

## **New Strategy for New Market Reality**

The reality on the street is that priorities have changed and businesses are finding that they must shift focus accordingly. Put simply, pre-recession ways of selling, partnering and marketing no longer apply. What follows is a summary of these themes.

### **The Sales Challenge**

Through the late 1990s, vendors of IT equipment, software and services grew accustomed to selling to various levels of the enterprise. With so many startups flush with venture funding and established companies enjoying robust revenue streams, it was not unusual to have purchase agreements approved by mid-level IT managers or even personnel outside of core technical operations. Not so today. Today, it's much more of a solution sell than a product sell. What we've found is that there will be no sales without talking to a senior person.

A client recently told me "I have been running software companies for 16 years and selling is tough right now, the toughest it's ever been, especially if you're a startup. If your product falls into "discretionary spending" right now, forget it. IT people are trained by their corporate cultures to say 'No!'"

### **Rethinking Channels for the 21st Century**

With so little room for error in today's business environment, companies need to maximize the value of all of their assets, channel partnerships included. This means that executives need to regard channels not just as conduits for product, but also as valuable sources of information, ideas and opportunities. In fact, the traditional notion that a channel partner is simply a third party that moves the product closer to the buyer is being reassessed. In today's markets, smart managers see suppliers, development partners, even customers, as channel partners.

In the past, a company would sign a product distribution or reseller agreement, and then be content to feed product through that channel with no expectations for a deeper relationship. But the rise of digital technologies, the Net and anytime/anywhere network access has redefined the nature of channel partnerships. It is now often easier and cheaper for a company to rely on their channel partners for such things as market feedback, product development ideas and R&D than it is to support these activities in-house.

As a percentage of sales, your R&D budget is always going to hurt. And in a challenging market like the one we have now, it gets difficult to know where to place the bet. The number of building blocks needed to bring a solution to market is larger and far more complex than it was before.

### **Marketing at the Core to Get Back on Track**

Digital information applications and networks are altering the nature of the producer-consumer dialogue. As the global marketplace has taken on a real-time, interconnected architecture, business processes — from design to distribution and marketing — have

had to become dynamically linked. In fact, the technological and economic environment we live in now calls for a new business strategy: marketing at the core.

Marketing at the core will require the synchronization of information and networks across the entire company/customer relationship — from factory to distribution center, retail to delivery, at the home or office, online or mobile. It will entail constructing a network of integrated solutions.

Creating a successful core marketing strategy today will require companies to recognize the split between broadcast-based marketing such as advertising and PR, and IT/network-based marketing such as sales, distribution and CRM. Moreover, it will require a tight focus on standards and sustained R&D, a concentration on product/service and information logistics. Marketing at the core is fundamentally a back-to-basics approach: conserve cash, use other people's resources when you can, know your customers and the competition, and keep building your channels.

A problem with technology marketing is that it is out of synch with technology adoption. The people making the buying decisions can't keep up with the rate of technology development. The question marketers need to address is: What will make companies understand the value of adapting new technologies such as IT-enabled services and web services?

The only advice we're giving to startups right now is that you can run a company much leaner than what we've seen in the last couple years. There were all these companies out there that let millions in funding going down the drain. Startups can run a lot leaner than that.

#### Points to Remember

There are no easy answers in a down market. There are, however, strategies and concepts that can help companies manage their way through to better times. One of the most important lessons to emerge from the dotcom meltdown is that spending heavily on old-style brand marketing, or marketing at the margins, is not effective by itself. The good news is that executives have already internalized this knowledge.

The core questions now are how to use this knowledge to achieve business success, and how to begin marketing at the core. Here are some ideas that will help executives do just that:

- Channels are not just about delivering product, but delivering information as well.
- Companies must consider every outside relationship as a potential channel.
- The increasing complexity of technology products requires a more collaborative approach to developing and marketing new offerings.
- In a global marketplace that is united by a real-time, interconnected architecture, marketing must become more IT-focused (logistics, CRM).

- Sales efforts should be aimed directly at senior management. Offerings that deliver measurable improvements across a business are more likely to succeed in the current environment.