within the manufacturers provide information through advertising, literature and trade shows that are designed to help customers see the need, identify solutions and have information to help them make their decisions, the sales channels are the ones with direct customer access and communications.

*The revolution of internet marketing continues to move more of this “channel” activity back into manufacturer organizations, creating changes in channel roles and economics. See: [Your B2B Sales Process Obsolete](#)



Addressing New Customer & Changing Customer Needs Requires Changes to Your Marketing Delivery System

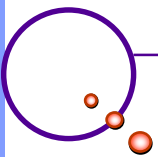
The people, skills, organizational structure, business processes, and channels of your existing marketing delivery system have been built for your existing or historic products and customers.

Changing customer behavior, new product categories and markets may require changing the behavior of dozens of groups in your Marketing Delivery System and Channel Network.

Your marketing delivery system is also comprised of the policies, procedures, culture, etc. that are in place to lead and direct individuals in terms of how they do their jobs and service internal and external customers. These may need to change for new customer segments and product categories and as customer needs change.



With this picture of the breadth of the organizational and policy changes in mind, it becomes a little easier to understand the challenge of “Newness” to your Marketing Delivery System, particularly in larger organizations.



QDI Brings 30+ Years of Experience to Helping Clients Understand and Develop Marketing Distribution Systems

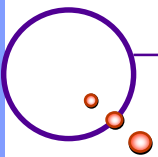
Redesigning your market delivery system.

The starting point is to understand the size, dynamics, structure, and behavior of the targeted market in order to design and deploy effective measures to create value from new products or services or renew revenue streams in stagnant markets.



Market information helps establish: who is part of the market (e.g., manufacturers, distributors, retailers, and consumers); who are leaders in the business and the key influencers in decision-making; and what are the primary barriers you have to overcome.

This market perspective will help you develop a “Market-Driven” view of an ideal MDS.



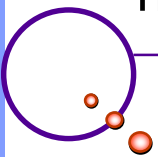
Redesigning the Market Delivery System Also Requires an Look Into Your Internal Operations and Policies

Look at today's MDS.

Assessing how your MDS operates today, policies and procedures and channel strategy is required to match the ideal market-driven MDS to your existing operations.

QDI often finds that the policies and procedures that have made your MDS so successful in its existing business may be barriers to growing new segments of your business.

Keeping these two dimensions of assessment in mind – the market and your existing MDS, let's look at the Decision Logic Pyramid which is the logic stream that companies have to go through as they explore “new” product and marketing strategies.

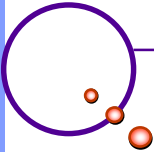
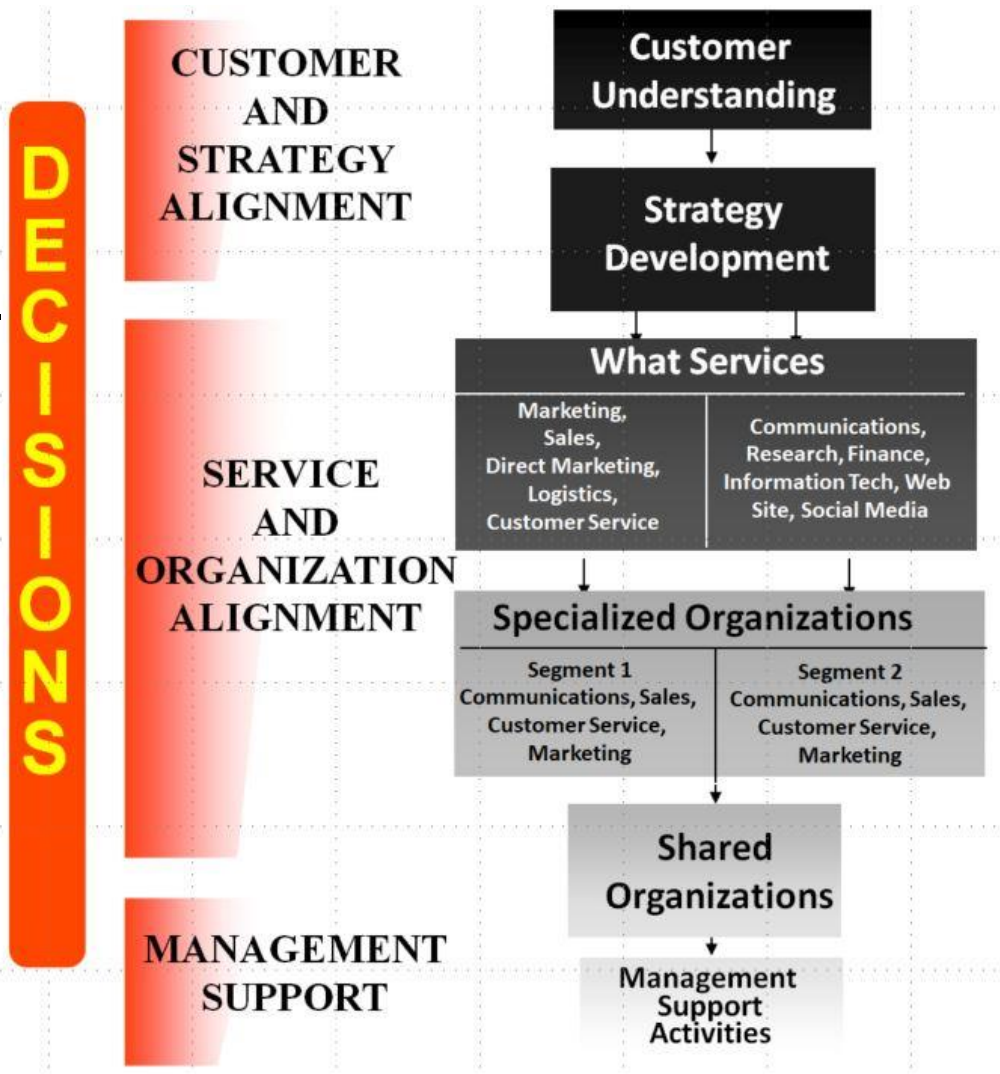


Decision Logic Pyramid

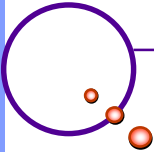
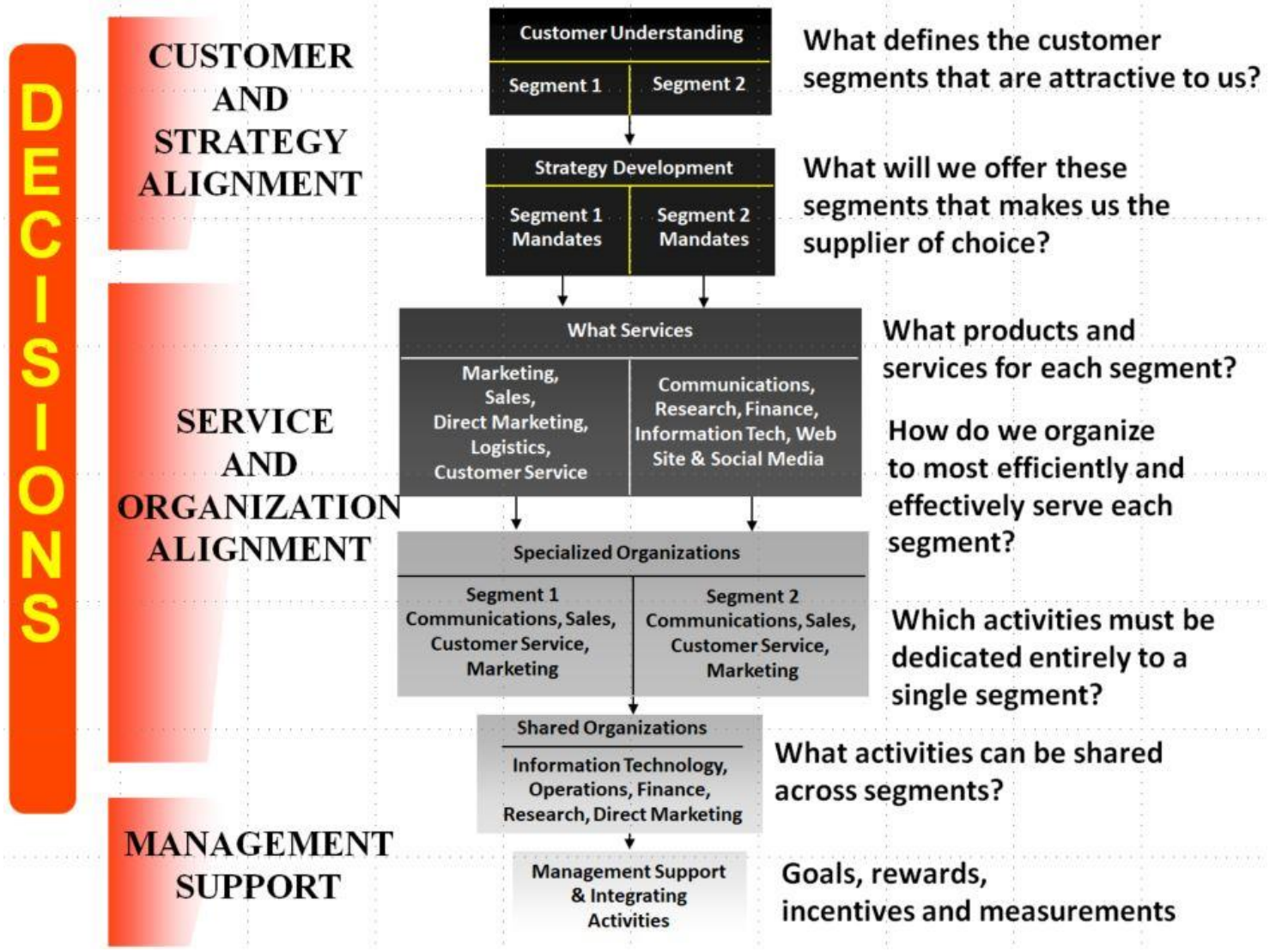
The chart at the right pictures the logic stream (the Decision Logic Pyramid) that companies have to go through as they explore “new” product and marketing strategies.

Starting with the strategy, how are the offers different and how must the organization change to serve these segments, including management changes of measurements and incentives?

See this in greater detail on following slides.



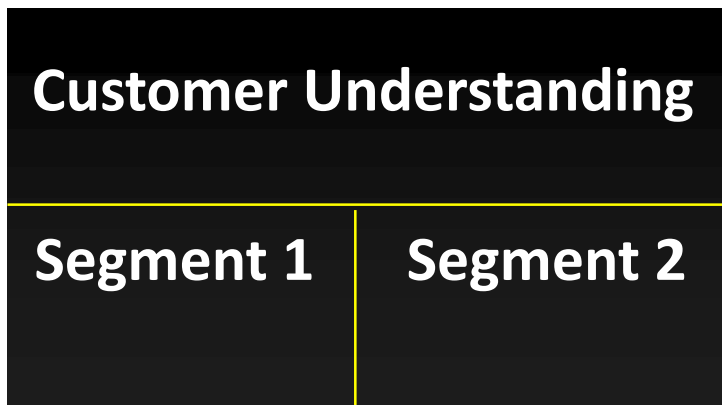
Key Questions Driving These Decisions



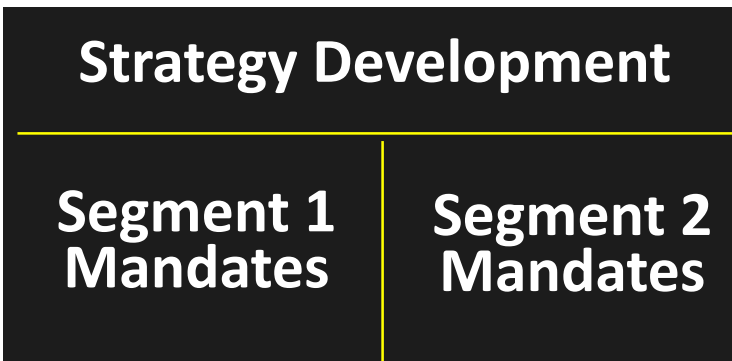
Implications for the Organization

This chart views a company's current customer as "Segment #1" and the new customer / product group as "Segment #2" in this model.

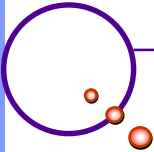
**CUSTOMER
AND
STRATEGY
ALIGNMENT**



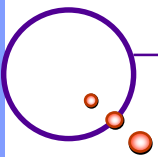
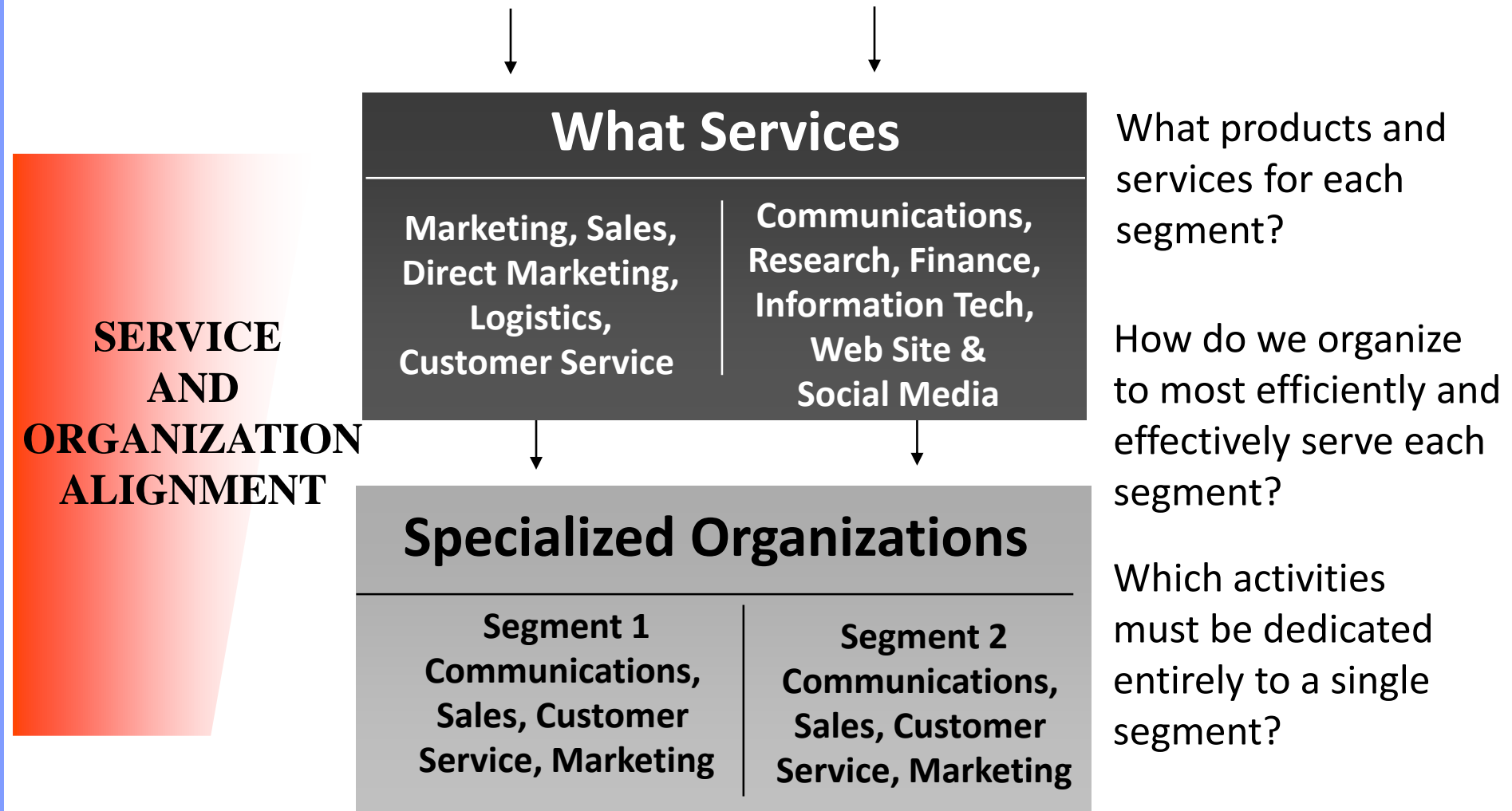
What defines the customer segments that are attractive to us?



What will we offer these segments that makes us the supplier of choice?

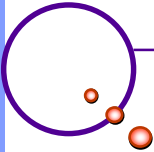


Implications for the Organization



Implications for Management

Your planning needs to involve all parts of the organization, including those comprised of the policies, procedures, culture, etc. that are in place to lead and direct individuals in terms of how they do their jobs and service internal and external customers.



All Three Major Sets of Decisions Have to Be Aligned to Execute a New Growth Strategy

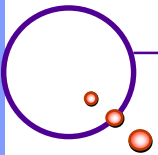
DECISIONS

**CUSTOMER &
STRATEGY
ALIGNMENT**

**SERVICE &
ORGANIZATION
ALIGNMENT**

**MANAGEMENT
SUPPORT**

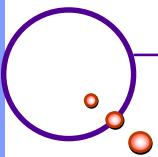
**Decisions in all
three areas have to
be aligned for
growth**



Take a Fresh Look at Your Strategy and Market Delivery System to See if You're in the Boiling Pan

Most companies quickly and intuitively realize that they want to stay away from opportunities that require significant changes to their marketing delivery system. The effort to change and the cost of changing may be greater than they are willing to accept. However, many companies find themselves in this quandary because their markets have changed and they have not changed accordingly.

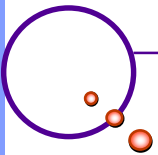
Businesses become stalled as this happens. The market changes are often not “overwhelming” but instead more like the frog in hot water, slowly simmering, but not realizing it is too late to get out until he no longer can. The only way to prevent this problem is to be proactive in looking for market change and projecting its impact on your organization.



The Good News: Plenty of Warning Signs Available

The good news is these are often the easiest problems to solve because there are lots of warning signals that give management hints that something may be changing.

These warning signs give management a chance to take a fresh look at their market and strategy before it is too late.



A New Approach to Changing Market Behavior

This short essay is part of a series of idea papers that QDI Strategies is sharing via its blog. Previous essays have been:

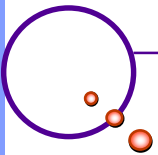
- **Creating and Delivering a Force for Change**
- **Creating the Next Long-Term Wave of Growth**
- **Planning Tips for Growth**
- **Degrees of Market Change**

As you read these, call Steve or Mike at 847-566-2020 and ask for our help in applying these ideas.



Read the QDI Strategies blog at

<http://www.qdistrategies.com/qdi-blog-insights-success-complex-markets/>

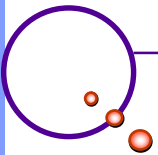


Turning Benefits into Marketing and Sales Gold

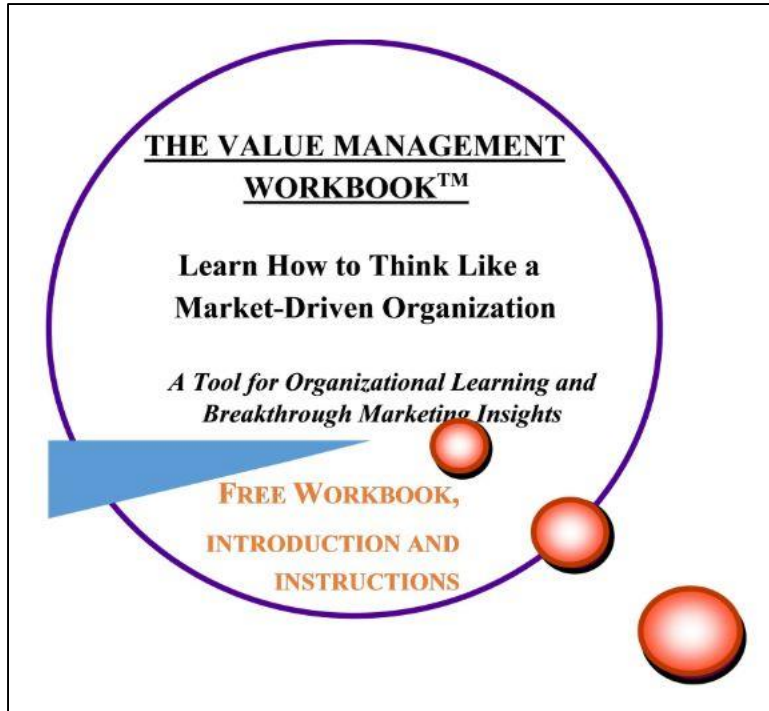
Watch this video and listen to what Steve Bassill, President of QDI Strategies, has to say about VALUE and how organizations use [QDI's Value Management Workbook™](#) to turn benefits into marketing and overcome the market barriers to growth.



<http://www.qdistrategies.com/tools/turning-benefits-into-marketing-and-sales-gold/>



Getting Your Hands on a Measure of Value

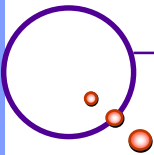


Find Workbook at

<http://www.qdistrategies.com/tools/value-management/>

QDI has developed a toolset to help you measure your relative value. In [QDI's Value Management Workbook™](#), there are pages dedicated to measuring your relative benefits and relative costs versus customer options, as well as calculating your expected Close Rate.

You can use it on your own, or have QDI consultants lead you through the evaluation. This evaluation is based on what you know. To learn more, QDI can help you find out how the market values your offerings.

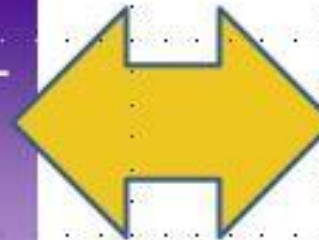


QDI Strategies Help you Grow Your Revenue Stream

We tell these stories because to be successful in overcoming the barriers to growth, companies have to do two things simultaneously:

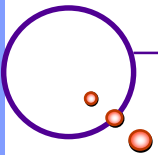
Learn what you can do to change customer behavior and what you must do to execute that change.

Step 1 to Change Behavior –
Create a Winning Value
Proposition



Behavior – Implement
Changes to
Communicate and
Deliver Your Value

Neither of these changes are trivial, and often the internal one is the more difficult change for an organization to make.

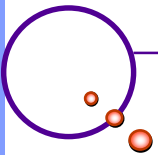


How QDI Helps Clients

It's normal for QDI conversations to go more than an hour with a lost customer or potential target customer in a new segment. Why? Because the customer is interested in the conversation. It's not a survey, it's a discussion that's helping the customer explain how they buy and use these products, why they are buying what they buy, where you are falling short and how you could do a better job of meeting their needs or how the new product would fit in their business. Often the conversations raise customer problems that the customer doesn't have the answer to, which provides opportunities for our client to create valuable solutions to those problems.

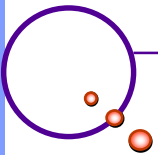
QDI consultants have similar conversations with your sales channels to understand how they work with the lost or target customers, how they spend their time, what motivates them, and how they perceive customer needs and challenges.

This input is the “fuel” to generate new customer solutions. While QDI consultants can see opportunities to create value, only our clients can design products and services to do so. Thus, during this stage of the process, QDI is working with a client project team to share what they are learning and begin the process of creating high value customer offerings.



What QDI Strategies Customers Say

- “QDI’s market analysis is the best I’ve seen. QDI confirmed a lot of my beliefs about the market but structured the findings in a way that made them clear. They even taught me a couple of things I didn’t know that make a lot of sense now that I see them. QDI gave us the best work on this market I’ve seen in my 20+ years.”
Brian Halverson, Rexnord
- “QDI’s work provided the road map our marketing and sales groups continue to use. We have doubled our commercial revenue since the project began.”
Mike Jewell, Stonhard
- What differentiates QDI Strategies is that they have a proven track record of getting results for their clients. They get results because they pursue marketing consulting assignments that involve both the strategy development and the implementation of those strategies to achieve client objectives. That total approach has resulted in both (a) a proven track record of getting results and (b) experience and know-how that is transferable in the most important deliverable of a consulting assignment....RESULTS!”
Guido DiGregorio, CEO at TeleSoft International, Inc.



Visit the QDI Strategies Web Site and Learn More About How We Can Help You Add Value and Grow Your Business

How does QDI help?

QDI listens and understands what customers, channel partners and other customer facing people are saying, and grasps how it relates to your business challenge - whether that is kick-starting a stalled product line or effectively marketing a new product. QDI has an intellectual and intuitive skillset and a process for linking what they are learning to your business to find solutions for your problems and how to execute those in the market.

To learn more, take a look at QDI's White Papers with case histories about companies facing market challenges: <http://www.qdistrategies.com/consulting-services/channel-strategy/>

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