

Strategic Planning: What's in it for Direct Marketers?

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*Original Version of an article that appeared in the December 1993 issue of
Advertising & Marketing Review*

It is Friday afternoon and an all too familiar scenario begins:

- Your critical test results cannot be read because the sample size was too small;
- Or, you are asked to find more names to mail quickly because revenues are well below plan;
- Or, Customer Service wants to know why they were not told about the latest product mailing before they started receiving calls about it.

These crises can be minimized by planning ahead. In a broad sense, this is why we, as direct marketers, need strategic planning – to save our sanity and our businesses.

An ongoing process, strategic planning provides a written framework for your business decisions in the months and years ahead. It communicates the intentions of management throughout your organization – upward, downward and laterally. As a result, day-to-day decisions can be made in the context of long-term objectives. This process is useful at any level: corporate, divisional, or individual program.

Increase Your Profitability

When you are busy thinking about your next mailing or current fulfillment problems, you may think that you do not have the time to plan strategically. However, even if recent success has been achieved without strategic planning, that does not insure your future success.

A business that wishes to survive cannot afford not to plan strategically. Although it may increase the workload in the short-term, it will save time in the long run once planning becomes part of the character of the organization.

Strategic planning begins by answering four basic questions: Where have you been? Where are you now? Where are you going? And, how are going to get there? Strategic planning is important for several reasons:

- It makes cooperation more likely between departments and with outside vendors. It does so by opening up communication early enough to address the relevant issues thoroughly.

- Written plans provide clear direction, minimizing any surprises later on down the road. It is much easier to "shake out the bugs" while the plan is still on paper than when the printed pieces arrive at the lettershop.
- Opportunities for consistency can be identified, which may result in efficiencies that would not have been identified otherwise. As a result, profitability should increase.

Longer-term plans should never be "cast into stone." They should allow for flexibility. Change may be necessary based on technology, vendors, test priorities, etc.

If every level of your organization is given the chance to review the plan, then ownership will result at all levels. The format of your written plan can be as formal or informal as is appropriate to your business. Your plan does need to be legible, fairly consistent in content, and distributed regularly to all relevant personnel.

One tremendous advantage of direct marketing is the ability to test a theory or creative or product without making long term commitments to it. However, this can make strategic planning difficult if you are hesitant to make educated guesses as to future performance.

Quantitative and qualitative input is required to create a cohesive plan. Start with qualitative needs and use them to develop a quantitative plan. Test and measure the results, adjusting future qualitative plans based on those results. Then, repeat the process. If you have planned properly, your test dollars should be well spent.

Keep in mind that strategic planning is not a panacea. It requires time that often does not bring immediately visible results. Good planning means taking a straightforward look at your organization or product. Although this can be difficult, it forces your management to remove its blinders and face the future realistically and rationally. Some organizations are loath to do this and eventually suffer from their limited vision. Strategic planning works best in organizations where honesty about strengths and weaknesses is rewarded with the tools to address needs rather than a hatchet to eliminate weaknesses.

Types of Strategic Plans

For an ongoing business, it is worthwhile to construct a Long Range Plan for the next three years, including an Annual Plan for the current fiscal year. These are then translated into Tactical Marketing Plans.

The Long Range Plan looks beyond the current year at future consequences of present actions. There are many plans that look good in the short term, but if continued are detrimental to the business. The implications of today's action should be modeled and updated as additional testing is completed. Some key aspects of a Long Range Plan include:

- Mission Statement – A concise statement of purpose and direction.

- Strengths and weaknesses – Address areas and issues that can be changed. And, those over which you have little control.
- Competitive overview.
- Consumer/customer profile.
- Objectives (e.g., To Achieve \$ __ million in sales, we must...).
- Strategies (e.g., To develop...).
- Tactics – Very specific methodologies to obtain objectives.
- Financial plan – Includes profit and loss statement, return on investment (ROI) and/or other key criteria, inventory requirements, and cash flow.

The Annual Plan is the blueprint for the current year. You should always have a plan on paper for at least the next twelve months. An Annual Plan contains the same elements as the Long Range Plan, but has expanded details. It has the best estimate of results and is regularly updated.

The implementation of a strategic plan should begin with a concise chronological fiscal year summary of marketing events, sometimes known as Key Events. These serve as a bridge between strategies and tactics. They are quite useful for ongoing quick reference and during management reviews. Key events may include:

- Formal planning assumptions.
- Qualitative headlines.
- Updates and test summaries.
- Timing.
- Circulation quantity.
- Test issues.
- Project objectives.
- Test objectives.
- Specific performance objectives (e.g., response and order size).

The Tactical Marketing Plan translates your strategic plan into actions. Look at your plan's objectives and decide how to go about achieving those goals for each mailing or event. Holding regular tactical meetings will keep your strategy focused and communication lines open.

Conclusion

How are you going to achieve your objectives if you do not know what they are? New advances in technology cannot take you wisely into the future if you do not know where you want to go. Consider strategic planning as the tool to help you reach your destination.

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