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Navigational Marketing: Predicting Business Growth

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The business development planning process has many names and titles. It means different things to different audiences. Nonetheless, all successful major companies have some type of sales planning process for their business units and operating divisions. The major question these processes address is where and how to position the enterprise for growth. This is the essence of strategy development. However, what do businesses or divisions under the \$300 million range use? What processes do they engage in from a planning perspective? At best, their processes are average, with a great number below average, if not non-existent. Many companies miss the mark completely.

FEATURED CONTENT

In today's competitive marketplace, coupled with an economic downturn, the stakes are too high for companies to be complacent about sales development. Although most companies hold sales strategy meetings, if measurable outcomes don't result, the process is of limited value. One unique approach to steering predictive business growth is a process called navigational marketing.

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Navigational Marketing Defined

Navigational marketing's two essential components are focus and predictability. Companies will learn where they need to focus their attention and resources, as well as increase the odds of success, within the sales system.

Navigational marketing can be equated with decision probability management, so that an organization can increase the likelihood of making sound marketing decisions and avoiding poor ones. By using navigational marketing techniques, employees will be engaged to objectively attain an elevated level of focus, which will improve the probability of success and provide measurable, predictable revenue and margin objectives. The power of navigational marketing is that predictability can be quantified.

ASCO Numatics Americas, a division of Emerson Industrial Automation, is the worldwide leader in the design and manufacture of quality solenoid valves. For more than a decade, ASCO and other Emerson divisions have used navigational marketing.

"The key advantage of navigational marketing is that the process results in a disciplined, actionable list," ASCO Numatics President John Meek says. "It is a very different approach, and it forces management to sit and listen as key employees, customers and sales channel partners prioritize issues."

Three Common Mistakes

Understanding the company's current position in the marketplace is the absolute first step before deciding where and how to position your business for predictable growth. Most planning processes start



with the latter point and omit the former. Often, this is a strategic mistake.

A second common misstep happens when marketing decisions are made with good intentions and not facts. Marketing without data and empirical evidence increases the probability of failure. Another error occurs if the operating planning process begins with deciding where and how to position the business for growth without a fully engaged and contributing staff. Thus, owning the results of the prescribed direction doesn't take place. This navigational marketing process is more than gathering reactive employee suggestions; rather, it is a platform for creating a new, agile corporate sales culture that is change-adaptive.

"It gave us focus and helped us to understand the common issues in our distributor network," Meek adds. "In less than two days, we got a composite view of the entire channel issues instead of specific, isolated complaints, and we were able to take immediate action."

Many companies underestimate the agony of overhauling the sales process. Employees will not change their behavior significantly unless it is worth their while. It takes clear communication to help employees understand how they can become vested in a new company direction. It is an ongoing educational process.

Attaining elevated levels of employee performance and not status-quo-posture levels can be directly related to ownership of the results. Conducting a navigational marketing exercise will set the foundation for achieving elevated performance levels.

"This approach requires involvement by all key players and encourages participation," Meek says. "Within a short period of time, your business can have an action plan that everyone buys into."

The Process Itself

The navigational marketing exercise addresses major company issues. It builds accountability and consensus across the leadership of the company. Most importantly, it provides the first important step to focus on the health of the enterprise and its competitive intensity. This exercise also prioritizes issues, and it will determine where and how to craft competitive strategies, while continuing to build customer loyalty.

Specifically, ASCO held a distributor channel meeting with 12 people and eight key managers. This was a two-day meeting to identify the issues impeding sales growth and troubling the distribution channel. A typical agenda for the exercise includes three discussion areas: business and process definitions, customers and competition, and areas to correct and/or build on.

Business and Process Definitions

First, establish a definition that accurately describes the core business – and it is equally important to note what the business is not. Participants will identify where current dollars are coming from, such as buying trends and growth segments. A relative market share should be calculated.

Also, what the company chooses not to offer often is as important as what it currently offers. Fewer product and services options – i.e., "demarketing" – are a preferred strategy.

Customers and Competition

Once the business segments are identified, discussion should focus on customers and competitors' behavior. The key issue is what customers require of a supplier, and the more specific the information the better. The participants will need to address these types of questions:

- n How does the selling/purchasing process function?
- n What are the product/market strategies to fulfill those expectations?
- n What specific companies compete with the business?
- n How well are they positioned; why are they or are they not successful?
- n What channel requirements exist?

n Where does competitive advantage and customer loyalty exist?

It is quite possible that some of these questions cannot be answered. Knowing that, management can plan to address those questions next fiscal year.

Areas to Correct and/or Build On

The last discussion segment of the exercise addresses areas in the business that need to be corrected and/or built on. Generally speaking, this section is much easier to complete, because the participants know more about the company itself.

According to Meek, the navigational marketing exercise gave a structure to the entire meeting. "This structured format changed the entire tone of the meeting," Meek says. "It went from a typical complaint meeting and was converted into a business-issue discussion with a clear list of priorities that management and distributors agreed to do."

It begins by conducting a current SWOT analysis, including problems as a component. Problems, unlike a weakness, can more often be resolved quickly. Then isolate all the key marketing decisions that you face. Having done that, prioritize them and attempt to place a cost/value/timing requirement on each. Next, define the existing, overall corporate strategy and then develop a strategy for each major market segment and product line. Attempt to determine whether the company enjoys a competitive advantage. Do not be surprised if you cannot define your company's competitive advantage. Often, we find businesses where it does not exist.

Missed items relevant to your industry can easily be added to any part of the session. The lesson of importance here is that you have begun the focus discipline that is critical to the navigational marketing process.

The Technique Itself

While conducting the discussion meeting, be sure to capture thoughts on cards. Use different colored cards, different sizes of cards, and colored dots to identify priority thoughts. Pin the cards to a white board in a highly-organized fashion so that a visual outline and, eventually, a roadmap is created.

Utilizing a "storyboard" of the "displayed thinking" facilitation process opens the meeting for all ideas in the room. It harnesses the energy to enable participants to share information, organize and prioritize that information, and develop consensus on where and how to position the business for predictive growth. Storyboarding is not a new technique. It was invented in the late 1940s by Michael Vance and commercialized at Walt Disney Studios. Jerry McNellis at McNellis & Associates in Pittsburgh refined the technique, calling it "Compression Planning."

Visualizing results provides for ease of information use and captures or displays it in a meaningful manner. Take digital images of the storyboard and distribute it to the participants. This creates a permanent record, as well as a benchmark.

At ASCO, Meek confirms, "We sent the notes of the meeting to the management team, as well as to the distributors, along with an actionable item list. It was a tangible documentation of what we had all agreed to accomplish."

From this point next steps are developed, agreed upon and assigned. The sales-planning process now has all the facts needed to build a case to move forward.

During this exercise, companies often identify what they do not know. Therefore, market research might need to follow to address unanswered questions. The last step concludes with writing a sales marketing plan with specific objectives, strategies and definable action plans.

Upon plan implementation, it will quickly become apparent whether the business environment has or has not changed. At that point, a new plan and/or goal adaptations are necessary. Meek notes, "We looked back a year later and documented that we had accomplished

most of the things on the list.”

Engage Everyone

The business-building process often begins with the first draft of the marketing plan, a mistake that should be avoided. Step one should engage the entire staff with a comprehensive process to understand the current health of the enterprise; together a structured “situational analysis” of the company’s competitive position must be identified. The “displayed thinking” technique provides the focus to make it work.

When employees are part of a company’s strategic planning process at the outset, they are much more likely to develop ownership of the plan. People need to own strategic plans so they are motivated to attain established company goals. Companies need a process to pull the internal organization together so that a common sense of purpose can be achieved. Navigational marketing is one process that can provide the predictability a company desires. ?

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