

INGENUITY TUTORIAL



Making Marketing Decisions

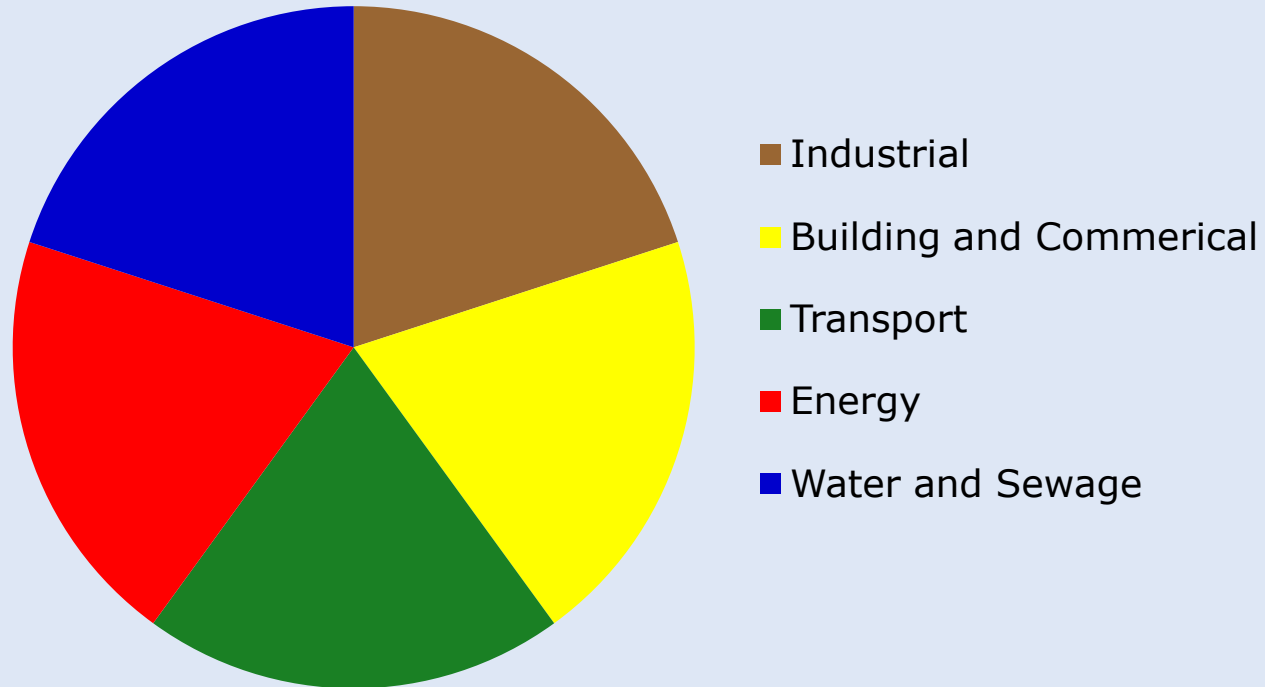


Making Marketing Decisions

The Marketing Department are the **first step** on the ladder to winning and progressing new work.

Each period the marketing staff **identify new jobs in the global construction market**, known as prequalification, which the company then try and win through the procurement process.

All jobs belong to one of 5 market sectors.





Making Marketing Decisions

The value of new work that can be identified in any period is governed by a number of factors :-

- The size of the Marketing Department (number of company staff)
- The size of the global market
- Where the marketing effort is directed (by sector)
- The relationship with clients





Making Marketing Decisions

MAKING Overhead decisions for period 5 in the Early Years

Change period Key information Help

MARKETING DEPARTMENT

STAFFING LEVEL

Last period	This period
Company staff	Company staff
2	2

MARKETING EFFORT

Sector	Last period			This period		
	% split	Country preference	Job size preference	% Split	Country preference	Job Size Preference
Industrial	10 %	No preference	No preference	10	No preference	No preference
Building & Commercial	46 %	No preference	No preference	46	No preference	No preference
Transport	31 %	No preference	No preference	31	No preference	No preference
Energy	7 %	No preference	No preference	7	No preference	No preference
Water & Sewage	6 %	No preference	No preference	6	No preference	No preference
				100 %	No preference Prefer UK jobs Prefer Overseas jobs	No preference Prefer large jobs Prefer medium jobs Prefer small jobs

Consider the following situation.

It is the beginning of period 5, and the Overhead Manager needs to decide upon the staffing level for the Marketing Department, and into which sectors the marketing staff's efforts are to be directed.

There are currently 2 marketing staff, and the split of the marketing effort between the 5 market sectors is presently as shown, with effort being directed into all sectors, and in particular the Building and Commercial and Transport sectors.



Making Marketing Decisions

Overhead Performance

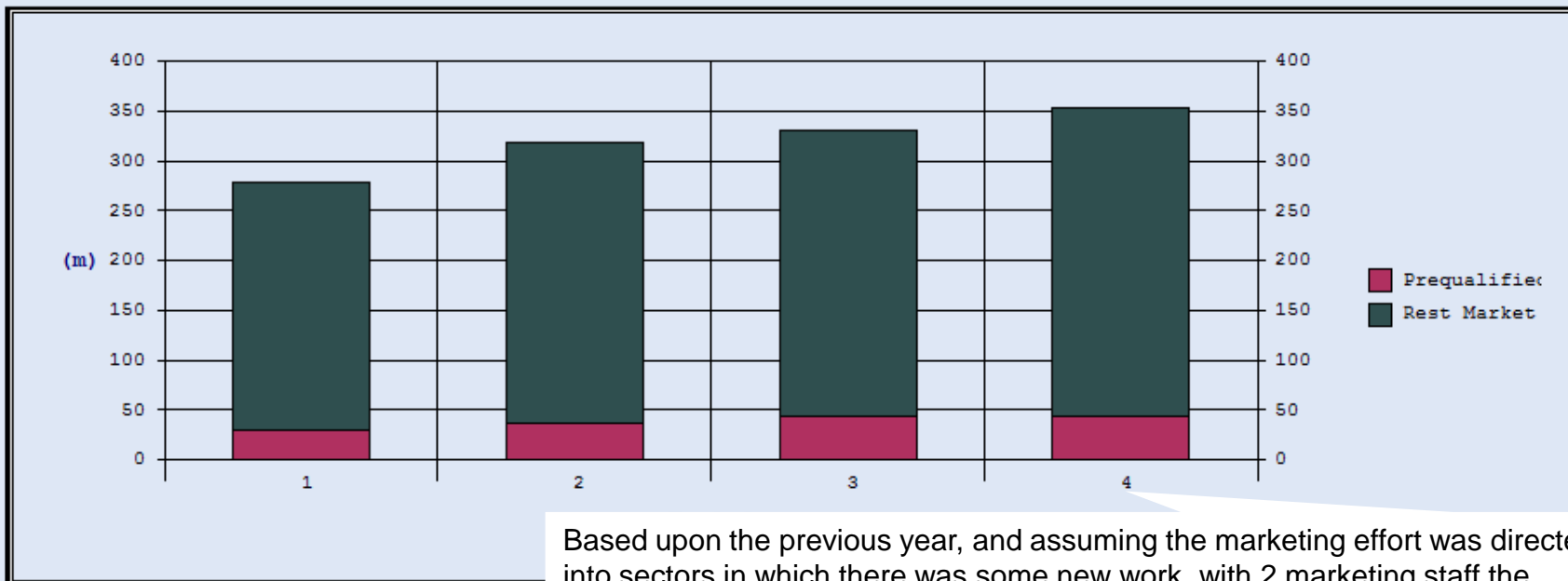
Navigate to "Main menu/Measuring performance/Assessing performance/Overhead analysis"

Management consultant report

MARKETING DEPARTMENT

HEAD OFFICE / QHSE / MEASUREMENT

Overall All countries
 By sector UK only
 Overseas only



	1	2	3	4
	Hist	Hist	Hist	Hist
Value Prequalified For	30	37	44	44
Value Available	278	319	330	353
% Market Share	11 %	12 %	13 %	12 %
No. Company Staff	2	2	2	2

Based upon the previous year, and assuming the marketing effort was directed into sectors in which there was some new work, with 2 marketing staff the company was **only able to prequalify for** between 11% and 13% of the overall market.

The company's strategy is to grow the business, and to achieve this more work will need to be identified, so it is decided to increase the staffing level by the maximum allowed, **2** (the limit is shown in the **Industry parameters**).

KEY POINTS

No matter how large the marketing department is, and how well the marketing effort is directed, the company **will never be able** to identify 100% of the market.



Making Marketing Decisions

MAKING Overhead decisions for period 5 in the Early Years

Change period Key information Help

MARKETING DEPARTMENT

STAFFING LEVEL

Last period	This period
Company staff	Company staff
2	4

Increasing the size of the Marketing Department will now identify a bigger share of the overall market, and the Marketing Manager can now look at the sectors of work to target jobs in.

MARKETING EFFORT

Sector	Last period			This period		
	% split	Country preference	Job size preference	% Split	Country preference	Job Size Preference
Industrial	10 %	No preference	No preference	10	No preference	No preference
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OTHER DEPARTMENTS

STAFFING LEVEL

Department	Last period	This period	
	Company staff	Company staff	Agency staff
Head Office	3	3	0
QHSE	2	2	0
Measurement	2	2	0

The staffing levels for the Head Office, QHSE and Measurement Departments for the current period can only be set once appropriate labour has been allocated to jobs in progress on the Job Progression (Labour) Decisions Screen

Calculate projected turnover for jobs in progress



Making Marketing Decisions

Market Trend

Navigate to "Main menu/Making decisions/Overhead decisions/Key information/Market trend"

BY SECTOR

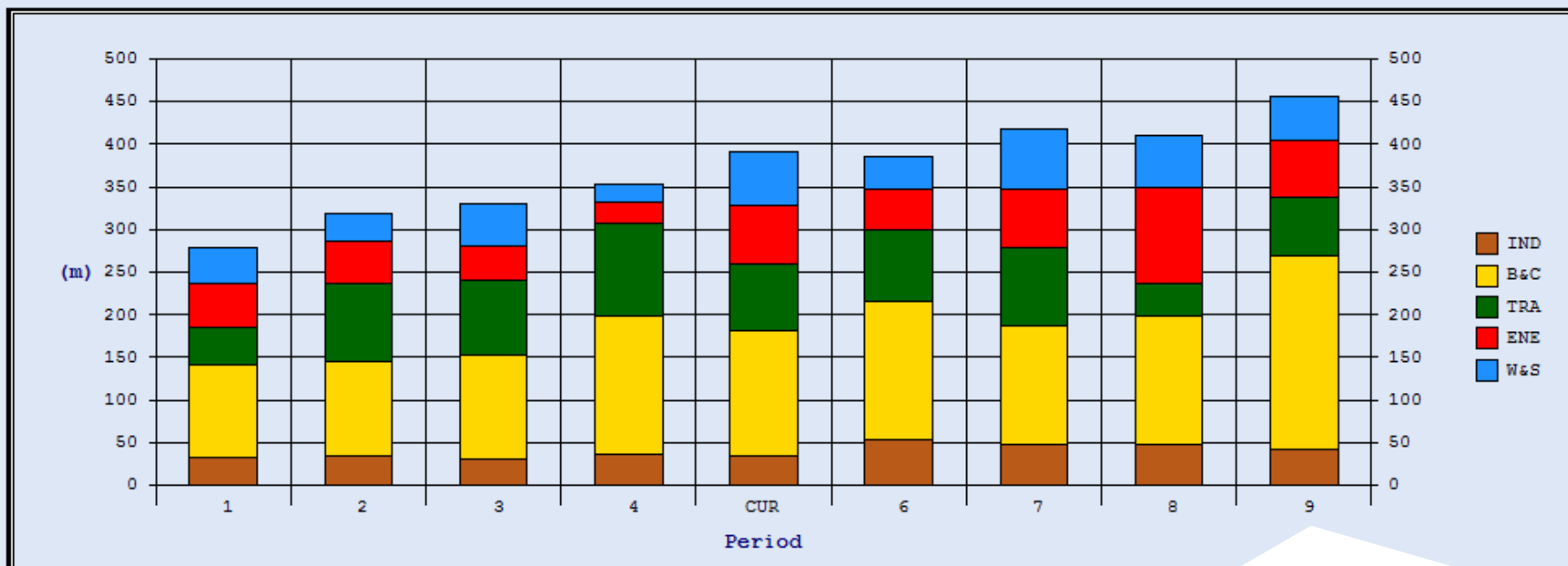
BY CLIENT

Amount of work
% of the market
Number of jobs
Exposure to risk

All countries
UK only
Overseas only

Marketing effort will identify jobs that are available in the current period, highlighted by the green column.

The value of work is shown in millions.



	1	2	3	4	5	6	7	8	9
	Hist	Hist	Hist	Hist	Early	Early	Early	Early	Early
IND	33	34	31	36	35	53	48	47	43
B&C	109	111	122	163	146	162	139	152	227
TRA	44	92	88	108	79	85	91	37	67
ENE	51	50	40	26	69	48	69	113	67
W&S	41	32	49	20	62	37	70	62	52
	278	319	330	353	391	385	417	411	456

The additional marketing staff **will have little affect** if they do not direct their efforts into the market sectors in which there is new work.

The **overall value of the global market** is expected to steadily grow from 391m in period 5 to 456m in period 9.

There appears to be work in all sectors, particularly in the building & commercial sector, and the energy and water & sewage sectors look to be growing steadily.



Making Marketing Decisions

Market Trend

Navigate to "Main menu/Making decisions/Overhead decisions/Key information/Market trend"

BY SECTOR

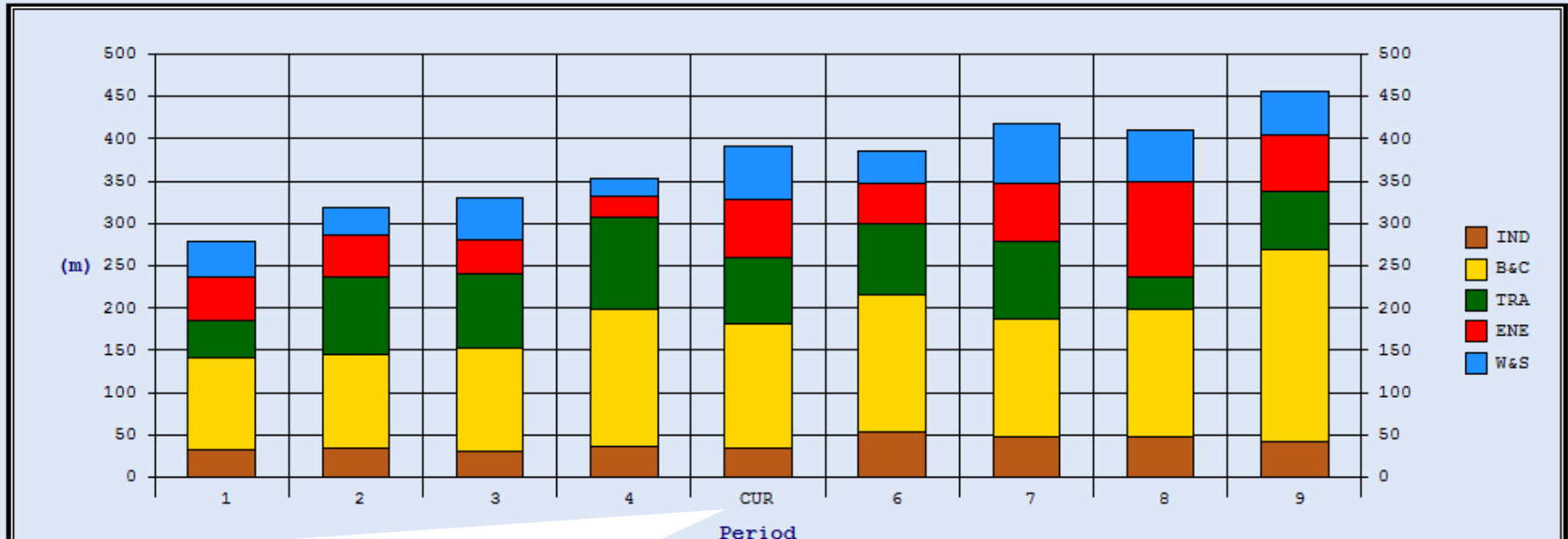
BY CLIENT

Amount of work
% of the market
Number of jobs
Exposure to risk

All countries
UK only
Overseas only

Marketing effort will identify jobs that are available in the current period, highlighted by the green column.

The value of work is shown in millions.



As well as targeting marketing effort into sectors based upon the work available, strategically **there may be other reasons** for targeting, or not targeting particular sectors. For example :-

- The **Industrial** sector tends to be the smallest, but with less clients, enabling good client relationships to be formed quicker.
- There tends to be more work in the **Building & Commercial sector**, but with more rival competition for the work.
- **Transport** jobs tend to be less risky, but are also labour intensive, which can be costly with the training of new labour, subcontractor premiums etc.
- The **Water & Sewage sector** tends to be more specialised, with less rival competition for the jobs, and less labour intensive, which can be less costly in terms of training of new labour, subcontractor premium etc.
- The **Energy sector** tends to be more specialised, with less rival competition for the jobs, and less labour intensive, which can be less costly in terms of training of new labour, subcontractor premium etc. However, energy jobs can carry more risk.



Making Marketing Decisions

Market Trend

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BY SECTOR

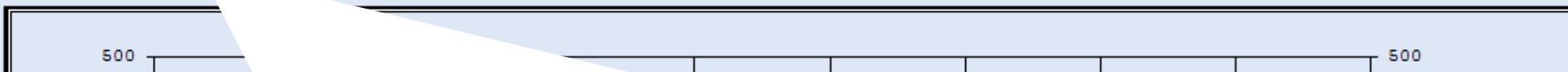
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Amount of work
% of the market
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UK only
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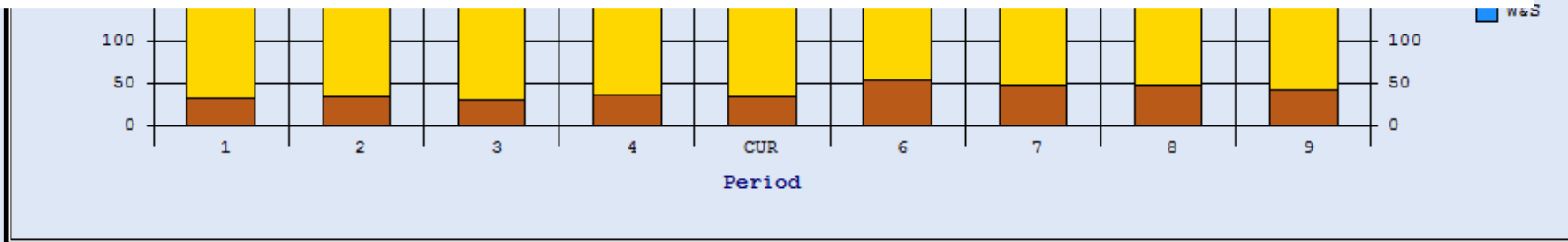
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There are a number of filters available to analyse the composition of the market in greater detail :-

- By number of jobs (large, medium, small)
- By location (UK or overseas)
- By client

Analysing the market in detail is essential because not only is the marketing effort to be directed by sector, but within each sector choices can be made by country and job size preference.



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Making Marketing Decisions

MAKING Overhead decisions for period 5 in the Early Years

Change period Key information Help

MARKETING DEPARTMENT

STAFFING LEVEL

	Last period	This period
Company staff	2	4

MARKETING EFFORT

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Based upon the information about the likely market split in period 5, and also looking to the long-term strategy for the business, the overhead manager decides to :-

- Increase the marketing effort in the building and commercial, energy and water & sewage sectors, but reduce it in the industrial and transport sectors.
- Continue to show no preference to country or job size.

KEY POINTS

The marketing strategy will be reassessed each period depending upon the current forecast of the future market trend.



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Country preference: No preference, Prefer large jobs, Prefer medium jobs, Prefer small jobs

Job Size Preference: No preference, Prefer large jobs, Prefer medium jobs, Prefer small jobs

HOW MUCH NEW WORK CAN BE IDENTIFIED IN PERIOD 5 ?

The company's forecast indicated that there is 391m of new work available during period 5.

Let us suppose, for example, that increasing the number of marketing staff to 4 has increased the potential market share to 22%. In practice this means that potentially the company can identify 86m of new work in period 5 (22% of 391m).

Taking the Building & Commercial sector as an example, the company have allocated 50% of the marketing effort to this sector. This should enable them to identify 43m of work in the sector during period 5 (50% of 86m).

Any jobs identified in period 5 will be available for the company to bid for on the Procurement Screen in period 6.

KEY POINTS

The above analysis is based on the assumption that there is enough new work in the sectors where the marketing effort has been directed.



Making Marketing Decisions

Industry parameters X

FINANCE
OVERHEADS
PROCUREMENT
JOB PROGRESSION

MARKETING EFFORT The absolute change in % marketing effort in each sector cannot exceed: 10 each period

DEPARTMENTAL STAFFING LEVELS AND COSTS

Department	Company staff			No. of staff	Agency
	Annual salary	Recruit & training cost	Paying off cost		
Marketing	28,000	18 %	15		
Head Office	22,000	12 %			33,000
QHSE	30,000	18 %			45,000
Measurement	35,000	20 %			54,000

Fixed for all periods
 Can vary each period

Although the decisions are made about which sectors to direct the marketing effort into in period 5, the % change in each sector is **limited**, as defined in the **Industry parameters**, so wholesale changes cannot be made in one period.

The change limitation makes it imperative that as well as the short-term, the **long-term is considered** when reviewing marketing strategy.



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PREFERENCES

As well as concentrating on particular sectors, the decision can be made to target specific new jobs within each sector by location (country preference) and job size, rather than rely upon a random allocation.

Where they are both set the country preference **takes priority** over the job size preference.

For example, if “**Prefer UK jobs**“ and **Target large jobs**” are chosen, then the identification of jobs is prioritised as follows :-

- 1.Large UK jobs
2. Medium UK jobs
3. Small UK jobs
- 4.Large overseas jobs
- 5.Medium overseas jobs
- 6.Small overseas jobs



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JOB SIZE PREFERENCE

When setting the **job size preference** :-

- If **“Target large jobs”** is chosen then large jobs are the primary choice, followed by medium then small jobs as the secondary choice.
- If **“Target medium jobs”** is chosen then medium jobs are the primary choice, with large and small jobs given equal weighting as the secondary choice.
- If **“Target small jobs”** is chosen then small jobs are the primary choice, followed by medium then large jobs as the secondary choice.

For now the company has no particular job size preference.

KEY POINTS

Depending upon where the marketing has been directed by sector, and the composition of the work available, it may be that no jobs can be identified from the primary choice, and secondary choice jobs are identified instead.



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COUNTRY PREFERENCE

The company may decide to specifically target UK or Overseas jobs in order to :-

- Create a 'niche' market with a small number of clients to gain a future bidding advantage
- Try and target specific clients whose payment terms are more favourable
- Make use of excellent project managers in a specific location
- Reduce the company's exposure to risk



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JOB SIZE PREFERENCE

In deciding upon the job size preference, a number of factors can influence the choice .

THE SMALLER THE JOB

- The quicker the job finishes, which can improve client relationships quicker, and hence more of them.
- The less severe the penalty for late completion

THE LARGER THE JOB

- The less management and resources tend to be needed e.g., you only need 1 project manager for doing a large job, but would need 3 project managers for the equivalent number of smaller jobs.
- Generally the less risky they are, since you only have a few risks to worry about, and not many for the equivalent number of smaller jobs. Also if a risk occurs for a larger job, and delays it, you have time to recover, which you do not necessarily get with a smaller job.



Making Marketing Decisions

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OTHER DEPARTMENTS

Having set the staffing level, and directed the marketing effort into different job sectors, and indicated country and job size preferences, the company will be able to identify a number of jobs that come onto the market in the current period.

In addition, the **value of work prequalified for** can be influenced by the relationship with contract clients



Making Marketing Decisions

Management Consultants Report

CLICK ON A REPORT LINE TO SEE IF ADDITIONAL HELP IS AVAILABLE

OVH 8 [ALL] [ALL] [ALL]

Category	Per	Status	Year/qtr	Job	In	Comment	Sub Category	Nature
OVH	8	Early Years	2024 (Q4)	223	UK	Prequalification only permitted due to the relationship with the client Lowry Homes	MARKETING	POSITIVE

HELP IS AVAILABLE FOR THE COMMENT Prequalification only permitted due to the relationship with the client Lowry Homes

Choose the format you require for the report

CLIENT RELATIONSHIP

Client relationships play a role in identifying (prequalifying for) new work in two ways :-

- If the relationship is an **improving one**, and at least at a certain level, the company may prequalify for a job that would have been unattainable, as shown in the **Management consultants report**.
- If the relationship is a **deteriorating one**, then there is a chance the client will not allow prequalification, regardless of the effort being put into the particular job sector.



Making Marketing Decisions

Marketing is a complex area, and subject to the availability of work, some marketing strategies that may be adopted include :-

- Targeting a **variety of sectors** to widen the country and client base of jobs identified. Although this may increase the choice of jobs that can be bid for, it may also reduce the chance of building long term relationships with particular clients, which may be vital in securing work if economic conditions deteriorate.
- Targeting a **particular sector** where there is a lot of work to look to build long term relationships with specific clients, and perhaps target particular sized jobs. The risk here in putting all 'your eggs in one basket' is that there may be more competition for the work.
- The company may look to find '**niche**' markets, in which there is less competition for work, build up good relationships with a smaller number of clients, which could then improve the chances of future bidding success.

Whatever marketing decisions are made have an important bearing on the future success of the company, since failing to identify any new work can ultimately lead to the demise of the business.