

Implementing
Market
Management

The logo for Filigree Consulting features a stylized, light blue grid pattern of overlapping squares and rectangles to the right of the company name. The text "Filigree Consulting" is written in a bold, dark red, sans-serif font, with "Filigree" on the top line and "Consulting" on the bottom line.
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Overview

Many firms have decided that they needed to get closer to their customers. Investments in CRM, SFA and customer information continue to dominate the minds of chief sales and marketing executives in the information intensive industries. We consider it a given that “getting closer to customers” is a good thing.

We note that success seems on the horizon, but remains elusive. Something is missing. In many firms, part of what is missing are the back office planning and decision processes that engage the firm in the customer data collected.

Market Management fills these missing processes. We present Market Management as an approach to systematically getting closer to the customers and markets.





Implementation Phases

Definition and Scope

During the first phase, the goals, objectives and scope of the Market Management initiative are defined. It is very important that all relevant stakeholders understand and agree on the specifics of the goals, objectives and scope. In particular, an understanding of the breadth of implications of the initiative is crucial for making appropriate decisions during the later phases.

For the purposes of discussion, in the rest of this white paper series we will presume that the decision was made to not limit the scope. That is, every aspect of the firm is subject to change as part of the Market Management initiative.

Segmentation

The second phase involves defining a business system or model that embraces the concept of being segment oriented and a segmentation system. Within this business model, markets are defined, described, and sized. If the segmentation system applies to levels of business structure, it is usually framed in a “nested” or hierarchical arrangement. The actual scope of the project and therefore the breadth and levels of the business model/segmentation schema are implicitly determined in the first phase.

We will describe a business model with three levels: corporate, business unit and audience.

Portfolio Management

Segmentation creates an information foundation. However, it is the application of the information, blended with a systematic, disciplined and integrated implementation process that actually produces competitive advantage. Once the segmentation process is complete and the markets are segmented, defined, described, and sized, the most important activity begins: selecting target segments that offer the most opportunity in growth, profits, and potential differentiation relative to capabilities. The choices of such target segments drive decisions regarding the structure of the business unit portfolio, resource allocation between business units, “go to market” strategy, and development requirements. At the tactical level, choice of target segments drives decisions regarding marketing communications and sales targeting.

Portfolios are defined and managed at the corporate level and at the business unit level. At the corporate level they are portfolios of businesses. At the business unit level they are portfolios of market segments. At the lowest level in the system (in this case the third level) opportunities are prioritized, not managed as a portfolio.

Business Planning

The last phase of the initial implementation of Market Management is defining business plans to exceed objectives in selected segments based on their portfolio position. Given the unlimited scope that we have assumed for this discussion, this can be accomplished at three levels.



At the highest level are strategic plans for the firm that define the businesses that the firm is in. At the second level are operational plans for the individual businesses, or business units, that define what market segments each is in and the solution requirements for each business. Finally, building on the two higher levels, are tactical plans for individual sales and communications efforts.

The business-planning phase generally addresses both the development and the distribution elements of the firm. Definition of the individual businesses that the firm is in provides the context for specifying the solution requirements and the go-to-market requirements for those businesses.

Summary: The On-Going Market Management Cycle

To embrace the principles of Market Management is to embrace change. In this respect, Market Management might be viewed as a journey of review and renewal. Most firms embark on this journey recognizing that after the initial implementation, a series of cyclical updates and reassessments are necessary to maintain the on-going value of managing on a market basis.



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