

*Recd 12/3  
answered 12/3*

TO: L.J. Schoenberg, J. Abrams, and  
D. Levine

FILE REFERENCE

FROM: A.F. Stepanski

DATE: December 1, 1973

SUBJECT: 1974 Marketing Plan

Attached is the first draft of our 1974 Marketing Plan. An expanded and update version of this plan will be prepared prior to December 15, 1973.

This plan is submitted to you for your review.

I am interested in your comments and recommendations, but only if they constitute constructive ideas that will contribute to the success of our mission.

*Fony -  
Board general document!  
My most serious objection is the rate  
of increase in the second quarter - If we  
fail in the 1Q then why should we succeed  
in the 2Q?  
Fony*

1 9 7 4     M A R K E T I N G     P L A N

Prepared by:

A.F. Stepanski  
AGS COMPUTERS, INC.  
November 30, 1973

O B J E C T I V E

For 1974, the goal of AGS' Sales Organization will be sales revenues of \$ 2, 500,000. A sales revenues to direct labor cost ratio of 2:1 will be maintained in attaining this goal.

To accomplish this objective our sales efforts will be concentrated in three (3) principle areas of the companies business: Applications and Software Development, Communications Systems, and Systems Training. Our sales objective for each of these areas will be:

Software Development	\$ 1,500,000.	✓
Communications Systems	600,000.	
Systems Training	400,000.	
Total Objective: \$ 2,500,000.		

100,000  
125,000

This is the cost of the figures  
Where is the communications number going to  
come from?

## A S S U M P T I O N S

Our game plan for meeting our objectives requires that certain ground rules be established and enforced. These prerequisite operating conditions should include:

1. SALES (the Sales organization) will have an operating budget of 15% of total revenues, and for the purpose of this plan will be considered to be \$300,000. to cover salaries and commissions of SALES personnel and their selling expenses. Selling expenses will include transportation, entertainment, promotional material, brochures, etc.
2. TECHNICAL (the Technical organization) will be capable of filling 80% of SALES requests when such requests are made thirty (30) days prior to the necessary contract start date; TECHNICAL will be capable of filling 50% of SALES requests when such requests are made fourteen (14) to thirty (30) days prior to the necessary contract start date.

*Excellent*

*acceptable  
for planning purposes  
but if course not  
totally realistic*

3. No contracts sold by SALES with the knowledge and consent of TECHNICAL will be lost due to TECHNICAL mismanagement or programmer incompetence (personality conflicts not included here).

*acceptable*

4. TECHNICAL will provide response, qualified, and meaningful sales support to SALES in the Software Development and Communications Systems areas of our business. Sales support for the Systems Training area of our business will be directed and controlled by SALES.

5. All marketing and sales activities will be directed, controlled, and/or coordinated by SALES with whom the final decisions of strategy will reside.

*not acceptable*

6. Detailed and accurate ( content, not necessarily probability ) SALES forecast will be provided to TECHNICAL in a written format semi-monthly. All changes to and/or additions will be communicated to TECHNICAL on a daily basis by word, with logs being maintained to insure control.

*Probability is need for both short term scheduling and an evaluation of salesmen's projections.*

acceptable for  
planning purposes

7.

The economy will remain status quo, with no major catastrophes to erode our basic business.

THE PLAN AND THE STRATEGY

*I believe the number to be more like \$36,000 (3000/mo) when down time is included.*

AGS' Sales revenues will approximate \$ 1,6<sup>8</sup>00,000. for the year 1973. With a Technical Staff of approximately forty (40) people<sup>1</sup>, the average revenue produced per technical staff member (billable people only) is approximately \$40,000.

Our 1974 objective will require a Sales increase of \$900,000. or <sup>49</sup>56% over 1973 sales. By any measure this represents a rather ambitious undertaking. To attain our goal will require careful planning, persistence, followthrough and a renewed vigor throughout the company. In particular, a CORPORATE management, SALES management, and TECHNICAL management strategy must be developed and enforced.

This Marketing Plan concerns itself primarily with the strategy and effort required for the SALES organization to accomplish "The Objective." The strategy will be to concentrate all sales activities in our three main areas of business, improve the effectiveness of our current

Note 1: The mean number of people on the Technical Staff for 1973 was forty (40) people.



Sales force, and make additions or changes to our Sales staff when required.

To attain The Objective specific quotas will be assigned the the Sales force. The quotas will be assigned on the basis of what each salesman can be realistically expected to sell. This will, hopefully, provide us with some downward protection. Listed below are the quotas to be assigned to the Sales force. Alternative 1 and 2 show variations on actual sales performance and the resources that would be required to insure meeting The Objective.

<u>SALESMAN</u>	<u>QUOTA</u>	<u>ALT-1</u>	<u>ALT-2</u>
Abrams	\$ 300,000.	\$ 350,000.	\$ 350,000.
Einreinhofer	200,000.	150,000.	175,000.
Fors	200,000.	150,000.	175,000.
Gane	200,000.	150,000.	175,000.
Ortenzio	500,000.	400,000.	400,000.
Stepanski	700,000.	600,000.	650,000.
Salesman A <i>high</i>	200,000.	200,000.	175,000.
Salesman B	-0-	<i>high</i> 200,000.	150,000.
Others	200,000.	300,000.	250,000. <i>high</i>
-----			
TOTALS	\$ 2,500,000.	\$ 2,500,000.	\$ 2,500,000.

*probably the most realistic*



Salesman A will be recruited to concentrate his selling effort in our Communications Systems area. Salesman B will be recruited to sell for our Software Development area, where Abrams, Einreinhofer, Fors, and Ortenzio will concentrate their efforts. Stepanski will split his activities between all three areas. Gane will concentrate on Systems Training. The Others represents sales which would result from the direct efforts of the Technical staff (i.e. Levine, Cunningham, etc.).

Within the first three months of 1974 a determination will be made on adding a Salesman C. This decision will depend on the performance todate of the Sales force, and oportunites that may arise during that time. The addition of Salesman C could afford us the additional insurance needed to guarantee The Objective.

Abrams will continue to concentrate on ADP, FORD, HESS, and any other accounts he can develop. Einreinhofer will concentrate on ITT and work at expanding his business base. Fors and Salesman B will continue to work at opening up new accounts. Gane will concentrate on selling the Systems Training services to major banks, insurance companies, and corporations. He will be responsible for selling all training services to all accounts except The Bell System,

Equitable Life, and possibly a few other accounts where other salesman have been selling or developing sales for training services.

Ortenzio will concentrate his efforts at New York Telephone Disbursements and Network Operations, CHASE, and other accounts he has reservations on. He will also work in supporting Fors and Salesman B, managing some of their activities and providing them with direction.

Stepanski will concentrate his selling efforts on the Bell System ( AT&T, Guardsman, Bell Laboratories, New York Telephone CRB, etc.), Equitable Life, RCA Global Communications, and other specific accounts including General Instrument, ACCO, etc. Some of these accounts may be delegated to the salesman from time to time when such delegation is in the best interest of the company (i.e. New York Telephone Disbursements, Manufacturers Hanover.).

Several sales objectives by accounts have been developed by SALES for its own management purposes. These will be discussed with TECHNICAL because of the manpower implications. Wherever possible, the marketing strategy being emphasized at any given time will be thoroughly reviewed with both TECHNICAL and CORPORATE management to insure a commonality of purpose and direction.

any plan which calls for a 5% increase in the first quarter, ~~and~~ a 33% increase in the 2Q and an average compound increase of 15% in the 2nd half of the year, is clearly playing the futures game. It should be noted that between 20 and 2.3 million of the sales are allocated to current staff that will have been in place for at least 60 days from Jan 1974.

Quarterly sales targets for 1974 will be:

	4th Quarter 1973	430,000	
too large a jump not acceptable	1st Quarter	\$ 450,000.	16% over 1973
	2nd Quarter	600,000.	48%
	3rd Quarter	650,000.	46%
	4th Quarter	800,000.	86%

The 3rd Quarter has been adjusted to reflect the possible impact of vacation time on revenues.

The actual effect is 7% in the 3Q. But this must be reduced by the 2% average in other quarters. This makes the net reduction only 5%.

At the time of preparation of this report there exist

a few possible sales opportunities that could dramatically increase revenues in certain areas of our business.

Some of these opportunities have been taken into consideration, on an adjusted basis. it is SALES intention to maintain good communication with TECHNICAL and CORPORATE to apprise them of all opportunities as they come to our attention and warrant review with TECHNICAL and CORPORATE.

Some specific tasks to be completed within the next ninety (90) days include: the preparation of a company brochure, the preparation of a Systems Training brochure, the preparation of a generalized sales preparation with visual aids, discussions with TECHNICAL to produce some

technical articles that could be distributed to our prospects and customers.

During the next 180 days a communications systems brochure may warrant preparation.