



# Focusing Marketing Resources

**THE CHALLENGE FOR SENIOR MARKETING AND SALES EXECUTIVES**

**WHITE PAPER ABSTRACT**

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**CAMBRIDGE CONSULTING**  
For more information, call 800.436.7185  
Email: [consult@cambridgeconsultant.com](mailto:consult@cambridgeconsultant.com)  
Web: [www.cambridgeconsultant.com](http://www.cambridgeconsultant.com)

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# Focusing Marketing Resources

## THE CHALLENGE FOR SENIOR MARKETING AND SALES EXECUTIVES

### SECTION 1 EXECUTIVE SUMMARY

Cambridge Consulting has developed a Five-Stage Segmentation Model for marketing organizations in technology businesses. Whereas traditional analytical models might include demographic, psychographic, and/or geographic segmentation, the Cambridge model uses business growth stages – encompassing the growth path from startup to market leader.

For each stage, the segmentation model shows that a company can achieve an optimum mix of marketing resources resulting in a marketing organization that is appropriately staffed, sized, and focused. The marketing resource mix will then have the right level of people and programs for a particular growth stage.

The model is based on aggregate data from several marketing resource survey of over 240 companies, marketing professionals, and executives.

### SECTION 2 BACKGROUND

Proper focus and use of marketing resources is just as critical as financial focus and effectiveness. In fact, how efficiently marketing resources are managed directly affects a company's financial condition. Senior marketing and sales executives – both in-house and consultants with Cambridge – have a business responsibility to maximize the value of the employees, programs, and partners that comprise marketing resources.

Cambridge Consulting is a product marketing and product management consultancy that has been helping its clients achieve their marketing objectives for almost a decade. Over the course of our consulting engagements, we have observed specific types of marketing resources and how they are used within a client's organization.

For example, we noted that a marketing director is a role most critical to organizations that have multiple products and that have compartmentalized marketing functions. However, for new product offerings within a startup, a director is less critical than the product manager and product marketer to the success of new product offering.

This finding led to a series of questions about when exactly a specific marketing function becomes a critical marketing resource to a company. In the course of our consulting engagements we often questioned ourselves about when a company needed to initiate expensive but necessary channel sales programs, and when the appropriate time was to develop a competitive intelligence program.

Our initial marketing research attempted to discover the specific success factors that distinguished the market leaders from the rest of the pack, and just how relevant a specific marketing resource was to the leaders, vis-à-vis their subordinate competitors.



As we discussed these (and other) issues in post-engagement debriefings, a unique segmentation model emerged that suggested a new and different way of grouping a company's product or business across a growth continuum and a method for assessing the marketing resources within. This segmentation model was envisioned to overlay existing segmentation parameters such as company employee size, revenue, industry, and product focus.

We have had the good fortune to work with companies in various stages of growth, from emerging startups to world-class market leaders. The growth path that a company or product takes from inception to dominance seemed to indicate that certain marketing resources were optional at some point, but essential at other points.

### SECTION 3

#### A UNIQUE SEGMENTATION MODEL FOR BUSINESS-TO-BUSINESS MARKETING

The Cambridge Five-Stage Segmentation Model includes the following stages:

**Stage 1 – Start:** In the startup stage, the marketing focus is on product or business plans and related initiatives that focus on gathering market requirements, sizing, and business development activities.

**Stage 2 – Launch:** In this stage, the marketing focus is on the product release, revenue generation through the initial sales channel, and on high-impact events and promotions.

**Stage 3 – Extend:** At this point, the focus shifts to the next generation product release and to extensions of the sales and marketing channels.

**Stage 4 – Expand:** During expansion, the company attempts rapid growth to build market share through complementary alliances and acquisition efforts.

**Stage 5 – Lead:** For a company or product in the leadership stage, the marketing focus is on maintaining and defending the top of the heap.

For each stage, the segmentation model shows that a company can achieve an optimum mix of marketing resources resulting in a marketing organization that is appropriately staffed, sized, and focused. The marketing resource mix will then have the right level of people and programs for a particular growth stage.

But how do we know what is "right"? Variations exist across all companies and bigger budget marketing hides a myriad of sins. Even though the Cambridge client base spans all the defined growth stages, in order to prove the model, we needed a larger sample size, which we accomplished in turn by conducting field research.



## SECTION 4 RESEARCH

Cambridge developed, tested, and distributed several marketing resource surveys to which over 240 companies, marketing professionals, and executives responded. The questions were divided into five categories that covered human resources, marketing and sales collateral, product management activities, business development, and corporate-level marketing activities. Respondents were also asked to identify their businesses or product lines by growth stage as well as some additional demographic information. The survey included 75 scaled-response statements and provided data that allowed us to quantify what “right” meant for each stage.

The survey data was aggregated and some interesting trends emerged. Here are a few examples from the survey data that revolve around the issue of marketing human resources:

- For all of the Product Managers out there: be happy. Across all business stages, the PM position was an essential member of the marketing team and the need rose across the stages. Of all of the marketing positions ranked, the PM had the highest rank for the first three stages of the model. The Marketing Director edged out the PM in importance in the later 4 and 5 stages.
- We anticipated the importance of Technical Marketing Managers across all stages but, like the Marketing Director, they were judged to be significantly more critical during the expansion (Stage 4) and leadership (Stage 5) stages.
- A competitive analysis function within product management was deemed critical at the start-up stage but also ranked highly at the expansion and leadership stages.
- Product roadmaps and product requirements documents exhibited the same pattern: Both are critical at start-up, saw decreased importance at launch, rose through Stages 3 and 4, and then (somewhat inexplicably) declined in importance again at Stage 5. Interestingly, the roadmap importance at Stage 4 was higher than at start-up: The initial interpretation was the need to clearly state the product’s direction if the company is to make the transition from a follower to a leader. Customers want to know what they can rely on regarding feature and functional growth.

The initial field research was general in scope, but revealed the importance of focusing marketing resources and showed how resources varied across each growth stage. The segmentation model and survey data together enabled Cambridge to build a prototype profile of optimum marketing resources within the context of the five growth stages.



#### SECTION 4 **CONCLUSION**

Using the model and survey analytics, we created a variety of assessment tools and applications like the Cambridge Real Time Marketing Evaluator™ (RTME™) to segment a company's product or business to the appropriate growth stage. The results of the RTME assessment allow a company to identify gaps in the organization or areas from which resources could be shifted to make better use of people and program budgets. The result is an assessment that increases the likelihood of success while ensuring the appropriate use of people and program budgets. Companies have actually used the RTME assessment to justify budgeting for new product management teams and to re-allocate product marketing resources to optimize channel sales programs.

Cambridge plans to extend the segmentation model with additional quantitative and qualitative research on channel and distributions resources and the programs associated with strategic go-to-market initiatives. Our goal continues to be the improvement of the focus and the effectiveness of marketing resources for product marketing and management professionals. Although Cambridge Consulting specializes primarily in technology companies, we believe that this segmentation model will be applicable across many industry sectors.

#### SECTION 5 **ABOUT CAMBRIDGE CONSULTING SOLUTIONS**

Cambridge Consulting Solutions is a leading provider of marketing and business development expertise for Fortune 500 and top-tier technology clients — companies like Hewlett-Packard, Cisco, BEA Systems and others.

More information can be found by calling (800) 436-7185, emailing [info@cambridgeconsultant.com](mailto:info@cambridgeconsultant.com), or visiting <http://www.cambridgeconsultant.com>.