



# BUILDING ENTERPRISE VALUE THROUGH MARKETING

## Are your marketing efforts building value?

When was the last time you did a critical review of your marketing strategy and plan? Prior assumptions can rapidly become outmoded, especially in markets affected by rapidly changing technology and new entrants. Reevaluating your marketing plan to ensure it is aligned top to bottom with your business goals



and then effectively implementing improvements can significantly boost value.

In this edition of *Executive Issues & Insights*, we explore key

insights drawn from the extensive C-suite and Board experiences of the NextLevel team on how to build enterprise value through marketing.

## NEXLEVEL CASE STUDY

*U.S. Subsidiary of European Supplier Moves from Stagnant Growth to 60 Percent Market Share*

The U.S. subsidiary of a European B2B industrial component supplier experienced several years of stagnant sales growth of zero to 2 percent per year despite a market that was growing at more than 10 percent per year. In addition, the subsidiary's customer base was excessively concentrated, with 85 percent of revenue coming from one customer.

The CEO, who later became a NextLevel partner, completed an analysis of North American market potential that revealed a highly concentrated industry, with 80 percent of potential revenue concentrated in 10 major original equipment manufacturers (OEMs), each representing over \$50 million in sales. The balance was split between midrange OEMs representing \$5-\$50 million in sales and small customers. The NextLevel partner then conducted consumer focus group research to determine the

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## NEXLEVEL INSIGHTS

### Know your current market

The competitive landscape is continually changing due to evolving tastes and expectations, disruptors, new distribution channels, and the transformative role of digital in the customer experience. Where do you fit in? Are you where you need to be to maximize value? What is your value proposition against your competitors? A top-to-bottom review from a perspective unhindered by past assumptions can reveal how best to approach the market as it exists today.

### Be in the needs fulfillment business

Satisfying your customers by understanding their needs thoroughly helps them be more successful in the long term and increases your value as a supplier. A needs-based approach also means making it easier for your customers to do business with you. Can they quickly get information they need and are questions and service issues resolved promptly? Any barrier will impact how they perceive you and, ultimately, the value of your business.

### Develop a marketing plan that is strategic

What are your business goals and objectives? For example, do they include a capital event in 5 or 10 years? If your strategy to build value requires long-term contracts with industrial customers or specific branding to attract and retain retail customers, what marketing plan will help you achieve these objectives? Make conscious, strategic decisions by beginning with the end in mind instead of simply letting tactics evolve.

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significance of the company's offerings on the sales success of the OEMs, and concentrated production development effort on products for the 10 largest OEMs. He also restructured sales activities to support a multichannel approach to the market and implemented a structured needs-satisfaction selling methodology, replacing a primarily relationship-based approach. Finally, he reduced promotional expenditures on trade shows, advertising, etc., aimed at midrange OEMs and small customers.

As a result, within two years, the company significantly increased market share to 60 percent. The concentration of sales coming from one customer was also reduced to 35 percent of revenue with no loss of sales. Subsequently, the company achieved 10 years of sustained 20 percent sales growth per year at operating margins averaging over 24 percent.

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**Quantify your marketing return on investment**

Marketing initiatives can be expensive, as they can include a mix of advertising and promotion, direct marketing, market research, public relations, digital marketing, trade shows, and collateral and other sales support materials. For each activity, know why you are making the investment and chart the results. Establish clear metrics designed to capture ROI and keep your teams accountable to them.

**Ensure sales and marketing are aligned**

To maximize value, your sales and marketing functions should be highly collaborative. These teams should have mutually supportive metric targets and should be incented to work together toward corporate goals that build value. For example, generated leads from the marketing team are valuable only if they result in closed deals from the sales team. If sales and marketing functions are siloed or have firewalls between them, they're not aligned and value is lost.

**Promote a company culture where marketing ideas are welcomed**

You never know where your next great marketing idea will come from. Workers on the line might find a marketable use for manufacturing waste or your customer service reps might have valuable insights into an emerging market need. In a company culture where all opinions are valued, employees are more likely to be aligned with company goals and offer innovative ideas that build enterprise value.

**“UNDERSTANDING YOUR CUSTOMERS’ NEEDS AT A DEEPER LEVEL IS ONE OF THE BEST EARLY STEPS YOU CAN TAKE TO INCREASE VALUE.”**

**You want to be seen as a partner and ally rather than simply as a vendor or supplier.**

**KEYS TO BUILDING ENTERPRISE VALUE THROUGH MARKETING**

- **Your competitive landscape:** Do you know where your company fits?
- **Your customers' needs:** Do you understand them on an intimate level?
- **Your marketing plan:** Is it moving you toward your strategic objectives?
- **Your marketing expenditures:** Are you quantifying them for return on investment?
- **Your sales and marketing teams:** Are they aligned and working toward common goals?
- **Your company culture:** Does it welcome marketing ideas from any source?

**More Information**

To learn more about how NextLevel can help you build enterprise value through marketing, call us at (800) 833-NEXT or email [info@nlbev.com](mailto:info@nlbev.com).

