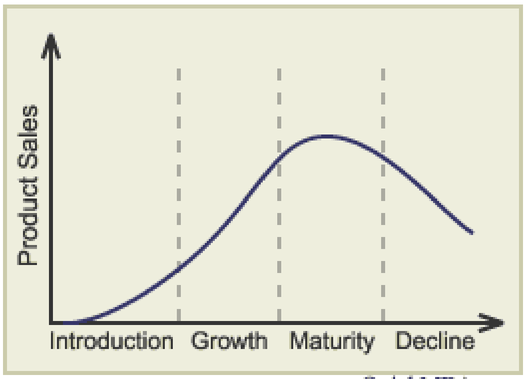
Develop of management process

Product life cycle



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A new product progresses through a sequence of stages from introduction to growth, maturity and decline. This sequence is known as the product life cycle and is associated with changes in the marketing situation, thus impacting the marketing strategy and the marketing mix.

The product revenue and profits can be plotted as a function of the life-cycle stages as shown in the graph:

Introduction:

In the production stage, the form seeks to build product awareness and develop a market for the product. The impact on the marketing mix is as follows:

- Product branding and quality level is established, and intellectual property protection such as patents and trademarks are obtained.
- Pricing may be low penetration pricing to build market share rapidly, or high skim pricing to recover development costs.
- Distribution is selective until consumers show acceptance of the product.
- Promotion is aimed at innovators and early adopters. Marketing communications seeks to build product awareness and to educate potential consumers about the product.

Growth:

In the growth stage, the firm seeks to build brand preference and increase market share.

- Product quality is maintained and additional features and support services may be added.
- Pricing is maintained as the firm enjoys increasing demand with little competition.
- Distribution channels are added as demand increases and customers accept the product.
- Promotion is aimed at a broader audience.

Maturity:

At maturity, the strong growth in sales diminishes. Competition may appear with similar products. The primary objective at this point is to defend market share while maximizing profit.

- Product features may be enhanced to differentiate the product from that of competitors.
- Pricing may be lower because of the new competition.
- Distribution becomes more intensive and incentives may be offered to encourage preference over competing products.
- Promotion emphasizes product differentiation.

Decline:

As sales decline, the firm has several options:

- Maintain the product, possibly rejuvenating it by adding new features and finding new users.
- Harvest the product – reduce costs and continue to offer it, possibly to a loyal niche segment.
- Discontinue the product, liquidating remaining inventory or selling it to another firm that is willing to continue the product.

Strategic planning

Strategic plans help identify what an organization is striving to become and maps out the necessary steps needed to get there. It used to be that strategic plans would go out for ten years but organizations today typically look 2-3 years down the road – some industries just plan year by year.

Developing a strategic plan is a multi-step process and one step builds off of the other. To begin the process the organization needs to have a passion for what they are doing and a clear idea of what they want to achieve.

Step 1: Write a Vision Statement

A vision statement is a statement (typically 2-3 sentences) that gives the reader (and more importantly, the organization) a mental picture of what the organization hopes to become or what the organization hopes to achieve.

It is important to understand where an organization is going before it can develop a strategic plan for how to get there. The value of a vision statement is that is gives leadership and employees a shared goal.

Step 2: Write a Mission Statement

A mission statement is an explanation of why an organization exists and the path it will take to achieve its vision. Mission statements are typically shorter than a vision statement but not always and are organization specific. This is a statement that describes what the organization is passionate about and why it exists.

Step 3: Perform a Gap Analysis

A gap analysis is a process an organization goes through to identify the gaps between its current state and its vision. To do a gap analysis, simply look at where the organization is and compare it to where it hopes to be.

Step 4: Write SMART Goals

Write SMART goals for 2-3 years out (some organizations choose to go shorter or longer depending on the organization).

Goals should support the strategic plan, which is a written document that articulates an organization's strategy for achieving ist mission and vision. The goal development process looks at this strategy and determines the necessary steps to get there.

Goal writing does not have to be overly complicated, but it does require commitment and discipline to follow through and complete the required action steps. Business goals need to be thought through and detailed enough to achieve desired results. Many organizations use the SMART goal model to do this.

- Specific – Is the goal specific enough for clarity?
- Measurable – Is there a way to measure the goal? In other words, how do you know you achieved the goal?
- Attainable – Is the goal truly attainable? Or is it such an outlandish goal that it looks good on paper but is nearly impossible to complete.
- Realistic – Did you write the goal realistically? For example, did you address all the challenges of completing the goal and provide the necessary resources.
- Timely – Is there a timeline associated with the goal to ensure a completion date?

Step 5: Monitor Progress

Goals should be monitored at least on a quarterly basis. This can be as simple as asking the responsible person to give a status update on their goals for the quarter. It is very important that this is done because all organizations are so busy today that the day-to-day responsibilities can sometimes get in the way of completing long-term goals.

Once a year the strategic plan and goals should be reviewed and updated to reflect current market conditions and changes to ensure that goals are focused on the current state of the organization.