

Module 3 - Marketing

Understanding who your customers are and how to reach them

Context to Module 3 - Marketing

Welcome to Module 3 of the 'Becoming a social enterprise: essential business understanding for VCS Boards' learning materials. This introductory section explains the structure of the modules, who these materials are intended for, and who will be learning from them. There is also a key to the symbols used in the modules to aid facilitators.

Structure of the modules

There are five modules in total, each focussing on a separate issue of becoming a social enterprise. The modules are independent from each other, and do not need to be taught in sequence.

Each module follows the same format: an introduction page to the module, the four topics which make up the module, and a summary at the end which includes a learning checklist and further information resources. After the summary are the reference sheets for the learners, which include a brief synopsis of the entire module and further information resources, as well as any additional learning materials.

Who should use these materials

The aim of these materials is to give Board Members of Voluntary Community Organisations (VCOs) an understanding of business practice, and help them guide their organisation as it becomes a social enterprise. The materials are designed for trainers who will be facilitating Board Members' learning sessions.

Who will be learning from these materials

These materials will help Board Members who have little or no experience in business, or who wish to update their understanding and awareness of business. The materials are not designed to provide hard business skills – they will instead give an insight into all the business areas that a VCO will encounter as it becomes a social enterprise. Board Members of any size VCO will benefit from the learning sessions, but they are specifically aimed at Boards of small and medium organisations – local or regional organisations, employing up to 25 staff and with an income of anything from £50 to £500,000. For information about why such organisations are becoming social enterprises, please see the 'Understanding and Using the Materials' pdf.

Key to learning symbols used



Question(s)



Exercise



Answer(s)



Stop & Think



Case Study

These training materials were developed and produced by Governance Works Ltd on behalf of the Small Business Service, Social Enterprise Unit.

Introduction

When your organisation gets involved in some form of trading activity, it is important that you focus on your customers and your clients.

This module is designed to help Board Members build their awareness and understanding of their customers and clients – their market – and learn some key marketing information that will facilitate informed debate and decision-making at Board level.

This module is split into four sections:

1. Marketing, customers and clients
2. Competition
3. Knowing your current market
4. Looking to the future

Learning outcomes

By the end of this module, you will be able to:

- ❖ Define the terms client and customer, and explain the differences between these for VCOs
- ❖ Explain why it is important to understand customer needs, and describe how to find out about these
- ❖ Describe the market of your VCO and its services/products
- ❖ Identify the key competitors and collaborators for your VCO and identify your USP

- ❖ Outline how your VCO can research client and customer needs
- ❖ List key ways in which your VCO can develop new products/services and describe the key components and steps in developing and implementing a marketing strategy

Glossary:

Client – the person or group that benefits from the work of the organisation

Customer – the person or group that funds the work of the organisation

Market – the environment in which you offer products or services

Acronyms:

LA – Local Authority

SLA – Service Level Agreement

SWOT – Strengths, Weakness, Opportunities, Threats

USP – Unique Selling Point/Proposition

VCO – Voluntary Community Organisation


VCS – Voluntary Community Sector

Topic 1: Marketing, customers and clients


1.0 Introduction

Marketing is 'identifying and satisfying needs for mutual benefit'.

 What is marketing used for?

 Sample answers:

- ❖ Find out what people need
- ❖ To help make or do something that meets their needs better than what is currently offered
- ❖ To tell people about it
- ❖ To use people's feedback to improve the product /service and introduce new products/services


 Why do Board Members need to know about marketing?

 Answer:

As VCOs increasingly take on Service Level Agreements (SLAs) and engage in trading, Board Members need to have a sound understanding of customers' and clients' needs, both in the short and long-term. Board Members don't need to engage in the practical aspects of marketing such as market research, but they do need to have a general understanding of marketing.

1.1 Terminology check

To look at social enterprises from a marketing perspective it is useful to use business language, and it is important to be entirely clear about what the terms mean.

 Use the chart on the following page (p. 5) to build the learners' knowledge of terminology. Draw the chart and fill in the 'terms' column, and ask learners to fill in the rest, giving examples as needed.

Terms	Board Members	Staff
The 'why'? What is wanted /needed	Needs	Market opportunities Market gaps
The 'who'? Target groups	Users/ beneficiaries/clients	Clients/customers
The collective 'who'	The sector The audience	The market The market place
The 'what'	Services/products are provided	Business offer Opportunities Services are delivered/sold
The 'how' The purpose of what is being done – marketing	Identifying and meeting peoples' needs for mutual benefit, typically but not always on a cost recovery basis	Identifying and satisfying customers' needs where the supplier makes a profit and typically seeks to maximise profit

1.2 Customers and clients

Putting customers/clients needs at the centre of what your organisation does is at the core of marketing.

Clients are the people who benefit from your organisation's goods or service. Clients are sometimes described as 'users', but this can have negative connotations - particularly in the CVS.

Customers are the people you receive money from. This could be a group you receive grants from, or paying clients.

Before becoming a funder through a Service Level Agreement, a Local Authority will need to know: exactly who your clients are, the needs of these clients and how these needs can be best met by your services/products.

1.3 Business models

Moving from a grant-funded organisation to a social enterprise will mean changes in the way that the organisation interacts with clients and customers. The case study of 'Playing Together' will help illustrate three common business models.



Case Study:

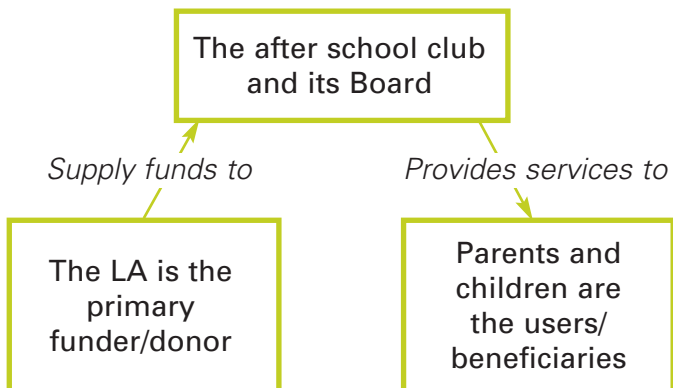
Playing Together

'Playing Together' is an after school club that has been established for over 10 years. It provides after school activities for children between the ages of 5 and 12 years old.

The club has historically drawn its funds through grants from the Local Authority (LA) and annual applications to small charitable trusts. However, in the last year Playing Together agreed a Service Level Agreement with the local authority, which means that the club now has a very different funding relationship with the LA. They are also in a different position with regard to their operations, as they have a contract, which changes the way in which they relate to and interact with the local authority.

VCS model

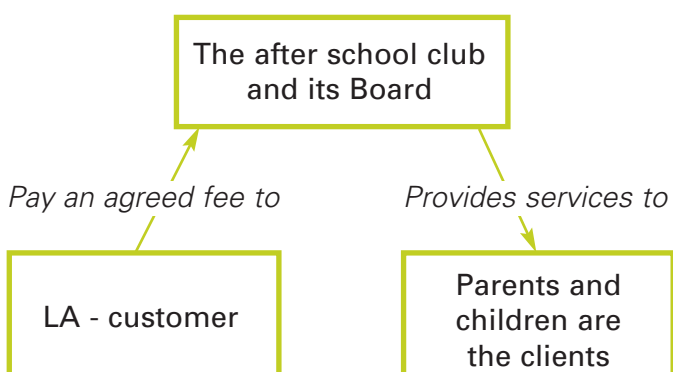
In the past, the Local Authority supplied the money as a grant, which the club used to provide services to their users – the children and parents.



The club had no direct relationship with the Local Authority. When the SLA as a contracted arrangement was put in place, the situation may not appear to have changed very radically as the contact people at the LA were the same, the club Board and management were the same, and the users of the services were the same. However, there were subtle changes in relationships and how the services of the Club are viewed both by the LA and the clients, particularly parents.

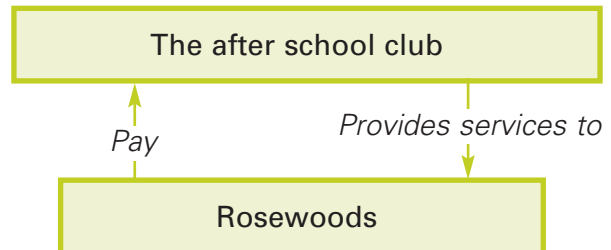
The Local Authority, through the SLA, has contracted the organisation to provide a set of services to a particular group of people – the Local Authority is therefore the customer. The children and parents are now a group who are to have certain services delivered to them according to conditions specified in the SLA – they are clients of both Playing Together and the Local Authority.

Business model 1



Business model 2

A third scenario is that the club could begin to provide services or goods to people (or organisations) that pay them directly for this service. Here the purchaser is both customer and client. For example, Playing Together get asked by a private nursery – The Rosewoods – if they would supply after school services for some of their children. Rosewoods pay the fees directly to the club for the provision of services as shown below.



So the club now has a number of different sources of funding.



Does your own organisation have any customers who aren't the clients?

1.4 Services and users

An important part of becoming a social enterprise is thinking about your organisation in business terms. Module 1 page 4 has more details on this.

In marketing terms, it's important for VCOs to have a very clear understanding of what services they offer (the products) and who they're for (the market).



What are your products/services?

Who uses the products/services?

Who pays for the products/services?

1.5 Client needs/customer needs

There can be a tendency for organisations to become complacent about the relationships they have with their supporters/grant providers, especially the relationships that have taken place for a number of years. VCOs may have views such as “we are the ones who have face to face contact with our users, and so we know what they need”, or “the LA have supported us for years as a donor, and this will continue even though they are now a customer”. This might be true, but it is important to check your assumptions about the needs of those for whom you provide a service. This is particularly important if you’re now delivering a service through a contract or if you’re trading.

Points to consider

- ❖ Historic needs. The VCO was set up some time ago - do the clients still have the same needs? Are there opportunities to provide new services?
- ❖ New technology opportunities. With the advent of new technology, the client group may have different needs. For example: they might now prefer to access information online, rather than relying on newsletters or publications.



Take an example of one group that use your services/products. Thinking about these users, customers and clients, answer the following questions:

Who are your clients?

What do you know about them? Describe them in more detail. e.g. children, carers, households, people with no transport, people who are blind.

What are their needs?

e.g. they need help with computing, with cleaning, with caring for their children.

How do your services /products support these people?

e.g. You give them information, help them with their shopping, train people.

How do they use your services/products?

e.g. They go to your centre, you visit their houses, they phone you.

Do you think that your clients are satisfied with your services/products?

1.6 Trading: benefits and problems for clients and customers

Since the customer and the client are often different groups in social enterprises, sometimes their needs will coincide and sometimes they might clash.



How do clients and customers benefit from ‘Playing Together’?

Sample answers:

Customer: Local authority	Client: Parents and children
<ul style="list-style-type: none"> ❖ Meets its targets for child care provision in that community ❖ Children are safely off the street ❖ Provides opportunity to get health messages to children through the club 	<ul style="list-style-type: none"> ❖ Good quality affordable child care ❖ Parents can work past school hours ❖ Children have safe places to go after school



What potential problems could arise for the client as a result of the customers’ different needs?



Sample answers:

1. Local Authority councillors may not always give priority to ‘Playing Together’ and could decide to spend their money on something else, such as care for the elderly.
2. Local Authority could choose to go to another supplier (another organisation that does something similar to you). LAs have to meet targets – if you as a VCO cannot help them to meet targets at a price that is within their budget they may have to go elsewhere for the services even if they have supported you in the past. (‘Competition’ is examined in the next sector).
3. As contracts between VCOs and Local Authorities change, VCOs may find they need to focus on different elements to satisfy Local Authorities’ targets. For example, the Local Authority’s decision to support after school care may change to be influenced largely by cost, rather than more qualitative issues such as community safety. VCOs will have to find strategies to adapt to these changes to survive.

Topic 2: Competition

2.0 Introduction



What does competition mean to you? Do you think competition is particularly important to your organisation? If so, how? If not, why not?

The concept of having competition is often quite strange to VCOs, as they feel that to view other VCOs as competitors is somehow 'unethical' as they are all trying to support the needs of local people. However, in the same breath many VCOs talk about how it is becoming much harder to find funding or sponsorship because there are so many others going for the same money – or less money is being sought by the same numbers of organisations. This is competition.

Who your competitors are:

There are two main kinds of competitors for VCOs:

1. Organisations, businesses or individuals who are doing or could be doing the same or similar work to you, for the same kinds of people (your clients).
2. Other VCOs working in a different sector or market, who are wanting to get funding from the same donor or funder as you.

Competition is not necessarily simply about money, although many VCOs will experience competition for funds. Organisations can also find themselves competing for users/customers, contracts to deliver services, and access to other resources, such as space or qualified staff.

2.1 Knowing your competition

Knowing your competition is a key element of building a successful marketing strategy. Having identified and analysed your competition, it is then possible to clarify how your organisation is different – what is its 'Unique Selling Point/ Proposition' – USP.

Think about the local VCO sector in which you operate.



Identify who is in this sector and list them. Do you consider yourself to be in competition with any of these? If yes, what do you compete for?



Identify your competition (and remember to include the private sector businesses in this if they are appropriate)

Make a list of your 3 key competitors – e.g. organisations that offer similar services/products or may seek to reach the same customers.

Select one of the above competitors and try and build up an objective picture of them using the following questions:

- ❖ What they do?
- ❖ Where do they operate?
- ❖ Who are their customers/clients?
- ❖ How are they funded?
- ❖ What are they good at – their strengths?
- ❖ What could they do better – their weaknesses?

Thinking particularly about their weaknesses – are these your strengths? Do you do anything that your competitors don't do or could not do? What makes your organisation different? This is your USP – Unique Selling Point/Proposition, and it is one of the best tools you have in being a successful social enterprise.

2.2 Potential collaborators

As well as knowing their competitors, successful enterprises also look for opportunities to work with their competitors. Collaborating with competitors could mean combining products and services, or sharing client groups for mutual advantage.



Case Study:

The 'Playing Together' club hears that another group called 'School Gate+' are starting a similar after school care service in a new housing estate not too far away.

School Gate+ has negotiated to use a room in the new sports centre on the estate and this is a much bigger and brighter room than the premises used by Playing Together.

Playing Together's initial reaction is to be really worried - perhaps the local authority would fund School Gate+ instead of Playing Together next year, because the new club has better premises with disabled access. The Playing Together Board started to think how they could 'beat the competition' – maybe they could lower their prices or offer additional services – but their staff are already stretched to the limit and they can't afford to lower prices.

Playing Together realise it will be very difficult 'to beat' School Gate+, especially as there are a lot of children waiting to get into local after school care facilities.



Rather than viewing School Gate+ as a competitor, think of ways in which Playing Together could collaborate with School Gate+.



Sample answers:

- ❖ The new estate had brought more children to the area – School Gate+ will actually help accommodate these new clients, and make sure that Playing Together isn't overwhelmed.
- ❖ School Gate+ was much better equipped to deal with children in wheelchairs or who need easy access. Maybe this could be a USP (Unique Selling Point/Proposition) for the School Gate+ group.
- ❖ It could now be cost effective for the two groups to jointly hire a van to go for visits, or have joint events like a 'healthy foods and eating' session.

Topic 3: Knowing your current market

3.0 Introduction

Understanding what the customer/client wants and needs is an essential part of any successful enterprise. This doesn't just apply to the present situation – it also needs to take into account what people might need in the future.

VCOs need to be constantly checking that their clients are satisfied with what they're receiving. This can be done in two ways:

1. Market monitoring: putting in systems and procedures to maintain a constant flow of information about the market. This doesn't need to be complicated – in the case of Playing Together, it could be chatting to parents during sessions to see if they are still happy with what the service is providing.

2. Market research: gathering information about a market systematically in order to make some sort of change. Again, this could be fairly simple – Playing Together might ask parents to fill in a short questionnaire about what times of day they'd like to use the service before making a change.

For many VCOs market research means creating an annual or bi-annual review to include in the annual report. However, structured market research goes beyond a simple annual needs assessment of the client, and takes into account broader issues.



Does your organisation undertake any market research? If not why not? If it does do market research briefly describe what it does.

3.1 The Benefits of knowing your market

Markets are constantly changing, and VCOs need to keep a close eye on the environment in which they work in order to adapt to changes. Even a change in the law can have an impact upon a market. For example, if the government decided to pay grandparents to look after children so that their parents could work or study, then this would have a significant impact upon nurseries, childminders, crèche provision and others in the childcare market.

A real-life example is Community Foster Care, a social enterprise based in Gloucester. In November 2001, due to a financial crisis in Local Authorities, Community Foster Care suffered a loss of half of its business. In order to win back business and further expand, they diversified - they targeted other Local Authorities as customers, and offered new services. Community Foster Care now have an extensive marketing strategy for expanding their customer base. See Community Foster Care: www.communityfostercare.co.uk for further details.



Has a change in the market place ever had an effect upon the market within which your organisation operates? If so, what was the change and what was the impact upon your organisation?

3.2 Who wants to know what, and when?

The staff and Board of the VCO need to have 'market intelligence' - an understanding of what is going on in the market amongst customers, clients and the competition, as well as any wider environmental issues that can affect the future activities of the organisation, such as a potential price increase or a change in the law.



Trainers to go through the following exercise, learners to fill in the blanks using the blank chart in the Reference sheets.

Market monitoring		
Who	What they need to know	Examples of how to find this information
The staff and Board	Are the customers/clients satisfied with the current offering?	Customer review reports produced by staff; talking to customers and staff
The customer (who is paying for delivery of a service/product to a client)	Is the client satisfied and is the service/product meeting the need?	Customer panels, stakeholder survey forms, talking to other customers
The members	Is the organisation meeting needs and working towards the social objectives?	Reviews at members meetings, member feedback sheets, annual reports, specific consultation sessions, AGMs
The staff and Board	What are other organisations doing and how are they doing it?	AGMs, staff away days, annual reports, market surveys
The staff and Board	Are other organisations planning something different, introducing something new or planning to stop doing something?	AGMs, staff away days, annual reports, market surveys
The staff and Board	Is a new organisation coming in (including private sector)?	Market surveys, talking to clients, talking to other funders and other providers
Other funders	Is the organisation meeting client needs, continuing to work within the contractual framework and meeting funding targets?	Evaluation by funders, annual reports, market surveys, talking to clients, talking to other funders

Market intelligence helps you to compile a picture of how satisfied your customers and clients are, and this in turn provides valuable information for reporting back to funders, as well as engaging the media to report your success stories.

Good quality research can be undertaken without incurring too great a cost. A wide range of free guides and tools to help your organisation research its markets that are available – some sources of help about market research are given at the end of this module.

3.3 The nature of market research

Market research involves looking across various levels of the market place - from the broad environment right down to the specific circumstances of those people with whom your organisation interacts directly.

The market research arena:



Board Members are unlikely to be directly engaged in the process of market research – that is the role of the staff in your VCO and/or external expertise. However, you do need to be able to inform that process, to identify what and why research should be undertaken, be involved in selecting external assistance if needed, and look at the application of learning from this research through questioning the results and identifying gaps.

In addition, as a Board you are responsible for using market research information to provide leadership and direction, as well as monitoring your business plans and marketing strategies. For more information on the roles and responsibilities of Boards, please see module 5 topic 4.

In helping to guide your organisation about how best to undertake market research – it is useful to know what to look for from market research and where to start.

Where and how to start

Planning for market research can appear to be a daunting and potentially a resource expensive exercise, but it doesn't have to be. Start with what you think you know and with the hard facts you have at hand. Most organisations will have quite detailed knowledge and understanding of their current customers/clients, although different people within the organisation will have bits of information as part of different monitoring systems. A good starting point is to bring all of this data together, and make sure it is up to date and provides a true reflection of the current position.

What market information do you know?

- ❖ **Do you know who has the information about your clients/customers?**
For example: staff/Board Members
- ❖ **How is marketing information brought together in your organisation?**
For example: specific market reports, your annual report, reports to Board meetings, AGM
- ❖ **How do you check out what other people know?**
For example: how do you compare with other providers, what does the LA think about the trends, have researchers looked at your sector?
- ❖ **Checking it out against the facts** - how does current information compare to past experience? If possible, compare the last five years' sales figures.

3.4 What to look for in market research

The following exercise can form the basis of comprehensive market research about your clients. You may find that a lot of market review work has already been undertaken, or you might be highlighting the fact that such information needs to be obtained.

1. Who and where are the clients/customers?
2. How would you describe their needs?
3. Have these needs changed over time? If yes, in what way?
4. Are these needs likely to change in the future - and if yes, state how and why?
5. What services or products have they received from your VCO?
6. Are they longstanding clients/customers?
7. What is the frequency of their interaction with you? E.g. daily/monthly/annually
8. What is the size/value of their purchase in relation to your overall income (%) – to what degree are they a major customer?
9. Are they satisfied with what your VCO delivers?
10. What similar organisations do they use? (your competition)



You will probably have to get information from other Board Members and the staff of your VCO to help you answer some of the questions.

- ❖ What reports and written information will help you to answer these questions?
- ❖ Who are the key people in your VCO who will have the information you need?

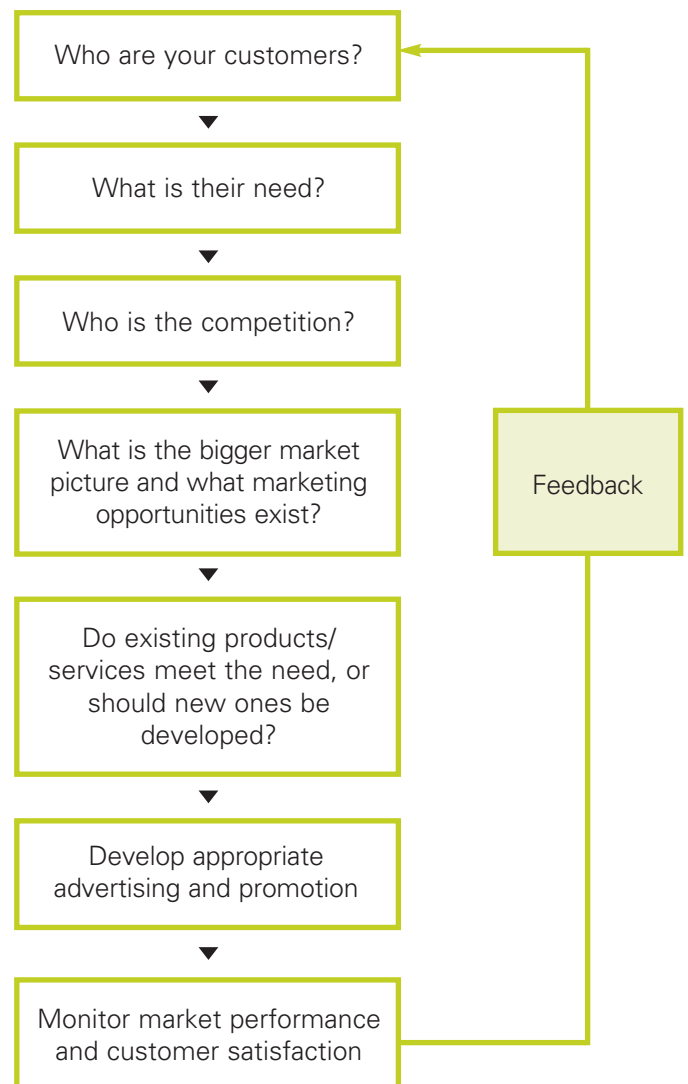
Remember that you may need to follow specific procedures when getting external assistance with marketing – especially under public procurement regulations if your VCO receives public funding.

3.5 Developing a marketing strategy

To make a real impact, market research must be applied to developing ideas and plans for the future. Regardless of what you do and how you do it, you must focus on the future if you want to continue to work towards your social objectives.

Some VCOs see themselves as operating for a limited time period – and expect a point to come when they will be redundant because their social objectives have been achieved. For example, a group may have set up to establish gardens in a community, and then close when this is completed. For most VCOs this is very long way off in the future or it may never happen. In the meantime, the organisation must continue to understand customer/client need and develop ways of meeting the needs.

Steps to a marketing strategy



When building the marketing strategy, consideration must be given to what the organisation is trying to achieve in marketing terms, and in turn what this means for achieving the organisations business and social objectives.

A traditional way of practically building the marketing strategy and a marketing strategy document is to use the 7P's of marketing to help you to set out your plans.



Group exercise: Ask learners to define the following terms before they are explained.

The 7 P's of marketing

The Product

Describe your product or service and show that it is designed to meet the needs of the customers through: improving on previous products or services or those of the competition and/or fill an identified gap.

The Price

- ✦ Show the selling price of your service/product compared to the costs of delivering/making it.
- ✦ Make a comparison with your competitors' prices.
- ✦ Show that the price takes account of the customer/clients ability and willingness to pay.

Place (Where you sell or methods for distribution)

- ✦ Where you will sell?
- ✦ How you will get your products or services from place of production to the place of sale?
- ✦ What are the costs of selling - both direct and indirect?

Promotion

- ✦ How you will promote your products and services?
- ✦ What are the costs of promotion?
- ✦ How do you create an image of your service/products in customers' minds?

And for more service oriented organisations there are:

People

- ✦ Highlight the strengths and experience of your team.
- ✦ The qualifications of your team.
- ✦ The networks and contacts of your team.

Processes

Describing the different ways in which you deliver your service and how you guarantee consistent service – how you meet quality standards?

Physical evidence


Describe the appearance of your business – this can be your premises, your vehicles people or how you appear electronically (for example, a website) depending on how you sell your services.

Topic 4: Looking for the future

4.0 Introduction

Information gathered through market research is very useful, but to make real impact it must be applied to developing ideas and plans for the future.

One of the starting points in looking for new ideas and approaches is to start from what you are doing and build from there - either doing more for existing clients, or looking to new clients with the same or different services.

 **What could be part of your VCOs long-term marketing strategy?**
What are you trying to achieve?

 **Sample answers:**

- Increase the number of customers/client groups
- Develop new products and services to 'sell' to existing customer groups
- Build existing services/products with new customer groups
- Diversify into new products or services and new markets/customer groups



Case Study:

'Playing Together' was asked by a private nursery – The Rosewoods – if they would supply after school services for some of their children. In addition, a local trust fund gives Playing Together a donation to make special provision free of charge for young people who come from poor families in a specific locality.



What could Playing Together do to develop the following two marketing objectives?

1. Increase sales to its current customers/clients groups
2. Develop new products and services to sell to existing/new customers/clients



Think of all possible scenarios for Playing Together.

A Sample answers for question 1:

- ❖ A new housing estate is being built – ask the builders if leaflets can be put in the showroom to attract new parents.
- ❖ A number of refugees and asylum seekers are coming into the area – make contact with these groups to attract them and their children to Playing Together.
- ❖ Go to local nurseries of children about to enter school and hand out flyers.

A Sample answers for question 2:

- ❖ Ask parents/carers what new services they would like to see.
- ❖ Safe walking to school has become an issue since a local child was injured going to school – Playing Together could offer a new school walking service especially for younger children.
- ❖ Refugee children are starting to come to Playing Together but have problems communicating because of language difficulties – offer to run English as a second language classes for these children during Playing Together hours.
- ❖ Perhaps their parents would come for classes as well – the customer becomes a client!
- ❖ There is an industrial estate nearby and you have noticed some children sitting in the offices waiting for their parents – perhaps these businesses would like to offer Playing Together’s aftercare services to their employees?
- ❖ The Club has been very successful and other groups elsewhere in the region have been asking how to set up their clubs – you could now do consultancy to other groups producing a ‘how to start a club pack’ for community groups or act as consultants to other Local Authorities. Consider expanding or franchising.

4.1 SWOT

? SWOT – has anyone heard of this? What does it stand for?

A Strengths, weaknesses, opportunities and threats. A good way for an organisation to understand itself, its capacity and competence before embarking upon new products and services.

SWOT for Playing Together	
<p>Strengths</p> <ul style="list-style-type: none"> ❖ Highly skilled staff ❖ Good reputation with the children and parents ❖ Have good safety record 	<p>Weaknesses</p> <ul style="list-style-type: none"> ❖ Only have one site ❖ Seen as being a bit costly for some parents ❖ Do not have staff whose first language is not English
<p>Opportunities</p> <ul style="list-style-type: none"> ❖ A new housing estate is built locally ❖ Other nurseries such as Rosewood might be interested in services ❖ A school in another area came to see us – possible to sell our know-how 	<p>Threats</p> <ul style="list-style-type: none"> ❖ Bus timetables changing so may lose children from rural areas ❖ Lease coming up on the building next year – rent increase? ❖ Disability act requires major renovations for access

👤 Do a SWOT analysis for your own organisation:

<p>Strengths Internal to the organisation</p>	<p>Weaknesses Internal to the organisation</p>
<p>Opportunities External Environment</p>	<p>Threats External Environment</p>

Work on this with staff – also agenda for a Board Meeting.

4.2 Turning weaknesses and threats into trading ideas

Playing Together

Weaknesses

Only have one site – sell this as being an exclusive feature - small and caring is what your service is about.

Seen as being a bit costly for some parents – either see this as being a feature of the quality of service you provide or look at ways of looking for sponsorship to help give ‘bursaries’ to those on lower incomes – do not reduce price directly. Also, some parents may be willing to volunteer one day in return for care of their children on another.

Do not have staff whose first language is not English – this is a chance to link with local refugee groups as volunteers or language teachers to the staff.

Threats

Bus timetables changing so may lose children from rural areas. Look for funding or take out a loan to set up your own mini bus – offer a drop off service as an additional service to all parents to help pay for the bus. Bus could also provide an opportunity to do more during holiday clubs, such as trips out. Link with a social enterprise transport organisation.

Lease coming up on the building next year/ rent increase – a chance to look for somewhere that is bigger and has more facilities because the demand for greater number is there.

Disability act requires major renovations for access – could sort this with a new building, or take a loan and do work as a condition of a new lease. The club could then attract children in wheelchairs.



Pick the greatest weakness and threat for your own organisation and try and think of new opportunities that could come from this.

4.3 Extending or developing an idea

Another way of thinking about the future of your VCO is to think as broadly as possible, rather than restricting yourself to what you already do.

A ‘Butterfly diagram’ is a simple framework to help you think through ideas and develop them into possible business ideas. See next page (p.18) for example of a butterfly diagram.

Start off with a very vague thought about a factor of the market. For example, if you are in the housing sector what are the broad market trends for housing in the future? One major trend at the moment is an ageing population. Put this in the ‘body’ of the butterfly.

Secondly, think about what an ageing population would need – what service and products could you provide, either alone or with other VCOs help? List these on the ‘left wing’ of the butterfly.

Lastly, consider similar products and services which you could provide for businesses and local authorities. Put these on the ‘right wing’ of the butterfly.



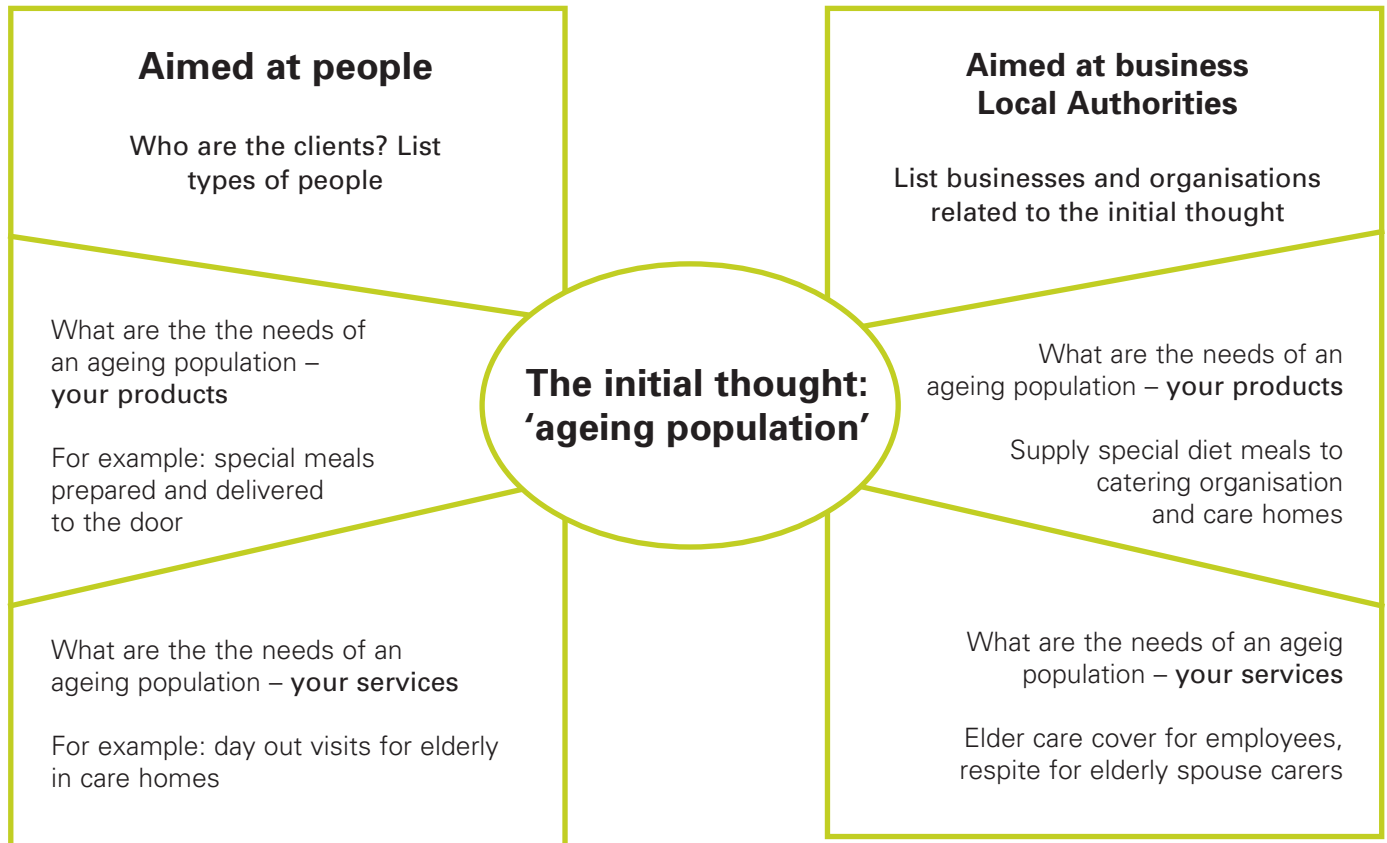
Use the ageing population example and relate it to your own organisation with a butterfly diagram. Do any new marketing opportunities emerge?

Summary

Marketing is all about putting the customer and the client at the centre of everything. Board Members need to have a good understanding of the difference between a client and a customer, and be able to identify both groups in relation to their own organisation. In order to continue working as a successful VCO, Board Members must also be aware that the needs of clients and customers might change, and it is important to keep track of what both groups of people need in order to be able to foresee any potential problems and react accordingly.

Understanding the market your organisation works in is a critical factor for future sustainability. No plan will make any sense if it is not grounded in a clear understanding of where the organisation is, and the opportunities open to it.

Example of a butterfly diagram



Quick Module Checklist

? Ask the group

What is a client? What is a customer?

What are your customers' needs? What are your clients' needs? Why is it important to know both of these?

How can you find out clients' needs?

Who are your key competitors?

Do you have a USP? If so, what is it?

What is a SWOT? How can it help you?

What's next?

To make the most of the module, it is important that Board Members develop what they have learnt in the module, and apply it to their own organisation.

Board Members will not be directly involved in marketing or researching into marketing, but they need to be able to instruct and guide others. It is essential that Board Members speak to other people on the Board and staff to discuss:

Current marketing techniques and knowledge

Ways of developing marketing

SWOT analysis of the organisation

Further Information

The Greatest Sales and Marketing Book

Practical Action Guide for a Small Business
ISBN 0 9065555 04 3

Chartered Institute of Marketing

www.cim.co.uk

Reference sheets
Module 3 - Marketing:
understanding who your
customers are and how
to reach them

Introduction

When your organisation gets involved in some form of trading activity, it is important that you focus on your customers and your clients.

This module is designed to help Board Members to build their awareness and understanding of their customers and clients – their market – and learn some key marketing information that will facilitate informed debate and decision – making at Board level.

This module is split into four sections:

1. Marketing, customers and clients
2. Competition
3. Knowing your current market
4. Looking to the future

Learning outcomes

By the end of this module, you will be able to:

- Define the terms client and customer, and explain the differences between these for VCOs
- Explain why it is important to understand customer needs, and describe how to find out about these

- Describe the market of your VCO and its services/products
- Identify the key 'competitors' and collaborators for your VCO and identify your USP
- Outline how your VCO can research client and customer needs
- List key ways in which your VCO can develop new products/services and describe the key components and steps in developing and implementing a marketing strategy

Glossary:

Client – the person or group that benefits from the work of the organisation

Customer – the person or group that funds the work of the organisation

Market – the environment in which you offer products or services

Acronyms:

- LA** – Local Authority
- SLA** – Service Level Agreement
- SWOT** – Strengths, weakness, opportunities, threats
- USP** – Unique Selling Point/Proposition
- VCO** – Voluntary Community Organisation
- VCS** – Voluntary Community Sector

Topic 1: Marketing, customers and clients

Marketing is 'identifying and satisfying needs for mutual benefit'.

The point of marketing is to:

- ❖ Find out what people need
- ❖ Make or do something that meets the needs better than what is currently offered
- ❖ Tell people about it
- ❖ Use people's feedback to improve the product/service and introduce new products/services

Clients are the people who benefit from your organisation's goods or service. Clients are sometimes described as 'users', but this can have negative connotations - particularly in the CVS.

Customers are the people you receive money from. This could be a group you receive grants from, or paying clients.

Topic 2: Competition

There are two main kinds of competitors for VCOs:

1. Organisations, businesses or individuals who are doing or could be doing the same or similar work to you, for the same kinds of people (your clients).
2. Other VCOs working in a different sector or market, who are wanting to get funding from the same donor or funder as you.

When thinking about competitors, consider:

- ❖ What they do?
- ❖ Where do they operate?
- ❖ Who are their customers/clients?
- ❖ How are they funded?
- ❖ What are they good at – their strengths?
- ❖ What could they do better – their weaknesses?
- ❖ Are there any ways you could collaborate with competitors on some aspects of your work?

Topic 3: Knowing your current market

VCOs need to be constantly checking that their clients are satisfied with what they're receiving. This can be done in two ways:

1. Market monitoring: putting in systems and procedures to maintain a constant flow of information about the market. This doesn't need to be complicated – in the case of Playing Together, it could be chatting to parents during sessions to see if they are still happy with what the service is providing.
2. Market research: gathering information about a market systematically in order to make some sort of change. Again, this could be fairly simple – Playing Together might ask parents to fill in a short questionnaire about what times of day they'd like to use the service before making a change.

The following table on page 22 will give you an idea of who needs to know what in your organisation.

The 7 P's of marketing

The Product

Describe your Product or service and show that it is designed to meet the needs of the customers through: improving on previous products or services or those of the competition and/or fill an identified gap.

The Price

- ❖ Show the selling price of your service/product compared to the costs of delivering/making it
- ❖ Make a comparison with your competitors' prices
- ❖ Show that the price takes account of the customer/clients ability and willingness to pay

Place (Where you sell or methods for distribution)

- ❖ Where you will sell?
- ❖ How you will get your products or services from place of production to the place of sale?
- ❖ What are the costs of selling - both direct and indirect?

Promotion

- ❖ How you will promote your products and services?
- ❖ What are the costs of promotion?
- ❖ How do you create an image of your service/ products in customers' minds?

And for more service oriented organisations there are:

People

- ❖ Highlighting the strengths and experience of your team?
- ❖ The qualifications of your team

Processes

Describing the different ways in which you deliver your service and how you guarantee consistent service – how you meet quality standards?

Physical evidence

Describe the appearance of your business – this can be your premises, your vehicles people or how you appear electronically (for example, a website) depending on how you sell your services.

Topic 4: Looking to the future

SWOT: Strengths, weaknesses, opportunities and threats. A good way for an organisations to understand itself, its capacity and competence before embarking upon new products and services.

Summary

Marketing is all about putting the customer and the client at the centre of everything. Board Members need to have a good understanding of the difference between a client and a customer, and be able to identify both groups in relation to their own organisation. In order to continue working as a successful VCO, Board Members must also be aware that the needs of clients and customers might change, and it is important to keep track of what both groups of people need in order to be able to foresee any potential problems and react accordingly.

Understanding the market your organisation works in is a critical factor for future sustainability. No plan will make any sense if it is not grounded in a clear understanding of where the organisation is, and the opportunities open to it.

Further Information

The Greatest Sales and Marketing Book

Practical Action Guide for a Small Business
ISBN 0 9065555 04 3

Chartered Institute of Marketing

www.cim.co.uk

Exercise for Topic 3.3

Market monitoring		
Who	What they need to know	Examples of how to find this information
The staff and Board		
The customer (who is paying for delivery of a service/product to a client)		
The members		
The staff and Board		
The staff and Board		
The staff and Board		
Other funders		