What? So What? Now What?

A Simple but Sound Approach to Business Planning

Presented by Wayne Luciano

How do you...

get more people to buy more of your brand, more often, for more money?

You need a good plan.

People come in with business plans and, I mean I know that no one is going to meet everything they say in a business plan, but you got to have something to guide towards.

- Arthur Rock

An American businessman and early investor in major firms including Intel, Apple, and Teledyne

But first...

you need to assess where you are!

What? So What? Now What?

SITUATION ASSESSMENT	PLAN

WHAT   **SO WHAT**   **NOW WHAT**

Facts & Findings

Conclusions
Insights
Implications
SWOT

Vision & Mission
Objectives & Goals
Strategies & Measures
Key Initiatives & Tactics
Budgets & Work Plans
Risks & Upside

The 7 C's and 7 P's of Planning

SITUATION ASSESSMENT

PLAN

7 C's
(Key Dimensions to Assess)

1. Company (Brand)
2. Category
3. Competition
4. Consumer
5. Channels
6. Customers
7. Critical Other
   (e.g. suppliers, regulatory, environmental, etc. beyond Category dynamics)

7 P's
(Strategic "Triggers" to Achieve Objectives)

1. Product (or Service) (physical attributes, positioning, packaging, and portfolio)
2. Price
3. Promotion
4. Place (distribution & placement)
5. People/Partners (internal and external resources)
6. Production/Supply Chain
7. Processes/Systems

C1: Company (Brand) – Sample Questions to Ask

- ## Scale & Market Performance?

  - Volume and share trends? National and by key market? BDIs (Brand Development Index)?

  - Base vs. Promoted volume trend? Sales velocity? Distribution? In-store and online presence?

  - Volume splits by channel? By top customers? By flavor/type/size? Trends?

- ## Brand Equity & Core Value Proposition?

  - Brand awareness measures? Attribute ratings? Trends? National and by key market?

  - Household penetration trend? Buying rate? Brand loyalty measures?

  - Current brand positioning/USP effective/optimized? Is brand delivering on its promise?

- ## Profitability?

  - P&L performance? Adequate margins for sustainable growth? Margins by SKU and by customer?

  - Pricing strategy? Differentials vs. competitive set? Price elasticity? Merchandising effectiveness?

  - Spending efficiencies? Operational efficiencies? Marketing mix/ROMI learnings?

- ## Strengths & Weaknesses (Overall and by functional group, e.g. Marketing, Sales, Operations, etc.)?
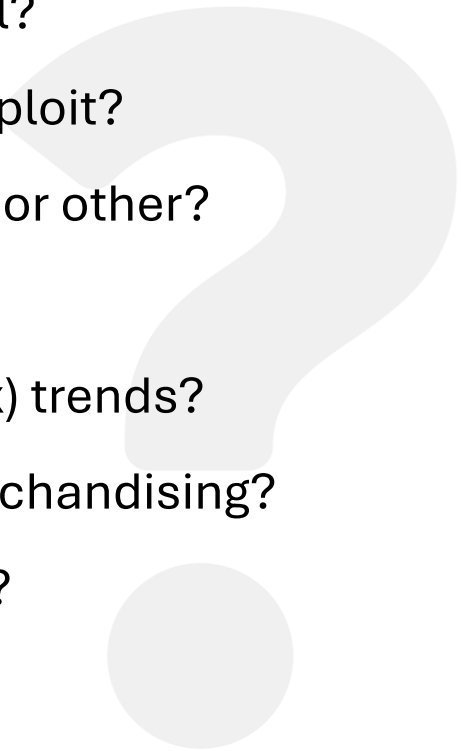
- ## Etc.

C2: Category – Sample Questions to Ask
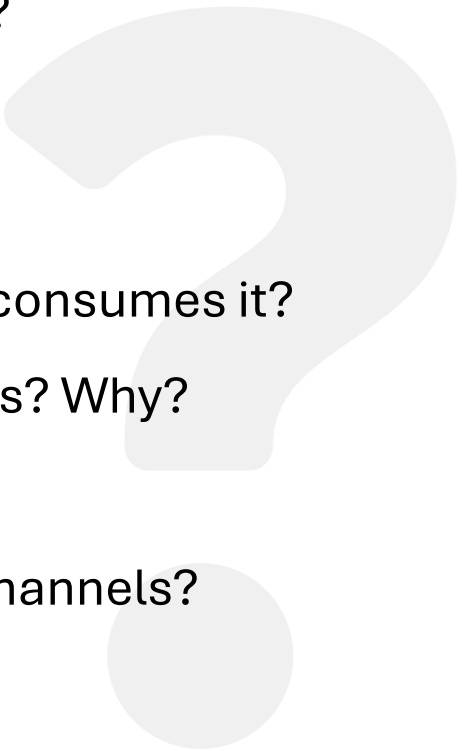
- Category size and growth trend? Regional skews?

- Pricing (base and promoted) trends?

- Key dynamics or trends? Segment shifts (e.g. product/type/size/flavor)? Why?

- Is it considered a planned or an impulse purchase?

- How is the category promoted and merchandised?

- What are the purchase barriers in the category?

- What are common marketing tactics used in the category?

- Category penetration? Dollars and CDIs (Category Development Index) by market?

- Etc.
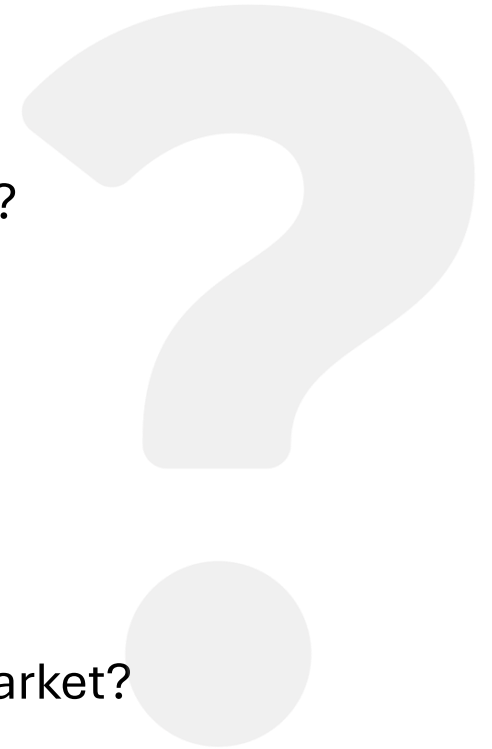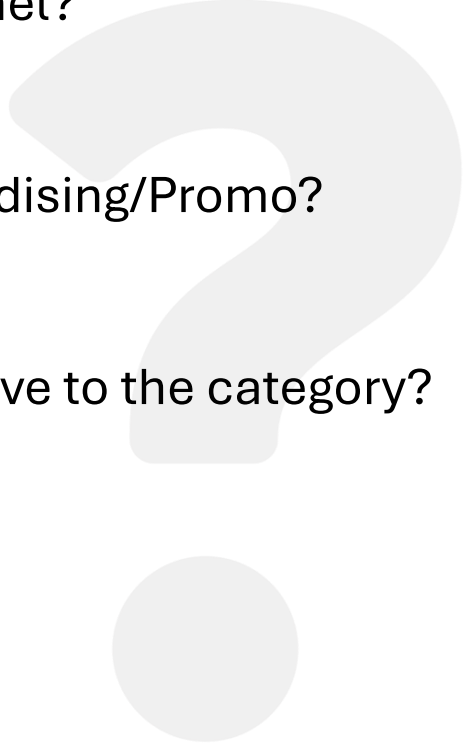
C3: Competition – Sample Questions to Ask

- Top 3-4 competitive brands in the category? National? Regional? Private Label?

- How does each competitive brand "position" itself (USP)? Is there a gap to exploit?

- Who is winning and why? Is it brand equity, shelf presence, assortment, price or other?

- How do their consumer profiles differ from each other?

- Penetration, distribution, share, sales velocity, BDI (Brand Development Index) trends?

- What overall strategies and tactics do they employ? Pricing? Advertising? Merchandising?

- What marketing activity and initiatives are they implementing? New products?

- Key strengths and weaknesses?

- Etc.

C4: Consumer – Sample Questions to Ask

- Primary and secondary targets? Demographics? Psychographics? Behavioral?

- How and why do consumers use the brand? Need states? Usage occasions?

- Household penetration and buying rate? Trends?

- Key purchase drivers? Who purchases the brand, and is it different from who consumes it?

- Is buyer base changing? Demographically? Heavy vs. Moderate vs. Light Users? Why?

- Segmentation studies?

- How is the category shopped? What is the shopper journey? Touch-points? Channels?

- Key macro trends that will affect consumer base/behavior?

- Etc.

C5 & C6: Channels & Customers – Sample Questions to Ask

- Sizes and trends of category in each channel? Role of category in each channel?

- Key customers in each channel? % of sales by customer? Trends?

- How are retailers in each channel managing the category? Margins? Merchandising/Promo?

- Category leakage to other channels? From retailer to retailer?

- How is each channel (key retailers) addressing omni-channel marketing relative to the category?

- Which key retailers are the best fit for growth opportunities? Why?

- Does the retailer's shopper base align with brand's consumer base?

- Key retailers' primary issues, pain points and overarching strategies?

- Etc.

C7: Critical Other – Sample Questions to Ask

- What influences are affecting or could affect the category?

- Any pending or potential regulatory issues?

- Environmental or sustainability trends or issues?

- Any pending or potential legal issues that could affect the company?

- Are there adequate sources of capital available?

- Etc.

An Example of a "What" and "So What"...
(Alcohol-Free Wine Category)

Category – General & Geographic Facts/Trends

Key Findings

- Alcohol consumption is declining worldwide -- Dropped from 10,6L to 9,1L per year over the last 6 years = -15%.

- $2B global non-alcoholic wine category projected to grow at a 10% CAGR to reach $5.2B by 2033.

- North America holds a 40% share of the global AF wine market, with projected double-digit growth.

- Germany, currently the largest no- and low-alcohol market in the world, but IWSR predicts that Germany will see start to see growth slow due to the market's maturity.

- The IWSR expects Australia, Canada and the US to see double-digit volume growth by 2026.

- Alcohol-free wine is outperforming low-alcohol wine.

- Sales of plain AF wine are estimated to decrease as sales of flavored AF wine increase; however, AF grape wine is estimated to be the most preferred product type.

- Poor taste perceptions and limited assortment are the two primary barriers to consumption growth

- The most popular month for sales across non-alcoholic categories is January as a result of the dry January movement.

- Premiumization of AF wine is gaining traction owing to a greater emphasis on flavor, high-quality ingredients and appealing packaging.

- While demand for AF sparkling wine has increased in the U.S., AF still wine comprises two-thirds of the market.

- Top U.S. markets that over-index on non-alcoholic sales include Boston, Denver, northern NJ, Brooklyn, and Washington, D.C.

- AF Spirits and Mocktails are emerging as the next two segments to further drive AF category growth.

Key Conclusions & Implications

STRONG AF GROWTH POTENTIAL: Significant opportunities exist for AF wine and spirits worldwide (particularly in North America which holds a 40% share), with alcohol consumption declining and AF wine expected to grow double digits for the next decade (reaching $5.2B by 2033, globally).

BROADER PORTFOLIO OPPORTUNITIES: While AF grape wine is estimated to be the most preferred type, sales of flavored wines, sparkling wines, and spirits (including mocktails) are expected to increase due to consumer demand for more variety.

APPEAL OF PREMIUM PRICING: Despite challenging economic times, having a premium-priced AF wine can be an effective way to support the "price-is-a-proxy-for-quality" approach to garner sufficient margin and support/emphasize delicious flavor (taste experience), especially given that poor taste perception is a barrier to category trial.

U.S. MARKET TESTING INSIGHTS: Any market testing in the U.S. should consider key northeast markets such as Boston, metro NY and Washington, D.C. where AF category development is strong; and include January timing as part of any launch plan due to the "Dry January" movement.

In Summary...

SITUATION ASSESSMENT

WHAT & SO WHAT (SWOT)

- Company (Brand)
- Category
- Channels
- Customers
- Critical Other
- Consumer
- Competition

PLAN

NOW WHAT

- Product (or Service)
- Price
- Place
- Promotion
- People/ Partners
- Production/ Supply Chain
- Processes/ Systems
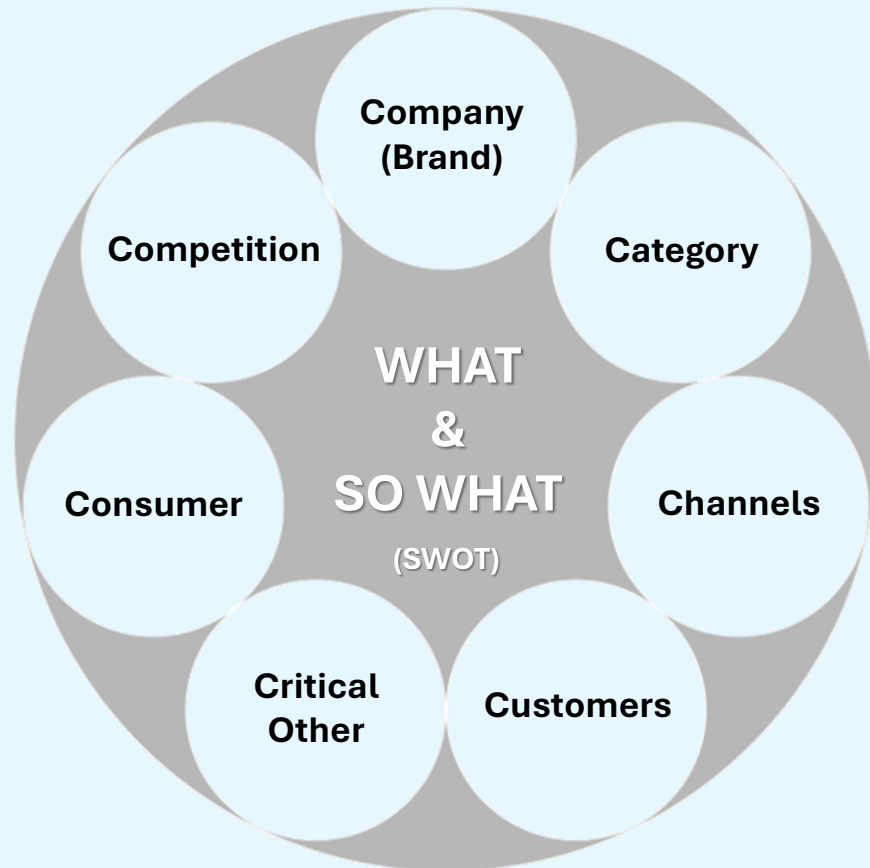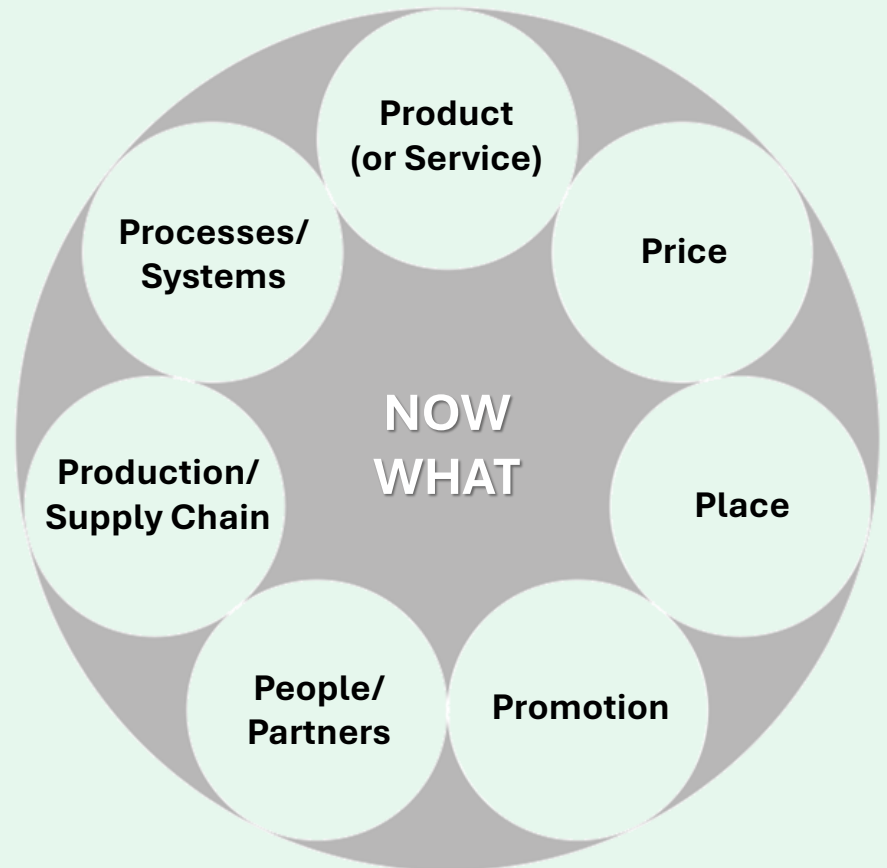
Key Definitions of a Business Plan

VISION = "Destination" (Where you want to go/What you want to be)

MISSION = What you do on a consistent long-term basis to reach your destination

OBJECTIVE = A qualitative desired position that sets direction (WHAT you want to achieve)

GOAL = Metrics that define the success of meeting your objective

STRATEGY = Words that explain HOW you are going to meet your objective

MEASURE = Metrics that define the progress toward delivering a strategy (KPIs)

TACTIC = Specific actions and initiatives undertaken to execute a strategy

Strategic Framework – Example ("Plan on a Page")

VISION
Be the leading brand of XYZ to empower people to live and feel their best.

MISSION

Consistently provide XYZ delivering an exceptional consumer experience through the integration of ABC and DEF.

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BUSINESS OBJECTIVES & GOALS

- Grow revenue — **Goal:** $5.0M - FY25
- Become cash flow positive — **Goal:** $100K EBITDA - FY25
- Grow market share — **Goal:** 3% dollar share of XYZ segment - FY25

STRATEGIC OBJECTIVES & GOALS (Key "Strategic Pillars")

① IMPROVE MARGINS

Goals: 50% Gross; 15% Net

② DRIVE OPERATIONAL EXCELLENCE

Goals: +10% in continuous improvement scores

③ GROW DISTRIBUTION

Goals: 5,000 Points of Distribution; 3> Channels

④ INCREASE CONSUMER DEMAND

Goals: +25% $ velocity; +2 points of HH penetration

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KEY STRATEGIES

Explore lower cost ingredients	Improve reliability of supply	Expand into XYZ markets	Optimize value proposition
Eliminate unprofitable SKUs	Reduce quality complaints	Explore/test XYZ channels	Drive awareness & trial
Improve trade spend efficiencies	Improve customer service	Build eCommerce/D2C business	Strengthen shelf presence

Improve operating efficiencies   Launch a new package size

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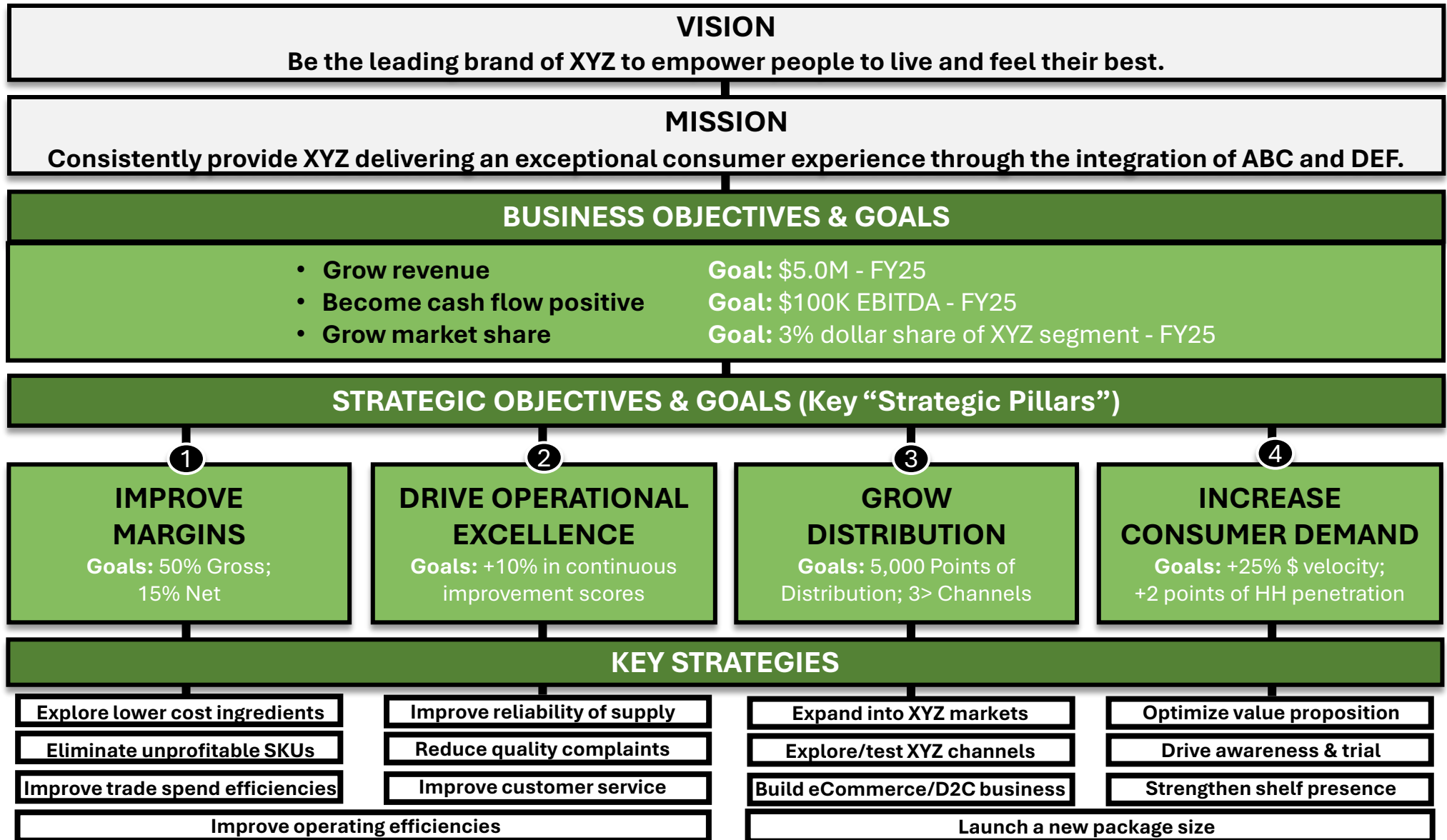Be the leading brand of XYZ to empower people to live and feel their best.

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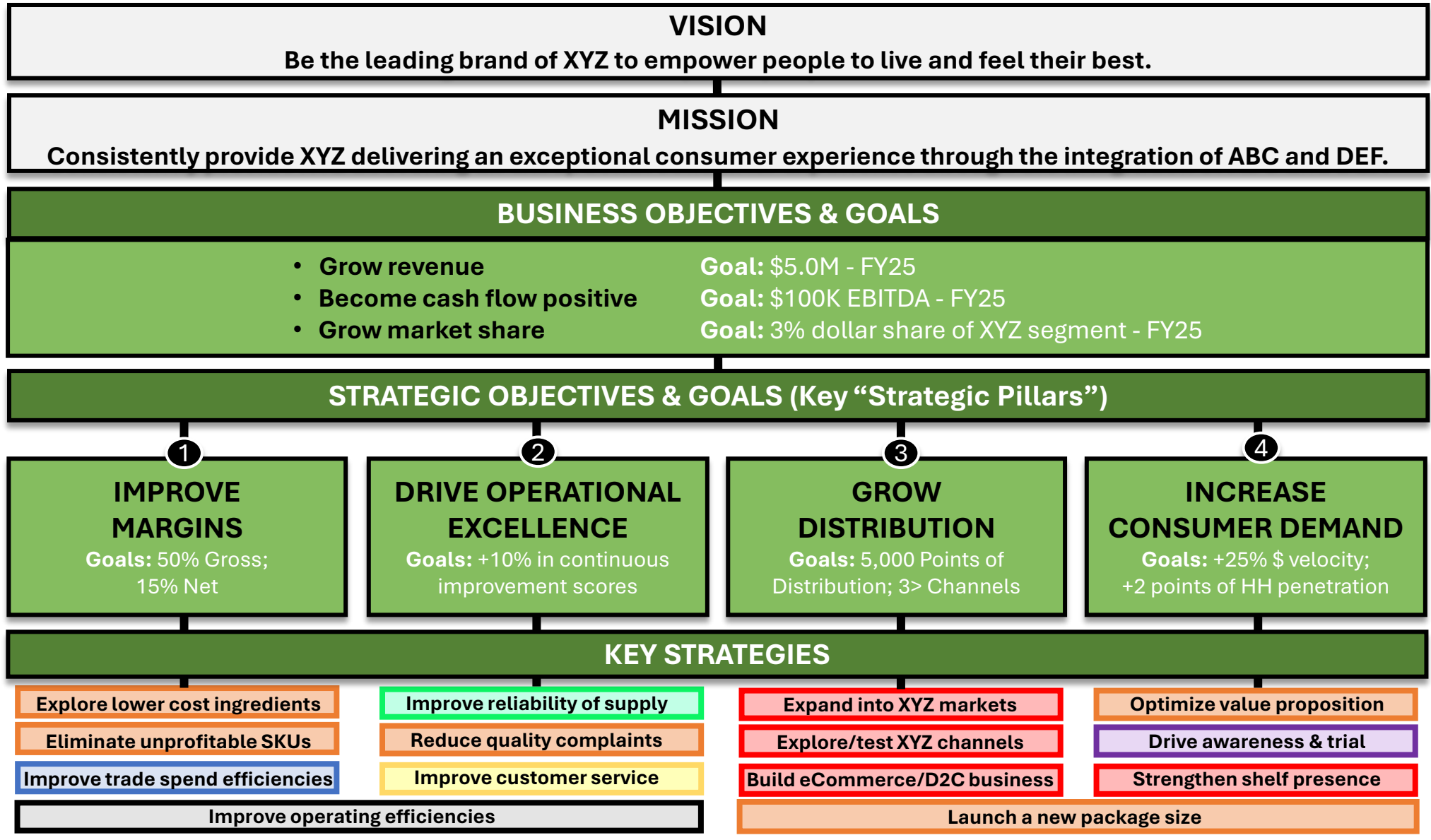Consistently provide XYZ delivering an exceptional consumer experience through the integration of ABC and DEF.

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7 P's

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- Promotion
- Place/Distribution
- People/Partners
- Production/Supply Chain
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- Drive awareness & trial
- Strengthen shelf presence

Work Plan – Overview

STRATEGIES	MEASURES	TACTICS (KEY INITIATIVES)	RESPONSIBLE	TIMING	BUDGET
① a. Strategy b. Strategy c. Strategy d. Strategy	a. Measure(s) b. Measure(s) c. Measure(s) d. Measure(s)	a. Tactics/Initiatives b. Tactics/Initiatives c. Tactics/Initiatives d. Tactics/Initiatives	a. ??? b. ??? c. ??? d. ???	a. ??? b. ??? c. ??? d. ???	a. ??? b. ??? c. ??? d. ???
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Track and adjust accordingly

Hope this was helpful.

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