



Texas Professional Home Childcare Association

2024

2nd Quarter Self-instructional Training
“Business Management and Marketing”

6 training hours

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Business Management:

Business Management and Marketing

6 hour Class

Objectives:

By the end of this module you should be able to:

- Describe an organization, its characteristics, and origins.
- Explain the five management functions.
- Explain marketing and why it is so important.
- Define the concept of management, various management roles, and managerial skills.

Management

Management theory is the study of the overall management process. The term management has a variety of definitions. Our approach suggests that management consists of all the techniques that are used to lead the human resources in an organization to become productive. To do so, an organization's manager must efficiently and effectively carry out the primary management functions. A manager is responsible for helping to achieve an organization's goals and desired future outcomes. Managers also supervise employees and seek to make the most of an organization's other resources.

Managerial Knowledge, Skills, and Abilities

Technical knowledge is having the job-specific knowledge and techniques required to perform an organizational role. Managers need knowledge appropriate to the areas they oversee. For example, the accounting manager should have high-level accounting expertise with a significant background in the field sufficient to manage the accounts of the organization. Likewise, the production manager should have sufficient experience and education (likely in engineering, management, or both) to lead a production team to manufacture the product of the organization

Human relations skills are the ability to understand, alter, lead, and influence the behaviors of other individuals and groups. Managers need to exhibit the ability to lead and motivate others, not just to complete the ordinary operations of the department but to energize the team to high levels of activity when business demands it. Building trust is an important component of human relations. Human relations skills include empathy,

consideration, and the willingness to listen to the concerns of those at every rank in the organizational hierarchy.

Conceptual skills, or critical thinking abilities, are the skills a manager needs to analyze and diagnose a situation and to distinguish between cause and effect. Managers must be problem solvers and have a variety of skills (operational, technical, mathematical, etc.) to draw on as problems present themselves in the business.

The Five Management Functions

Functions of Marketing Management

<https://www.youtube.com/watch?v=Hw6sJrWfGak>

An important part of management include planning, organizing, staffing, leading, and controlling human and other resources to achieve organizational goals. All organizations, regardless of their performance levels or profit motives, have a management structure and management staff. Although the organization exists for a particular purpose, such as producing a product or service, the responsibility for mission achievement requires a central figure, and in some cases figures, to coordinate these five primary activities.

Planning Managers use planning to choose appropriate organizational goals and identify courses of action to best reach those goals. Managers will engage in a variety of planning activities in the course of their work to achieve organizational or departmental goals.

The following steps are involved in planning:

1. Examining the company's internal and external environments to discover company strengths and weaknesses and emerging opportunities and threats
2. Determining which goals the organization will pursue
3. Choosing strategies, tactics, and operational plans to achieve company goals
4. Allocating organizational resources to pursue the company's goals

Assessing the Environment Planning begins when managers understand the contexts in which they operate. The management team starts the planning process by examining the company's operations. In terms of internal factors, the overall assessment of the firm's internal environment begins with a focus on the company strengths and weaknesses. Strengths might include holding a large share of the market, a patent on a key piece of technology, a vital work force, or governmental protection in the form of a licensed monopoly or other limits to new competition. Managers may discover that the organization has a powerful sales force or a creative research and

development department (R&D). Weaknesses include any poorly managed company operations, including production, quality control, sales, accounting, or information technology efforts. For example, a website that is difficult to navigate and that turns away potential customers represents a company weakness. A company with a reputation for selling defective products experiences a weakness

Organizing is the process of establishing task and authority relationships that allow people to work together to achieve the organization's goals. A function of the manager's role in organizing is determining the best way to organize all resources. Organizing consists of three primary tasks, which we will explore in greater detail in subsequent chapters: job design, departmentalization, and creating an organizational structure. Job design occurs when managers determine the tasks needed to be done, who will do these, and what selection criteria will be used to choose employees and place them on the job. Departmentalization involves organizing people into different departments or divisions in which collections of tasks are placed together, such as accounting, marketing, and production. Creating an organizational structure occurs as managers identify the amount of influence and responsibility each of these different individuals and groups should have. Drucker pointed out that "Organizing often requires designing and evaluating organizational processes and systems to initiate work and to determine if any changes need be made" (Drucker, 1985). The intended outcome of organizing is to create an organizational structure, which is a formal system of task and reporting relationships that coordinates the activities of members so that they work together to achieve organizational goals. The organizational structure determines how an organization's resources can be best used to create goods and services. Organizational design is the process by which managers make specific organizing choices that result in the particular kind of organizational structure they will use.

Staffing includes the recruiting, selecting, training, evaluating, compensating, and disciplining of employees within the organization. Staffing has become a preeminent function of contemporary managers. In today's organizations a manager is sometimes more responsible for recruiting, selecting, evaluating, and hiring employees than is an organization's human resources department. This was not the case until recently and has made the manager more responsible and accountable for hiring effective and successful employees. Managers are responsible for bringing together the team employees and assigning tasks to make the best use of available resources for realizing the organization's goals and activities. Part of the success of Costco, as noted earlier in this chapter, is the direct result of human resource staffing tactics that are unique in the retailing industry

Leading means motivating, coordinating, and energizing individuals and groups to work together to achieve organizational goals. Managers lead by explaining a clear organizational plan for employees to accomplish, and then energizing and enabling those employees so that each person understands the part he or she needs to play in helping to achieve the organization's intended goals. Managers use their authority, personality, influence, persuasion skills, and communication skills to coordinate people and groups to create harmony between all employees within the organization or among its divisions. Encouraging, supporting, and mentoring employees can also be beneficial in helping the organization achieve its goals.

An effective leader will be able to maintain a motivated and committed work force. An example of effective leading would be a manager who stays calm, cool, and collected. A leader remains open to suggestions from colleagues and takes the time to listen to and mentor employees. This type of leading can only strengthen an employee's commitment to meeting the overall goals and strategies of the organization he or she works for. Theorist Mary Parker Follett (1868–1933), who was a trailblazer in researching theories of organizational behavior, wrote, "Managers often influence others to get things done" (Parker Follett, 1949). Effective leaders prepare employees for change and provide a guide to the future by setting goals, motivating employees, and determining employee growth. Leading is often the most critical function in the success of the organization.

As an example, consider the fate of Starbucks, a retail coffee vendor established by Howard Schultz. The chain of stores had experienced considerable success over many years. In 2008, Schultz stepped down as CEO and moved to a less prominent role. During the two years that followed, Starbucks experienced difficult times, largely due to overexpansion (too many units) and a decline in service quality. In 2010, Schultz returned as CEO with a revised vision. Starbucks closed nearly 1,000 stores and ceased operations in every unit for a day in order to retrain and refocus employees on what had been called the Starbucks "experience." Not long after, the change in leadership reinvigorated the organization and it returned to previous levels of success. Schultz's leadership made the difference (Teather, 2010).

Controlling establishes accurate measuring and uses monitoring systems to evaluate how well the organization has achieved its goals. Control systems provide standards for assessing and Sakchai Lalit/Associated Press.

After experiencing difficulties for two years, Starbucks returned to previous levels of success in 2010 thanks to the leadership of Howard Schultz. Control systems assess effectiveness at the strategic, tactical, and operational levels. These systems, found throughout the organization, include financial controls, budgets, authority structures, production planning, and quality control.

The standard control process consists of four steps:

1. Establish and review standards set in the planning process.
2. Measure performance at the strategic, tactical, and operational levels.
3. Compare performance outcomes with the standards that were set.
4. Make a decision:
 - Successful performance should be rewarded.
 - Unsuccessful performance should be corrected.

SWOT Analysis

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT is an acronym that stands for Strengths, Weaknesses, Opportunities, and Threats. You can think of your strengths and weaknesses as internal factors that are present right now. Opportunities and threats are external factors that point to the future. By identifying your strengths and weaknesses, you can build on your strengths to take advantage of your opportunities, while you modify your weaknesses so you become less vulnerable to your threats.

When you use SWOT to identify competitive advantages by linking strengths to opportunities, this is known as MATCHING. This is where you find your niche and go for it. When you link up your weaknesses to threats, and then use that to change your tactics, that's known as CONVERTING.

Breaking Down SWOT

Our first step is the "S" in SWOT: identify your strengths. Look at your products and services and identify what it is that you do or offer that is better and unique compared to any of your competition. Maybe your product is better. Maybe you have more experience. Perhaps you have tons of testimonials from happy clients, and your reputation is the best in the business. Do you have awards or letters of commendation? WHAT MAKES YOU DIFFERENT and SPECIAL?

Our next step is to take a good hard look at yourself and identify your weaknesses. This isn't quite as much fun, but you have to see what could keep you from reaching your marketing objectives. Where do you need to improve? Are people complaining about unresponsive customer service? Do you not have a system in place to follow-up on your direct mail campaigns? Are you failing to track your direct mail campaigns and as a result you have no idea what works and what doesn't? Maybe your budget is tight and keeping you from running the campaigns you know you should. You can deal with all these issues, but not until you've identified what they are.

Now, we go on to look at your opportunities. What great new products or services are you developing that could open your business to a whole new niche or better prepare you to fulfill the needs of the niche you're in? Has some change in your supply chain made it possible for you to offer special pricing? Is it time to run a Holiday Special? Or maybe you have excess merchandise and can offer an Inventory Blowout. What is happening right now in your business or the environment that could allow you to expand your customer base and build sales?

Finally, we want to look at potential threats that could derail the effects of your marketing campaign. Is there some direct competition out there that is eating into your target audience? Maybe new technology threatens to make your product obsolete. Maybe upcoming holidays make this a bad time to send a mail campaign because people are too busy with other things. All these issues could make you rethink your products and your marketing campaigns.

SWOT Pointers

Be aware that all SWOT analyses are more subjective than scientific. This is your view of the situation at this point in time. YOU are the one who is identifying the issues. There's no SWOT-meter that does something like a chemical analysis. And two people working independently may come up with different looking analyses. So keep that in mind, get input from others, and be prepared to redo your analysis every six months or every year to see how things are going and if changes are necessary.

Be HONEST. Don't overemphasize your strengths or underemphasize your weaknesses. Don't ignore the elephant in the parlor. You can't get the most value from the SWOT exercise if you "stack the deck."

Be as specific as you can in looking at your company. Define your customer. Define your product. Look at real numbers where available.

Be clear on the time factor. This is what your company looks like today. This is where your company could be in the future. How will you get from point A to point B?

Keep your competition in mind. How are you better than them? How are you worse? How will these issues play into your marketing?

Keep It Simple Stupid. It's possible to get too involved in over-analysis and navel-gazing. Don't do that! Use the SWOT tool -- don't be used *by* it so you end up in analysis paralysis!

How to perform a SWOT Analysis

https://www.youtube.com/watch?v=I_6AVRGLXGA

Let's take a look at a possible SWOT Analysis for a child care program

Strengths

Dedicated Teachers
Healthy Meals
Good curriculum

Weakness

Need a new playground
New Regulations in my town – renovations
Paperwork and organizations

Opportunities

TWC CDA Grants
New Land next to center to buy

Threats

Possible new center opening near us
Less money with CCM Children

Remember, strengths and weakness are internal (within the company) and opportunities and threats are external (outside the company).

What is Marketing?

Introduction

The American Marketing Association (AMA) defines marketing as “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” (Marketingpower.com, 2011). That means for

child care, your clients are your parents. They are the one that set value to your care and what they need. The definition includes the term value, which we will explore more.

Value is the fundamental concept on which marketing is based. Value is the perceived trade-off between benefits and sacrifice required to take possession of those benefits. In early childhood education, that is the care that we provide. The relationship that parents, teachers, directors, and children create is constantly based on shifting circumstances. If a parent feels that the child care center's value has fallen, they are not willing to pay as much for that services. If the parent feels the value has increased, they are more willing to pay additional fees.

All of the activities of marketers are essentially carried out to convince world-be buyers that they have found a good value. This satisfactory trade-off is why we exchange money for service. Exchange is key to achieving the objectives of marketing. Exchange is characterized by trading things of value between buyer and seller so that each perceives that he or she is better off after the trade. We have to price our services at the level that parents are willing to pay. If you are located in a higher economic part of town, your services are worth more to parents because they are willing to pay for them. If you serve children who come from economically struggling families, your pay will not be as high. This does not mean that your care is less but just that the families' value on the service is not as high due to other bills.

While marketing has been a core business activity for child care programs, the avenue has changed due to technology and competition. Technology allows unsatisfied parents to express their thoughts to other would-be parents. This allows them to market against your company. It is important to keep parents happy by working with them instead of against them. An exchange process takes place when two or more parties are going to give something of value in order to receive something perceived to satisfy a need. Buyers (parents) are about to give money to sellers (child care) in exchange for someone to protect and teach the child. It is the same type of exchange that occurs in grocery stores throughout the US every day. We might not be selling a product but we are selling our service.

Each of the sells is engaged in a marketing function, which must be managed for their companies to bring out the profit potential in the exchange. The American Marketing Association defines marketing management as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy indivial and organizational objectives" (Marektingpower.com, 2011). This means that you must make sure your

parents are satisfied as well. If they are not, they will look elsewhere for care and probably give you a bad review.

Value

Value does not stand still to be studied under a microscope. It is interactive, conditional, and dynamic. It has different meanings to different people.

Interactive – Value is perceived uniquely by individuals; thus value interacts with the person perceiving it. The value that parent A places on your services will be different than the value parent B places. It all depends on what each parent is needed. Maybe parent A has to work to pay basic bills whereas parent B is only working for extra money.

Conditional: Value changes depending on the context (the individual, the situation, and the product/service) that are involved at the moment value is appraised. The value that parent A places on your services goes up and down depending on how important getting to work is on that specific day. If parent A is going to be written up for being late, you opening late is going to be an issue. If parent A has the day off, you being late might not be a big deal.

Relativistic: Value depends on comparison with known or imagined alternatives. Relating back to what other child care programs charge is important. If you can show why your higher fee is worth it, parents might value your services more and pay higher. Maybe you provide diapers or extra activities like Spanish class.

Dynamic: Value changes within the individual over time. Having quality care for a child that is birth to age five is very important; however, once your child turns 11, you might not value that as much. Maybe the child is able to stay home or with friends after school.

How great a value the individual places on your child care services depends on the individual's needs and wants. If the parent has to be at work by 6:30 am, they are more likely to pay a higher fee for early care. If the parent does not need to be at work until 9:00 am, they are not going to want to pay a higher fee for early opening.

What Drives Value

Persons in a market economy must acquire goods and services continually to fill certain needs, while those in other social systems make what they need, or engage in gift-giving or reciprocal exchanges to fill their needs. A friend of

mine lives in a small town with less than 500 people. The town does not have any child care programs but have a great child care exchange group. They take turns caring for each other's young children so that no one has to make any payments. It is a bartering system that works for their small town. That would not work for all of the parents in Dallas, TX. The area is too big and the needs are varied. Every individual and organization has needs and desires, the distinction being that needs are essential to survival, while desires (wants) are non-essential. I might hire someone to come to my house to care for my child if I just want to have a three hour break per week but if I need full time care, I need to find a child care program that is open five days a week.

People in a market economy become consumers when they are driven to fulfill their needs and desires through exchanges. The purchases they make transform them into customers of the organizations they buy from. Individuals aren't the only ones driven to fill needs and wants but rather organizations too are buyers with needs for supplies, personnel, and resources to fulfill their missions. When consumers perceive a need or desire, the inner drive that moves them toward fulfillment of the need is called motivation.

Generational Marketing

How To Target Three Generations With Social Marketing, Not Stereotypes
Feb. 15, 2017 article in Forbes Community Voice
Written by Jason Hall

Millennials don't exist, and neither do Baby Boomers or Gen Xers -- at least, not the way Time Magazine, CNN or any major news outlet depicts them. Generations, after all, are just groups of people. How they respond to historical events is how you once defined a generation. So, how do you market to different generations that are often characterized using stereotypes? You treat each generation as individuals: people with different viewpoints and different skill sets. Let's look at these generations and see how social marketing can help you reach out to each:

1. Millennials

There are more than 75 million of them in the U.S. alone. That's a huge demographic to target. As written in The New York Times, "Almost two-thirds (64%) of millennials said they would rather make \$40,000 a year at a job they love than \$100,000 a year at a job they think is boring." How does this apply to social marketing? Millennials are not on the web searching for "fun and excitement" any more than any other generation. Rather, they are looking for meaning. Why do you think the shift in social marketing and

search engine optimization recently has been away from spammy robot-like marketing and more toward authenticity? Millennials can smell "fake" from a mile away. Inauthentic content is meaningless and hollow to them.

To demonstrate your authenticity, create a personality around it, or a narrator for your brand. One person who does this well is Derrick Bohn of KnivesShipFree; he regularly schedules Facebook Live broadcasts showing his customers what the team is creating each week. If you begin posting on social media for your brand as if it were a person as opposed to a corporate construct, you will better convey authenticity. If you treat millennials like people and act like a person with your marketing, you will find the real people within this generational group knocking at your door.

2. Generation X

Barack Obama, the 44th president of the United States, is a member of Generation X. And what truly characterized his presidency all the way from the campaign to its final stretch? Pragmatic hope. In the early 1990s, this generation was characterized as the "rebel" generation. They grew up in the Reagan era and played grunge rock as loud as they could to drown out the world. That's the stereotype of them, at least. But in reality, they are easy to characterize: They are the truly hopeful strategists of all generations, and the majority of them are online at least 5 to 10 hours each week consuming content. This means that social marketing is still strong for this group.

Show them the practical uses and value of your product, but do so in an authentic way. Bestselling author Andrea Butje of the Aromahead Institute has found a way to authentically offer valuable, practical information about her product. She offers certification courses so that students may use their education in essential oils to develop a career in aromatherapy. By offering value that will lead to a life-changing event, Gen Xers just might bite.

3. Baby Boomers

Baby Boomers are often thought of as adults confused by mobile devices and advancements in technology. But that's not actually a true representation of this generation. You might be surprised, but as of late 2016, Pew Research Center confirmed that the majority of Boomers were now on social media; 64% of adults ages 50 to 64 use at least one social media site.

Summary:

In Child care programs, it is important to remember who your target audience is during your marketing campaign. Are you looking at young adults ages 18-25 or those that are in their 30s, 40s, or 50s. People have children young and older in life so you have to ensure that your marketing fits each of those age groups.

Marketing Planning

Marketing planning helps you develop products and services in your business that meet the needs of your target market.

Good marketing helps your customers understand why your product or service is better than, or different from, the competition.

The term "marketing" covers a lot of different activities -- all associated with selling your company's products and services. Advertising is the most obvious marketing activity, but so is consumer research, which better matches your product to consumer wants and needs. Product design, also, is a form of marketing, as it helps match your company's products and services to known customer needs. The one thing that marketing is *not*, in the opinion of some marketing professionals, is the sales act itself, *which is the result of marketing*.

The American Marketing Association has defined marketing as "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."

What is meant by "creating, communicating, delivering, and exchanging offerings?"

Creating – Cooperate with suppliers and customers to generate offerings that have value and, in turn, capture value from consumers through sales, profits, and customer equity.

Communicating – Engage your customers by describing an offering's value.

Delivering – Connect offerings to the consumer while optimizing value in the *process*.

Exchanging – Trade offerings for items of value, typically monetary value.

Marketing is a multi-faceted word that brings to mind a variety of definitions, depending on your personal background and experiences. Because of the varied use and definition of the word "marketing" some may tend to limit its scope and nature, thinking of marketing primarily as advertising or sales. Let's look at a few general perspectives on the term "marketing" so that we can begin to broaden our view and answer the question "What is marketing?"

Is Marketing a Concept?

Yes! In some circles, you'll see marketing defined as a concept, a mindset, or a way of "doing business" that keeps the consumer in the center of everything. As marketing has evolved throughout decades of an industrialized society, the view about what is truly important has changed. The marketing concept reminds companies that consumers have needs and wants and are willing to exchange their hard-earned cash to receive something of value that will fulfill those needs/wants.

Is Marketing a Function?

Absolutely! Marketing is a function. When you look at the inner workings of a major corporation (or even smaller companies, for that matter), you'll undoubtedly find an organizational structure in which marketing is defined as a key functional group.

Visualize an organizational chart for any company and there will be a box (or a cluster of boxes) that indicates who makes up the "Marketing" team. In this context, "marketing" refers to the function - the group of people who execute the marketing tasks within the organization.

Is Marketing a Set of Activities?

By now, you probably know the answer is a resounding "yes!". In fact, like most people, when you hear the word "marketing," you may immediately think of specific marketing activities such as advertising (for example, television commercials and billboards) or promotions (for example, coupons and free offers).

Did you know that there are many other marketing activities that don't necessarily relate to "getting the word out" about a company's products or services? Other marketing activities include conducting marketing research, developing new products, establishing the retail price, defining the best pathways for a product to go from manufacturer to consumer, tracking sales data, and more!

The Marketing Mix

The marketing mix is a collection of the specific variables ("ingredients") that combine (or "mix") to successfully market a given product or service. The term marketing mix was originated by Neil H. Borden many years ago, yet remains a fundamental concept in marketing today. Borden's original marketing mix included twelve components: product, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact-finding and analysis (Borden, 1984).

Over the years, several scholars have developed different marketing mix frameworks; however, most of them contain elements of Borden's original marketing mix. The marketing mix framework that is most widely known today is E. Jerome McCarthy's "Four Ps of Marketing."

The Four Ps of Marketing (referred to in this course as the 4 Ps) include product, price, promotion, and place (McCarthy, Perreault, Cannon, 2009). It is easy to see how McCarthy's 4 Ps framework was derived from Borden's original twelve-component marketing mix. For example, defining the *product* requires defining the brand and packaging. Additionally, *promotion* encompasses personal selling, advertising, promotions, and display.

The following diagram illustrates how the four categories work together. The area where all the components overlap is your target market. For practice relating the 4 Ps to questions you might ask about your product or service, follow the directions in the diagram.

Product

How is your product differentiated versus your competitors?
What features does the product have to meet the needs of the customer?
What does the customer want from the product?

Price

What is the value of the product or service to the buyer?

Place

Where do buyers look for your product or service?
Where can customers obtain competitive products and where do you learn about them?

Promotion

Will you reach your audience by advertising in the press, on TV, radio, or on billboards?

When and where can you get across your marketing message to your target market?

In addition to looking at the marketing mix as a combination of ingredients, you could also view the elements of the marketing mix as "levers" that can be altered to realize a desired result. For example, if you want to sell more units, one lever that can be pulled is the "price lever." Lowering the product price generally increases the number of units sold. (Keep in mind that there are other effects of doing so, such as the effect on brand image; the brand may now be perceived as a "cheap" brand). As another example, if you'd like to earn a higher profit per unit sold, you can pull the price lever (for example, raise the price), the place lever (for example, choose to distribute to partners that will purchase product from your company at a higher wholesale price), or the product lever (for example, decrease the size of the product).

While scholars continue to develop new frameworks to better capture what marketers do or to accommodate changes in technology, the 4 Ps marketing mix framework offers a simple and effective way to learn how marketing decisions are made. You will learn more about the 4 Ps later in the course.

Strategic Planning

Strategic Management Theories and Practices

<https://www.youtube.com/watch?v=tL0OK1nFXiY>

Marketing strategies encompass these activities:

- Determining the need for a product through consumer research and by observing and quantifying sales patterns of similar goods in the marketplace
- Modifying existing products or creating new products to match consumer wants and needs
- Determining how best to reach potential customers to make them aware of your products and to persuade them to buy them
- Creating marketing campaigns based on your determinations of the most effective way of reaching customers
- Confirming customer relationships via follow-up sales campaigns and loyalty programs

Strategic planning is a process that develops and maintains a fit between the organization's goals and capabilities and its shifting marketing opportunities.

Effective strategic planning is a continual process that requires creativity and commitment from management to be successful.

At the corporate level, defining the company's overall purpose and mission begins the strategic planning process. This mission is then turned into supporting objectives that guide the company's departments and personnel. Each business unit and/or product line creates detailed marketing and other departmental plans that support the company wide plan.

Finally, on the functional level, marketing assists with achieving company strategic planning through detailed plans for precise marketing opportunities. Planning takes place at three levels: business-unit, product, and market. Those plans include unique strategies and decisions related to product line development, selecting distribution channels, communication tactics, and pricing programs.

Following are the components of a strategic plan:

Component	Description
Organization Mission	The company's reason for being in business; what it endeavors to do
Objectives	What will be accomplished to support the organization mission; should be specific, measurable, attainable, realistic, and time-bound
Strategic Plan	The plan by which stated objectives will be achieved
Marketing Plan	The specific marketing actions that will support the stated strategies
Value Proposition	The key benefits of the products/services that outline why consumers should buy the company's offering over competitive offerings
3c's Analysis	Analysis to understand the company, its competitors, and the consumer; as part of the company analysis, a portfolio assessment may be completed using a model such as the BCG Matrix or the GE Approach

SWOT Analysis	Assessment of the company's strengths, weaknesses, opportunities, and threats
Porter's 5 Forces Analysis	Review of suppliers, buyers, direct competitors, potential new competitors, and alternative offerings
Environmental Analysis	Assessment of economic, political, socioeconomic, cultural, legal, technological, and other external factors

It's All About the Customer

Customer Value Equation

Instinctively, customers identify value based on the relationship between the benefits received from the transaction and the resources required to obtain those benefits. Hassle can be described as the resources of time and effort put into the purchase process.

$$\text{Value Received} = \frac{\text{Benefits Received}}{(\text{Price} + \text{Hassle})}$$

Picture the Black Friday advertisements and the long lines that take place at the retail stores on that day. If the discount provided is perceived as worth the hassle of making the transaction, it positively impacts the value received. Conversely, if the special offer is not large enough to invest the time or endure the stress needed to make the purchase, the discount is seen as a negative and decreases the value received from the transaction.

Value will vary from customer to customer based on each customer's needs and desires. Neither a high-quality offering at a high price nor a low-quality offering at a low price may necessarily be perceived as a good value. If the value is perceived as too high, consumers may begin to suspect that something isn't quite right. For example, a used car offered at a low price might cause you to wonder what repairs are in store for you, influencing your perception of the value received.

Value stems from customers who receive offerings of quality with prices they are willing to pay and hassles they are willing to accept. Whereas a company creates an offering, the customer determines its value.

Keep in mind that customers do not necessarily judge value objectively or accurately. Customers act on a perceived value. Customer satisfaction relies on the offering's perceived performance in relationship to the buyer's expectations.

It is important to determine your customer acquisition cost:
<https://www.youtube.com/watch?v=9OjmJ5f-Gm4>

Connecting to Customer's Wants and Needs

At the base level of creating customer value is the need for marketing to understand buyers' needs and wants (which are often referred to as desires). We, as early childhood centers, must make sure that we are ensuring that our customer's (parents and families') needs are a part of our program. We have to ensure that we are creating a service to each family that represents what they need culturally, as well personally. Each child, parent, and family dynamics should be respected at all times.

Needs	Wants
Needs are identified as those items that are necessary to survive.	Wants are desires and are considered non-essential for survival.
Needs are sensed by customers when an imbalance is felt between actual and desired states.	Wants stem from how customers go about addressing those needs in terms of a certain attribute. Wants also may represent a specific good or service itself.

Business customers also have needs and wants, just as individual consumers do. Business needs may be for supply, labor, technology, infrastructure, and other resources required to conduct its operations.

Customers' needs and wants develop and change rapidly. For this reason, market research continues to play an important role in addressing those

areas. The data that market research provides enables marketers to gain insight and direction on meeting customer needs and wants through a marketing offering that will provide a value to the customer that is differentiated from the competition.

Marketing encompasses not only *determines* consumer need, it also helps *create* consumer need. It really begins with understanding your potential consumer. One well-known 21st-century marketing failure had to do with U.S. companies' attempts to sell deodorants in China. What these U.S. companies failed to realize is that, biologically, ethnic Chinese do not have the same body odor issues as Westerners. They also failed to take into account that Chinese consumers commonly regard sweating as a healthy activity that -- among other things -- purifies the system and not, as is common among Americans, as a social problem.

It is a truism of marketing education that marketing can't create a need, but many marketing campaigns are based on creating an awareness of a product and the desirability of owning that product. What is important is that this awareness creates the need.

Some common strategies for creating an awareness of the product and giving it a context that stimulates a desire to own it are:

- *Demonstrating scarcity.* Apple, for instance, increased the demand for the Apple 5 by cutting off further shipments of the phone for two weeks immediately after announcing the release.
- *Developing a "we" bond* between consumers and product, often by announcing the product first to a selected audience, and inviting consumers to participate in the development of the product or product launch.
- *Interacting* with social media, such as responding to consumer comments, whether favorable or unfavorable.

Marketing a Service Based Company

Early childhood programs are service based companies. We do not have a product that we must market or keep current. We do, however, have a lot of important concepts in marketing our centers. With so much attention being paid to marketing new products, entrepreneurs building service businesses may feel overlooked. The truth is, marketing a service can be tricky. For some companies, success depends on creating a bundled offering that includes the features customers or clients want most. For others, it's all about differentiating based on customer satisfaction, with heavy emphasis on testimonials and ongoing customer input.

The Best Way to Win Customers

If you're searching for the best ways to win customers and build sales for your service business, here are five important tips you can't afford to overlook.

1. Find a way to differentiate. If you were to take an analytical look at your competitors' ads and brochures, you'd find one glaringly obvious similarity--most are satisfied with "me too" marketing themes. Consequently, few ever stand out from the pack. Careful differentiation is essential to successfully growing a service business. What sets your company apart from all the rest? Perhaps it's the group of services you offer or the way you excel at customer satisfaction. For best results, identify the unique benefits you provide, and make them the central focus of your marketing message.

What makes your child care program different than all the rest in your town. Do you have a special playground? Do you have a different philosophy? Do you have a perfect record with child care licensing? What makes you unique?

2. Add value by bundling services. While product marketers often compete solely based on price, for many service businesses price is a sign of quality. So if you price your service below your competitors' services, you may communicate to customers that it's of lesser worth. Instead of lowering your price, why not add value? Focus on what your customers want most, and find a way to bundle those features (or even some select products) into your mix. This will increase the perceived value of what you offer and give your company a leg up. You may even be able to raise your prices on higher-value offerings.

Can you add something special to your service? What about dinner every Friday night for an additional \$5.00 or a parent's night out once a month?

3. Market to existing customers. For service marketers, the sale doesn't end with a purchase: It's the beginning of a relationship that continues with delivery and support. As a result, satisfied customers or clients have the potential to become repeat buyers. Do you have a program in place to market to your customer base? The good news is that upselling current customers costs less and yields significantly higher revenue than marketing to new prospects. To build sales, use direct marketing, including e-mail and direct mail, to offer special promotions to your customer base throughout the year.

It is better to keep a client happy than it is to try and gain a new one!

4. Win more referrals. Do you rely on referral audiences to send business your way? It's not enough to simply call on your referral prospects. You must also create a group of marketing tools for your referral sources to use with your prospective clients. Suppose you owned a home health-care company. By supplying brochures and other materials to hospital workers to give to patients requiring at-home care following a hospital stay, you'd ensure that your complete information got through to your most qualified prospects.

5. Raise your visibility. To reach potential customers across multiple channels, consider expanding your advertising in search-corridor media-- where customers turn first when they're ready to buy. Yellow Pages advertisers, for example, may benefit from expanding into online paid search, with emphasis on local search through engines such as Google and Overture. Link your ads to a terrific website, complete with in-depth information about your company and its services, and you'll give customers confidence in your ability to meet their needs. And don't overlook PR as a means to increasing your reputation in the community. You can sponsor events, write articles for publication, offer yourself as a speaker and participate in a range of networking opportunities that allow you to build positive word-of-mouth.

Ways to promote a service based company!

You may not have wads of cash to spend on marketing in the early stages of your startup, but that doesn't mean that there aren't effective ways to get your brand out there.

Before the Internet, small businesses only had a few ways to market their products cheaply, through methods like printing out fliers or sponsoring little local events. Now there are all kinds of opportunities out there on the Web— you just need to know where to look.

Here are seven ways to promote your business online that won't cost you a dime:

1. Use the three big local listing services

Registering your business with Google Places allows it to be found more easily on Google searches and it shows up on Google Maps. All you have to do is fill out the form and register, then get your business verified through their confirmation process, which can be done either with a phone call or snail mail.

2. Embrace social media

Social media isn't just a tool to gain exposure—it has now become a necessary time investment for every business to make. You can tie in ads and offers on your Facebook page and have a direct channel with your customers on Twitter. Networking on LinkedIn—both at the personal and company level—can be another way to help your startup.

3. Start a blog

A blog not only helps your company get its name out through followers, but is a way to connect with your consumers more directly. But remember that one of the major keys of blogging is to keep your stream updated as frequently as you can. A dormant, abandoned blog is worth nothing.

4. Put up multimedia on YouTube and Flickr

YouTube provides a free way to distribute creative promotional videos, but in order to succeed you must put up content that people want to view and are relevant to your business—a simple ad will not work. A Flickr profile can also help by giving you one place to compile all the photos for your business, and allows you to link back to your website.

5. SEO your company website

Search engine optimization cannot be underestimated in the world of constant Googling. Pick up a book or head over to an online how-to-guide on SEO and make sure your site is primed for performance on search engines.

6. Press releases

Every time your business does something newsworthy, don't hesitate to shoot off a press release—maybe folks will pick up on it. They're a powerful media tool to use to help generate publicity, and having free distribution of them is a bonus. There are dozens of websites out there that you can use for your press releases.

7. Join a relevant online community and contribute

Every niche has communities online that you can get involved in. But just signing up for a forum and posting every once in a while about your business isn't beneficial for anyone, and will likely just annoy people. Actively contribute and build a rapport with the community, while keeping your business out of it. Passively promote your business by putting a link in your signature or mentioning it only when the context is appropriate.

Relationship Marketing

Customer satisfaction stems from the evaluation of whether an offering has met the expected value equation as identified at the time of purchase. By seeking to build long-term relationships, firms that prioritize customer satisfaction throughout the organization differentiate themselves from their competitors. To emphasize this differentiation, some firms have developed a relationship marketing strategy to build longevity in their customer minds.

Building relationships includes attracting new customers as well as developing existing customer relationships in order to retain and increase business with them. Relationship marketing strategy considers that customers prefer to have a long-term relationship with one firm rather than change among providers in their search for the best value.

Loyal customers are considered more profitable than a price-sensitive customer who does not perceive difference among brands or suppliers. Customer lifetime value represents an attempt to put a dollar value on an ongoing business relationship. Successful relationship marketing strategy depends on personnel who are well-trained, customer-oriented, and empowered to make decisions and resolve issues. Marketers seek to maintain a unique differentiation in the minds of their customers.

The Human Relations Movement

Mary Parker Follett questioned the wisdom of scientific management, arguing that the program ignored the human element in the organizational equation. She believed that managers should serve as coaches and facilitators rather than as monitors and supervisors (Parker Follett, 1949). The human relations movement, which focuses on people as the primary driving force in any organization, including for-profit businesses, gained momentum in the late 1920s. Researchers Elton Mayo and Fritz Roethlisberger conducted the Hawthorne studies, which primarily focused on the people involved in the studies, rather than solely on productivity. The subjects responded to positive and pleasant interactions with researchers by increasing productivity rates on the job. Later in the seven-year study, some of the tasks performed by supervisors were taken over by entry-level employees. This move also increased production. Some workers found the experience to be "fun" and remained free of anxiety about being disciplined for poor performance.

Societal Marketing

In recent years, marketing experts have started to give attention to the concept of a societal marketing orientation. The societal marketing orientation states that a business exists not only to satisfy customers' wants

and needs but also to advance society's (individuals and communities) long-term best interests. You will notice this description mirrors what Kotler shared in his definition of the humanity-centric perspective of marketing.

The societal marketing orientation has brought further awareness and emphasis to areas such as product packaging, where choices are made based on recyclable or reusable materials, durability, toxicity, and overall safety. Concerns and awareness related to fuel shortages, climate change, and other health concerns have driven the emphasis of this orientation.

In automobile and building design, we have seen an explosion of "green energy" being considered as factors for selection. Firms that choose eco-friendly activities have the opportunity to communicate their actions in a positive way and differentiate themselves from competitors. When a company has a societal marketing orientation, it seeks to balance three areas: consumer wants, company profits, and society's interests.

Value of Marketing to the Organization

Marketing contributes directly to an organization's primary objectives: survival, profitability, and growth. Conducting market research on current and potential customers, business professionals can assess wants and needs, as well as determine the best fit of promotional, pricing, and distribution strategies.

Marketing is not completed by the marketing department alone. Rather, marketing is part of the job of all employees of an organization. Each employee impacts the satisfaction of the customer, from accounts receivable to shipping to production. Each step of the order fulfillment process represents the company to the customer.

To gain your self-instructional certificate:

1. Read all of the material in this packet and watch each video.
2. Go to our website www.shadetreelarning.org/test
3. Find the test Observation and Assessment. You will need your name, email address, phone number, and the Class ID Code from the folder.
4. Place your answers on the test and hit submit
5. Please make sure you double check the spelling of your name and your email address. You can have the certificate sent to your director's email if you both would like that.

Your certificate will be emailed to you within three business days. Please check your spam folder. If you do not have your certificate within three business days, please give us a call. Please do not wait to call us! If it is more than 15 days since you took the test, you will need to retake it to obtain your certificate.

You will have 12 months from today's date to complete the self-instructional

Business Management:
Business Management and Marketing
6 hour Class

Name:

Address:

Phone:

Code:

1. _____ is the study of the overall management process. The term management has a variety of definitions.

- a. Management Theory
- b. Marketing Place
- c. Staffing
- d. Conceptual Learning

2. _____ is having the job-specific knowledge and techniques required to perform an organizational role.

- a. DABBS
- b. Technical knowledge
- c. Conceptual skills
- d. Conceptual Learning

3. _____, or critical thinking abilities, are the skills a manager needs to analyze and diagnose a situation and to distinguish between cause and effect.

- a. DABBS
- b. Technical knowledge
- c. Conceptual skills
- d. Conceptual Learning

4. An important part of management include planning, organizing, staffing, leading, and controlling human and other resources to achieve organizational goals.

- a. True
- b. False

5. _____ use planning to choose appropriate organizational goals and identify courses of action to best reach those goals.
- Management Team
 - Waldorf Team
 - Planning Managers
 - Long Range Managers
6. The _____ starts the planning process by examining the company's operations.
- Management Team
 - Waldorf Team
 - Planning Managers
 - Long Range Managers
7. _____ is the process of establishing task and authority relationships that allow people to work together to achieve the organization's goals.
- Planning
 - Organizing
 - Staffing
 - Leading
8. Conceptual design is the process by which managers make specific organizing choices that result in the particular kind of organizational structure they will use.
- True
 - False
9. _____ includes the recruiting, selecting, training, evaluating, compensating, and disciplining of employees within the organization.
- Planning
 - Organizing
 - Staffing
 - Leading
10. _____ means motivating, coordinating, and energizing individuals and groups to work together to achieve organizational goals.
- Planning
 - Organizing
 - Staffing
 - Leading

11. A leader remains open to suggestions from colleagues and takes the time to listen to and mentor employees.

- a. True
- b. False

12. Controlling establishes accurate measuring and uses monitoring systems to evaluate how well the organization has achieved its goals.

- a. True
- b. False

13. _____ analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues.

- a. Controlling
- b. Planning
- c. Leading
- d. SWOT

14. Our first step is the "S" in SWOT: identify your strengths.

- a. True
- b. False

15. Be aware that all SWOT analyses are more objective than scientific.

- a. True
- b. False

16. Don't overemphasize your strengths or underemphasize your weaknesses.

- a. True
- b. False

17. The _____ defines marketing as "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"

- a. American Marketing Association (AMA)
- b. American Padres Society
- c. Marketing Society
- d. Marketing Organizations

18. The relationship that parents, teachers, directors, and children create is constantly based on shifting circumstances.

- a. True
- b. False

19. _____ – Value is perceived uniquely by individuals; thus value interacts with the person perceiving it.

- a. Marketing Mix
- b. Interactive
- c. Business
- d. Marketing

20. Every individual and organization has needs and desires, the distinction being that needs are essential to survival, while desires (wants) are non-essential.

- a. True
- b. False

21. _____ is a multi-faceted word that brings to mind a variety of definitions, depending on your personal background and experiences.

- a. Marketing Mix
- b. Interactive
- c. Marketing team
- d. Marketing

22. Visualize an organizational chart for any company and there will be a box (or a cluster of boxes) that indicates who makes up the _____.

- a. Marketing Mix
- b. Interactive
- c. Marketing team
- d. Marketing

23. The _____ is a collection of the specific variables ("ingredients") that combine (or "mix") to successfully market a given product or service.

- a. Marketing Mix
- b. Interactive
- c. Business
- d. Marketing

24. The _____ are product, price, place, and promotion.

- a. four Ps
- b. marketing strategies include
- c. marketing mix
- d. none of the above

25. Marketing strategies encompass all except?
- Modifying existing products or creating new products to match consumer wants and needs
 - Determining how best to reach potential customers to make them aware of your products and to persuade them to buy them
 - Creating marketing campaigns based on your wants.
 - Confirming customer relationships via follow-up sales campaigns and loyalty programs
26. _____ is a process that develops and maintains a fit between the organization's goals and capabilities and it's shifting marketing opportunities.
- Marketing strategies
 - Strategic planning
 - Marketing mix
 - all of the above
27. Each child, parent, and family dynamics should be respected at all times.
- True
 - False
28. _____ customers are considered more profitable than a price-sensitive customer who does not perceive difference among brands or suppliers.
- Loyal
 - New
 - Long term
29. In recent years, marketing experts have decided not to give attention to the concept of a societal marketing orientation.
- True
 - False
30. _____ is not completed by the marketing department alone.
- Marketing strategies
 - Marketing
 - Marketing mix
 - Marketing planning

