

## Survey Concludes: "Don't Underestimate Importance Of Marketing"



# Lack Of Marketing Plan Can Be Fatal

## Venture Capitalists Agree

The following was excerpted from an article that appeared in the *East Valley Tribune*, May 1, 2003 by Michelle Swoffard.

Dee Power and Brian Hill, authors of "Inside Secrets To Venture Capital" survey venture capitalists regularly to better help entrepreneurs. In their latest study, 28% of venture capitalists said the most frequent business plan mistake was a "Lack of Marketing Strategy. Entrepreneurs failed to specify who their customers would be and how they would communicate with them.

One venture capitalist said the mistake is "underestimating the challenge of developing a new market".

"Entrepreneurs fall in love with their product and don't think about how to get people to part with a buck," Power said. "Marketing isn't just defining the sales market. It's defining the strategies, advertising programs..." and competitive analysis.

Entrepreneurs can learn about their competition through chambers of commerce, trade associations, vendors, suppliers, and customers, Power said. Also, many companies, including possible competitors, list their market focus on their Web sites.

"Never say your company or product has no competition," she said. "State your competitive advantage in one paragraph. If you can't, or if it takes more than one paragraph, you really don't know what it is."

Right after lack of a marketing plan, the venture capitalists listed "Lack of clarity" as a crucial mistake.

Entrepreneurs often have a business model that makes sense but don't explain why their companies will be successful, they said. For example, assumptions are too generic and they have an "inability to clearly articulate the value proposition."

### Survey Results

In this 2003 survey by *Capital Connection*, 74 venture capitalists rated the most critical mistakes entrepreneurs make in their business plans:

- |                               |     |
|-------------------------------|-----|
| 1. Lack of Marketing Strategy | 28% |
| 2. Lack of Clarity            | 21% |
| 3. Unrealistic Assumptions    | 21% |
| 4. Lack Detail                | 15% |
| 5. Overly Optimistic          | 8%  |
| 6. Weak Competitive Analysis  | 7%  |

