

MISSION STATEMENT

- **Mission Statement:** A formal summary of the aims and values of a company or organization
 - Facebook: *"Give people the power to build community and bring the world closer together."*



VISION STATEMENT

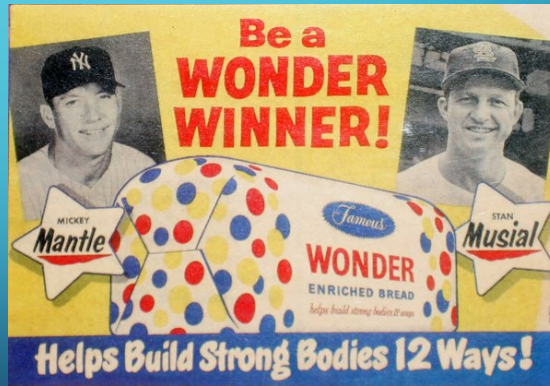
- **Vision Statement:** Defines the optimal desired future state, the mental picture, of what an organization wants to achieve over time.
 - Facebook: *"People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them.."*

facebook

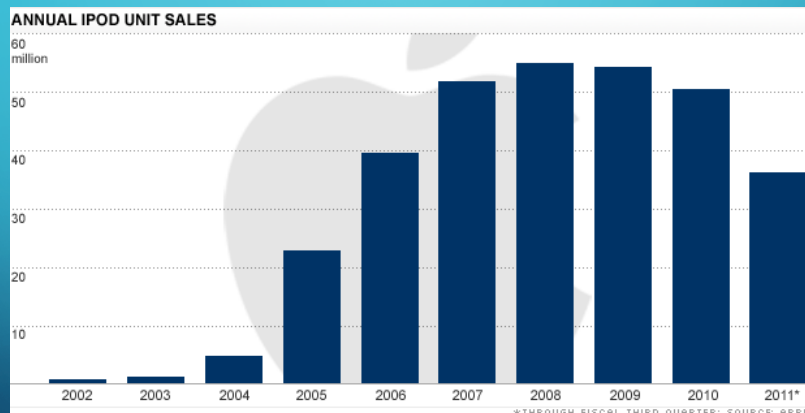
“THE BEST THING SINCE SLICED BREAD”



Otto Frederick Rohwedder



CASE STUDY – APPLE IPOD



CASE STUDY – APPLE IPOD

1979



1984



2001



IS IT SALES OR MARKETING?

- Salespeople act on behalf of their companies by doing the following:
 - Salespeople sell!! Assist in the sales transaction
 - Relaying customer and market information
 - Creating value for their customers
 - Manage customer relationships



IS IT SALES OR MARKETING?

- American Marketing Association definition: “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”



TARGET MARKET

**WHO IS YOUR
TARGET MARKET**




- A) CONSUMER**
- B) SME**
- C) ENTERPRISE**

What has to be true in order for you to succeed?

MARKETING MIX – THE 4 P'S

Example – launch of iPhone

Product		Price
3 Products in one. iPod, web browser, phone. Apps ecosystem		8GB version MSRP \$599 with a 2-year contract
Place		Promotion
Apple store, Apple online or exclusive partner, AT&T.		Web & TV advertising, Retail distribution. Widespread PR.

MARKETING MIX – PRODUCT

- 64-bit A9 chip
- M9 motion coprocessor
- Always-on "Hey Siri"
- Improved battery life
- Faster LTE
- Voice over LTE
- Faster Wi-Fi
- Wi-Fi calling
- Bluetooth 4.2
- iOS 9.3



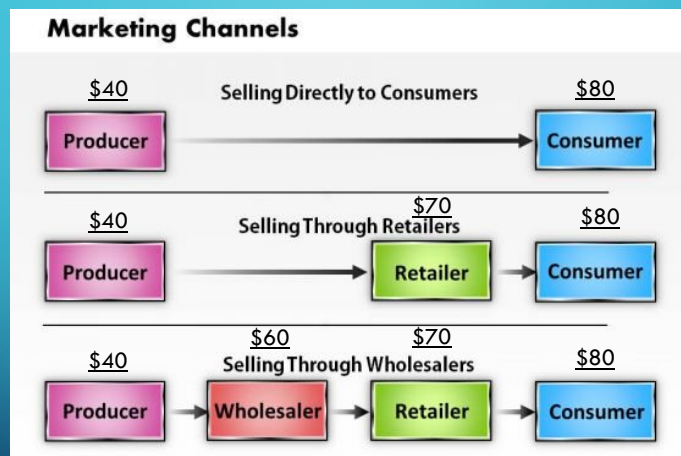
- 12MP iSight camera
- Focus Pixels
- Retina Flash
- Live Photos
- 63MP panoramas
- 4K video
- 1080p up to 60 fps
- Slo-mo up to 240 fps
- New microphones
- Apple Pay

MARKETING MIX – PRICING

- The components of pricing:
 - Cost of the product
 - Operating expenses
 - A profit
- Increase revenue by:
 - Charge low prices in an effort to increase sales volume
 - Charge high prices in an effort to increase revenue

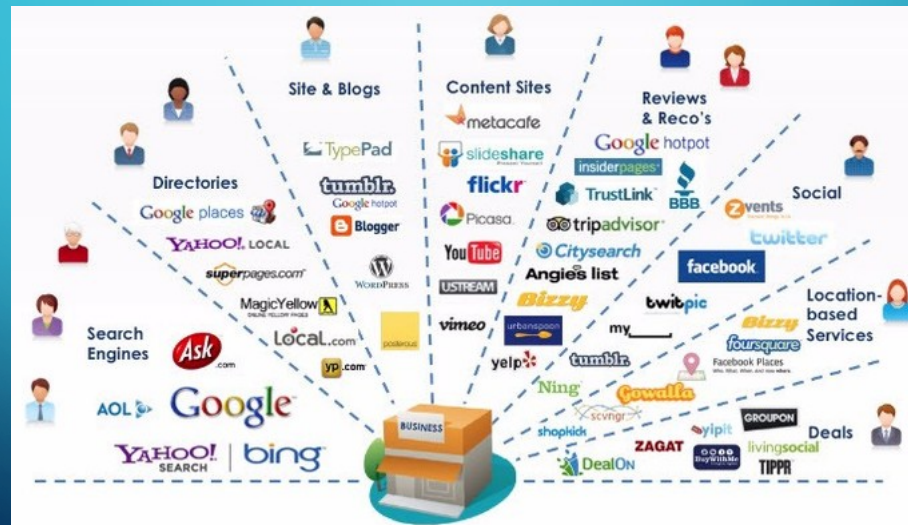


MARKETING MIX – PLACE



What distribution channels may be available for your product?

ONLINE MARKETING CHANNELS



5 KEYS TO SOCIAL MEDIA MARKETING

1. Level the playing field
2. Build brand and customer base
3. Be creative in your social media promotion
4. Use online video to show off your products and services
5. Give customers a reason to tune in to your business

Which social media outlet connects with your target market?

What is the cost for social media campaigns?

MARKETING DIFFERENTIATION



*How can you make your offer more remarkable or attention-worthy?
What could you do to make it stand out?*

WHAT'S YOUR NARRATIVE?

HOW STORYTELLING AFFECTS THE BRAIN

NEURAL COUPLING

A story activates parts in the brain that allows the listener to turn the story in to their own ideas and experience thanks to a process called neural coupling.

MIRRORING

Listeners will not only experience the similar brain activity to each other, but also to the speaker.



DOPAMINE

The brain releases dopamine into the system when it experiences an emotionally-charged event, making it easier to remember and with greater accuracy.

CORTEX ACTIVITY

When processing facts, two areas of the brain are activated (Broca's and Wernicke's area). A well-told story can engage many additional areas, including the motor cortex, sensory cortex and frontal cortex.

*What story are you presenting to your prospects?
Is it emotionally compelling? Is it memorable?*

GO-TO-MARKET STRATEGY



What are the assumptions behind your idea that, if you found out they weren't true, would sink your idea?

COMPETITIVE LANDSCAPE



*Who does your competition serve? What value do they provide?
What can you do better than your competition?*

BUSINESS FINANCING

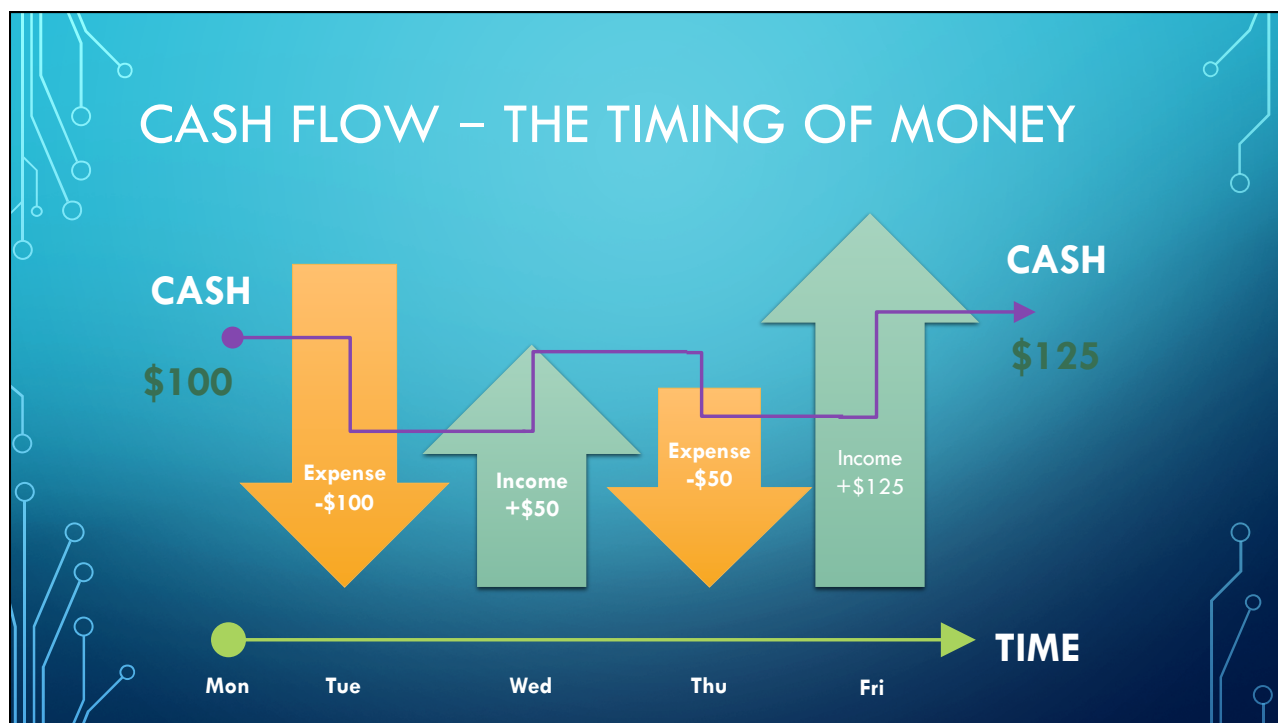
- **Cash flows:** The actual receipt and spending of cash by a business.
- **Asset:** Something the business owns that is expected to have economic value in the future.
- **Liability:** Company's financial debt or obligations that arise during the course of its business operations.



MONEY IN/MONEY OUT

- **Payables**
 - Amounts owed to vendors for merchandise or services purchased on credit.
- **Receivables**
 - Amounts that are owed to a business for merchandise that was sold on credit.





FUNDING SOURCES FOR BUSINESSES

- **Debt:** A legal obligation to pay money in the future.
- **Equity capital:** Money contributed to the businesses in return for part ownership of the business.
- **Revolving credit:** A credit agreement that allows the borrower to pay all or part of the balance at any time as the loan balance is paid off, it becomes available to be borrowed again.
- **Bootstrapping:** Building a business out of very little or virtually nothing

		THREE MONTHS ENDED		TWELVE MONTHS ENDED	
		5/31/2016	5/31/2015	5/31/2016	5/31/2015
<i>(Dollars in millions, except per share data)</i>					
Revenues	\$ 8,244	\$ 7,775	6%	\$ 32,376	\$ 32,376
Cost of sales	4,458	4,186	6%	17,405	16,534
Gross profit	3,786	3,589	6%	14,971	15,842
Gross margin	45.9%	46.2%		46.3%	49.0%
Demand creation expense	873	819	7%	3,278	3,213
Operating overhead expense	1,893	1,776	7%	7,191	6,679
Total selling and administrative expense	2,766	2,595	6%	10,469	9,892
% of revenue	33.6%	33.4%		32.3%	32.3%
Interest expense (income), net	5	4	—	19	28
Other (income) expense, net	(58)	(58)	—	(140)	(58)
Income before income taxes	1,073	1,032	4%	4,223	4,200
Income tax expense	227	187	21%	863	932
Effective tax rate	21.2%	17.8%		18.7%	22.2%
NET INCOME	\$ 846	\$ 845	0%	\$ 3,360	\$ 3,268

TOOL: INDUSTRY ANALYSIS

- **Gross profit:** Funds left over after deducting the cost of goods sold.
- **Profit before taxes:** The amount of profit earned by a business before calculating the amount of income tax owed.
- **Net income (bottom line):** The amount of money left after operating expenses, taxes interest and depreciation are deducted from the business.

TOOL: INDUSTRY ANALYSIS CONT..

- **Cost of Goods Sold (COGS)**
 - Direct cost associated with the product.
 - Examples: Direct labor, direct material cost
- **Total Selling and Administrative Cost (SG&A)**
 - Indirect product cost associated with sales, general and administrative expenses
 - Examples: Marketing expenses, research and development (R&D), salary expense, etc.

MARGIN PRICING AND ELASTICITY

- **Markup:** The amount an entrepreneur adds to costs to provide a profit
- **Margin:** The amount of profit, usually stated as a percentage of the total price.
- **Price Elasticity:** Responsiveness of customer demand for a product based on its price.
 - **Elastic:** Small change in price results in a very large change in the quantity demanded
 - **Inelastic:** Quantity demanded does not change when the price changes

How elastic is the market price for your product?

GROSS MARGIN % CALCULATION

NIKE, Inc.						
CONSOLIDATED STATEMENTS OF INCOME						
(Dollars in millions, except per share data)	THREE MONTHS ENDED			TWELVE MONTHS ENDED		
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Revenues	\$ 8,244	\$ 7,775	6%	\$ 32,376	\$ 30,786	5%
Cost of sales	4,458	4,185	6%	17,405	16,534	5%
Gross profit	3,786	3,590	5%	14,971	14,252	5%
Gross margin	45.9%	46.2%	-0.3%	46.3%	46.3%	0%

Gross Margin % Calculation:

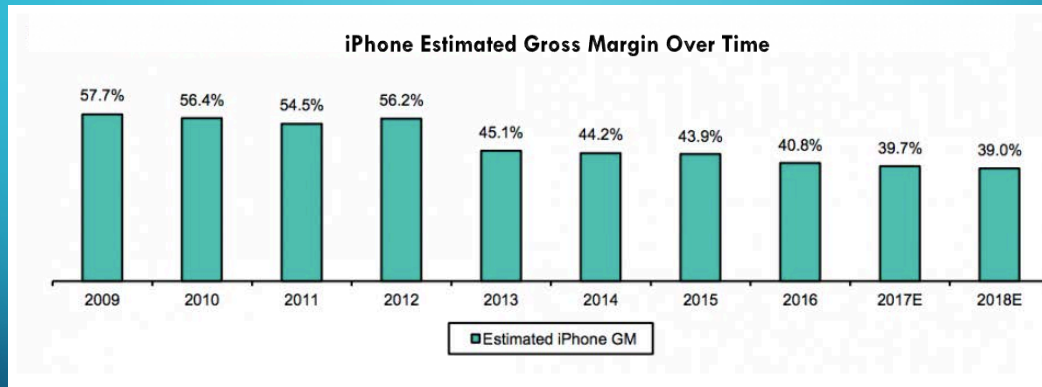
- $\text{Gross Margin \%} = \text{Gross Profit} / \text{Gross Revenue} \times 100$
- $\text{GM \%} = 3,786 / 8,244 \times 100 = 45.9\%$

HOW DO YOU INCREASE THE GM%

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How can I suppress the cost to maintain my gross margin?

WHY IS GM% IMPORTANT?



How profitable is your product?

GM% IMPLICATIONS ON PRICING



*What is the price point of my product? Why?
Is there a viable alternative to my what I am selling?*