Strategic Marketing Process – Implementation & Control

Dilemma of Management: Where is the Problem?

Poor Planning or Poor Implementation?

Research: Characteristic of effective managers

Excellent in BOTH areas – the planning & strategy as well as the implementation & execution
EMPHASIS IN IMPLEMENTATION

Key to success: Implementation

HOW?
Planning activities now the purview and responsibility of line managers

WHY?
Because line managers are the ones who will have to implement the plans. They have to know what is at stake and be committed to making the plans work

CASE STUDY: GE under Jack Welch

SITUATION: 1980s GE in big trouble
* 350 businesses
* 43 SBUs
* multi-layered org with lots of red tape
JACK WELCH’S STRATEGY:

1. Three-circle strategy:
   set the strategic direction for GE’s future

2. #1, #2:
   GE “winners” would be either #1 or #2 in their industry

3. Fix, close or sell: GE’s mantra
   weak biz: closed or sold
   salvageable ones: fixed

4. Delayering: GE drowning
   what: eliminating layers & red tape
   results: employees empowered & accountable

5. Downsizing: painful
   how: laid off one-third of GE employees 150K
   result: lean and mean org
IMPROVE IMPLEMENTATION: HOW?

1. Communicate goals & how to achieve them
   - instill corporate culture & values

2. Product or program champion needed
   - brashness

3. Appropriate reward – the right incentives
   - reward successful program implementation

4. Action orientation – avoid paralysis
   - too much analysis → paralysis
   - mantra: ‘bias for action’ ‘do it, try it, fix it’

   - Lockheed’s Kelly Johnson:
     SR71 Blackbird and F-117 Stealth Fighter
     - Johnson’s skunk works: 126 vs 3750
     - make decisions promptly
     - avoid paralysis by analysis

5. Foster open communication: safe environ
   - speak out with no fear
   - solve the problem, not fix blame
   - when problem surface → surface it
   - get help, don’t keep to self

Saturn: avoid NIH syndrome
6. Schedule precise tasks, responsibilities, & deadlines

- Action item list: result of meeting
  a. the task
  b. person responsible
  c. date to finish task

Action item list:
- forward looking
- clarify targets
- strong pressure on people to achieve designated tasks by deadline

Program schedules:
- how tasks related over time
  a. identify main tasks
  b. determine the time required to complete each
  c. arrange activities to meet deadline
  d. assigning responsibilities to complete task

Scheduling: Gannt chart  see Fig 22-8
ORGANIZING FOR MARKETING

**Line vs Staff & Divisional groupings**
Line: have authority & responsibility to issue orders
Staff: advisory but cannot direct orders

**Product line groupings**
- responsible for specific product offerings

**Functional groupings**
- mfg, marketing, finance, etc

**Geographical groupings**
- territories based on geographical location

**Market-based groupings**
- banking, health care, mfg segments
  - matrix organization

**Category manager** (above brand managers)
- P & L responsibility over an entire product line – all detergent

**Role of the product manager**
- product or brand manager – in charge PIC
  Pros: strong advocates/champions; P&L
  Cons: little real authority; diff to coordinate
CONTROL PHASE

THE MARKETING CONTROL PROCESS
- manage by exception
- identify & measure variance from plan

1. Measure results:
   - dev metrics to monitor performance
   - financials: sales revenues, profits
   - marketing:
     - customer satisfaction
     - time-to-market
     - salesforce motivation

2. Taking marketing actions
   - variance analysis → marketing action
   - Colgate: Total toothpaste → aggressive
     - cleans teeth
     - fights germs
     - heals gingivitis
SALES ANALYSIS

Sales analysis:
Compare actual sales results vs sales goals
- identify strengths & weaknesses

Microsales analysis:
Trace sales revenues to their sources
- specific products
- sales territories
- customers
PROFITABILITY ANALYSIS & ROI MARKETING

Profitability analysis:
- tool for controlling mktg programs using profit attributable to
  - firm’s products
  - customer groups
  - sales territories
  - channels of distribution
  - promotions

ROI Marketing
- to understand, quantify, & optimize mktg spending
  case: profitability of coupon program
  - coupon’s cost
  - revenue generated
  - sales taken from competition
  - sales cannibalized