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The technology of testing

This, then, is the test we must set for ourselves; not to march alone but to march in such a way that others will wish to join us.

Hubert H Humphrey

Summary

In this chapter we:

- Look more deeply at testing methods
- Show how technology is revolutionizing implementation
- Discuss how simulations are changing the implementation game.

■ Introduction

We have discussed testing throughout this book but in this chapter we will look more deeply at the impact of new technology on implementation. This offers a significant opportunity for marketers to create more robust strategies and implement them better than ever before.

Key principles

- Scientific, entrepreneurial approach
- Dynamic implementation testing
- Testing and measuring.

Case study: using a strategy simulator in a small enterprise

War games are no longer expensive exercises enjoyed by wealthy companies. Simulations have become easier to build and can now even be accessed by small companies with limited budgets.

Some of the best results come from engaging the whole leadership team in a simulation. Strategy formulation is not something that should be guarded selfishly by the CMO but something with which all senior executives should be involved. Indeed, because the entire leadership team of a small business can be involved in a simulation, they often see greater benefits than larger corporations.

A small logistics company had been writing good marketing plans every year but wanted to get better at anticipating competitors' reactions to their implementation of the plan. With a little help from a simulation developer they built their very own simulation.

A day was scheduled for the whole cross-functional leadership team to play with the simulator and test out the strategy that they had developed in their latest draft marketing plan. On the day, the team was divided up so that two executives (including the CEO) played their own business, two played one key competitor and another two played another key competitor. In the simulation, the CEO implemented the planned strategy in the simulation but was surprised at how the two competitors reacted. This resulted in revisions to the marketing plan in both the nature of the strategy and its timed implementation.

The other executives discovered much about their competitors. They not only picked up a lot of useful competitive intelligence but also gained insights into why a competitor behaved in a certain way. This helped not just to understand their past behavior better, but to predict their behavior and strategic responses in the future.

■ The importance of testing

Testing is not the most exciting subject. It may not get the pulse racing in the C-Suite and, let's be honest, running loads of experiments may not be why you chose the marketing profession. However, testing is a powerful device for ensuring good marketing plans are both created and implemented successfully.

Testing is a continuous exercise that needs to be done throughout the planning and implementation phases. Without testing, you will be relying on the opinions of others to tell you if your plan is on course or not. These others are probably salespeople, marketers and accountants. But for gauging accurate fixes of our position, the salespeople cannot be trusted (see Box 8.1), the marketers cannot do measurements and the accountants can only tell you where you were last month! Relying on the opinions of others is dead reckoning marketing. You will not really know your current position, your heading or the dangers that lie ahead.

Box 8.1 Don't trust the sales force!

Research by the Marketing Leadership Council in 2005 looked at how one of its members (a global communications company) had discovered it could not trust the sales force to say whether its strategy was working. The company found this out when it decided to undertake a major review of their win:loss ratio from bidding for contracts. If the bid was won, the sales force would typically say it was their hard work and relationship building that nailed the deal. If it was lost, the sales force would typically say it was lost on price. This notion that business was won on relationships but was lost on price was the accepted truth for many years.

However, this was simply the opinion of the sales force and there was no hard evidence to back it up. So to test it, the company first conducted an extensive root-cause analysis to identify all the possible causes of bid failure. Next, they turned these into testable hypotheses. They then commissioned two separate independent research companies to test the hypotheses by conducting monthly interviews with 70 customers and prospects who were going through a live bid process.

They discovered that the drivers of success were more complicated than had been thought. Some bids were lost because of systematic weaknesses in the company which a lone salesman could never have resolved. They therefore established a new senior bid review board who could address these issues and drive up their chance of success on all bids.

They also established a new scorecard that showed on a monthly basis if bids were on course or not. In three years, this new scientific sense-and-respond mechanism had resolved several major issues and contributed to additional sales of \$780m.

Source: Marketing Leadership Council, 2005