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This discussion briefly reflects on the successful implementation of the complete marketing mix for high-tech products. It addresses the “Four Ps” of the Marketing Mix: Product, Price, Place and Promotion and connects with the planning cycles used by successful companies to bring successful products (or services) to market while planning their succession / replacements.

Below is a conceptual model that can be used for planning purposes. The process is continuous and typically runs clockwise. However: Companies may just start by wishing they could “sell more”. In this light, the model will be discussed “backwards” – or “upstream”.

“Sell more!”

All companies want to sell more, pay less for COGS, Engineering, Marketing, Selling expenses, Customer Support and G&A. Raising the top line and reducing operating expenses raises the bottom line – indeed.

However, in some cases the product does not move as expected or hoped. Hope is not a planning tool and “last resort” efforts are applied to help move the product: Price reductions, rebates, spiffs, sales channel incentives.

❖ Maybe it is just the wrong product? Aimed at the wrong market?
❖ Maybe nobody cares?
❖ Maybe the price is too high? Or too low?
❖ Maybe it is targeted at the wrong market(s) – or offered through the wrong channels?
❖ Maybe the product or service cannot be successfully differentiated from its competition?
❖ Maybe the customer does not understand it?
❖ Maybe the message is wrong?
❖ Maybe the cost to produce or the cost of quality is too high?
Outbound Marketing

In some companies “outbound marketing”, also referred to as “downstream marketing”, is all the marketing in existence.

Outbound marketing focuses on building awareness for the brand, the product, the features, benefits, desirability and how the product helps the buyer become happier, get more done with less effort, be more respected etc. The above matrix may be used to help determine the effectiveness (and costs / benefits) of the market communication (Marcom) elements and determine the most effective strategy to reach the desired goals.

The most visible phase is the “outbound marketing” arena is where new products get launched. Products can only be launched once. Every attempt to recoup from a failed launch (late product, poor quality, too many “bugs”, product is great, but cannot be manufactured etc.) is a futile attempt to spend lots of money. However, it is in the launch phase where all of the assumptions in “inbound marketing” and “product planning” phases are tested and validated.

Service

“If anything can go wrong – it will”.

Not only is “Service” a necessity, it is also a good avenue to differentiate, produce goodwill and measure market performance of a given product. Some companies use service as a competitive differentiator.

How is “service” defined?
- Is it a product?
- Is it “customer service”?
- Is it the collective effort of “service personnel” to prevent and correct failures?

Manufacturing Engineering – Part of the Realization Phase

Products are produced and shipped. Services are rendered. Airlines produce “seat miles” and use airplanes, fuel and professional “production workers” to produce them. Some “High-Tech” products are shipped on CDROM or via the Internet – others are shipped in boxes or crates. Some products are produced in-house, others are outsourced. Some production is moved offshore when cheap labor combined with high labor content makes production in Western Countries non-competitive.

QA

Good quality is not the result of good inspection of a flawed concept or poor design. Good quality is a product’s ability to meet its customers’ expectations and is the result of clear specs, good design and solid processes.

As part of the product definition, QA targets and warranty cost expectations can be set. These are important because they affect design decisions and trade-offs. How is quality measured? Define the cost of quality – both in financial impact to correct problems, as well as the cost of goodwill in the marketplace.

Manufacturing Engineering

Manufacturing Engineering builds the “link” between product development and efficient manufacturing.

The goal is to be able to produce the product with a minimum amount of (wo)man-hours and a minimum amount of investment in expensive production equipment. Properly implemented, it translates into the production of products as mundane as light bulbs in New Jersey and as complex as (Japanese) automobiles in Kentucky so as to offset the high cost of transportation (volume or weight) and the length of the supply line when producing offshore.

Marcom Matrix

continued on page 18
Product Development

Product Development develops the product as defined in the business case. No more, no less.

In successful companies, product development works closely with marketing to overcome surprises and negotiate trade-offs in specifications, cost and time-to-market. If necessary, specs are traded for cost to implement and revenue projections are traded against time-to-market trade-offs.

In some companies, (part of) product development is outsourced – making it all the more critical to define an iron-clad business case and clear description and specifications for the product(s) to be developed.

R&D

In some high-tech companies, R&D is the only product and it drives the company. New technologies are continually being developed for which markets need to be found.

From a marketer’s perspective this is backwards, but if it weren’t done this way, we would still be traveling on horses and sailing the oceans in pieces of wood held together with organically grown ties. Our life expectancy would be 45 or less and many of us would not be here.

The beauty of the “Circle” is that all other elements of the circle do apply and need to be addressed to maximize results. The best invention needs to be properly positioned to connect with its marketplace and be properly launched and effectively sold.

The Business Case

The Business Case defines the new product from concept, target market description, product definition to launch phase and end-of-life. It projects all financial impacts in long-term P&L models and is the foundation for “go” and “no-go” decisions.

“If you cannot create the advertisement, don’t make the product.” In other words: Define a concise, to-the-point description of the product or service you plan to develop. Features, benefits, price and volume targets and for whom this product is important. Translate this into specs and do not deviate during the development process. Stay the course. Consider inputs for additional features to be the foundation of follow-up models or services.

Depending on the “volatility” of the target market, the business case should cover a 3…7 year timeframe and project all elements of the circle as they apply throughout the life cycle of the product.

Product Planning

Product Planning is based on market data, target market (and customer) description and understanding the company’s capabilities and goals. This is where the rubber meets the road. Product Planners are responsible for the Business Case and are often part of the marketing team. They work closely with product development.

Inbound Marketing

Where “Outbound Marketing” focuses on implementation and immediate sales and revenue generation, “Inbound Marketing” focuses on the strategic marketing aspects. It is sometimes referred to as “Upstream Marketing”: effective segmentation and targeting, understanding the customers, and how to meet the needs and wants of the selected target groups. It includes opportunity assessment, competitive positioning, SWOT analysis, selection of target markets and long-term planning.

Companies cannot be everything to all people. Multi-billion dollar companies have understood this and shed activities they do not consider crucial to their success. They have also formed strategic alliances with others to help them dominate selected market sectors. Small companies have become successful by understanding the niche or niches they operate in and how to leverage their core capabilities.

Market Research

Be clear on what you know you don’t know – but need to know to move forward. Don’t ask the questions if you can’t stand the answers or don’t plan to use the results.

There is quantitative and qualitative research and both have their place in the inbound marketing discipline. Research relates to products and services and while it is often outsourced, the “ownership” resides within the company. Research can also be related to a company’s image and perception in the marketplace and the efficiency of its promotion campaigns.
Other Sources of Information: The Sales Channel

“Sell more!”

The Sales Channel has many avenues and faces. B-2-B direct, B-2-C direct, wholesale, supermarkets and distribution, “representative selling”, importers and agencies in foreign markets and countries, “e-marketing” and travel agencies, banks, gas stations and any other places that may be effective in creating contacts between a company and its customers. Sales strategy needs to be tuned to the buying behavior of the target customer(s) – a market research project in its own right.

The Sales Channel needs good products, fair pricing and must be fed by the efforts of “Outbound Marketing”. At the same time, sales channels can provide valuable inputs to the “Inbound Marketing” disciplines – stimulating the perpetuation of the circle and propel growth.

About the Author: Starting his career as an electronics development engineer at Philips Electronics, Hans Toorens became involved in Industrial marketing and sales of high-tech products early in his life. Having worked in a wide range of strategic marketing, product planning, outbound marketing and sales channel management roles during his tenure at Philips, Fluke and Zetec, Mr. Toorens has hands-on experience in the high-tech markets of North America, Europe, Asia and Latin America. Reach him at: HansToorens@Comcast.net or (360) 794–6998.