

Translating Corporate Strategy into On-The-Ground Success

How to successfully align Corporate, Marketing and Sales Strategy to reach your Targets


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Even the best corporate strategy will remain ineffective if it is not systematically and consistently implemented. Whether or not a company succeeds is finally decided by the market and the individual customer.

The challenge is to effectively align corporate strategy with the marketing and sales strategy, thereby translating it into concrete and coordinated actions at the market and customer interface.

The strategy pyramid (comp. fig. 1) illustrates how the three strategic levels are related to each other.

Fig. 1, The strategy pyramid



Corporate Strategy

Corporate strategy (or business unit strategy) is located at the top of the pyramid. In its corporate strategy, Top Management defines which businesses and markets it wants to focus on and where it sees the most attractive opportunities for future growth.

Example: We want to aggressively develop the market of specialty chemicals for PVC processing and become the world market leader within the next 5 years.

Marketing Strategy

The statements made within the context of a corporate strategy are often quite general and describe the company, its environment and the intended future direction from a helicopter perspec-

tive. This is why, at the marketing strategy level, a much finer planning ‘granularity’ is required. Thus, to stay with our example, based on the market definition put forward in the corporate strategy, the marketing or product manager will have a close look at the product portfolio ‘Specialty Chemicals for PVC Processing’; he will analyze the positions of the individual products in their life cycle, their profitability, the competitive situation and the attractiveness of the individual market segments. On that basis, he will develop his marketing strategy and define which products will be promoted or discontinued and which segments will be developed or newly entered.

In the next step, the marketing strategy will be operationalized in the marketing mix (product, price, place, promotion). In that context, it has to be discussed with the foreign subsidiaries and sales agents if, and to what extent, the marketing mix should be adapted to local requirements.

Example: The focus in the next fiscal year will be on marketing a lead-free stabilizer for the PVC window profiles segment. The product will be available in granular form and positioned in the premium price range. It will be sold by the sales force at home and by the local subsidiaries and sales agents abroad. Marketing communications will include advertisements in special magazines and the focus will be on promoting the environmentally-friendly aspect (lead-free) of the product.

Sales Strategy

While the marketing or product manager’s focus is on products and markets, sales managers concentrate on the individual customer. It is here that corporate strategy reaches its highest degree of detail. In our example, based on the target segment defined in the marketing strategy, the sales managers will first determine how many producers of PVC window profiles there are, worldwide (the total market potential). Then they will draw up a list of the companies which the company already serves and analyze the competitive situation. Finally, the current and potential customers will be segmented and, on that basis, the sales strategy will be developed.

Example: Based on their turnover, PVC window profile producers will be globally categorized into ‘big customers’, ‘medium-sized customers’ and ‘small customers’. Big customers will be developed by the sales director within the framework of a Key Account Management scheme. Medium-sized companies will be served by the field sales force in Germany and the local subsidiaries abroad. Small customers will have the possibility to directly enter their orders on the company’s website and they will be served by the sales administration department via telephone.

Aligning the 3 strategic levels

Whether a company is successful in translating its corporate strategy into on-the-ground success critically depends on its ability to align the three strategic levels. In many companies, there is a lot of room for improvement here. Frequently, corporate strategy is formulated by Top Management without including Marketing and Sales. How can commitment and passion for the strategy’s execution be developed under these circumstances? Marketing strategies are often formulated without involving those who implement it – the sales force. As a consequence marketers are regularly criticized by their colleagues from sales as being ‘removed from the market and ignorant of what is going on at the customer level’. On the other hand, sales often grants rebates to reach

turnover targets, although the product is positioned in the premium category, which excludes granting rebates at all.

All this leads to a situation where corporate strategy will not be consistently implemented at the market and customer interface and the company will miss its targets.

What can be done to effectively align the three strategic levels? Successful companies adopt the following approach:

- Active participation of Marketing and Sales in the development of corporate strategy. This creates buy-in and commitment – key factors for successful strategy execution.
- Systematically deriving marketing and sales targets from corporate targets.
- Joint development of the marketing and sales strategy by cross-functional marketing and sales teams.
- Linking compensation and incentives to reaching strategic targets.
- Close and continuous cooperation among Top Management, Marketing and Sales Management to implement the strategy.
- A corporate culture that promotes cooperation, trust and cross-functional teamwork.

Summary

Whether or not a corporate strategy is successfully translated into on-the-ground success critically depends on how it is aligned with the marketing and sales strategy. Success factors include: Strategy development at the three strategic levels by cross-functional teams, continuous, close cooperation among Top Management, Marketing and Sales Management in the strategy's implementation and a corporate culture characterized by cooperation, trust and teamwork.