

North American Management Briefs

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You Should Know...

Rock On!

CNN reports that cables released by WikiLeaks revealed that North Korea asked the US to arrange an Eric Clapton concert in North Korea as a way of building "good will."

The Point: International diplomacy sometimes requires a sense of humor.

The Biggest Market?

China is large (over 1.3 billion people) and growing rapidly (+8% GNP); however, prioritizing it as a market requires perspective. The US economy is over three times the size of the Chinese economy and also growing, although more slowly.

The Point: Spread your risk between NAFTA, BRIC, and the EU Zone.

Marijuana

The *Los Angeles Times* reports that more high school seniors now smoke marijuana than tobacco with 21% having smoked pot within the last month.

The Point: An overlooked opportunity for tax revenue?

Chinese Traffic Jam

In August the highway from Mongolia to Beijing was paralyzed by a traffic jam 60 miles long (yes, 60 miles). Many cars and trucks spent 24 hours without moving a single inch.

The Point: Perhaps Westernization is overrated.

January's Quote

"There is no greatness where there is not simplicity."

Leo Tolstoy

When to Spend?

It's January, new budgets have arrived along with the traditional dilemma. Do I "frontload" my spending in hopes of enjoying its effect (sales growth) for the whole year, or do I "play it safe" and parse it out in direct proportion to incoming revenue?

There is no single, easy answer, but there are some guidelines to help you avoid the big mistakes.

- *Spending on new product launches should be frontloaded early in the calendar year.* Lack of marketing support (or redirecting it in Q3 and Q4 if sales are slow) often dooms a new product before the market has become aware of its existence.
- *Hiring new sales and marketing personnel is best done at midyear.* Hiring is time consuming. Once you've found the right candidate (two to three months) and spent the time required to educate them (four to six months), almost one year of productivity has been lost. Hiring in midyear spreads the productivity loss over two fiscal years.
- *Distributor conferences and meetings are best delayed till early in Q4 unless they are critical to a new product introduction/ launch.* Then they can serve to both gain insight into distributor performance and plan for the next year.
- *Market research should be conducted evenly during the year.* Information and data is always useful, but fully digesting it and its explanation takes time. As such, research projects should be conducted one at a time, not in tandem unless you have a marketing staff of substantial size.

- *Marketing communication (marcom) spending depends on whether you are executing a customer acquisition or customer retention program.* Customer acquisition programs are best launched early in the year whereas customer retention programs should be executed at consistent intervals throughout the year in order to build remembrance.
- *Competitive intelligence investigations are best conducted quarterly to monitor competitive pricing, establish growth benchmarks, and assess relative market share and major changes in distribution strategy.*

Spending all your resources in Q1 is usually unwise. Equally unwise is holding onto your resources until Q4 when their ability to influence your sales is limited.

The Point: Effective market research and competitive intelligence are critical to having successful new products. Successful new products maintain both channel loyalty and profit margins. As such, all of these "spend" categories are inter-related.

Top 10 Computer Countries

Country	Computers In "000"
USA	240,500
Japan	77,950
China	74,110
Germany	54,480
UK	41,530
France	35,990
South Korea	30,620
Italy	29,310
Russia	26,970
Brazil	25,990
World Total	996,100

Source: Computer Industry Almanac Inc.