

# EXERCISES

## Introduction to Chapter 3 exercises


The first exercise focuses on the types of problem that your company might be experiencing because of inefficiencies in the marketing planning system. In this sense it is providing an additional diagnosis about whether or not you need to improve your system. At the same time it helps to uncover some of the areas on which any new planning process needs to make an impact.

The second exercise attempts to be quite specific in pinpointing which aspects of the company need to be addressed in order to bring about the biggest improvements in marketing planning.

### Exercise 3.1 Symptoms of a lack of marketing planning

Put an 'X' at the point you feel is appropriate as being descriptive of your company against each of the statements below:

1. We seem to be missing opportunities for making profit
2. Our long-term planning seems to be nothing more than lots of meaningless numbers
3. Looked at rationally, our marketing objectives are unreasonable
4. We lack actionable marketing information
5. Managers are frustrated by the interfunctional strife and rivalry which seem to exist
6. There seems to be a steady proliferation of products and/or markets
7. Much of our promotional expenditure is wasted
8. There is confusion over pricing
9. We are becoming increasingly vulnerable to changes in our business environment
10. There is a feeling that we are not running the business, but instead it and outside forces are running us



<i>Mainly true</i>	<i>Mainly untrue</i>

If you find it difficult to put an 'X' against any statement, you should confer with some colleagues rather than making guesses.

Join the 'X' for statement 1 to the 'X' of statement 2 with a straight line. Then join 2 to 3, 3 to 4, etc. in a similar way down to 10.

(Continued)

### Interpretation of Exercise 3.1

You have just drawn a 'profile' of 'marketing planning' in your company.

If your 'profile line' tends to be positioned to the right-hand side of the spectrum, then it appears that you are not experiencing many of the problems which stem from a lack of marketing planning. In other words, you appear to be doing things fairly well. If, on the other hand, your profile line tends towards the left-hand side, you are much less fortunate, and should consider reviewing your current marketing planning process, paying particular attention to the problems you wish to overcome.

### Exercise 3.2 Marketing planning questionnaire – organizational issues

You are asked to answer a series of statements about your organization's approach to marketing planning. Since this quest is for useful and genuine data, please try to be as accurate and objective as you can as you complete this document.

You score the questionnaire by entering a number, 1–5, *only in the position indicated by the line next to each statement*. Choose your scores, using these criteria:

1. If you strongly disagree with statement
2. If you tend to disagree with statement
3. If you don't know if you agree or disagree
4. If you tend to agree with statement
5. If you strongly agree with statement.

1. The chief executive and directors show an active interest in marketing planning
2. The chief executive and directors demonstrate their understanding of marketing planning
3. The chief executive and directors use the marketing plan as the basis for making key marketing decisions
4. The chief executive and directors allocate adequate resources to ensure the marketing plan is completed satisfactorily
5. The need for a marketing plan is clearly explained to all managers
6. There is adequate information/data upon which to base a marketing plan

	A	B	C	D	E
1. The chief executive and directors show an active interest in marketing planning					-
2. The chief executive and directors demonstrate their understanding of marketing planning	-				
3. The chief executive and directors use the marketing plan as the basis for making key marketing decisions				-	
4. The chief executive and directors allocate adequate resources to ensure the marketing plan is completed satisfactorily		-			
5. The need for a marketing plan is clearly explained to all managers	-				
6. There is adequate information/data upon which to base a marketing plan		-			

	A	B	C	D	E
7. Our marketing plan has a good balance between short-term and long-term objectives			-		
8. People are clear about their role in the marketing planning process					-
9. Line managers are trained to understand how the marketing planning process operates	-				
10. Line operational managers believe the marketing plan is a useful document				-	
11. Enough time is allowed for the planning process		-			
12. It is made easy for line managers to understand the plan	-				
13. Marketing planning is never starved for lack of resources		-			
14. It is reasonable for a company like ours to have a well-thought-out marketing plan				-	
15. Reasons for past successes or failures are analysed			-		
16. In our organization we don't leave planning just to the planners; other managers have a valuable contribution to make					-
17. Our organizational style encourages a sound marketing planning process				-	
18. There is a clear understanding of the marketing terminology we use in our organization	-				
19. Market opportunities are highlighted by the planning process			-		
20. Functional specialists contribute to the marketing planning process					-
21. We limit our activities so that we are not faced with trying to do too many things at one time		-			
22. Taking part in marketing planning in our organization holds a high prospect of being rewarded, either financially or in career terms				-	
23. Only essential data appear in our plans			-		
24. Marketing does not operate in an 'ivory tower'				-	
25. From the wealth of information available to use, we are good at picking out the key issues	-				
26. There is a balance between narrative explanation and numerical data in our plans			-		
27. Our field sales force operates in a way which is supportive to our marketing plan					-

(Continued)

28. Our plan demonstrates a high level of awareness of the 'macro' issues facing us
29. Inputs to the planning process are on the whole as accurate as we can make them
30. Marketing planning is always tackled in a meaningful and serious way
31. Our plan doesn't duck the major problems and opportunities faced by the organization
32. There is a high awareness of 'micro' issues in our plan
33. Our plans recognize that in the short term we have to match our current capabilities to the market opportunities
34. Inputs to the marketing planning process are an integral part of the job of all line managers
35. Marketing planning is a priority issue in our organization
36. Our planning inputs are not 'massaged' to satisfy senior executives
37. People understand and are reasonably happy that our marketing planning process is logical and appropriate
38. We use the same timescale for our marketing plans as we do for finance, distribution, production and personnel
39. We view our operational plan as the first year of our long-term plan, not as a separate entity
40. Senior executives do not see themselves as operating beyond the confines of the marketing plan
41. The advocates of 'correct' marketing planning are senior enough in the company to make sure it happens
42. People are always given clear instructions about the nature of their expected contribution to the marketing plan
43. We try to make data collection and retrieval as simple as possible
44. Our marketing plans do not go into great detail, but usually give enough information to make any necessary point

A	B	C	D	E
-				
	-			
		-		
			-	
-				
	-			
				-
			-	
	-			
		-		
			-	
-				
		-		

- 45. The role of specialists is made quite clear in our planning process
- 46. We are always prepared to learn any new techniques that will make our marketing planning process more effective
- 47. The role of marketing planning is clearly understood in the organization
- 48. Marketing research studies (by internal staff or agencies) are often used as inputs to our marketing planning process
- 49. Our marketing planning is regularly evaluated in an attempt to improve the process
- 50. The chief executive and directors receive information which enables them to assess whether or not the marketing plan is coming to fruition as expected

A	B	C	D	E
				-
-				
				-
	-			-
		-		
				-
TOTAL SCORES				

Add up the total scores in each column.

***The Rationale behind the questionnaire***

There are many ways of looking at organizations and establishing ‘models’ of how they operate. One very common model is the organization chart, which attempts to show how responsibility is distributed throughout the company and to clarify the chains of command.

Other models are derived from the inputs and outputs of the company. For example, a financial model is built up by analysing all the necessary financial inputs required to conduct the business and monitoring the efficiency by which these are converted into sales revenue.

The questionnaire in Exercise 3.2 is based on a particularly useful model, one which helps us to understand the relationship between different facets of the organization. By understanding the nature of these relationships, we are better placed to introduce organizational change – in this case, an improved marketing planning system.

There are three main assumptions behind this model:

1. *That the organization today is to some extent often very strongly conditioned by its historical background.* For example, if historically there has never been a pressing need for a comprehensive marketing planning system because of favourable trading conditions, then this will be reflected in the current planning system and the attitudes of the company’s staff.
2. *That the organization today is to some extent sometimes strongly conditioned and directed by its future goals.* For example, the company that senses its marketing planning processes need to improve will take steps to introduce changes. That these

*(Continued)*

changes will make an impact on organizational life is self-evident. Furthermore, much of the resistance to be overcome will stem from the 'historical' forces mentioned above.

3. *What actually happens in an organization is determined by the skills, knowledge, experience and beliefs of the organization's personnel.* Thus at the heart of any organization is the collective expertise or 'knowledge' at its disposal. This will ultimately determine the success it has in any work it undertakes, whether it is making goods or providing services.

Clearly, then, the level of 'knowledge' will also be a determining factor in the quality and scope of the company's marketing planning process. These assumptions provide the 'skeleton' of our organizational model (Figure 3.1).

There are still important elements missing from this model. Irrespective of the company's corporate sum of available skills and knowledge, nothing can be produced without physical resources being made available. The key resources required for marketing planning will be accurate data, means of storing and retrieving the data, adequate staff and time to analyse the data.

There are still important elements missing from this model. Irrespective of the company's corporate sum of available skills and knowledge, nothing can be produced without physical resources being made available. The key resources required for marketing planning will be accurate data, means of storing and retrieving the data, adequate staff and time to analyse the data.

However, having the right resources isn't the whole solution; the company must also develop the best systems or *routines* to optimize the use of these resources. In marketing planning terms, concern is likely to focus on routines associated with collecting data, evaluating past performance, spotting marketing opportunities, sifting essential information from non-essential information, etc.

Routines, however, do not necessarily look after themselves. As soon as any system is set up, roles and relationships need to be defined. Who is going to do what to ensure that things happen?

Again, in marketing planning terms this will call into question the role of various members of staff from the chief executive downwards. How clear are people about their role in the planning process? Should planning just be left to the planning department? What is the role of functional specialists? Who actually collects marketing data? Whom do they present it to? Many questions have to be answered if the subsequent routines are going to function smoothly.

Even this isn't the end of the story, because once roles are defined, there is still the problem of setting up the right *organizational structure and climate*, one that will enable people to fulfil their roles in a productive way.

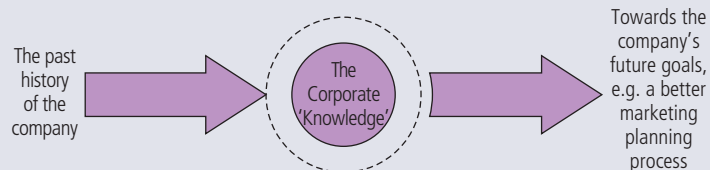


Figure 3.1: Knowledge and marketing planning.

From a marketing planning viewpoint, structure and climate issues surface in several ways. For example, the level of commitment to the planning process, the degree to which functional specialists are integrated into the planning process, the degree to which long- and short-term issues are accommodated, the extent to which the company is prepared to tackle the real and important issues it faces, the openness of communications, etc.

It is now possible to see how the completed model looks (Figure 3.2).

From the foregoing explanation, it is possible to see how the different facets of the organization all interrelate.

- A the 'corporate knowledge', about marketing planning
- B the resources allocated to planning
- C the routines or systems that are used
- D the roles and relationships of those engaged in marketing planning
- E the organizational structure and climate, and the extent to which it supports marketing planning

Thus, to introduce an improved marketing planning system might call for changes in all these areas. Some personnel might need training, more or different resources might be required, routines or systems might need improving, roles and relationships perhaps need to be reappraised, and the structure and climate of the organization re-examined.

Conversely, only one or two of these areas might need tackling. The questionnaire is designed to provide a 'snapshot' of the company and to help you identify which areas might be the starting point for introducing improvements.

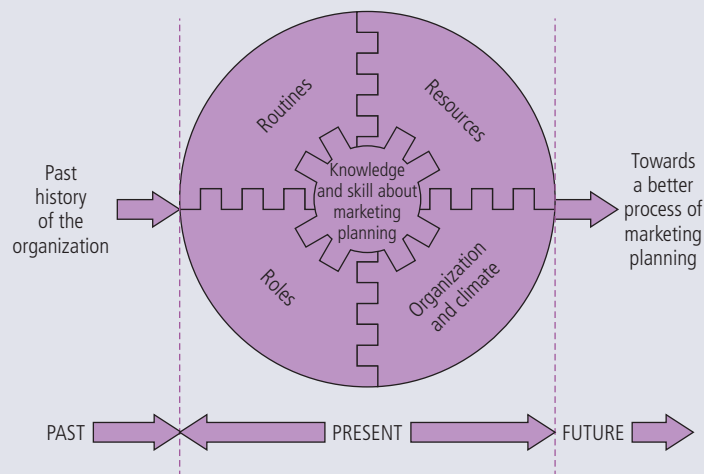


Figure 3.2: Marketing planning model.

(Continued)

### ***Interpretation of Exercise 3.2***

Add up the scores for columns A, B, C, D and E and write them in the boxes provided. Each of the letters represents a potential barrier to marketing planning, namely:

- A Cognitive barrier, i.e. knowledge and skills
- B Resource barrier, i.e. lack of time, people, data
- C Systems/routine barrier, i.e. lack of procedures
- D Organizational climate barrier, i.e. belief and interest in marketing planning
- E Behaviour barrier, i.e. the roles people play

The maximum score for each of these areas is 50 points. The higher the score, the less that potential barrier to marketing is likely to be making an impact. In other words, the areas with low scores (below 30) will probably be the areas worth investigating initially in the search for improvement.

### ***Personal notes***

List what actions need to be taken.