

**SMPS**

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Professional Services**

**Atlanta**

# **SMPS Atlanta Marketing Boot Camp Session #2: Do Business Plans Matter in this Economy?**

Jim Lenahan

*Principal*

*Lenahan.biz*

# Overview



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**Introduction**

**Business Plan 101**

*A brief overview*

**RFQ Essentials**

*Refresher*

**The dirty little secret**

*Let's keep this between us!*

**Go / No Go**

*Do people really use these?*

**Exploring New Market Segment**

*Great, but we've never done a project like this before.*

**Practical advice for new coordinators and small firms**

*If you are not doing these you should be*

**So do Business plans really matter in today's market?**



# Jim Lenahan



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- over 30 years experience, including:
  - 4 years multi-client consulting
  - 8 years at LEO DALY (AE)
  - 3 years Construction Company
  - 3 years graphics firm
  - 12 years State Economic  
Development Marketing



# Business Plan 101



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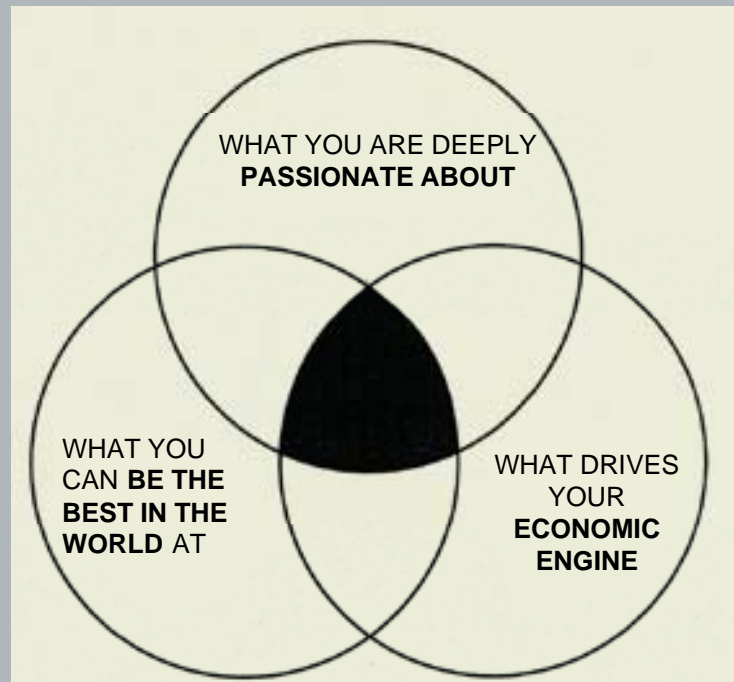
- Mission / vision
- Key markets
- Market analysis
- SWOT
- Key personnel
- New Business projections/ goals
- BD Strategies / budgets
- Marketing activities / budgets



# Mission / Vision



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THREE CIRCLES OF THE HEDGEHOG CONCEPT

Good to Great-*Jim Collins*

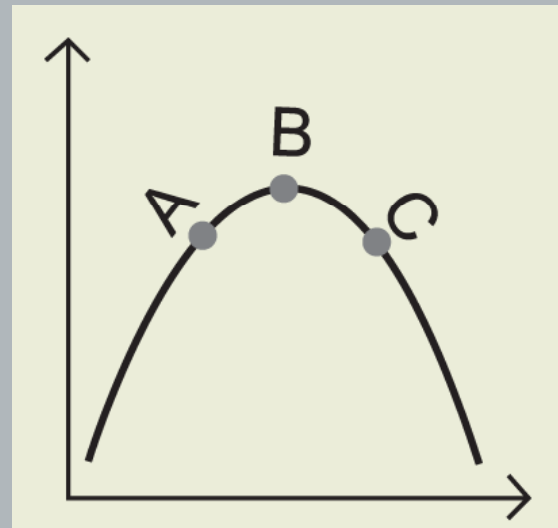


# Market Segment Analysis



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Market segment



A = Emerging

B = Mature

C = Waning

Maturity Stage

*“Markets can remain irrational longer than you can remain solvent.” John Maynard Keynes*



# Staff Segment Analysis



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Individual	#yrs	HE	Hosp	Corp	HC	K-12
A	7	3	1	4	3	2
B	6	2	2	3	3	3
C	5	3	3	2	3	3
D	12	4	2	1	4	3
E	15	5	3	5	4	3
F	3	3	2	1	2	2

Rank 1 = Low

Rank 5 = Significant

### Correlations

Years	#Staff	HE	HC	CO	K12	HO
<5	9	20	19	16	16	13
5-10	15					
>10	6					



# SWOT Analysis



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- Strengths
- Weaknesses
- Opportunities
- Threats

**Markets will Emerge!**



# Hit Rates



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- How many proposals does it take to get new work?

Proposals	Interviews	Awards	Hit Rate
#	#	#	%



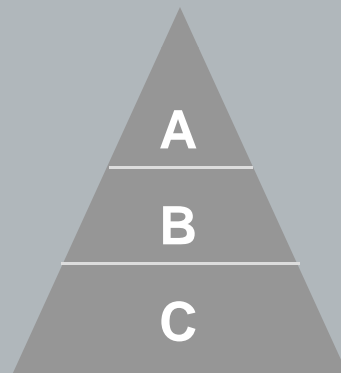
# Repeat Business- We have them already, we don't need to do anything else ... right?



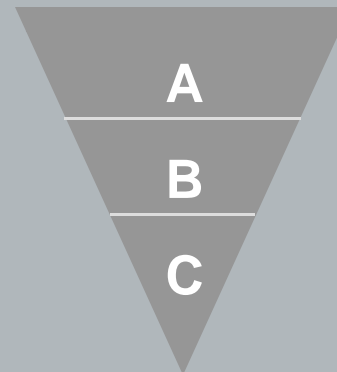
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Easier to keep clients than to replace!

Targets



Resources



- A- We know / know they have work
- B- We know / don't know if they have work
- C- We don't know/ don't know if they have work



# Repeat Business



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Many rightfully firms brag about repeat clients

If your firm has 80% repeat business what does this mean?

Every year you replace 20% of annual revenue with new clients

Every 5 years you replace 100% of your volume with new customers

66% means every 3 years you replace all sales volume with new client revenues

When you consider traditional growth goals these figures increase (15% growth means you double in volume in 5 years)



# Details of Financial Goals

- Hit rates vary for size projects and segments
- A spread sheet should depict the goals and projected profit for each market segment

<u>% probability</u>	<u>constr value</u>	<u>fee amount</u>	<u>consultants</u>	<u>net fee</u>	<u>net to goal</u>
10	10,000,000	700,000	100,000	600,000	60,000
15	5,000,000	350,000	50,000	300,000	45,000
20	1,000,00	70,000	10,000	60,000	12,000

Start with backlog for new FY and then move to awarded but not kicked off then known or identified projects. Then clients being targeted for new relationships

- This exercise underscores the need for a business plan and remaining focused- in both turbulent and normal times



# Budgeting BD/ marketing dollars

All of this should be in business plan



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<u>Item</u>	<u>Costs</u>
Memberships <i>AIA, IIDA, SMPS, CBR, etc</i>	\$ 250-\$1000
Lead Service	\$ 1500
Conferences <i>GHA, GASFA, GEDA, etc</i>	\$ 500-\$1,500
Exhibiting <i>List conferences</i>	\$ 750-\$3,000
Sponsorships <i>list</i>	\$ 1,500-10,000
Clubs	\$ 250 monthly
■ Golf	\$ 500/Outing
Advertising	\$ 2,500-\$10,000
Photography	\$ 5- 10,000
Open House/Client Functions	\$ 50 to 100/head



# RFQ Essentials- what to focus on



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- Deadline- pre-proposal meeting?
- Scope of work for project
- Thresholds to submit
  - Number of similar projects same size
  - Experience of PM or lead designer
  - Years in business
  - GCs- bonding or insurance, financial rating TCSG now set at A- BEST rating
- Competitive selection criteria





# Dirty Little Secret of RFQs

- Many principals don't read the whole thing!
- Determine who does and who doesn't
- Our job is to help point the team in the right direction
- Read it right away and collaborate w/ BD Director or Principal in Charge ASAP
- You can influence this process but this is harder in turbulent times like today



# GO/ NO GO Evaluation



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- Have we met with this client?
- Did we know about this project?
- Is project funded?
- Is client's evaluation process clear?
- Is schedule realistic?
- Is contract reasonable?
- Is this a Core market?
- Is this a strategic market for our firm?
- Are we well positioned in this market?
- How many others firms are likely to submit?
- Are there any incumbents?
- Do we have the available talent to win?



# GO / NO GO Evaluation

- Do we need to add consultants or subs to our team?
- What investment is required to undertake this psl?
- What level of effort will it take?
- What costs will be required if we short-list?
- Are resources available for a good proposal effort?
- Any distinctive advantages or special factors increasing odds of winning?
- Does profit potential justify time/effort to pursue?
- Is there a potential price for not submitting?



# Comments on GO / NO GO



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- If not using formally suggest and provide example of draft form
- It is important to realize when you commit to submit there is no backing away later- so a careful analysis of your costs and resources is important
- Bait and switch is not an option
- If you get shortlisted and decline you will probably never get another opportunity with that client



# Exploring New Areas

Great but we've never done this before.



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Stretching market segments for new work

- Candid Assessment
- Realistic Expectations
- Still, must dream and reach for new goals

## Strategies / Approaches

- Strategic Alliances
- Partner- JV
- Mentor/protégé
- Creative Teaming



# Exploring New Areas by teaming

Great but we've never done this before.



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## Practical Teaming Strategies

Everyone loves to get invited onto a team

Part of a WON fee is better than 100% of NO fee!

Here is an area the coordinator can influence- keep sub-contact database, maintain relationships

Large Firm – Localize Team, add specialty consultants

Small Firm – Swim Upstream- find a large firm you can form a strategic alliance with for select market segments or clients

*“Tell them the truth, first because it’s the right thing to do, and second, they’ll find out anyway.” Paul Gavin*



# Primer and Refresher



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- One BD Director's view on the role of the marketing coordinator
- Simplifying the marketing coordinator's role
- What are essential priorities?
- Tips to staying focused and on target
- How to look smart and keep your job!



# What are we Selling?



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Firm Qualifications  
History  
Culture  
Experience  
Knowledge and Process  
Resumes  
Past Projects



# Project Sheets

- Backbone of marketing program
- Need robust amount of information for future use
- Develop/ revise form to capture info
- Accounting has contract amounts
- Fill out as much as possible
- Don't expect cooperation- they are always too busy for this!
- If all else fails, make up a proposal deadline to get this info



# Project sheets (cont.)

- Contract and final project amounts
- Key dates- award, schedule, completion
- Market Segment/ SF/ Delivery Method, etc
- List of team members/ consultants
- List of key personnel and roles
- General description (RFQ/P or better)
- Key challenges- suggest examples
- Is this a potential award nomination project?



# Resumes

- Update at least twice per year
- Don't expect cooperation- they will be too busy
- Remember accounting has records of who worked on what completed project
- Develop simple form to capture info
- Fill out as much as you know
- Project summary from project updates



# Photography

- Effective graphics increase retention 300% (University of Minnesota)
- If there is no picture clients assume it never got built!
- A rendering during construction is preferred
- Use logos if nothing else
- Bad digital is better than nothing
- Digital has not made photography less expensive
- Often you will be coordinating this, sometimes directing
- Get PM's advice of best shot angles
- A month after the project CO is too late
- Develop a file for photographers for future reference



# Photography - continued



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- Develop a photo policy with BD Director or Principal
- How many shots do you really need of a project?
- Application of the photography is key
- i.e. project sheets vs. awards or publications
- Day rates range from \$ 1500 to \$2000 plus expenses
- Lighting adds costs but increases quality
- Awards/Publication photo shoot-\$5,000 up
- Whenever possible try to get every firm on the project team to split costs



# Why logs matter

- General Qualifications
  - Use a checklist to track contents
  - Who- what- when- where- how delivered
  - Market segment
  - Metrics- # packages/ yr
    - Which markets are most active?
    - Are they leading to full proposals?
    - Cost of this effort- time, materials, deliveries
- “Just give me another package like you did three months ago the last time I was running out the door late to a meeting with that guy from the college in north Georgia.” anonymous Principal



# Proposal Files and Logs

- Add more to checklist for Quals
- Keep 2 copies in file-never let the original out
- Resumes- which version?
- What projects were considered to use?
- Which were submitted?
- Were fees or other attachments incl like hourly rates or reimbursable policies?
- If there isn't a proposal answer databank set one up!
- Metrics- what is our hit rate?



# Suggestions for Small Firms



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- Adopt formal Go / No Go Evaluation
- Keep Logs- Quals, Proposals, short lists
- Interviews- keep list of questions
- Establish a Proposal answer system
- Track Market Segments- analyze differences
- Keep file of sub-consultants
- Put in place resume update system
- Put in place project update system
- Consider Photography policy



# Do Business Plans matter today's market?



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- Firms that were not doing rigorous planning in good times are suffering more than others!
- Those firms planning well were more prepared for the downturn- cycles are the norm
- Business Plans matter more in turbulent times than in normal times
- It is more important to keep your eye on strategic and long term vision now more than ever





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