Crafting a Business Plan

Delivered by:
Co. Sligo LEADER Partnership CLG

Facilitated by:
CramdenTECH Ltd.

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Agenda

- Articulating business strategy
- Market segments and niches
- Product/service decisions
- Pricing and delivery decisions
- Promotional decisions
- Costing and cost implications of running a social enterprise
- Funding strategy

Business Strategy

- Cost Leadership
- Differentiation
- Niche

Marketing Objectives and Strategy

- Increase traded income
- Acquire new customers or beneficiaries
- Encourage repeat sales from existing customers
- Bring a new product/service onto the market
- Increase share of market
- Improve brand recognition
- Improve customer/beneficiary retention
- Market segmentation
- Marketing Mix: 4 P’s or 7 P’s

Product Strategy

- Product Mix – Portfolio of Products
- Product benefits (Core – the main benefit, Actual – differentiate products from competitors, augmented – generate customer loyalty)
- Product decisions – design, quality, features, branding

  (packaging – the silent salesman)

Pricing Strategy

Objectives?

- Improving cash flow
- Generating a surplus
- Gaining market share from competitors
- Maximise capacity utilisation
- Reach a new customer group
- Increase the percentage of enquiries that convert into client orders

Pricing Strategies – the options

- **Penetration pricing**

The aim of this strategy is to enter the market and gain as much share as quickly as possible. Hence, the price is set artificially low. Organisations adopt this strategy in the expectation that they will be able to raise prices once they have acquired customers who are used to purchasing from them.

Pricing Strategies – the options

- **Economy pricing**

The aim is to sell the product or service to a customer base at a low price as the operations costs can be kept low in tandem with the price. It may also be thought of as the “no frills low price” strategy!

Pricing Strategies – the options

- **Skim pricing**

With this strategy, a high price is set when entering a new market with the early adopters of the product or service paying more. As competitors start to enter the market prices start to fall.

Pricing Strategies – the options

- **Premium pricing.**

The aim is to maximise the revenue potential of a high value product or service by setting a high price. This strategy assumes the customer has the ability to pay and values the product or service enough to pay the premium price. A good brand is most definitely an advantage to an organisation adopting this pricing strategy.

Pricing Strategies – the options

- **Promotional pricing.**

Discounts and one-off offers are frequently used by organisations to raise awareness of products and services, encourage trial use of a products, encourage re-engagement with customers who haven't purchased recently and to combat competitor pricing tactics.

Pricing Strategies – the options

- **Psychological pricing.**

It has been observed that certain pricing tactics can trigger a purchase e.g. setting a price at €9.99 rather than €10. Dropping the price by 1c can be enough sometimes to encourage a trial purchase!

Pricing Strategies – the options

- **Version pricing.**

With this strategy, different versions of a product or service are set at different price points e.g. the price set for a basic level of services will be lower than the price set for a premium version of the service. Single product versus multi-packs would be an example.

Pricing Strategies – the options

- **Competitive pricing.**

With this strategy, an organisation sets its prices in line with those of competitors in the home of winning customers through better levels of customer service.

- **Geographical pricing.**

As the name suggests, customers in different parts of a country pay different prices depending upon where they live.

Pricing Strategies – the options

- **Value range pricing.**

As known as ‘value for money pricing’ this strategy is helpful for organisations who are operating in depressed economies or where large numbers of competitors have helped to drive down price levels. Similar to the economy pricing strategy, but promoted to customers as ‘value’ rather than ‘low price.’

Pricing Strategies – the options

- **Optional pricing.**

This entails offering a basic product or service to a customer and then allowing them the choice to pay for optional extras.

- **Bundle pricing.**

Bundling refers to combining products and services together to create an offering at a particular price point. A helpful approach to take when trying to off load older stock!

Pricing Strategies – the options

- **Captive pricing.**

Used by product manufacturers when two products are designed to complement one another. For example, an ink jet printer for an office may be priced inexpensively to encourage customers to buy and the ink required thereafter priced at the higher end of the scale as the customer has no choice other than to use the ink cartridges designed for the printer!

Distribution (Place) Strategy

- Selling directly
- Selling through a reseller (intermediaries)
- Extent of market coverage
- Intensive, selective, exclusive market coverage
- Product volume and storage/warehouse locations
- Raw materials?

Promotional Strategy

- Personal Selling – building long-term relationships
- Direct Marketing – telephone, email, brochures
- Public Relations – press releases, social media, newsletters, events
- Sales promotions – bundling, discounting
- Advertising – traditional media, online, social media

Services Strategy - 7 P's

- Product, Price, Place, Promotion
- Physical Environment: Smart, Shabby, Interface, Comfort
- Process: How are services used?
- People: management, employees, customer service culture

Costing, Cost Implications, Funding Strategy

- Fixed Costs
- Indirect Costs (Overheads)
- Apportionment Policy
- Full Cost Recovery
- Reserves Policy

Review

- What are the implications for your social enterprise concept arising from the topics covered this evening?
- Is there anything that you have identified that may impede your progress?
- Facilitator contact details:

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