Chapter Summaries

# Chapter 12 – Strategy implementation and control

## Introduction

There is every indication that in the future, a firm’s marketing success will hinge not so much on having a good strategy, but on how well this strategy is implemented and controlled. The managerial act of control involves four steps:

1. Set targets of performance (these are typically in the form of goals or objectives).

2. Evaluate the reality of what occurs against these steps, i.e., failure or success.

3. Take corrective or reinforcing action where required.

4. Establish new targets in light of the situation at step 3.

That said, it must be emphasized that control is a process rather than a linear and sequential series of steps—the corrective and reinforcing step in turn becomes the source of information for the setting of subsequent standards.

## Implementation

The act of implementation is the accomplishing of or carrying into effect; it is the executing of a plan or strategy. Marketing strategy implementation consists of ‘doing’ the strategy. When strategic marketing failures occur, it is usually strategy formulation that is blamed: managers say things like, ‘Our strategy was wrong.’ Too often, they overlook the fact that there may have been nothing wrong with the strategy, but that the execution was flawed. As one executive ruefully put it, ‘Our thinking was right. But we did it wrong!’

The problem with poor implementation of strategy is that it is difficult to diagnose and may be even harder to diagnose cross culturally (see Morgan, Feng and Whitler, 2018). This dilemma was recognized some years ago by Harvard Business School Marketing Professor Tom Bonoma (1984), who argued that marketing managers trying to put marketing strategies into practice often confront structural and personnel problems. The structural problems of marketing involve marketing functions, programmes, systems, and policy directives. Marketing functions often fail because of faulty management assumptions or inattention to marketing basics, while programmes are often contradicted by a lack of functional capabilities or insufficient management attention, systems are limited by errors of ritual and politicization, and marketing policies regularly suffer from the lack of a marketing theme and culture.

## Barriers

Why are marketing strategies not always implemented well? The reality is that it is often easier to develop a new strategy than to implement it. In too many organizations, marketing strategy is implicit and resides only in the minds of senior marketers. These individuals may have trouble explaining their strategy, so most of the other people in the marketing function are forced to guess what the strategy is, and they may guess wrongly. Marketing executives often develop their strategy in isolation, leaving people without ownership and with no understanding of the rationale behind it. As many members of the marketing function as possible should be involved in developing a strategy to achieve accurate understanding and proper execution. A good strategic marketing process will help management identify and proactively manage the implications of the strategy for the organization’s products, markets, customers, and structure. According to Robert (1991), there are a number of barriers to the implementation of strategy that deserve brief consideration:

1. Marketing strategy is implicit not explicit.
2. Marketing strategy is developed in isolation.
3. Not everyone is a good strategic thinker.
4. Marketing strategy is developed by an external consultant.
5. The marketing strategy has unanticipated consequences.

### Decomposable and non-decomposable decisions

An additional barrier to consider is that organizations face two opposite types of decision: decomposable and non-decomposable. The evidence indicates that decisions which can be decomposed (fully deconstructed sequentially) tend to be more conducive to critical analysis (Dane, Rockmann, & Pratt, 2012). For example, market research might be conducted to indicate with 95% certainty what the likely effect on demand would be of a price increase. On the other hand, decisions that are non-decomposable (cannot be deconstructed sequentially) despite anyone’s best efforts are more suited to intuition.

Controlling marketing strategy

It is useful to distinguish three kinds of control regarding managing marketing strategy:

1. ***Annual plan control***: the objectives set in the annual marketing plan are evaluated against the results achieved. Corrective or reinforcing action is taken when necessary.
2. ***Financial or expense control***: considers the financial parameters and objectives set by a firm in its annual marketing plan, and the corrective or reinforcing actions needed to attain these. Management then ensures that the procedures adopted are reinforced throughout the marketing department for implementation at future exhibitions.
3. ***Strategic control***: the purpose of strategic control is to ensure that the organization maximizes the opportunities in its environment. Strategic control often takes the form of a marketing audit.

### Marketing budget

The marketing budget is one of the most important elements within control. Sometimes the main barrier to implementing the marketing strategy is simply that the allocated budget is inappropriate. Setting an appropriate budget is crucial for two reasons: if too much is spent, short-term finances are stretched (West, Ford, and Farris, 2014). However, if the budget is too small, longer-term opportunities may be lost and competitiveness eroded. A variety of methods are used to set budgets and most firms use multiple methods (circa 2–3 methods on average).

### Organizational culture

Every organization has its own unique culture or set of values, whether it has consciously tried to create this or not. Usually, the culture of the organization is created unconsciously, based on the values of the top management or the organization’s founders and it forms a major factor in control. Often, members of an organization will be heard to say things like, ‘In order to implement that strategy, we would have to change our culture’, as if culture can be changed easily and quickly, like bed linen. The reality of organizational culture is that it is usually very deep-rooted. Sometimes, it may be easier and better to try to understand the organization’s culture, and to work with it, rather than change it—and this has wide and significant implications for the implementation of marketing strategy.

It has been found that there is a direct link between organizational culture and business performance, while arguing that market orientation was a sub-component of culture (Webster, 1994; Deshpandé et al., 1993; Kumar et. al 2011). Companies with cultures that stress competitiveness (market cultures) and entrepreneurship (adhocracy cultures) out-perform those with cultures that stress internal cohesiveness or rules. The influence of organizational culture and memory development on managers’ perceptions of role-related problems has also been investigated (Berthon et al., 2001). Findings suggest both organizational culture and memory influence managers’ perceptions, with externally focused culture emphasizing strategic problems, and organic process cultures emphasizing unstructured problems (see, also: Batra et.al, 2017; Handy, 1978; Quinn, 1988; Campbell and Free-man, 1991; Goffee and Jones, 1996). The overall suggestion is that indicate that managers need to consider their existing organizational culture context and match this to their ability to take active steps to change cultural conditions before making strategy selection decisions (Yarbrough, Morgan, and Vorhies, 2011).

### Organizational structure

As well as organizational culture, organizational structure plays a key role in control. There has been a great deal of interest in the ways in which organizations maintain their internal and external viability considering market competitiveness. Where organizational culture refers to values and norms, or the ‘personality’ of the organization, organizational structure is concerned with the allocation of roles and responsibilities, how the organization functions. Organizations can take on several different marketing structures. The main types of organizational marketing structures are functional, brand, product/service, or market.

### Cybernetics

The traditional analyses of organizational control along the lines of function, brand, service, product, or market lines often miss the reality that organizations control their actions along a series of interconnected activity systems and those rules and procedures are needed to coordinate the use of scarce resources while maintaining standards of quality (Bruning and Lockshin, 1994). Cybernetics, the science of communication and control in organisms and machines, has made a particular contribution here with the concepts of variety and requisite variety (Jackson, 1988). Variety is the number of events or scenarios in an environment. To be viable, every organization must develop requisite variety with its environment. That is, an organization must have the capacity to match changes in its operating environment, which will enable it to exert some control. The founding father of cybernetics was W. Ross Ashby (see Brocklesby and Cummings, 1996), who worked for the US military during the Second World War. Ashby was particularly concerned with anti-aircraft and anti-missile systems. He argued that for a system to be viable, it had to go as low, and as high, and as fast, and as slow, at the objects in its environment to ‘match’ or ‘destroy’.

### Stafford Beer

Ashby’s ideas were further developed by Stafford Beer (1979, 1981, and 1985) who argued that any organism would only remain viable if it matched all the life-threatening varieties in its environment. For example, to use an analogy, the worm goes underground to escape the bird, and the bird goes into the air to escape the cat, and the cat jumps up a tree to escape the dog (Brocklesby and Cummings, 1996). Thus, organizations have to match variety with variety and this is the essence of successful control. Beer argued for a viable system model (VSM). From a marketing strategy perspective, his VSM enables individuals to define their purpose with respect to their relevant unit and to those units with which they are connected. Beer also pointed out that the whole system could be placed within a business unit so that each unit could have its own subset of the operating procedures, operating management, information gathering, and strategy. It might also be argued that the root cause of failure of such companies as Woolworths (2008), C&A (2011), Comet (2012), Tie Rack (2013), Blockbuster (2013), Phones4U (2014), Austin Reed (2016), Banana Republic (2016), ToysRUs (2018), Debenhams (2020), and Laura Ashley (2020) has been their inability to develop the requisite variety needed to survive in the environment.

# Conclusion

Control generally takes three forms: annual plan control, profitability control, or strategic control. Implementation is the act of execution of an endeavour and in the future, it is likely that organizations will become as good at strategy implementation as they are at formulation. A number of causes of the inadequate implementation of marketing strategy within organizations have been identified. The successful implementation of a firm’s marketing strategy is based upon a combination of factors such as have a sound process for control, having an adequate budget and organizational structure as well as a result of an organization’s corporate culture, defined simply as ‘the way we do things around here’.