



# #005 - Strategic Marketing: the SOSTAC planning model - Episode 005 Transcript – In The Loop Podcast

ANDREW TRAVERS / DEV RAKSHIT

## Andrew 0:00

Welcome to another episode of in the loop with Andrew and today we have a good guest, a long-time member of the Zurich Networking Group, and his name is Dev Rakshit. He is a strategic marketing specialist who is coming here to talk about a particular marketing model called SOSTAC. Dev, good to see you, how are you?

## Dev 0:26

I'm very well. Thank you, Andrew. Hello, everybody. Thank you for joining this podcast.

## Andrew 0:31

Dev, what is SOSTAC?

## Dev 0:35

SOSTAC is basically a planning model that you can use to help with business strategy development, defining objectives, defining your strategy, and ensuring that you have a nice plan and action plan if you like to guarantee your business success.

## Andrew 0:53

That sounds great in theory, why would a business need it?

## Dev 0:58

I've worked with several clients where they don't seem to have any idea where they want to go. And the idea of the SOSTAC planning model is to give you some kind of structure that you can plan a way forward to help you achieve your objectives to drive your business to increase your profits, whatever your particular angle is that you need to address.

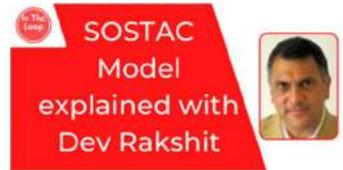
## Andrew 1:18

What would be the key considerations for the SOSTAC model?

## Dev 1:22

I think with SOSTAC, there are three or four key considerations you need to take into account. Firstly, you should build the plan around the customer or your end user, you should factor in the medium term mission, you should focus in detail on the short term issues, you should be prepared to challenge the status quo.

And you should always keep your plans up to date, be agile, be prepared to make fine tuning or adjustments as as the marketplace changes.



**Andrew 1:53**

It's interesting because obviously, it's something you have to live with. So the six pillars to saltstack, can you give us a walkthrough?

**Dev 2:01**

Yeah, as you said, there are the six pillars. SOSTAC stands for situation analysis, where you are now, the objectives of where you want to be. The strategy defines how you want to get there, the tactics or if you like the tools and programs that you will use to get to where you want to go, the action is about orchestrating the various programs you want to do. And finally, control is how you're going to monitor the performance.

If we look at the situation components, or the situation analysis, this has several components.

First of all, you do a PESTEL analysis, then you look at the marketplace, the product, the customers, the competitors, and you could put all these key issues into the form of a SWOT analysis. So we can go through these various items in the situation analysis now one by one.

**Andrew 2:55**

Okay.

**Dev 2:56**

So let us look at the PESTEL component of the situation analysis.

PESTEL stands for political, economic, social, technological, environmental, legal. So, if its political, you may be interested in the various trading policies that are in place. Economic may be looking at, say the disposable income that your target group has, social may look at the purchasing habits of your target group. Technological is the changes that we experience every day, I think everyone is aware of smart speakers, environmental issues would then for be for example, carbon footprints, what is the effect or the impact on the environment of people or businesses doing their day to day operations? And the legal component would be looking at the data protection laws, for example, a recent introduction from the EU,

**Andrew 3:45**

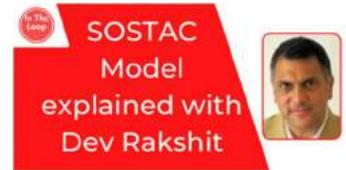
Yes, which are obviously growing in importance.

**Dev 3:48**

Exactly, another aspect to look at for the situation analysis is the marketplace. Basically, you need to be thinking about is: Does it make commercial sense to be active in the market you're doing? Is the business worth doing? Does the market have growth potential? How easy is it to access the market? What is the current value of the market? What is the future direction, and maybe what kind of research data you may have?

**Andrew 4:16**

It is quite a lot of stuff to take in if especially if you're a small business. So we're going to help them a little bit and have a worksheet that they can download as a resource, which we'll link to, on the episode page of the group website, so that'll help. Obviously, you are probably going to have to come back to explain more as we go through this.



**Dev 4:37**

Yes, exactly, the next part is basically looking at the product overview. This is if you like the inside out viewpoint, it's how you do the segmentation.

So, does the product meet the needs of the market? Do you have a solid European product portfolio? How would you like to cover your market? How are you going to break down the consumers into the various age groups, spending ability and so on? Do you look at how the customer needs are changing over time? Do you have attractive channels that you can sell your product, whether that is online or offline? And can you communicate your product or service benefits in a way that resonates with the target group.

Then we come to look at customer trends as we've looked at them at the product aspects, which is basically the inside out view looking at customer trends.

And we'll go into this in more detail in later podcasts. This is now the outside in view. This is how an individual perceives your brand and you'll come across a concept called a persona, which is basically plotting out what the how the customer interacts with your product or your services.

What is it? What are the pain points? What needs can you satisfy? How often do they purchase your products? And how do they need to adapt over time?

The next component for the situation analysis is the competitive environment. You need to identify who's out there. You need to do an audit to find out exactly what they do. You need to evaluate what are the risks that they pose to your business? You need to monitor how they're actually operating in the business environment and how can you keep tabs on all their moves? So you pull together all these five components into a SWOT grid and I think you're all aware of a SWOT analysis, Strengths, Weaknesses, Opportunities, and Threats. This is kind of like a collection of all the various bits of information you found for your situation analysis,

**Andrew 6:39**

Right, which obviously, is a common model. Again, if you've not done one, even if you're a small business, it's still worth doing. I would also say as well, run it past a friend or somebody that you know, because they could also add some dimensions and perspectives and some thoughts to it, which you might not have considered yourself.

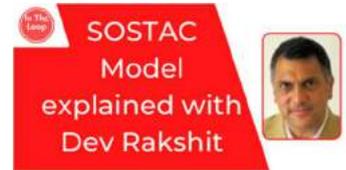
**Dev 6:59**

Yes and I think the starting point for any SOSTAC plan is obviously the situation analysis and getting everything down in the form in the in the form of a SWOT analysis. So now we come on to the next part of the SOSTAC plan, that's the objectives.

And I like to list out objectives using the smart format. Objectives need to be specific, they need to be measurable, they need to be attainable, they need to be relevant, and they need to be time based. So to say we want to sell more cars is not a smart objective, but to say we would like to increase our market share by 10%, in the next 12 months, with the introduction of a hybrid model, that is a smart objective.

**Andrew 7:43**

Yes, anybody in sales will be fully conversant with that, usually because of their commission which is linked to it. Anyway, that's another story and a past life that we don't need to go into too much just now. So the next part Dev will be



#### **Dev 7:57**

The next part of the of the SOSTAC model is the second s which is the strategy.

The strategy must always align up to the company purpose, the mission and the vision. I like to look at the seven P's as the kind of starting point for the strategy.

Basically, you look at the product or what you're selling, what is the benefit? You look at the price? Is it a premium product or service versus an economic product or service? Is it competitive in terms of price? Do you have adequate margin? Place is another important component because can you buy the product or services? conveniently? Is it online? Or is it a physical promotion so you look at which channels and vehicles you use to communicate the benefits.

People is the design team, it can be the sales force, it can be the customer service, these all play a role in maintaining your brand promise.

Positioning is an old term which is now in modern day has evolved into what we call a value proposition and we'll be looking at that in further podcasts.

Process is basically the ease of doing business. So, you keep these things in the back of your mind and then set up your strategy, I tend to take the SWOT analysis and flip it over to a TOWS matrix.

Now I'm not sure if many people have come across TOWS. It was developed I think by a Harvard Business School professor in the late 70s, early 80s used by the folks at Volkswagen, and basically the TOWS takes your SWOT analysis and it maximizes the strengths, it exploits your opportunities. It acknowledges your weaknesses, and it minimizes the threats

#### **Andrew 9:40**

With the TOWS model, what we'll do is find some relevant links, add them to the show notes. So again, if you need to look at it for reference, people will be able to do that.

#### **Dev 9:50**

Exactly, with the TOWs, what you then generate are a series of strategic imperatives.

You combine strengths with opportunities or you can use opportunities to offset internal weaknesses. There's several examples of how you can analyze a TOWS analysis and these can give you a list of strategic imperatives. Then based on your business objectives, your mission, your vision, you select four or five imperatives you wish to then work on and move forward with.

#### **Andrew 10:21**

So that then leads obviously, into the next phase.

#### **Dev 10:25**

The next phase of SOSTAC is then looking at tactics.

Quite often people confuse tactics with strategy. tactics are basically getting things done there. If you like the implementation tools that you use to help you arrive at your objectives and meet your strategic imperatives.



**Andrew 10:45**

I've also seen it go the other way as well, where they suddenly think, oh, if I do a Facebook marketing campaign, and that's my tactic, without actually understanding what the demographic is. Suddenly, they realize they've spent a few hundred in Swiss francs or whatever and still got nothing out of it.

**Dev 11:05**

Facebook or digital marketing is one of the things I often face with clients. They say, we need a digital marketing strategy, and you don't need a digital marketing strategy. You need a marketing strategy, of which digital is one important and ever-increasing component.

**Andrew 11:23**

Tactics are definitely important, that leads on obviously, then to actions.

**Dev 11:28**

Yes, so once you define what tactics you're going to have, are you going to do roadshows? Are you going to do advertising? Are you going to ramp up your social media activities?

The next part is then the actions and this is what I call the orchestration. You can have a whole range and bunch of tactics.

But you don't want to say for example, put out advertising, either online advertising, or print advertising, directing people to a website that isn't active. These are sometimes no brainers but quite often, companies work in silos. The web engineers may not have the website up and running but the advertising group has already started placing ads. So, you need to make sure everything goes in a logical sequence.

**Andrew 12:11**

My top tip, certainly for trade shows is you start 12 months out,

**Dev 12:15**

Yes, always plan ahead.

**Andrew 12:17**

And strangely, with Sales Directors and others that I know, they come to me about a month before, and all of a sudden, it's hyper-activity to try and do something. I do have a spreadsheet, which I've just shared with someone else, that if you start 12 months out, it just goes with a lovely flow.

**Dev 12:35**

Exactly and whatever, no matter how far out you start, there's always going to be things that throw you off course, if you do have this added buffer, you can respond without completely derailing the whole operation.

**Andrew 12:46**

And that comes into the last, which is the controls, quite nicely, actually.



**Dev 12:54**

So, the last part of SOSTAC is control and there's no point having a great plan, having fantastic tactics actioning everything with it, if you don't bother checking if they've been effective.

The return on marketing investment, is a very important component. Obviously, you can define control KPIs, linking it back to your objectives and your strategic imperatives, define some goals, some targets, and just see if you're actually reaching the desired objectives or not. And if not, then obviously, you have a chance to do some fine tuning and take corrective action,

**Andrew 13:27**

Would you say it would be a good idea to have for the control side of things a quarterly plan or half yearly planning or annual plan.

**Dev 13:33**

It depends, for example, with, say, a digital marketing campaign, you can almost get real time analysis.

So, you may want to analyze stuff every two, three business days. For something that's an advertising campaign, or a tradeshow presence that you've had, that may take time for the results to filter through.

I think you've got to match your controlling to the components you're analyzing, and then take the appropriate analysis points.

**Andrew 13:43**

At this particular stage of the SOSTAC model Dev, to say, to apply it, what would you recommend doing this or that is the key takeaway.

**Dev 14:11**

Yeah, I think it's important to get everyone involved in the business and not just the marketing group, which is to have other people who can give their input. The planning process is never linear, you go back and forth, you do fine tuning.

I would set up an annual planning cycle. You say, okay, every September, we're going to look at what we want to achieve for the following year, and start your planning process.

The final thing I think, is there's always tons of in-house data. So, when you do your situation analysis, you'll be surprised what people within the company know. Instead of wasting a lot of money getting external data first see what you have in-house, what can you use, and that will be a very good starting point.

**Andrew Travers 14:53**

Now Dev we've covered this, obviously, and thank you very much for turning up to do this. The next podcasts we're going to cover will be about what just give a brief outline.

**Dev 15:04**

I'm going to look at some of these SOSTAC components in more detail, looking at maybe the tactical plan, looking at how to develop personas, looking at the role of storytelling, it's basically a Pandora's box of tricks and tips. So we'll be exploring these in future podcasts.



**Andrew Travers 15:23**

Excellent, so thank you very much for turning up your well thank you for this and I certainly look forward to the next one.

**Dev 15:31**

Thank you everybody, for listening

**Andrew Travers 15:33**

We hope you enjoyed listening to In The Loop and we would love you to subscribe or simply share with a friend.