



Marketing's Role in Getting it Right



Maximize Enterprise Value

One of the fastest and most efficient ways to maximize enterprise value is to sell more of your goods and services, to more people, more often, and hopefully at a higher price. The most immediate and effective way to accomplish this is through effective, reality-based strategic marketing. The operative term here is reality-based. In today's complex, fast-time, "results now" environment, the role of effective marketing has been blurred or morphed into an entity or function that often is not purpose driven. Executives and marketers seem to have forgotten the true role of marketing. Marketing is not supposed to create sales at the expense of profit. It's not supposed to speed up turnover at the expense of profit. It's not supposed to generate traffic at the expense of profit. If you're getting the idea that marketing's only measurement is profit, you're pretty close to getting it right. However, it is impossible to perform distinctively in a competitive marketplace without being consumer/customer centric. We believe that enterprise value is created through a healthy and perpetual increase in economic profit that is obtained through reality based strategic planning linked to a winning marketing concept.

Accelerating Business Growth by Identifying, Anticipating, and Satisfying Customer Requirements Profitably...

As is the practice of most private equity groups investing in lower to middle-market companies, you support and partner with the management of your portfolio companies to help them achieve their full potential and create substantial value for your investors and management team partners. There are many operational drivers a private equity firm can leverage to guide your companies and take them to the next level. Strong finance controls improve profitability and cash flow. Operational expertise enhances productivity. Reliable IT systems improve efficiency. Engineering reviews assure quality and the new product pipeline is full. Human Resources align the human capital. But it is marketing that grows the company. Your management teams must assure consumer/customer centricity is maintained, a realistic and sustainable strategic growth plan is developed, coordinated marketing programs are executed properly and metrics are in place to monitor the market's contribution to your value creation. Marketing is the connective link between your company and the customer. Therefore, to profitably grow your portfolio company and create incremental enterprise value, marketing must "get it right."

Consumer/Customer Centricity

We may say the "Customer is King," but is your company truly consumer/customer-centric? Have you formulated your value proposition? Do you have the right product/service mix so the targeted market recognizes you as a "player"? The infrastructure and mindset of your company must be organized so you can exceed the requirements and expectations of your customer. Likewise, your channels to market must be as clearly defined and efficient. Market research, focus groups, and customer

surveys will clarify your intimacy with your customers and understanding of the market or not. Although not every company's goal is to be #1 in their market, sustainable growth only occurs when you are #1 in the eyes of your customers - when your customers believe that your product or service is better than any other alternative. You gain a competitive advantage when customers prefer your offering over all other similar products or services. And because of the natural attrition and flux in markets today, the more diversified your customer base and less reliant you are on a single major customer – the better. Finally, “thought leadership” webinars, papers and blogs, etc. demonstrate your company's knowledge, concern of issues and dedication to the market you serve. As your private equity team works hand-in-hand with each of the functional groups of your portfolio companies, assuring consumer/customer centricity must be a priority in every business process throughout the entire organization

Growth Strategy Evolution

Acknowledging that the “Customer is King,” does your company's mission, action plans, and daily intercompany interactions reflect this statement? They better! While it may sound basic, you must synchronize company strengths, weaknesses, opportunities, and threats (SWOT) into a strategy dedicated to service your market most effectively and beat the competition. Although organic growth is normally the priority, partnerships, alliances, and acquisitions can be excellent value generators as you capture the synergies. Therefore, a systematic, structures exercise that incorporates all of the elements of the classical marketing mix must be established. It is the critical first-step in the development of a winning strategy that maximizes sustainable, profitable growth. To deliver distinctive results, this strategy must be S.M.A.R.T. – Specific, Measurable, Actionable, Realistic, and Time-bound. And, as all markets are dynamic, they will evolve over time. So must you and your plan. There is nothing as constant as change and, therefore, you must be prepared to strategically realign products, resources, and capabilities with changing the needs of the market to meet this challenge.

Marketing Programs Execution

As the market demands disciplined performance from suppliers, your marketing team must exhibit the same discipline in their planning process and execution. Action plans and promotional activities must be aligned with the objectives and resources of the company. Weekly review sessions assure transparency throughout the organization, timelines are met and individuals are held accountable. Share successes with the other marketing groups in your portfolio companies. Also, there are certain to be commonalities where shared resources can equate to substantial savings (printing, processes, 3rd party agencies, web hosting/development, exhibitions, research, etc.). Regularly scheduled communications throughout the customer base, with partners and throughout the organization create a feeling of inclusion and ownership. With concise and consistent messaging, the company's objectives can be met and the brand strengthened. Remember – the marketing programs and communications are the

“Face of the Company” to the market. Strategic marketing planning and precision execution is the key.

Metrics to Measure Success

The best made plans, programs, and activities are fruitless unless value is generated. A set of metrics must be established and displayed monthly to quantitatively gage the performance of the marketing effort against predetermined targets. Ongoing analysis of reported metrics will help you evaluate your allocation of resources against marketing elements and determine if results could be improved by reallocating support to higher leverage elements of your marketing-mix. Although some components are universal for all portfolio companies, such a list must be adapted for each company as markets and customer expectations differ. The following list is a start so performance can be measured and a true understanding of how the market is being served can be captured. But, statistics and data files without action are futile. Use them to provide direction on how the marketing team can refocus and adapt to market demands. This creates additional incremental value.

Sample Metrics

- Customer Satisfaction
- Revenue and EBITA
- Product Profitability
- Customer Profitability
- Market Share
- Product Mix & Life Cycle
- Pricing Elasticity
- Lead Generation
- Channel Performance
- Return on Marketing Investment

Concluding Thought

In this whitepaper, an attempt is made to lay out marketing's role in creating value within a single portfolio company. If marketing is truly getting it right, these tangible ideas are readily transferable from one portfolio company to the next. Yes, management, strategies, products, markets, and technologies will be unique for each portfolio company. But, the need for focus, process, and results measurement is a requirement for all marketing groups. If just one element is missing, the effectiveness of the marketing group as a whole can be impacted. Although each company's marketing groups are independent, or operate at arms-length, best practice learning, policy, and templates can be directly transferable from one portfolio company to the

other. As each company executes programs with consistent diligence and a singular focus on “Customer is King,” company value will be created. In “getting it right,” you will succeed. Remember there is a certain amount of “art-form” to marketing, but truly distinctive marketing is a science that identifies and measures the effect of identified customer/consumer stimuli that develops customers, drives sales, and delivers economic profit.

About Wyndham Mills International, Inc.

WMI is an independent retained search firm located in Greensboro, North Carolina, that specializes in locating, selecting, and placing high quality professional talent for major organizations both domestically and internationally. With a team of seasoned search consultants and a flexible, service-based approach, the company has experienced double-digit growth since its inception in 1994.

Wyndham Mills International understands that experience and knowledge alone does not guarantee the perfect fit between leader and organization. That is why WMI Partners, the leadership development division of WMI, performs various assessments on each candidate to ensure not only required experience and knowledge base, but also cultural fit. WMI Partners continues to support the best fit for its client partners by offering professional onboarding training for placed candidates, as well as successful team development and professional coaching.