

Have an Expert at Your Elbow
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The
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Have an Expert at Your elbow.

During the past decade, over supply and failing profit margins and general under performance have exposed the inadequacy of planning based solely upon forecasts and budgets. Although beloved by accountants, such systems could never explain how the desired results could be achieved. Their promise to deliver has been, like the pot of gold at the rainbow's end, highly attractive, but illusory.

Most organisations now find they need to go beyond forecasting and budgets in order to explain more fundamental issues such as:

- What is our purpose and what business are we in?
- What is our distinctive competence?
- What is our market, who are our customers and do we satisfy their needs?
- Who are our competitors and how much of a threat do they pose?
- What are the realistic objectives and how will we reach them?
- How shall we measure results? What do we do if the situation changes?

The answers to these have become the building blocks of a strategic marketing plan which, for successful companies, has always been at the heart of their revenue and profit generating activities. The significance of such a strategic plan is that it is truly market and customer -driven and therefore offers a realistic prospect of sustainable growth.

Why don't more companies do it?

The problem is that strategic marketing planning , whilst intellectually appealing, is notoriously difficult to do properly, as a generation of practitioners and researchers have so clearly demonstrated. The main barriers which block the process are:

1. Lack of skills and an inability to think creatively at a strategic level.
2. Organisational culture can be overtly, or covertly hostile to 'market orientation.'
Internal power issues or overly bureaucratic systems can stifle the new ideas and openness needed for strategic marketing planning
3. Failure to provide adequate investment of time, money, staffing or other resources.
4. A new regime needs to be under-pinned by appropriate systems and procedures which provide its inputs and facilitate monitoring. Traditionally systems exist for the purposes of financial control.
5. Unclear roles. As well as senior management support, everyone needs to be clear about their contribution to the process.
6. Lack of relevant information can render planning meaningless.

A leading UK company, which operates globally was brave enough to describe itself as follows:

When we analysed what we were doing, we found that our understanding of markets, marketing planning and activities was confused, reactive and not strategic. Marketing was regarded as a sales support function, very tactical and short term in outlook. Planning in the company was based upon financial extrapolations and budgets. The organisation of the company meant that there were no individuals or functions driving marketing, which inhibited customer orientation and ensured a fragmented approach.

What makes this company unusual is not the situation it describes, but its honesty in owning up. It has been estimated that only 10-15% of companies operate with something approaching a strategic marketing plan, in the sense that there is a clearly defined planning process which uses widely accepted analytical marketing tools and techniques to answer the questions posed earlier.

Planning Tools and Techniques

Largely, as a result of the work of business schools and academic research, a number of tools and techniques are available to help marketing planning decision-making. For example: Life Cycle Analysis, Gap Analysis, BCG Matrix, Directional Policy Matrix, Perceptual Mapping, The Value Added Chain and many others.

However, as indicated above, research paints a gloomy picture regarding their use. There is a marked reluctance to use tools like those listed, and even when they are used, they tend not to be used correctly. The root of the problem is that each new marketing planning tool is presented as the latest 'cure all'. The prescriptive literature which launches it, extols its virtues, but is extremely vague when it comes to discussing its limitations and how it relates to other planning tools. Thus the marketing planner is left hearing all around the siren voices of seductive techniques, "Use me! Use only me!", they each beguilingly whisper.

In reality, any individual tool or model is rarely adequate for all circumstances in a process as complex as marketing planning. Ways must be found for the various tools and techniques to be integrated and to augment each others' strengths. One such innovation is EXMAR.

The Development of EXMAR

The experience gained at Cranfield University School of Management, from years of research into marketing planning and the application of software to marketing planning, was combined in a highly creative way through the development of a marketing planning system called EXMAR. Producing a computer system which was systematic, logical,

internally consistent and simple to use, was no easy task. It called for a high level input from a marketing planning expert, not only in terms of knowledge, but also incorporating the 'rules' or judgements which would influence decision-making. It also required the inclusion of formal modeling techniques derived from systems analysis.

In 1988 a demonstration model was available for initial trials. The lessons from these and later trials were incorporated into the finalised product. This evaluation phase, although summed up in a few words here, presented many new and unforeseen problems. More than once the marketing theory underlying the package had to be re-visited and questioned in a fundamental way. However, all the agonising and soul searching has led to a more robust and adaptable system which is unique in terms of what it sets out to do.

What Does EXMAR Do?

Put simply, EXMAR is a process for developing strategic marketing plans. It assists the user company by:

- Guiding them through a logical marketing planning process
- Prompting and defining key data input requirements
- Displaying information graphically to aid the understanding of the business.
- Providing advice at key stages
- Allowing 'what if' analyses
- Automatically outputting the report resulting from the analyses

In other words, it brings a level of expertise to the company which might otherwise require years of training and experimentation. But in addition we have found that EXMAR brings with it a number of less obvious benefits.

A teaching aid

By providing powerful new insights into ways by which the business may be analysed, EXMAR becomes a tutor. For example, one user was horrified to discover that what was always perceived as the star market segment was in fact the company's greatest area of loss. Equally the graphical representations of the business can make an unforgettable impact and user's skills improve dramatically. Not only do they understand properly the technicalities of each diagnostic tool, they also understand and appreciate their interrelationships and interdependencies.

A team-work facilitator

EXMAR is invaluable as a focus for multi-disciplinary teams. By responding to its requests and questions, the team is forced to discuss issues which may be new to them, or which may have previously been swept under the carpet- the 'let's not bother about that now' syndrome.

A guide to systems and procedures

As EXMAR requests data, it becomes immediately clear to the user regarding what is and is not available on a regular and easy to retrieve basis. Such prompting encourages the serious company to revise many of its information systems and databases and ditch those that can no longer earn their keep.

A time saver

Like all computer systems, the number -crunching of marketing data comes easy to EXMAR. Moreover its facility to model other marketing scenarios 'at the press of a button' replicates the work of whole marketing departments in seconds.

A vision clarifier

The discipline that EXMAR brings to the company situation forces managers to be clear about where they are taking the business. It makes them focus on customers and markets, the company's position within them and then make choices about the future.

What do users say?

To date, people working with EXMAR have been delighted with the results. One company increased its market share in a key segment from 15% to 27%. Others are just happy to know, with certainty, where their profits come from, or what the key success factors are in particular markets.

They tell us that they are now managing marketing better and as a result, identifying profitable growth areas. In turn, this means that they can make better investment decisions, be they about money, people or resources. Savings are achieved in both time and money. Increased profitability from focusing on the most favourable opportunities and reduced costs from withdrawal from ill-chosen business, recoup the cost of buying EXMAR very quickly.

Summary

It is something of a conundrum that the more uncertain the business world, the greater is the need for a strategic marketing plan. Yet at the same time, the process of producing one becomes more difficult because of all the uncertainties.

The development of EXMAR goes a considerable way towards reducing these barriers. It contains expert knowledge, it requests data and encourages the introduction of more appropriate systems and procedures. It challenges managers from all disciplines to think

about how they can contribute more effectively to strategic marketing planning. In that sense EXMAR also encourages a better use of resources. But does it change the culture?

In many ways it ought to, because it continually focusing on customers, markets and the outside world. However, history provides us with numerous lessons about change. Many of those who grew accepting that the world was flat refused to change their minds, even when faced with over-whelming evidence to the contrary. Even today there will always be some managers equivalent to 'flat earth' thinkers. For these, EXMAR will be a Trojan Horse, a danger from within which promises to threaten life as they know it.

Even so, these people will be greatly outnumbered by managers who recognise that change is long overdue. For these, EXMAR will be the long-awaited stimulus and catalyst. It will never take away the manager's power to make decisions and to organise the business, but what it will do is give them first-class advice on these matters.

Our dossier of positive results and deeply researched evidence grows thicker day by day, as testimony to the efficacy of EXMAR. Who knows, perhaps it is time for your company to add to these glowing references?

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