



Marketing Through Chaos: A Plan for Technology-Based Entrepreneurs

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**FIRST
EXPERIENCE
COMMUNICATIONS**

About First Experience Communications

First Experience Communications (FEC) has 25+ years of knowledge and counsel helping businesses address critical goals by using an Integrated Marketing Communications strategy along with the following tactics: market research and planning, advertising, public relations, direct marketing, internet/web, and social media.

FEC counsels start-up entrepreneurs at many stages of commercialization, from seed-funded transfer projects to spinoffs from established enterprises. Our core competency comes from working with a wide range of ventures because we understand the challenges they face.

About the cover photos

The Civil War is a perfect example of “marketing through chaos.” As the brutal war was occurring, President Lincoln insisted that the building of the Capitol continue as a symbol of the goal to reunite the country. Our own democracy was created from chaos, and is a great example we should look to today as an inspiration for all enterprises and inspired individuals.

About the inside photos

The expression “what is old is new” is appropriate for today’s entrepreneurs and enterprising leaders to look for examples as a way to create products and services for society. Even though the inventions are dated, the spirit of free enterprise and discovery is evident from generation to generation.

Introduction

What does it take to be at the top of business? Fortune magazine’s annual “Business Person of the Year” feature offered a wise answer: “The ability to create new opportunities out of chaos.”

For entrepreneurs breaking new ground, for technology-based businesses that are offering solutions with new, non-traditional tools, the “chaos” is everywhere.

In the midst of seeking investors, recruiting staff and developing a coherent business plan, what often is forgotten amid the “chaos,” is a disciplined approach to integrated marketing communication – the advertising, public relations and marketing tools that come together to connect product and customer.

We at First Experience Communications (FEC) marvel at the energy, ingenuity and courage of the many start-up entrepreneurs, high-tech pioneers, and associated businesses that we have counseled over the years. From initial idea to product launch to ongoing business development, the power of marketing has an important role to play in the success of companies that focus, understandably, on other things in the early going.

What follows is a brief outline of the marketing tools and wisdom that can be brought to bear on the special needs of new business organizations with vision and an exciting future. Also included are several case studies of FEC clients. Our objective is to be a strategic partner to those who give us the privilege of creating the future.

Diversity of Audiences

In the early stages of a company launch, the audiences to be addressed are diverse and complex. Unlike a traditional marketing effort focused on end-use customers, a new organization must develop a marketing strategy for investors, for the supply chain (if necessary), for employee recruitment, and, a sophisticated marketing initiative for customers. The marketing plan for customers involves not only the traditional targeted efforts designed to spur sales, but also a plan that includes competitive analysis and disciplined time lines and goals. The competitive analysis – an honest look at who else in the market offers similar goods and services; and the time line – are healthy exercises for any business organization, but are especially important for a company that must reassure early-stage investors.

Target Marketing

A frailty often identified in new technology-based companies is an aggressive enthusiasm for the product and service, in the absence of a clear customer need. Enthusiasm in the laboratory or boardroom must be focused not only on the value of the product, but on the fulfillment of customer needs, which must be identified with as much precision as possible. Cooperation between the technology team and the marketing team is essential, as product features must often be altered to meet the articulated needs of the customers identified through marketing research.

Product, Price, Promotion

Once the product and service features have been agreed upon, pricing and promotion become an essential part of the marketing strategy. While pricing is often perceived to be the purview of the business/financial professionals, the pricing is often tied to promotion of the product and service, whether through discounting or ongoing price incentives to long-term customers. To be sure, marketing cannot trump pricing to the point of disrupting financial objectives, but the two pieces of the puzzle must work closely together to achieve the optimum result.

Delivering the Message

The traditional marketing message-delivery systems – advertising and public relations – are of special importance to new companies with modest brand identity. However, a key factor in the promotion package for new, technology-based companies is often face-to-face contact with potential customers. Marketing plans for startup companies must include identification of social and professional opportunities for company executives to identify and meet with potential customers – a process that can be reinforced with targeted advertising and focused public relations aimed at media most likely to be absorbed by the potential customers.

An essential component of the messaging process is evaluation of the value and reach of specific media, e.g., traditional, electronic and social. Different mediums reach different audiences; and all messages are not created equal. Even positive news about a product or company is not necessarily valuable for the bottom line. Marketing professionals provide a decision-making matrix that will focus on the best message and delivery systems to meet the objectives the client has set.

Product and Service Relevance

Customer perceptions of product value are particularly challenging in a search-engine age; on-line marketing must predict how potential customers are most likely to articulate searches. In addition, traditional marketing methodology must demonstrate the relevance and value of particular products and services to each potential customer. Online sites must demonstrate commitment to customer and articulate a clear benefit to customer.

Effectiveness Research

Every tool in the marketing portfolio should be subject to a cost-benefit analysis. Methodology should be put in place to evaluate the effectiveness of all areas of the marketing initiative, in terms of not only the traditional goals of awareness and customer identity, but also more specifically, the impact on sales and financial performance.

The Network

Marketing professionals must operate in an environment that brings together legal, financial, public policy and communications professionals to best serve every client. Whichever of the professional services the new-venture entrepreneurs begin their journey with, marketing professionals should provide counsel and explain the marketing impact of decisions that must be made.

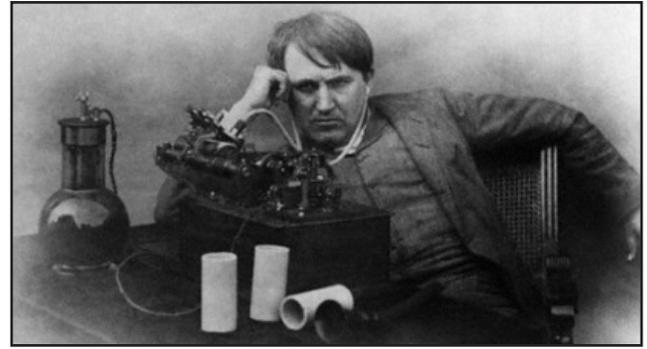
In addition, the marketing team is often tasked with creating a professional network specifically designed for each client's professional and industry-specific needs.

Conclusion

New-venture entrepreneurs must reach out to clearly and accurately communicate with their various audiences. Backing the brand with ongoing communication and responsive marketing strategies are essential for business success and profitability.

FEC counsels and helps clients build value, improve communication, and plan for long-term vitality.

The following examples illustrate some of the strategic initiatives that we have created and implemented for our clients. They encompass the following themes: **The Visionary • The Re-inventor • The Pioneer • The New Kid • The Outreacher**



The Visionary

From Startup to IPO

How does a company grow from \$4 million in revenue to \$400 million, land the CEO as one of the top five innovators in its industry and achieve a \$1.5 billion IPO? Sustained market research and strategy, from the very beginning.

Rather than focus exclusively on the often enchanting idea that “if we build it, they will come,” our client first took a hard look at its market by engaging customers, prospects, and media. Focus groups with senior management and sales teams determined that the industry tended to position technology providers as a commodity in the value chain. The resulting market plan highlighted new revenue opportunities for community financial institutions by allowing them to process a larger share of transactions and capitalize on their two unique assets: trust and community.

Armed with this information, our client, with which we have had a 14-year relationship, was able to create a brand and position that changed the market’s perception of banking software. That brand garnered not only the attention of the market, but investors and partners, as well.

Lesson Learned

Long before “crowdsourcing” was part of our culture, this company launched itself with a brand and logo created from a few disparate ideas. Over time, a serious branding campaign clarified the company’s value and reinforced its product assets. New-ventures seeking profitability, investment and exit must begin with consistent messaging, rooted in research and sustained over time.

The Reinventor

Expanding to the Next Market

Margins shrink. Every company experiences this. Successful ones, however, plan ahead, then get in front of trends so that they aren’t left in a reactive position. One such client, an aerospace manufacturer, broke from its work-a-day culture to increase its market penetration, attract new partnerships, and drive new products to market.

Our research revealed key customer and prospect perceptions. The company learned that many clients were not aware of the expanded range of capabilities it offered. A branding campaign communicated the growth the company had experienced over 35 years and raised awareness that it serves five vertical markets, rather than one. We communicated that clear opportunities were available to new partners; and the company’s expertise reached to all areas of flight safety. These qualities may have been known on the inside, but it’s equally important to keep external stakeholders aware.

By recognizing the diversity of audiences, this company was able to build relationships with important decision makers. It became the 11th company in the country to receive the Space Flight Awareness Award from NASA’s biggest partner in human space operations. Congressmen championed the company’s expertise to press for a high-priority approval on one of its new products, gaining it immediate market entry, domestically and internationally. Interactive strategies drove nearly \$5 million dollars in online requests for quotes, annually, following the development of the marketing strategy.

Lesson Learned

Markets and investors need sustained reassurance to maintain their levels of commitment. By keeping the dialogue going, this company was able to not only penetrate new markets, like commercial aerospace and new military programs, but to also finance a number of new ventures through the commitments of supply chain partners, economic development agencies and lenders. Once new products began production, the client also secured financing for a new facility. To continue on a growth path beyond cash infusions, new ventures must communicate their goals and continually build trusting relationships.



The Pioneer

Innovative products are created regularly, but profitable business models must include a strong connection to the market. One client, the creator of an environmental engineering device, got off the ground with a novel product, but grew to a dominant player by developing relationships with all the important decision makers in the residential building industry.

A careful analysis of each aspect of the sales cycle - the perceptions, the regulatory requirements, the distribution - helped the company to establish the right messages for the right audiences. Rather than flooding one audience with untargeted "buy this now" messaging, the client attacked the market with surgical precision. The campaign helped academics understand the environmental impact, gave regulators information to integrate the product into municipal planning, and educated homeowners and installers on the building decisions involved. The communication process encouraged the market to perceive the company as a provider of environmental wastewater solutions, rather than only a manufacturer.

Having a full understanding of the needs of decision makers, the company built a truly strategic web site, not just brochureware. It featured applications that distributors, customer service reps and installers could use to gather almost all of the information they needed to sell or service the product; operations were streamlined as a result and the company now dominates 32% of its market.

Lesson Learned

Products don't sustain businesses. Relationships do. New ventures need to recognize the interplay between the customer that pays for your product and all the other people that influence that customer - regulatory bodies, partners, service representatives and customers further down the sales chain. The ability to connect with each of these secondary audiences is an asset - one that serves the long-term interests of any company. Knock offs will creep in, as they did in this industry, but trusting relationships can provide value that supersedes those substitutes.



The New Kid

After an initial surge, even energetic new ventures can get stuck. It's not uncommon, and it's unnerving for partners, investors and customers who took the risk to get involved early. One technology client, an online bookstore, encountered just such an impasse: twelve satisfied clients, but no signs of growth. To get "unstuck", we formalized its marketing message and refined it to a format that didn't require a full day with the CEO to deliver.

CEOs of new ventures must take the time to formalize their value messaging. They can not scale if the marketing message remains trapped inside the CEO's head. By organizing one client's informal messages into a professional suite of marketing processes and tools, the company's sales staff was able to work independently and organize its resources to support the development of new opportunities and new referrals. A position paper provided a succinct summary of its value proposition to every prospect. Based on customer research and vetted by the executive team, the position paper eliminated confusion about the value the company provided. Seen less as a service vendor, and more as a strategic partner in the college textbook process, the company expanded its client base to over 150 schools in two years, without a major change in staffing. The CEO was able to return to high-level issues such as raising new rounds of financing and developing strategic partnerships.

Lesson Learned

Value messaging needs to be shared and understood broadly in order to provide a commercial benefit. "Best kept secrets," stuck in the mind of an entrepreneur, are liabilities. New ventures that formalize value messages, commit them to a plan and then integrate them throughout their marketing campaigns gain a strategic advantage: consistency. With consistency of message, a venture can open up the market to its founder's innovative ideas, while reinforcing continued growth and quality services.



The Outreacher

Networking can provide the fertile ground needed for growth. But, networks require attention to achieve their full potential. A precision engineering client, whose assembly work is found in everything from consumer electronics to fetal heart monitors, turned a service that had begun to be perceived as a commodity into a value purchase. Where did this change take place? In its extended network.

To retain a leadership position, past the honeymoon period, a venture needs a systemic process for harvesting opportunities. This client initiated its market strategy with customer research to uncover industry trends. Following the discovery of customer issues such as quality tests and outsourcing arrangements gone bad, a revised marketing message elevated features that the company sometimes took for granted, but that customers saw as important benefits. This display of attention led customers, suppliers and assembly partners to meet with the company's staff more frequently, visit its facility and ultimately refer new business. By regularly connecting to its network, the company stays close to decision makers, like engineers and product designers, and formed valuable relationships with seven new customers. This client's proactive activities reminded prospects that it could offer value above and beyond just quoting and assembly.

Lesson Learned

Highly networked ventures have an advantage over isolated ones. By inviting constituents to their facilities, participating in industry associations, engaging with trade media, and staying connected to state and local economic development authorities, they foster a culture of relationships. When unexpected events happen in the market, or new opportunities arise, a network of experts and partners can address them.

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