



Closing the Marketing Gap



Benchmark Index is a Business Link Service
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This report shows that companies that are using marketing most effectively are those in the 'high growth' category. Marketing can, and does, make a difference.

So what is marketing? It is more than branding and communication and 'things marketing people do'. Marketing is all about getting the right product or service to the customer at the right price, in the right place, at the right time.

Marketing is a frame of mind, an attitude pervading the organisation that puts its customers first. It involves understanding marketing and customers, developing new products, forming alliances with customers and suppliers. For Marketing to be effective it needs to be at the heart of the business.

As businesses grow and as the business environment changes it is not so easy to treat every customer individually. The key to successful marketing is to group, or segment, customers who have similar needs or buy in the same way. A simple way to get started is to analyse how profitable all your customers are and to identify what the most profitable ones have in common. This is clearly a segment you want to make more of!

Another key to success is to get the 'value proposition right'. In other words, answer the question a customer might ask - "why should I buy more from this company?" This will provide you with the right leads to make your proposition more attractive to your target customers.



Martin Wyn Griffith
CE Small Business Service

The Chartered Institute of Marketing is delighted this report recognizes the contribution marketing makes to business success as this can only impact positively on the UK economy.



Mike Johnston
International Chairman
The Chartered Institute of Marketing

Measuring up

There is no better tool for measuring business performance than the Benchmark Index



The Benchmark Index programme is one of the most important tools currently available to British industry to measure its performance. The Benchmark Index is rapidly becoming the international standard for benchmarking. By September 2002 the Benchmark Index database included more than 7000 companies from the UK and countries as far afield as Australia, the Far East, Africa, the USA and, nearer to home, throughout Europe. All have completed the full benchmarking process and many have repeated the process.

The Benchmarking Index also focuses on key aspects of business such as Marketing and Product Development. By participating in specific, additional research modules such as this, it is possible for companies to measure their performance in greater detail. This report compares the most profitable and fastest growing companies against the businesses at the opposite end of the scale. The information relates to businesses with sales upto £114m and between 8 and 430 staff, so it covers a wide cross-section of British industry. The results highlight the key differences in marketing and product development that play such a key role in business growth.

The Benchmark Index is quickly becoming the international standard for benchmarking

Users of the Benchmark Index can measure their business performance against a wide range of different criteria

The **Benchmark Index** service is one of the most important tools currently available to British business to measure its performance

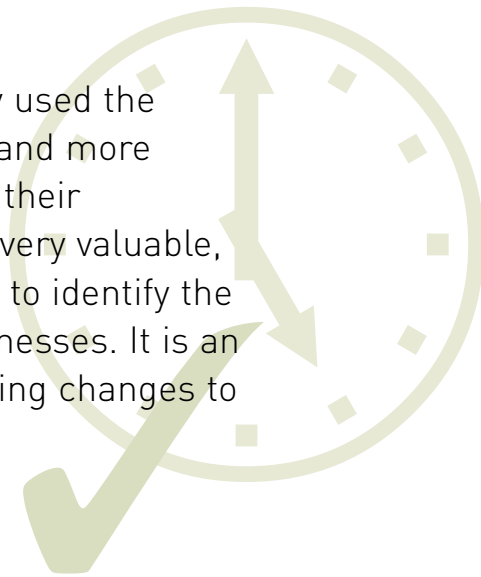
5000 companies



Business Overview

Benchmarking analysis reveals the benefits to profitability and growth

Thousands of British firms have already used the Benchmark Index to help them understand more about the strengths and weaknesses of their businesses. Benchmark Index provides very valuable, high quality data that allows companies to identify the strengths and weaknesses of their businesses. It is an extremely valuable foundation for planning changes to a business.



The Marketing and Product / Service Development module of Benchmark Index is a supplementary element that allows companies to examine their strengths and weaknesses in terms of marketing and product development.

This report focuses on companies that performed best and worst in terms of business growth and profitability. There is a strong correlation between the size of the marketing budget and the return a company makes on capital employed. Data shows the most profitable companies invest substantial resources in

- Rigorous market research and forecasting
- Establishing a clear marketing strategy
- Using cross-functional teams for research and development
- Building alliances with complementary businesses where appropriate
- Ensuring product / service and process development takes place simultaneously
- Minimising the development time for new products and services

Analysis of results from the Benchmark Index Marketing module shows even more strongly how the fastest growing businesses are superior to other companies in terms of

- Segmenting markets and targeting sectors with the greatest potential
- Investing more money into marketing activities
- Generating a higher share of sales from new customers and market segments
- Analysing competitor performance and using sophisticated pricing policies
- Planning strategies for marketing and new product development
- Training their staff to understand the dynamics of the marketplace

- Creating processes and structures to encourage and manage new ideas
- Regularly adjusting marketing programmes to reflect and anticipate customer needs

Undertaking the Marketing and Product / Service Development module of Benchmark Index is extremely useful to any business that seeks to understand how its performance compares with other companies in its sector or within other fields of British industry. It highlights areas of relative strength and helps managers focus their attention on those aspects of the business where they lag behind.

Benchmark Index highlights areas of relative strength and helps managers focus their attention on those aspects of the business where they lag behind

Benchmarking is key

Achieving sustained sales growth in a rapidly shrinking sector



It is not the best of times to be involved in manufacturing - especially when you specialise in the supply of automotive components. Yet Plastic Engineering has managed to achieve constant and impressive growth despite the recession in the sector.

For a manufacturing company, Plastic Engineering is in a rather unusual position from a marketing perspective. As a second tier supplier, it has no products to sell. Even the products it makes for others are not end products; it usually makes components for components. And sex appeal in the plastic injection moulding industry is in short supply! So the marketing the company undertakes is almost exclusively of the company itself.

from 30 to less than 20 days since 1997-8, and that allows the switch to a new product line to take place in a matter of hours. "Delivery times are just so important to customers," says Hart. "If you can't be this flexible, you are not even allowed to play the game. These days cars are pretty much made to order, two cars coming off the production line are scarcely the same. Flexibility is vital.

"That is where we have now succeeded in our marketing," he says. "Even moving office to a new, attractive location has helped. We've changed perceptions so that we're no longer regarded as a back street player; people know that we can deliver. We knew how to deliver before; we just couldn't deliver the message. I can say without doubt that if it hadn't been for the Benchmark Index exercise, we wouldn't be where we are now. We did it to ascertain our weaknesses, and we've improved on them", Hart concludes. "We're about to use the Benchmark Index again, and I look forward to the results."

Achieving sustained sales growth in a rapidly shrinking sector

The company first used the Benchmark Index Marketing and Product/Service Development module as part of a comprehensive Benchmarking exercise in 1998. Managing Director Mike Hart explains: "When you become MD, you spend a lot

of time thinking about which way to go. Benchmarking was an obvious part of this process, quite simply because it highlights the bits you're not good at.

"To be honest, I was surprised and disappointed by some of the results. Whereas we scored more highly than we anticipated for customer satisfaction, we were doing a lot worse in some other respects than I'd thought." But when Plastic Engineering used the Benchmark Index again last year, Hart was pleased to confirm what he'd already hoped for; there had been a lot of improvement in the areas which most needed it. This was particularly the case for the marketing module.

"Marketing took a little more thought than some of the other modules. You couldn't just fill in some numbers", explains Hart. The exercise back in 1998 was worth it because, whilst management was aware that marketing strategy was not all it could be, it became apparent that there wasn't really a marketing strategy to speak of in place at all. "We had little idea how to market ourselves, we sell no products. We hadn't quite got our heads around how to market the company itself."

Since then, Plastic Engineering has adopted a far more coherent plan for strategic alliances. Agreements with customers and other companies have allowed it to develop relationships with existing and new customers respectively. The strategy has obviously worked - growth that consistently stands at around 8% per annum in an industry that has been in recession since 1999 is a remarkable achievement.

Particularly when the workforce has grown despite impressive gains in efficiency that has seen stock turn drop

"I can say without doubt that if it hadn't been for the **Benchmark Index** exercise, we wouldn't be where we are now."

Mike Hart, Managing Director, Plastic Engineering

Flexibility is vital



Strategic Planning

Unless a business knows where its going to, it will not get very far

Strategic planning is essential to allow a business to carefully consider the markets and customers that it serves and assess what changes are likely to occur. A business must identify its key competences and utilise them to the full if it is to build a competitive advantage. These competences can take the form of skills, knowledge or processes.

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If strategic analysis reveals areas of weakness that cannot be addressed from within the company, an alliance with one or more complementary businesses can be considered. Marketing could be a key element of such alliances, since the perceived strengths of any party in the alliance could be conferred onto the others – thereby helping to address the weaknesses. But the evidence suggests this approach should be regarded with caution.

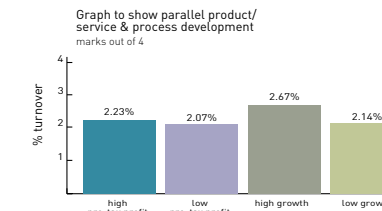
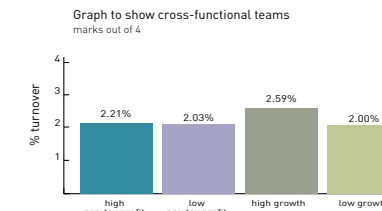
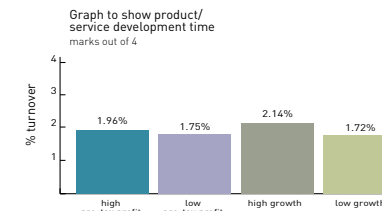
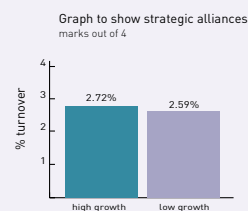
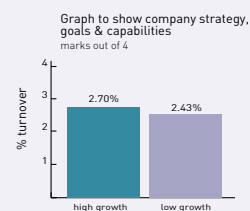
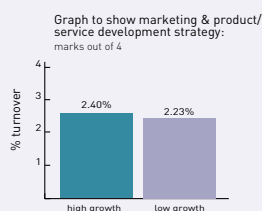
Businesses that invest in the development of strategy for marketing and the development of their products and services are likely to grow more rapidly and achieve higher sales than those that give a lower priority to strategic planning. They also tend to have a bigger turnover and to achieve higher margins.

Businesses that invest in the development of a marketing strategy and the development of their products and services are likely to grow more rapidly

A similar pattern is apparent for companies that formulate financial and non-financial goals as part of their strategic planning process and communicate them widely amongst their staff. This allows every level of the organisation to work towards clear goals and objectives. Businesses that follow such an approach grow more quickly than those which are less clear in their target-setting.

But unlike strategic planning, strategic alliances appear to have little impact upon business growth. Analysis of Benchmark Index data reveals that participating in joint new product development projects and combining competencies in areas such as purchasing and after-sales contributes nothing to business growth – but profitability tends to be higher, nevertheless.

A business must identify its **key competences** and utilise them to the full if it is to build a competitive advantage



Developing new products and services

Internal processes are key to successful development



Successful businesses with an eye to growth and ongoing profitability view the development of new products and services as a business process that is absolutely critical. They use systematic approaches to identify promising ideas, allocate resources, monitor progress and conduct disciplined reviews at key stages.

Research suggests they are also more prepared to accept mistakes and benefit from new developments that 'didn't quite make it'.

Committing resources to research and development is less important than using appropriate business processes. Those companies that have no formal R&D budget or occasionally include it as a special item in their budget tend to grow slowly. By contrast, those businesses that view R&D as an integral part of their planning and budgeting grow somewhat faster.

Companies that grow slowly have a similarly negative attitude to new ideas. Even if they pretend to welcome creativity and innovation, they have no clearly defined process for identifying new areas of opportunity. The fast growing businesses are far more likely to have well-developed processes and structures for capturing and cultivating new ideas, and some even invest resources to carry out systematic market scans to identify the most promising creative concepts.

The few new business ideas under development within slow growing companies proceed in an ad-hoc, unstructured manner, while those within fast growth businesses treat new product development as a systematic and organised business activity. They often work closely on these programmes with suppliers, customers, universities or research organisations.

The creation and development of new ideas for innovative products and services should not be the responsibility of a self-contained research and development team. New concepts are unlikely to succeed unless they take account of all elements of the company's activities.

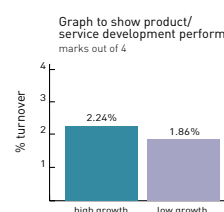
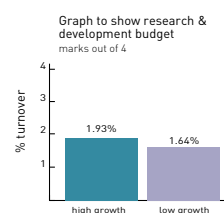
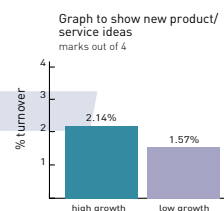
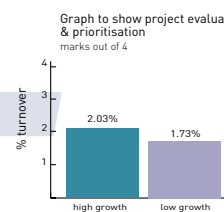
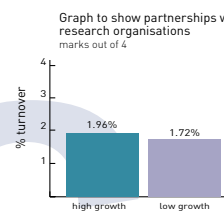
It is important, therefore, that all areas and departments are involved in the development process. Cross-functional teams will provide valuable insights and harmonise the efforts being invested – as well as ensuring that production issues are addressed during the design process.

The benefits of this shared effort are clear. When businesses run cross-functional teams and communicate their findings and progress across the whole organisation, the process is more effective. Companies that carry out research and development in this way are not only faster growing, but enjoy above-average sales growth and are more profitable too.

Taking production issues into account at an early stage is extremely important. Firms that fail to address key questions about the production cost and operational efficiency of new products and services seldom rank amongst the most profitable or fastest-growing. Those that establish clear links between production process considerations and the other elements of research and development grow faster and are more profitable.

Though it is clearly important to involve personnel from all parts of a business in the development of new products and services, it is equally important to ensure the process is rapid. The process should be managed by a 'champion' who is keenly aware of the significance of a short time to market. The new product champion must also be given sufficient resources to support the process and ensure adequate support to implement it quickly. The benefits are clear. Businesses that adopt this approach are more profitable and much faster growing.

It would be taking it much too far to give carte blanche and unlimited resources to a product development champion, however. The fastest growing companies measure their product development teams against established goals and measures. They systematically record and analyse cost and sales data against forecasts and keep the whole development process under rigorous and ongoing review.





Lower costs & higher sales

Benchmarking brings a new focus on efficiency and marketing

Manchester-based Vita Liquid Polymers produces both liquid polymer PVC and latex compounds for a wide variety of manufacturing industries. PVC compound, for example, is sold to makers of wall coverings, automotive filters and moulded articles such as boatfenders.

“The Benchmark Index has been of great value, and we shall certainly continue to participate. I’m looking forward with anticipation to the results of the next index”

With 60 employees, turnover has been fairly consistent at around £15 million over the last ten years. The apparent stability belies a changing marketplace. A downturn in some

of the industries buying latex means PVC now accounts for 60% of sales, a reversal of the 40% it took five years ago.

Traditionally Vita had been largely concentrating on maintaining or increasing orders for existing products, many of which have been custom built to the requirements of a specific customer. Customer retention rate last year was an impressive 97%, but Vita recognized it cannot carry all of its eggs in one basket. Relying on several big clients leaves any company in a vulnerable position.

With the UK market becoming saturated and global competition on the increase, Vita realised the need to increase sales of its existing product portfolio, rather than reacting to customer enquiries. Many of these are for ‘custom’ products and therefore require a significant investment in research and development.

The sales effort had been concentrated mainly in the UK, with European sales handled by agents, who are not selling the Vita product portfolio exclusively. Realising that the agent network alone would not maximize Vita’s impact on foreign markets, greater support is now being given in terms of joint visits abroad, formalised market research and product literature in several European languages. A restructuring of the sales department, giving managers sales territories based on product rather than geographic areas, has boosted market knowledge and improved relationships with sales agents.

Benchmark Index analysis prompted decisions to improve production efficiency, which led to a reduction in staff numbers and an increase in output. Vita has also employed a full-time marketer, who rebranded the existing product lines to give them a stronger market identity. Communications strategy was also improved, with more informative product literature and a redesigned, more customer friendly website. As well as exploring new markets, the company is also rationalising the product portfolio: the company currently has 400 products compared to 300 customers.

“We’ve already done an analysis on which customers are profitable for us, and we anticipate that the number of products we have will fall away naturally as we start to develop new, more widely marketable products”, says managing director Jim Murphy.

Vita has also negotiated a new distribution deal with German company PolymerLatex Ltd, which manufactures and sells synthetic latex as opposed to latex compounds. This has allowed Vita to reach new potential clients and generate an extra £1/2 million annual sales.

Jim Murphy explains: “The Benchmark Index has been of great value, and we shall certainly continue to participate. The marketing module is of key interest, especially with the creation of a new marketing function within the company. I’m looking forward with anticipation to the results of the next index.”

extra sales



Market analysis

Understanding your competitors is key to survival and success

Markets change quickly. The competition is always changing. Companies that fail to react to this volatility can quickly find themselves struggling to compete. It is essential to have a keen external perspective. Businesses must have procedures in place to continuously assess the competitive environment and formulate strategic plans to address the changes in customer behaviour.

Businesses that invest time and effort into gathering information on competitors’ activities grow more rapidly and achieve higher sales than those that do not. This monitoring takes into account the market share, price data and financial information about their rivals. With competitive analysis procedures in place, it is possible to build a clear understanding of a firm’s competitive advantage and address the areas of weakness – which helps to ensure the business grows more quickly than others in its sector.

Market analysis plays a key role in decisions about promotional activities and pricing policy. If a business has a clear understanding of demand patterns, costs, competitors’ prices and the perceived value of each of its products, then it is far better equipped to set and modify its prices. These pricing mechanisms can help the company to ensure its customers perceive superior value, which in turn helps sales to grow more rapidly. Understanding what ones competitors are up to builds greater confidence to invest in all areas of marketing activity.

Timely and accurate feedback from customers regarding all elements of the marketing programme is essential if a business is going to take account of the rapidly changing business environment. But gathering information is not enough. It must be disseminated amongst managers, considered carefully and acted upon.

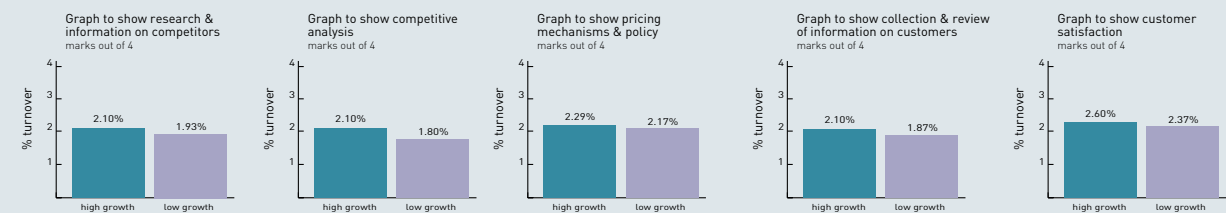
Simply reacting to changes in customer needs might be enough to keep abreast of change. But if a business is going to improve in terms of profitability or growth, it must keep one step ahead by anticipating the changes before they occur.

Companies with well-established procedures to collect and review information about their customers and product sales tend to grow more quickly. Customer-focused companies are also proactive in carrying out customer satisfaction surveys and monitoring customer complaints. Results from these activities have a considerable impact on strategic planning for the business.

Businesses that invest time and effort into gathering information on competitors’ activities grow more rapidly than those that do not

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Building a brand

Promotional activity plays a central role in long-term brand building

The brand of a product, a service or a business is more than just a name. It is a statement to the company's customers, shareholders, employees and trade partners. Not only must the statement be clear, it must also incorporate something distinctive that marks out the sustainable competitive advantages of the company or the product.

Effective branding can be a valuable source of strategic competitive advantage – but it needs to be properly managed. Brand management requires regular and systematic measurement of the business or product compared to rivals in the marketplace. Decisions to invest in 'brand building' should not be driven by short-term opportunism. Such investments should only be taken if the

expenditure will help to ensure a longer term contribution to sales and profitability.

Bigger and faster growing companies pay more attention to branding strategy. They view marketing expenditure as an investment, and invest time and effort into establishing a long

term strategy for their marketing. Branding is viewed as a source of strategic competitive advantage, so branding issues are regularly discussed, the value of its brands is widely recognised within the company, and there is less reluctance to spend money on marketing and promotions.

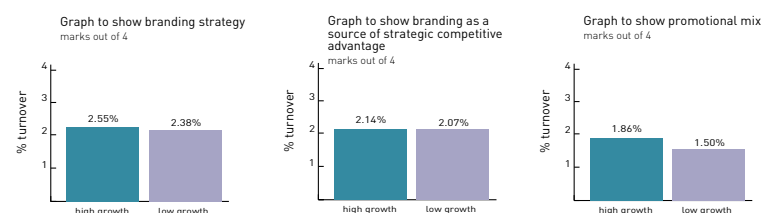
Building a brand requires promotional activity. In many companies decisions about the best forms of promotions are made on a subjective basis by senior managers. Bigger and faster growing companies take decisions about the promotional mix on a much more scientific basis. They formally assess the relative importance of the various promotional tools, track the success of promotional activity and operate a carefully integrated marketing and communications strategy.

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value



Market activity
Accurate data about customers and markets ensures effectiveness



Gathering and using information about the market can take a wide variety of forms. With accurate data about competitors and the specific market sector in which it competes, the company can plan its activities with greater confidence. The information is most valuable if the process is rigorous and systematic.

Arguably the most precious of all is data about customers. Unless a business can accurately assess customer expectations and measure how well their products or services are satisfying those expectations, it is unable to identify the areas of weakness that it must rectify. Companies that invest time and effort in market research and forecasting tend to be bigger and considerably more profitable than those who do not.

Detailed research enables a company to divide up its market into segments and spot those areas that are growing at the fastest rate. Forecasting in this way allows a business to concentrate upon the business sectors that offer the greatest opportunities, and encourages faster growth, as Benchmark Index data clearly reveals.

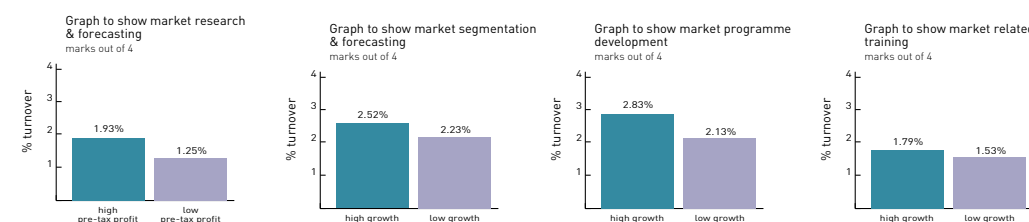
With accurate data about competitors and the **specific market sector** in which it competes, the company can plan its activities with **greater confidence**

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A full and complete understanding of the performance of the different market segments is key to developing its marketing programme to suit their different needs

A full and complete understanding of the performance of the different market segments is key to developing its marketing programme to suit their different needs. It may be necessary to adjust specific elements of the marketing mix, such as price, packaging, sales channels or promotional activity to suit the needs of the market segment. The businesses that refine their marketing programmes most effectively grow substantially faster and achieve greater sales than their rivals.

The faster growing companies are also better at training their personnel to understand the needs and wishes of their customers. Their training programmes are on-going activities to reflect the changes in market needs, and employees are kept well informed about other developments amongst the business' competitors.





Self-test questionnaire

The purpose of this short questionnaire is to give you a taster of what Benchmark Index offers to businesses.

- By answering some simple questions, you can see how your business is performing and so identify potential areas for development or improvement.
- By giving you an insight into what is involved, you can start to see the benefits of participating in the Benchmark Index.

The questionnaire is divided into three steps:

- **Step 1** covers the measures used to compile a profile of the business' financial performance.
- **Step 2** covers the main sources of new business for the firm.
- **Step 3** covers the seven main marketing capabilities of a business.

By answering some simple questions, you will develop an outline profile of your business which you can compare with the profiles of other businesses within the Index. For the purpose of benchmarking your performance, we have provided profiles of:

- **High growth** – the fastest growing companies in the Index.
- **All index** – the average of all companies contained in the Index.



A wide range of businesses have used Benchmark Index to improve their performance. They come from 19 industry sectors, have an average turnover of £7.8M, ranging from under £1M to over £ 50M, and employ an average of 76 people.

Self-test questionnaire



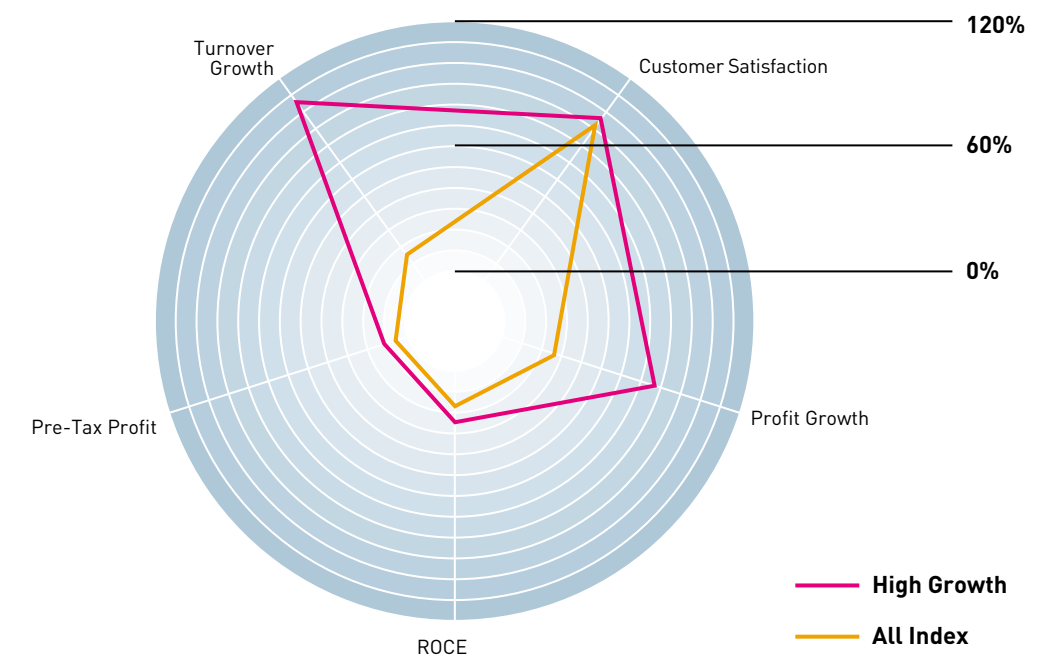
Step 1 Financial performance

The first part of the Benchmark Index questionnaire asks you to provide financial and management data about your business. This is completely confidential and is treated with the respect you would expect. For this short version, you need to answer just 5 questions below to compile a profile of your business' financial performance. Data should be based on the last set of audited accounts.

MEASURE	EXPLANATION	RESPONSE
1 Sales growth	% growth (or decline) in sales turnover between last year and previous year	-----
2 Pre-tax profit	Pre-tax profit as % of sales turnover last year	-----
3 ROCE	% return on capital employed last year (ROCE) <i>(Profit + [total assets – total liabilities])</i>	-----
4 Profit growth	% growth (or decline) in profit between last year and previous year	-----
5 Customer satisfaction	Number of recorded customer complaints as % of total number of orders received for last year	-----



To see the profile of your business, plot your responses for each of these measures on the 'radar plot' below and join up the points. You can then compare your profile against the All Index and High Growth profiles to see which one your business most closely resembles. Use the guidance provided at the end of this questionnaire to interpret your results.





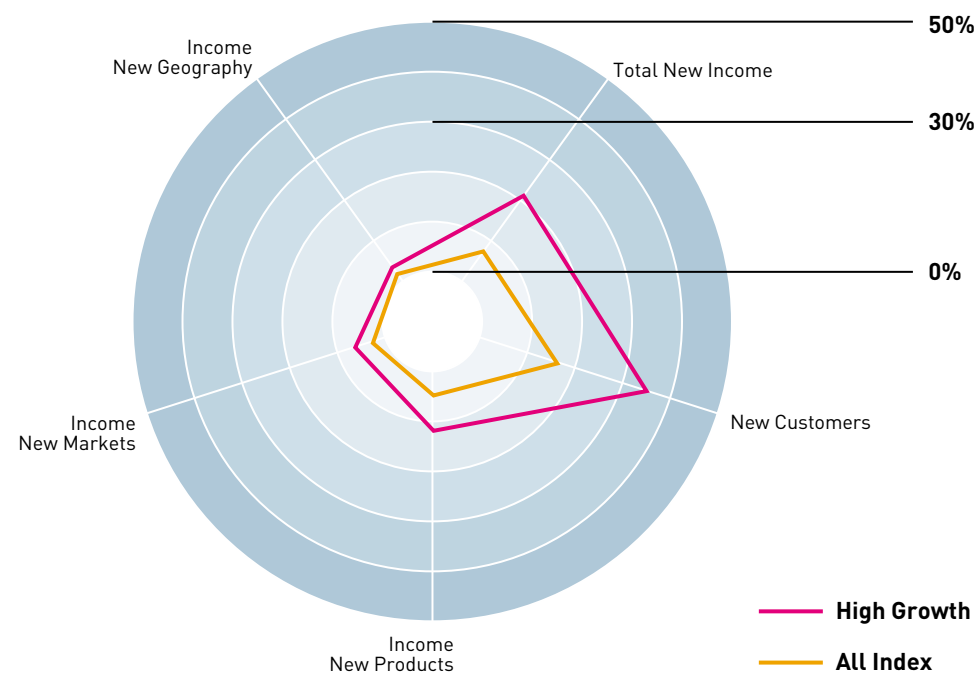
Self-test questionnaire

Step 2 New business

The full Benchmark Index questionnaire also asks you to provide management data on a range of your business' performance aspects. One of these aspects is innovation, a key to effective marketing. Below are 5 questions about where your organisation obtains its new business, a measure of innovation. In answering these questions, you should use data for the same year as used in Step 1 above.

Again, plot your answers for each of these measures on the 'radar plot' below and join them up to compare your profile against the profiles already shown.

MEASURE	EXPLANATION	RESPONSE
1 New geography	% of total turnover generated from new geographical markets (UK and overseas) within the last year. (Note: They must be geographical markets that have been formally developed by the business as the result of strategic decisions taken.)	
2 New market segments	% of total turnover generated from new market segments entered within the last year, e.g. a new business area or a new application for a product or service. (Note: They must be new business areas that have been formally developed by the business as the result of strategic decisions taken.)	
3 New products	% of total turnover generated from new products or services launched in the last year. It does not include minor modifications to existing products or services.	
4 New customers	The total number of new customers supplied to during the last year as a % of the total number of customers (including new customers).	
5 Total new business	The total value of turnover generated from 1 to 4 above (new customers in new geographic markets or new market segments or through new products and services) as a % of total turnover.	



Self-test questionnaire



Step 3 Marketing Capabilities

Once you have completed the main Benchmark questionnaire on financial and management data, you can then choose one or more questionnaires concentrating on specific aspects of your business. Step 3 of this short questionnaire is based on the Marketing and Product/service Development module, the data from which has been used to prepare this report.

Again, plot your answers for each of these measures on the 'radar plot' below and join them up to compare your profile against the profiles already shown.

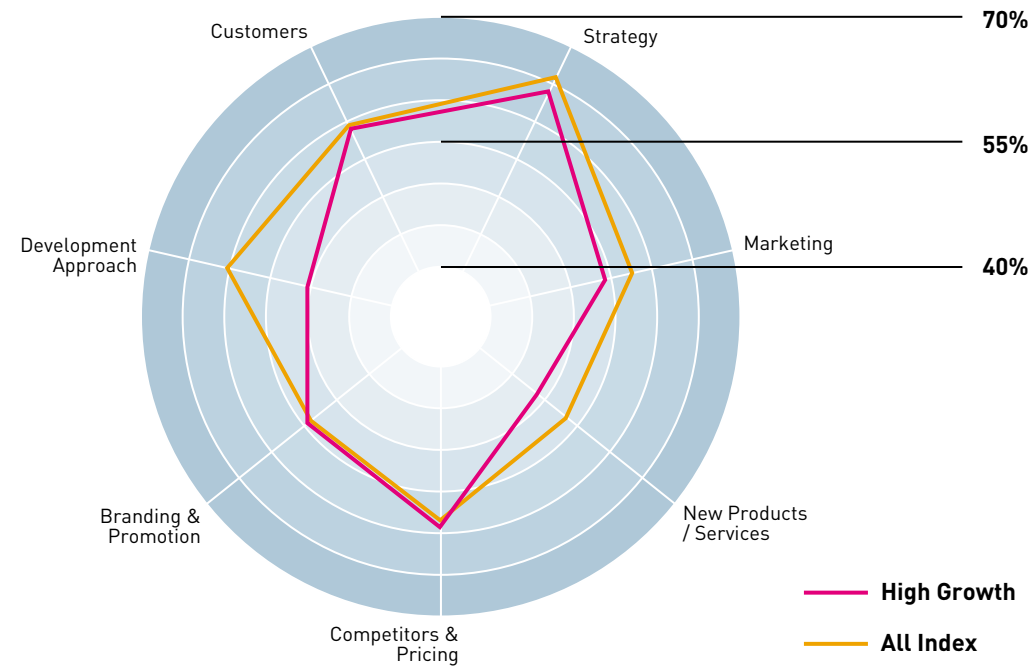
The questions below are more subjective and generalised than those included in the full questionnaire. Answer the questions by indicating a % (0-100%) using the indicators given.

CAPABILITY	INDICATORS	RESPONSE
1 Strategy	<p>We have no formal strategic planning, set few measurable goals and do not use strategic alliances <E25%</p> <p>Planning is ad hoc, our goals are financial but not usually shared widely within the organisation and the approach to strategic alliances is not structured <E50%</p> <p>Managers contribute to an annual plan, we communicate our financial and non-financial goals and will consider strategic alliances <E75%</p> <p>We have a strategic planning process, translate the mission into objectives at all levels and make use of strategic alliances <E100%</p>	
2 Marketing	<p>We do not use market research, we do not segment our markets, we have a standard marketing mix, we always use the same agents or distributors and any induction training focuses on our products and markets <E25%</p> <p>We use desk-based research, divide the market into broad sectors, modify the marketing mix only slightly, set objectives for agents/distributors, and provide training in products, markets and customers <E50%</p> <p>We use market research, identify and prioritise market segments to target, adapt the marketing mix for each segment, recruit agents and distributors carefully and train widely <E75%</p> <p>We use market research for our forecasts, we target market segments best suited to our competencies, we position and differentiate ourselves clearly, we have alliance with our agents/distributors, and have regular staff briefings on market developments <E100%</p>	
3 New products & services	<p>We have no R&D budget, and no process for new ideas, product development is ad hoc; customers, suppliers and R&D organisations are not involved <E25%</p> <p>We do have a R&D budget and a process for submitting new projects, basic controls are in place on product development we have involved outsiders in the past <E50%</p> <p>We plan our R&D, have formal processes for capturing new ideas and developing a business case, product development is systematic and we have a policy of involving outsiders <E75%</p> <p>R&D is agreed by senior managers, we actively seek out and evaluate new ideas, the product development process is well established and outsiders are routinely involved <E100%</p>	
4 Product development approach	<p>New product development is ad hoc <E25%</p> <p>We are trying to use cross-functional teams, involve manufacturing or operations earlier, recognise the importance of reducing development time, and attempt to measure product development <E50%</p> <p>We use teams from across the business from the start, actively strive to reduce development times, and reviews outcomes against forecasts <E75%</p> <p>We emphasise continuous improvement and cross-functional communications, use state-of-the-art processes like rapid prototyping, have a strategy for reducing development times and judge team performance as well as product success <E100%</p>	



Self-test questionnaire

How do you compare?



By comparing your business' profile with those of the 2 profiles shown on the 'radar plots', you can see which general profile your business most closely resembles.

- All Index** – These profiles show the average of the 569 businesses across 19 main industry sectors that have participated in the Benchmark Index. If your results are intersecting the All Index profiles on the three charts, this gives you a measure of where your business is now. If you are between the All Index and High Growth profiles, you are clearly doing well but close inspection of your results may show where some improvements could benefit your business. If your results are completely inside the three All Index profiles, there is clearly room for improvement – the results may point at the most important areas to start.
- High growth** – High growth businesses have been identified as the most successful group of businesses all round, enjoying above average profits and high profit growth. They are more innovative and derive a higher proportion of their turnover from new customers and new products/services. The real differences lie in their marketing capabilities (chart 3): high growth companies have a strong development approach and they place a premium on new product/service development and marketing planning. If your results show you as a strong performer but not yet a high growth company, the results may point at the specific areas you need to concentrate on.

This should have given you an indication of the broad profile of your business and some pointers on areas for development or improvement.

3

CAPABILITY	INDICATORS	RESPONSE
5 Branding	Senior managers alone tend to decide the promotions mix and we place little emphasis on corporate image or brand <E25% We have tried to develop a brand strategy based on an assessment of customers' perceptions and have considered the relative merits of various promotional tools <E50% We have a brand strategy, view marketing as an investment rather than a cost, we track the effectiveness of promotional activity and our people understand the values of the brand <E75% The brand drives the business, we use an integrated approach to promotion and systematically monitor customer perceptions <E100%	
6 Competitors and pricing	We do not formally collect or use competitor information and prices are set on a cost-plus or mark-up basis <E25% We formally collect and monitor market share and competitors' prices; the impact on volume is taken into account when setting prices <E50% We collect a wide range of competitor data which senior managers use in various decisions; a full range of factors are taken into account when setting prices <E75% We actively monitor competitors and their products and consider a full range of factors when setting prices for individual segments <E100%	
7 Customers	We do not collect information from or about our customers and we do not definitely know which are the most profitable <E25% We analyse sales data so that we know which of our customers are performing well and we track customer complaints <E50% Senior managers review our detailed sales analyses and know which customers contribute the majority of sales; customer satisfaction surveys etc inform our strategic plan <E75% We assess a customer's life-time value and select the most attractive; customer surveys impact heavily on the strategic plan <E100%	





Where do you go from here?

You can take this further by completing a full Benchmark questionnaire and receiving detailed feedback on the relevant aspects of performance of your business. The main benefits are:

- It is proven to improve business performance
- Help in identifying your current position and determining the best future direction and priorities.
- Allowing comparisons with other organisations.
- Encouraging you to monitor and compare progress on a regular basis.

Why not take it further by exploring the Benchmark Index website www.benchmarkindex.com or contacting your local Business Link for advice on how to get started?

