

## Marketing and Sales Plan

The marketing and sales plan describes how the sales projections will be attained. The marketing plan needs to detail the overall marketing strategy that will exploit the opportunity. Include a discussion of sales and service policies; pricing, distribution, promotion, and advertising strategies; and sales projections. The marketing plan needs to describe *what is* to be done, *how* it will be done, *when* it will be done, and *who* will do it.

### A. Overall marketing strategy.

- Describe the specific marketing philosophy and strategy of the company, given the value chain and channels of distribution in the market niche(s) you are pursuing. Include, for example, a discussion of the kinds of customer groups that you already have orders from or that will be targeted for initial intensive selling effort and those targeted for later selling efforts; how specific potential customers in these groups will be identified and how they will be contacted; what features of the product or service, such as service, quality, price, delivery, warranty, or training, will be emphasized to generate sales; if any innovative or unusual marketing concepts will enhance customer acceptance, such as leasing where only sales were previously attempted; and so forth.
- Indicate whether the product(s) or service(s) will initially be introduced internationally, nationally, or regionally; explain why; and if appropriate, indicate any plans for extending sales at a later date.
- Discuss any seasonal trends that underlie the cash conversion cycle in the industry and what can be done to promote sales out of season.
- Describe any plans to obtain government contracts as a means of supporting product development costs and overhead.

### B. Pricing.

- Discuss pricing strategy, including the prices to be charged for your product and service, and compare your pricing policy with those of your major competitors
- Discuss the gross profit margin between manufacturing and ultimate sales costs and indicate whether this margin is large enough to allow for distribution and sales, warranty, training, service, amortization of development and equipment costs, price competition, and so forth, and still allow a profit.
- Justify your pricing strategy and differences between your prices and those for competitive or substitute products or services in terms of economic payback to the customer and value added through newness, quality, warranty, timing, performance, service, cost savings, efficiency, and the like.
- If your product is to be priced lower than those of the competition, explain how you will do this and maintain profitability (e.g., through greater value added via effectiveness in manufacturing and distribution, lower labor costs, lower material costs, lower overhead, or other cost component).

### C. Sales tactics

- Describe the methods (e.g., own sales force, sales representatives, ready-made manufacturers' sales organizations, direct mail, or distributors) that will be used to make sales and distribute the product or service and both the initial plans and longer-range plans for a sales force.
- Discuss the value chain and the resulting margins to be given to retailers, distributors, wholesalers, and salespeople and any special policies regarding discounts, exclusive distribution rights, and so on, given to distributors or sales representatives and compare these to those given by your competition.
- Describe how distributors or sales representatives, if they are used, will be selected, when they will start to represent you, the areas they will cover and the head count of dealers and representatives by month, and the expected sales to be made by each.
- If a direct sales force is to be used, indicate how it will be structured and at what rate (a head count) it will be built up; indicate if it is to replace a dealer or representative organization and, if so, when and how.
- If direct mail, magazine, newspaper, or other media, telemarketing, or catalog sales are to be used, indicate the specific channels or vehicles, costs (per 1,000), expected response rates, and so on. Discuss how these will be built up.
- Show the sales expected per salesperson per year and what commission, incentive, and/or salary they are slated to receive, and compare these figures to the average for your industry.
- Present a selling schedule and a sales budget that includes all marketing promotion and service costs.

*D. Service and warranty policies.*

- If your company will offer a product that will require service, warranties, or training, indicate the importance of these to the customers' purchasing decisions and discuss your method of handling service problems.
- Describe the kind and term of any warranties to be offered, whether service will be handled by company service people, agencies, dealers and distributors, or returns to the factory.
- Indicate the proposed charge for service calls and whether service will be a profitable or break-even operation.

*E. Advertising and promotion.*

- Describe the approaches the company will use to bring its product or service to the attention of prospective purchasers.
- For original equipment manufacturers and for manufacturers of industrial products, indicate the plans for trade show participation, trade magazine advertisements, direct mailings, the preparation of product sheets and promotional literature, and use of advertising agencies.
- For consumer products, indicate what kind of advertising and promotional campaign will introduce the product, including sales aids to dealers, trade shows, and so forth.
- Present a schedule and approximate costs of promotion and advertising (direct mail, telemarketing, catalogs, etc.), and discuss how these costs will be incurred.

*F. Distribution.*

- Describe the methods and channels of distribution you will employ. Discuss the availability and capacity of these channels.
- Indicate the sensitivity of shipping cost as a percent of the selling price.
- Note any special issues or problems that need to be resolved or present potential vulnerabilities.
- If international sales are involved, note how these sales will be handled, including distribution, shipping, insurance, credit, and collections.