

8.2: The Need for a Marketing Plan

Learning Objectives

1. Understand why a small business should have a marketing plan.
2. Understand the implications of not having a marketing plan.

Let's face it, as a small business owner, you are really in the business of marketing. John Jantsch, *Duct Tape Marketing: The World's Most Practical Small Business Marketing Guide* (Nashville, TN: Thomas Nelson, Inc., 2006), back cover copy.

John Jantsch

Many small businesses do not have a marketing plan, choosing instead to market their products and services on an intuitive, sometimes seat-of-the-pants basis. As long as there is regular and effective communication with the rest of the people in the organization, a formal written plan may not be necessary. However, as the business grows and regular and effective communication becomes more difficult, a written marketing plan should be seriously considered. For the small businesses that do have a marketing plan, few actually use it. Becky McCray, "Simplify Your Small Business Marketing Plan," *Small Biz Survival*, February 12, 2010, accessed December 2, 2011, www.smallbizsurvival.com/2010/02/simplify-your-small-business-marketing.html.

There are many reasons why so many small businesses do not have marketing plans. Among the reasons are the following: Adapted from Danielle MacInnis, "74% of Small Business [sic] Have No Marketing Plan!" *Marketing Blog for Small Businesses*, February 7, 2011, accessed December 2, 2011, www.daniellemacinnis.com/small-business-marketing/74-of-small-business-have-no-marketing-plan.

- They do not have enough knowledge of marketing.
- They take a scatter-gun approach to marketing.
- They do not know how to go about developing a marketing plan.
- They do not have enough money to do marketing properly.
- They do not have enough time to do marketing properly.
- They do not have good people or resources to help them with marketing.

This tells us that understanding what a marketing plan is all about and how a marketing plan can be put together simply and inexpensively are invaluable parts of a small business owner's tool kit.

What Is a Marketing Plan?

A **marketing plan** "is a written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives. It contains tactical guidelines for the marketing programs and financial allocations over the planning period." Philip Kotler and Kevin Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 56. A marketing plan provides a specific marketing direction for a small business and is a very valuable tool if it is done correctly. Because the ultimate purpose of the plan is to generate efficient, profitable action, the marketing plan should consist of usable, practical instructions that are designed to ensure that resources are properly applied. "How to Write Small Business Marketing Plans," *SmallBusiness-Marketing-Plans.com*, accessed December 2, 2011, www.smallbusiness-marketing-plans.com.

Marketing plans can range from a one-page summary to more than one hundred pages. Although it is said by some that the ideal marketing plan length for a stand-alone document (i.e., a document that is not part of the total business plan for a company) is twenty to fifty pages, "How to Write Small Business Marketing Plans," *SmallBusiness-Marketing-Plans.com*, accessed December 2, 2011, www.smallbusiness-marketing-plans.com, the length of a marketing plan for a small business can be any length that will satisfy the needs of the business. The page count of the plan may not be a good way to measure the adequacy of the plan. The marketing plan should be measured by readability and summarization. A good marketing plan will provide the reader with a good general idea of its main contents even after only a quick skim in fifteen minutes or less. Tim Berry, "How Long Should a Business Plan Be?," *BPlans*, accessed December 2, 2011, articles.bplans.com/writing-a-business-plan/how-long-should-a-business-plan-be/49. No matter the length, the plan should be practical, to the point, with useful graphics as appropriate, and worded clearly with no flowery or legalistic language. "How to Write Small Business Marketing Plans," *SmallBusiness-Marketing-Plans.com*, accessed December 2, 2011, www.smallbusiness-marketing-plans.com.

The plan should cover one year, which is often the best way to think about marketing for the small company. This is not to say that you should not also think about the long term. It just means that things change more rapidly in the short term. People leave, markets evolve, and customers come and go. Consideration should be given to two to four years down the road. “How to Create a Marketing Plan,” *Entrepreneur*, August 7, 2001, accessed June 1, 2012, <http://www.entrepreneur.com/article/186830>.

Because small business owners have very little time to spend on writing an elaborate marketing plan, it is worth considering using software or online templates to put the plan together. One software program is Marketing Plan Pro, which is now included as part of Sales and Marketing Pro. The number one best-selling marketing plan software tool for building small business marketing plans for several years, Marketing Plan Pro provides step-by-step guidance, easy forecasts and budgets, customization options, execution guidance, and several sample plans across a wide variety of business types. Marketing plan assistance is also available through the Small Business Administration (SBA) and the Service Corps of Retired Executives (SCORE) program. SCORE—a nonprofit association dedicated to educating entrepreneurs and helping small businesses start, grow, and succeed—is an SBA resource partner that has been mentoring small business owners for more than forty years. “About SCORE,” *Score.org*, accessed December 1, 2011, www.score.org/about-score.

Why Have a Marketing Plan?

A marketing plan is a very important part of the small business roadmap to success. The plan drives action and points the way. Joanna L. Krotz, “5 Easy Steps to Create a Marketing Plan,” *Microsoft*, accessed December 2, 2011, www.microsoft.com/business/en-us/resources/marketing/market-research/5-easy-steps-to-create-a-marketing-plan.aspx?fbid=WTbndqFrlli. There are many good reasons for developing a marketing plan, including the following: “Marketing,” *University of Missouri*, January 2010, accessed December 2, 2011, www.missouribusiness.net/sbtdc/docs/marketing.pdf; Entrepreneur, “How to Create a Marketing Plan,” *Entrepreneur*, August 7, 2001, accessed December 2, 2011, www.entrepreneur.com/article/43018; Joanna L. Krotz, “5 Easy Steps to Create a Marketing Plan,” *Microsoft*, accessed December 2, 2011, www.microsoft.com/business/en-us/resources/marketing/market-research/5-easy-steps-to-create-a-marketing-plan.aspx?fbid=WTbndqFrlli; Emily Suess, “Marketing Plan Basics for Small Business,” *Small Business Bonfire*, April 13, 2011, accessed December 2, 2011, smallbusinessbonfire.com/marketing-plan-basics-for-small-business-owners; “How to Write Small Business Marketing Plans,” *SmallBusiness-Marketing-Plans.com*, accessed December 2, 2011, www.smallbusiness-marketing-plans.com.

- It forces you to identify the target market. A company’s best customers, and hopefully the ideal customer, should be in the target market.
- You get a higher return on investment (ROI). Every dollar will work harder when it is focused.
- It forces you to think about both short- and long-term marketing strategies. Focusing only on the short term can be devastating to the future of the company.
- It provides a basis on which to evaluate a company against its industry or market in terms of strengths, weaknesses, opportunities, and threats.
- You can eliminate waste by building efficiency. Limited resources can be allocated to create the greatest return.
- It will be easier to see where past decisions have helped or hindered the growth of a business. The plan will provide a guide for measuring progress and outcomes.
- It will help you to minimize risk, mistakes, and failures.
- It helps you to establish a timeline, keeping people accountable for the growth and success of operation.
- It gives clarity to who does what, when, and with what marketing tools.
- It lays out a company’s game plan. If people leave, if new people arrive, if memories falter, if events bring pressure to alter the givens, the information in the written marketing plan is a reminder of what you agreed on.

What If There Is No Marketing Plan?

In *Alice in Wonderland*, Alice encounters the Cheshire cat. He asks her where she is going. She answers that she does not know. The Cheshire cat answers that any road will take her there. It is clear that Alice did not have a marketing plan. David Campbell has a similar philosophy as reflected in the title of his book: *If You Don’t Know Where You’re Going, You’ll Probably End Up Somewhere Else*. David Campbell, *If You Don’t Know Where You’re Going, You’ll Probably End Up Somewhere Else* (Allen, TX: Thomas Moore Publishing, 1974). Without a marketing plan, a small business could be moving at great speed...but in the entirely wrong direction.

Because many small businesses seem to operate successfully without a marketing plan, depending on how you want to define successfully, the absence of a marketing plan does not mean automatic failure. However, there are some distinct disadvantages to

not having a marketing plan. The following are some examples:

- Not having a marketing plan, whether it be a stand-alone document or a section in the business plan, will put you at a significant disadvantage when trying to get any type of business loan.
- Not having a marketing plan can push a business into a meandering mode that could result in slowed growth, missed opportunities, and ignored threats.
- The target market may not be defined correctly.
- Not having a marketing plan may force you to focus on the short term with little or no attention to the long term. This can be devastating to the future of a company.
- Potential efficiencies will not be realized.
- Risk will likely increase.

In short, not having a marketing plan means that you will not realize the advantages of having one. Even if you are an owner-only business, a marketing plan can provide a discipline and a structure for growing the business—if that is desired. On the other hand, if an owner is perfectly satisfied with where and how things are, a marketing plan will most likely not be helpful. Just remember that change is constant. Without a marketing plan, a business may not be ready for change.

KEY TAKEAWAYS

- Many small businesses do not have a marketing plan.
- There are many reasons why small businesses do not have a marketing plan. One very important reason is that they do not know how to develop a plan.
- A marketing plan provides a specific marketing direction for a small business. The ultimate purpose of the plan is to generate efficient, profitable action.
- Although a marketing plan should cover one year in detail, this does not mean that a business should ignore the longer term.
- There are many reasons why small businesses should have a marketing plan, not the least of which is that a marketing plan can help the business minimize risk, mistakes, and failures.
- Without a marketing plan, a small business could be moving at great speed...but in the wrong direction.
- Not having a marketing plan means that the business cannot realize the many benefits of having one.
- A marketing plan may not be for all businesses. If one is happy with where and how a business is, one may think that a marketing plan is not needed. Remember, though, that change will happen, and a business may not be ready for it without a marketing plan.

EXERCISE

1. At Frank's All-American BarBeQue, Frank is pleased with the profitability of the business and the standing that the company has in the local community. Not as pleased is Frank's son, Robert, who thinks that the business can be bigger and better. The new store that is opening in neighboring Darien, Connecticut, is a good start, but Robert still thinks that the business is not realizing its full potential. A business plan has been prepared except for the marketing plan section. Robert wants to develop the marketing plan for Frank's, but his father is balking at the idea. His father's position is, "If it ain't broke, why fix it?" Taking the position of Robert, make the case for preparing a marketing plan for Frank's. Think critically when developing your argument, integrating specifics from Frank's business. Resist the temptation to simply list the advantages of having a plan versus the disadvantages of not having a plan. Frank will need to see something much more persuasive than this.

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