

**PILOT CASE STUDIES TO ASSESS  
THE EFFECTIVENESS OF THE DTI  
MARKETING CONSULTANCY INITIATIVE**

**IAN ALEXANDER COMBE**

Master of Science

**THE UNIVERSITY OF ASTON IN BIRMINGHAM**

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## **THESIS SUMMARY**

**THE UNIVERSITY OF ASTON IN BIRMINGHAM**

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This project is a multiple case study investigation into the effectiveness of The Marketing Consultancy Initiative. It attempts to review the methodologies associated with assessing effectiveness, and comes to the conclusion that in this study, a qualitative assessed benefits approach is required.

Further, effectiveness is dependent on ones view of consultancy; indicators of effectiveness based on the author's view have been introduced and interventions in the case study companies have been assessed accordingly.

The report concludes that the two most important variables in influencing effectiveness of consultancy intervention are the strategic intent of the client company, and the style model the consultant employed. The findings suggest that in the case studies, the most effective intervention occurred when the strategic intent was of the Analyser and the consultants style was of the Enlightened Doctor/Patient model. Finally, based on the research findings, recommendations are given to increase the effectiveness of interventions, and therefore of The Marketing Consultancy Initiative.

**Key Words:**

**Qualitative, Assessment, Models, Consultancy, Intervention.**

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## **PREFACE**

In documenting this research project I have presented the information in the following way:

### **Part 1**

The literature review has highlighted the relevant literature, and raised the issues that led directly to the research questions listed at the end of the review.

### **Part 2**

The methodology appropriate to answering these questions, and listing the case studies and the research process at the end of this section.

### **Part 3**

A summary of the research findings and a discussion of the implications. These findings have been brought together under the headings of the research questions. In addition I have also presented a summary of the findings with regard to Strategic Intent. This issue was not highlighted in the literature, but has arisen out of the research process. These findings have led to my proposed model of effective consultancy intervention, the conclusions and recommendations.

The appendices contain additional information and detailed research findings.

## **PART 1**

### **THE LITERATURE REVIEW**

**"EDUCATION IS WHAT SURVIVES WHEN WHAT HAS  
BEEN LEARNT HAS BEEN FORGOTTEN"**

B.F.Skinner, Education in 1984,  
*New Scientist*, 21 May 1964.

#### **1. INTRODUCTION**

The Enterprise Initiative was launched in January 1988 by the Department of Trade and Industry (DTI). A major element of which, is the assistance to small and medium sized enterprises (SMEs) in the use of consultants, to encourage the development of management skills : The Consultancy Initiative.

Small and medium sized independent firms with fewer than 500 employees, can obtain up to two thirds the cost of between 5 and 15 days of consultancy advice, in a flexible response to their particular needs.

The aim of the scheme is to increase competitiveness by the use of external "expert" advice in various management functions: Business Planning, Design, Financial and Management Information Systems, Manufacturing and Service Systems, Quality and for the focus of this study, Marketing. An independent Enterprise Councillor assesses the needs of the business during a short free business review. This report is then sent to one of the scheme's regional contractors - independent organisations who maintain lists of



eligible and suitable consultants. The consultant then works within the client company to assess:

- \* The Present Marketing Activity.
- \* The Strengths, Weaknesses, Opportunities and Threats.
- \* The Present and Potential Customers.
- \* The Competitors.
- \* The Sales Performance.

The process of Strategic Marketing Planning is where these analyses are used in the formulation of strategies that guide the business function. The consultant thus helps develop an overall marketing strategy by focusing on specific elements of the marketing mix, in an individualised response to the client firm.

This research project aims to assess how The Marketing Consultancy Initiative has contributed to the understanding of, and long term use of marketing in small and medium sized firms. It will focus on :

- \* The role or style of the consultant.
- \* The organisational issues, and implementation problems.
- \* The attitudes to, and knowledge of, marketing within the client firm.
- \* The strategic decision making processes that result.

The Marketing Consultancy Scheme has been widely taken up throughout the country by SMEs. See Table 1. The scheme can therefore be seen as a possible major contribution to an increase in knowledge and awareness of marketing and associated management issues in the SME sector.

**THE MARKETING CONSULTANCY SCHEME: NUMBER OF APPLICATIONS**  
**Cumulative to 31st March 1992**

	<i>Applications</i>	<i>Business Reviews Completed</i>	<i>Completed Projects</i>
<b>TOTAL</b>	<b>30400</b>	<b>27400</b>	<b>10400</b>
<b>By Region</b>			
NE	4%	4%	4%
NW	9%	10%	12%
YH	7%	8%	9%
WM	9%	9%	8%
EM	6%	6%	6%
SW	11%	11%	10%
EAST	11%	11%	8%
LONDON	17%	15%	15%
READING	7%	7%	7%
REIGATE	9%	9%	8%
SCOTLAND	5%	5%	8%
WALES	4%	5%	5%
<b>By Sector</b>			
Manufacturing	43%	44%	46%
Services	57%	56%	54%
<b>By Sizeband</b>			
<10	54%	58%	44%
10-24	28%	21%	26%
25-99	14%	16%	24%
100-199	3%	3%	5%
200-499	1%	1%	2%

Average Length of Consultancy 14 days

**TABLE 1**

The main theoretical problems associated with this study are concerned with answering the questions:

- \* What is effectiveness?
- \* How can it be assessed?

These questions go to the very core of the marketing concept, as marketing is about being effective in business. I have discussed these issues, with regard to the effectiveness of strategic marketing planning in Chapters 3 and 4. I have also returned to these questions within the conclusion in Chapter 22, with regard to effectiveness of The Marketing Consultancy Initiative.



## **2. BACKGROUND**

The origins to the Marketing Consultancy Initiative can be traced back to recommendations given in The Bolton Report (1971). For further information see Appendix 1.

The Bolton Committee rejected positive discrimination in favour of small firms, but made recommendations to remove discrimination, and to increase management skills by the use of suitably qualified consultants with a very broad experience.

In the early 1980's the Government policy of trying to control inflation by raising interest rates, resulted in the uncompetitiveness of much of the older and larger capital intensive industries. The demise of these industries, and the resultant increase in unemployment, led to the encouragement of small firms, with initiatives introduced in the Government White Papers "Lifting the Burden" (1985) and culminating in "DTI: The Department for Enterprise" (1988). These initiatives added to the promotion of an "enterprise culture".

" It is the growth of enterprise, the efforts of millions of our people engaged in the creation and development of businesses large and small that is the real driving force of the economy."

"Lifting the Burden" (1985 p.1)

by reducing the amount of regulation, and here

"..the burden is much greater on small business..."

(Ibid p.2)

and creating the right climate to encourage enterprise by offering

"..a range of new business development initiatives covering...marketing...that will encourage the development of management skills through the use of outside consultants by small and medium businesses."

(DTI: The Department for Enterprise, 1988 p.iv)



A network of regional offices was set up to co-ordinate advice and help, and specifically for the purpose of this report, the improvement of marketing skills at the regional level.

Throughout the 1980's the government has been successful in the promotion of small businesses, but as can be seen from Figure 1, this success is mainly limited to the very small size bands (1-5 employees) and the self-employed.

Increases in employment share (given as a percentage of total employment) Figure 2, is also limited to these size bands, although a discernable shift in employment share, from large companies to the very small can be seen.

There is a slight increase in share of turnover within the 1-49 size groups, Figure 3, but there is a reduction in turnover share within the 50-199 size groups, while the large companies have increased their share. We could thus draw the conclusion that the very small firms have increased their share of turnover at the expense of the lightly larger SMEs, while large firms, 200+ are increasing their dominance. The large firms are achieving this increase in turnover, while reducing employment share.

Comparing business statistics between countries is difficult. In Europe, the statistics are based on VAT thresholds which vary between countries. The essential difference between Britain and Germany, for example, is that Germany has fewer self-employed (without employees), and that firms in the size band 2-49 employees are much larger (an average of approx. 50% larger) than the equivalent firms in Britain. They have an average employment of 9 employees while in Britain the average is 6. Since SMEs in Germany are larger, their share of output is much higher.

Statistical evidence suggests that the government should concentrate its SME policy effort on the size band 6-199 employees, especially on the 6-49 size band.

Figures 1, 2 and 3 adapted from Daly and McCann (1992)

THE NUMBER OF BUSINESSES IN THE UNITED KINGDOM,  
BY SIZE BAND

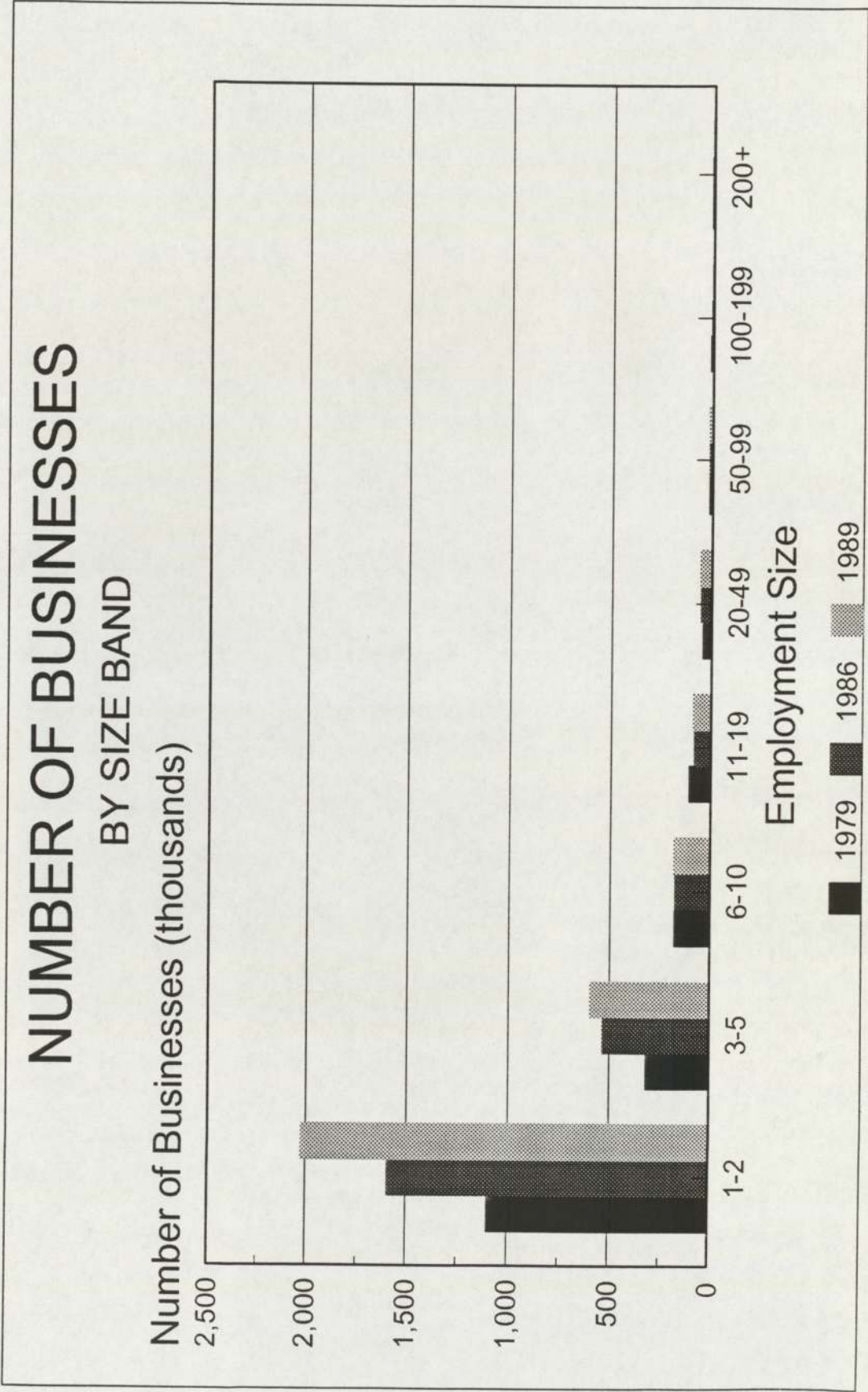


FIGURE 1



THE EMPLOYMENT SHARE OF BUSINESSES IN THE UNITED KINGDOM,  
BY SIZE BAND

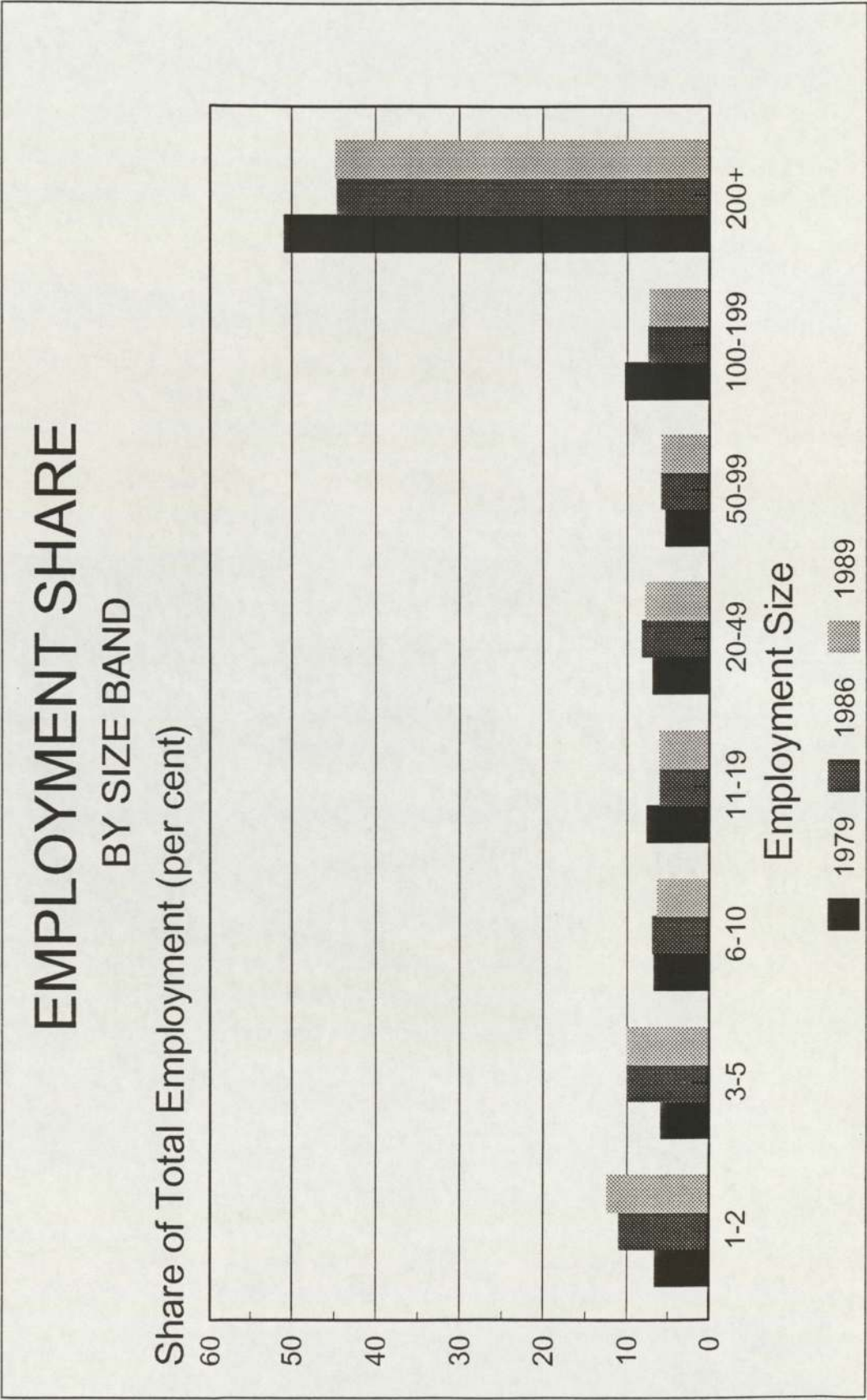


FIGURE 2



THE TURNOVER SHARE OF BUSINESSES IN THE UNITED KINGDOM,  
BY SIZE BAND

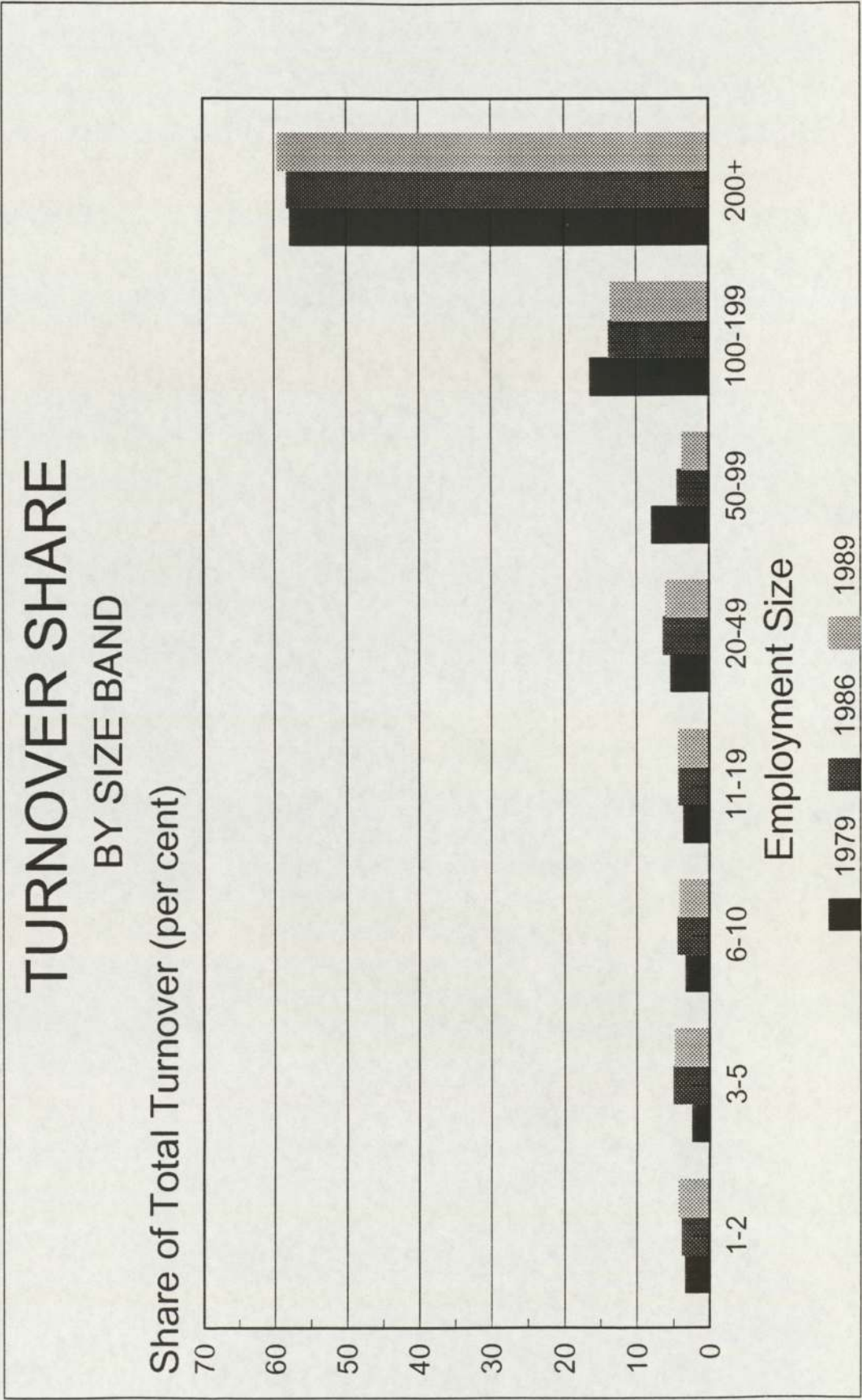


FIGURE 3

Since the Bolton Report (1971) much work has been carried out to back up and add to the findings concerning the small business environment in general, and the attitudes and management skills of the entrepreneur and the small business owner/manager. Writers such as Chisnell (1987) show that many small businesses suffer from inadequate marketing information, and the skills to use it. Others such as Scase and Goffee (1980) show us that small business owners can give a high priority to providing a service and ensuring customer satisfaction, and therefore often undertake marketing in an intuitive fashion. Stanworth and Curran (1973) show how attitudes and goals of the business person change over the life cycle of the firm, and most markedly when the person in their case study changed his role from owner/manager to that of managing director, when his firm was bought out by a larger company. See Table 2.

### **THE ATTITUDES AND GOALS OF SME MANAGEMENT**

	<u>Owner/Manager</u>	<u>Managing Director</u>
<u>Primary</u> <u>Goals</u>	1.Economic rewards	1.Achieving recognition in the field of management
	2.Outlet for personal abilities	2.Security
	3.Independence	3.Building something to leave to the children
	4.Security	4.Economic rewards

Adapted from Stanworth & Curran (1973 pp.129-148)

**TABLE 2**



Thus although Bosworth and Jacobs (1987) found that a conservative attitude and an independent ethos of owner/managers can hinder the introduction of change. Attitudes and goals of individuals are the main barriers to increasing managerial skills in the small firm sector. If they wish to become "better managers" they will be more likely to actively seek more knowledge in this area. Bosworth and Jacobs (1987) state that:

"...the main conclusion, which is an important theme throughout..., concerns managerial inadequacies particularly in the financial, marketing and planning skills."  
(p.abstract)

Gibb in Watkins, Stanworth and Westrip (1982) complemented and added weight to the Bolton Report recommendation of giving advice and support to small business. He studied the Baden-Wurttemberg area of Germany, where there is a long and successful track record in specialist assistance to small firms. He found a very prosperous manufacturing and export orientated economy, based on a very substantial small firm contribution, that had benefited from assistance such as:

- \* Six days free consultancy a year, plus up to 50 days at a subsidised rate for the first 5 years of operation.
- \* Provision of free, full and part-time training courses.
- \* Subsidised long term loans at start up, and new product/process development loans later.
- \* A loan guarantee scheme.
- \* Subsidised consultancy up to 75% of the cost for new product development.
- \* Subsidy of up to 40% of staff costs of personnel engaged in Research and Development (R&D).

It can be said that since Gibb carried out this research in the early 1980's, Britain is moving towards this comprehensive and integrated support for the small business sector, with The Consultancy Initiative playing its part. Thus although The Consultancy Initiative

is a relatively recent scheme, it does fall within the recommendations that were given in the Bolton Report (1971). Schemes similar to this initiative then, have been seen to contribute to the small business sector in other countries at the regional level. Many researchers have identified that there is a lack of management skills in small companies, and this is particularly true in the field of marketing. The attitudes and goals of the small business owner/manager can change over the the life cycle of the firm, and influence the acquisition of skills.

Although many authors have highlighted that "intuitive marketing" does exist in small firms, it is possible that the skills of many small business people do not progress from this stage due to the complexity of much of the marketing literature. Comprehensive texts such as Kotler's (1991) give an indepth view biased towards large organisations and more mature markets. While the more "popular" books that one is likely to find in the highstreet bookshop, are more concise but still very general, theoretical and prescriptive in their approach. The needs of small business are in contrast to this complex approach. They require practical suggestions of how they can be more successful in dealing with, possibly a more local or small section of a market. Thus they require relevant literature that is uncomplex, and addresses implementation problems. Although we can partially blame the "self help" literature, it is the small business people themselves that need to change their attitudes and devote more time to acquire further skills in the field of marketing. The Marketing Consultancy Initiative can be seen as making a contribution to overcoming these problems by providing advice that is relevant to specific business situations. Consultancy intervention may be useful, by building on, and adding to, any "intuitive marketing" that already exists within small companies, allowing skills to be used and organised in a more "professional" manner.

These issues will be investigated in this research project.



### **3. ASSESSING EFFECTIVENESS OF STRATEGIC MARKETING PLANNING**

While working within The Marketing Consultancy Initiative the consultant helps the small business develop a strategic marketing plan, but there are difficulties in assessing the effectiveness of marketing planning during empirical research.

Greenley (1986) has discussed the different approaches in defining the nature of effectiveness. These definitions can be classified within two distinct camps:

- \* Definitions reliant on measuring or trying to measure some form of end result.
- \* Definitions reliant on the nature of the planning process.

In this second approach the planning process is measured against attributes that are said to represent effective planning. Labelled a multi-dimensional approach.

#### **Measuring End Results**

Most empirical studies have used this approach, by using measurements of performance. Many difficulties arise:

- Determining a cause and effect relationship between planning and end results.
- Isolating the effects of other variables on end results.
- The long term nature of many possible end results.
- Finding appropriate measurements of end results eg. performance.
- The definition of planning, various forms exist.

These difficulties have led to contradictory evidence, so that while the majority of empirical studies have found a positive relationship between marketing planning and performance, for example Malik and Karger (1975), Welch (1984), Rhyne (1986), and Verhage and Waarts (1988), others have not, such as Fredrickson and Mitchell (1984).

## Measuring the Nature of the Planning Process

In this approach the planning process is measured against attributes that are said to represent effective planning. This multi-dimensional approach also has limitations:

- Determining the attributes that represent effectiveness.
- Ascertaining a complete set of attributes.
- Ascertaining the relative importance of each attribute.
- Accuracy of the scales of measurement of attributes.

Both Dyson and Foster (1982) and Greenley (1983) have used this approach in empirical studies, utilising measurements of attributes on a semantic differential, bipolar scale. Both studies suffer from validity problems associated with the limitations stated above.

The measurement limitations of these two approaches, have led Greenley (1986) to document an assumed-benefit approach, which lists the benefits that accrue to the company as a result of planning. Thus although this approach has the benefit of highlighting the process benefits, it makes no attempt at measurement or assessment. This approach cannot therefore be used to assess the level of effectiveness.

The above considerations have led to inconclusive results. It is therefore difficult to contradict or agree with Hayes and Abernathy (1980) when they suggest, that innovation and thereby competitiveness has been stifled by the process of planning, and Hayes (1985) when he argues:

"..under certain circumstances, the methodology of formal strategic planning and, even worse, the organisational attitudes and relationships that it often cultivates can impair a company's ability to compete."

(p.112)

It could be said that these last two authors are highlighting that the bureaucratisation of large companies stifles innovation. Rothwell (1989) has shown that small companies have



increased the number of innovations in recent history, between 1945-1983, although no account was taken of the nature and quality of the innovations or their impact.

**THE PERCENTAGE OF INNOVATIONS IN THE UNITED KINGDOM.**  
**1945-1983**

	Increasing size of firm ----->		
	Employees 1-199	1000-9999	100,000+
1945-1949	18.6%	48.7%	2.2%
1980-1983	32.1%	29.3%	1.3%

(Adapted from Rothwell, 1989 p.54)

**TABLE 3**

Table 3 suggests that very large companies have rarely been innovative anyway, although we can surmise that formalising or bureaucratising strategic planning can have an adverse effect on large companies as this leads to a lack of flexibility and entrepreneurial behaviour and ultimately lack of competitiveness.

Ackelsberg and Arlow (1985) found that during their research a similar effect can be found in small companies:

" ... the more the manufacturers formalised their planning activities, the poorer their sales performance."

(p.62)

The validity of this finding can be questioned, firstly because of the difficulties in defining precisely "formalisation", and secondly in the use of short-term measurements of performance. Despite these difficulties, the finding is consistent with the view that formalisation of planning, such as producing and adhering strictly to a written plan, and

preparing strict budgets should be avoided.

Ackelsberg and Arlow (1985) also found that the more small firms used the analytical aspects of planning: assessing strengths and weaknesses, identifying and evaluating alternatives, reviewing and revising plans - the better the economic performance. This finding seems to agree with the view of other researchers such as McDonald (1982), that it is the process of planning that is important.

Robinson (1982) found that small firms that use outsiders in strategic planning have significantly higher profits, productivity and sales than small firms who do not use outsiders. I do not propose to try to replicate this type of study, which tried to compare directly, the performance of companies that had received consultancy advice, with control groups that had not received advice. I do not think it is possible to compare firms in this way. No mention was made of the different management structures or attitudes that might influence the results. Possibly it is only the better performing, more professional firms that seek consultancy advice. I believe too many validity problems result from the use of measurements of performance and directly relating any improvements to "expert" intervention, and also the use of control groups that may or may not be equivalent to the sample chosen.

Single and short term measures of performance do not encapsulate the concept of competitiveness that is underlying any measurement of performance. Therefore if measurement is to be attempted, full holistic measurements are required, such as those proposed by Buckley, Pass and Prescott (1988):

competitive performance by export market share, export growth and profitability from a product and firm perspective;

competitive potential by cost, productivity, price and technology indicators, again from a product and firm perspective; and



management process by ownership advantage, commitment to international business, marketing aptitude, management relations, closeness to customers, and economies of scale and scope.

These holistic measurements take into account the future as well as the past. Therefore simplistic, single, short-term measurements, and the use of equivalent control groups encounter too many validity problems.

Thus many marketing researchers have been "hung up" in the past, by trying to prove the legitimacy of the marketing concept. By trying to link increased performance with increase in marketing orientation or with the uptake of marketing planning. Many difficulties arise, not only in the use of measurements, but also in the need for strict definitions of the level of orientation or planning, as various forms exist. I do not believe that these problems are resolvable. We have to turn to "language" to understand why not. It is because marketing is a business philosophy, and what researchers are trying to do, is to measure the legitimacy of a philosophy. We may borrow the language of law, and state, that there is *prima facie* evidence to suggest that an increase in performance results from increased marketing orientation, but it is difficult to see how we could go further without resulting in a great deal of validity problems within our research.

If we study language a bit closer we can see that there are different types of assertions or questions:

\* Empirical assertions

These are areas where scientific and quantitative methodologies can help, as the phenomena are observable and we can count them.

For example: Does brand A sell more than brand B?

\* Conceptual assertions

These are concerned with meaning, description and definition.

For example: Are firms undertaking strategic marketing planning, even when there is nothing in writing?

To answer this question we have to study the definition of the terms used. We might use qualitative methods to define the term more thoroughly, and then use quantitative methods later. If the phenomenon does not fit with our definition, we have to classify it elsewhere, or create a new definition.

\* Value assertions

These are not empirical or conceptual in nature.

Thus we may ask: Is capitalism the best political system? The answer depends on our value judgement. Thus: Is marketing the best business philosophy? falls within such assertions. This question does not lend itself to empirical verification or analysis of definition.

What marketing researchers are trying to do, when they try to prove that increase in performance results from an increase in marketing orientation, is to shift the assertion from a value assertion to an empirical one. They may also be legitimising the language of the accountancy profession by the use of performance measures. They are therefore on the defensive. It is often the accountancy profession that marketing has to overcome in getting its message across.

I conclude that due to measurement limitations, that no conclusive evidence exists, to suggest that the uptake of strategic marketing planning directly leads to an increase in competitiveness. Formalised planning may in fact, lead to a decrease in competitiveness. Companies should therefore plan in an informal way, indicating general direction only. Due to both, measurement difficulties and the subjective nature of effectiveness, a different approach is required in this research project, when assessing the effectiveness of The Marketing Consultancy Initiative within the client companies.



#### **4. THE POTENTIAL BENEFITS OF STRATEGIC MARKETING PLANNING**

McDonald (1982) reports the potential benefits of marketing planning:

- \* Procedural benefits - it requires a great amount of actionable marketing information
- \* Process benefits - greater co-operation, awareness, motivation and understanding
- \* Efficiency benefits - clearer priorities, reduction of waste, improved success.

Greenley (1986) also reports possible procedural and process type benefits:

- \* Allows for a combination of all marketing functions into a combined effort.
- \* Creates a framework for internal communications between personnel.
- \* Helps to integrate the behaviour of individuals in the organisation into a total effort.
- \* Gives an encouragement to forward thinking on the part of personnel.
- \* Encourages a favourable attitude to change.

It is the process of planning leading to the setting of marketing strategies that is of prime importance, as it is this process that will enlighten the small business owner/manager to the factors that affect the business and its market, and which source/s of competitive advantage to employ. It is important to highlight these process benefits as the standardised, formalised procedures written about so often in the prescriptive texts have according to McDonald,

"..rarely brought the claimed benefits and have often brought marketing planning itself into disrepute."

(reprinted in Leppard & McDonald, 1987 p.160)

Carson (1990) seems to agree with the process approach:

"..perhaps the major benefits...from marketing planning...are in enhancing the marketing profile...in terms of stating and understanding objectives, motivating and directing staff, establishing priorities and improving the quality of market information."

(p.10)

I believe that the benefits of marketing planning are more process based, especially in the areas of increased awareness and understanding. These potential benefits arise by undertaking the process of marketing planning. ie. learning by doing. Marketing planning should therefore be seen as a process to enable developmental education to take place. It is doubtful that these potential process benefits are highlighted when companies try to conform to some blueprint or prescriptive marketing plan. Also, many implementation problems could arise. It is because the organisation and its people are unique that consultancy should get better results than blindly following a prescriptive plan. The process benefits of increased awareness and understanding should result in better quality strategies and better timing of their implementation, but as the process should be iterative, time must be given for quality to improve. We should expect that the implementation of change to a more marketing orientated approach to be more straightforward in small companies, due to their lack of size, less complicated structure, and hierarchical nature. The owner/manager usually has complete control. The consultant then, has to concentrate his or her efforts in educating this owner/manager if any lasting benefits are to result from consultancy. It is this educational process that needs to be evaluated and assessed. This can only be undertaken by an indepth analysis within the context of the organisation.

I propose an assessed benefit approach within this study. As the main benefits from the uptake of marketing planning are likely to be an increase in knowledge and awareness. A longitudinal study is required to assess these levels before and after consultancy. Although it would be beneficial for such a study to take place, it is not possible for me to undertake this comprehensive study in the time available. Therefore in this research project I will investigate the benefits the clients have obtained through consultancy and develop indicators of effectiveness.



## 5. THE CONSULTANT

One of the most influential factors on the outcome of The Marketing Consultancy Initiative will be the attitude of the consultants to their role within the client firm. The consultant as "expert" enters into the organisational environment with his or her own set of skills and experience, and own way of assessing what the "expert's" role should be. The consultant's role or style will have a direct and influential effect on the uptake of the process of strategic marketing planning within the client firm. I will therefore discuss the different roles the consultant can employ.

Assessing the viability of a product or product range is dependent upon the information the consultant finds in place within the organisation. Financial systems may not be in place to inform the consultant which products are profitable and which are not. The consultant will invariably be involved in setting up information systems, and addressing a wide variety of problems not exclusively associated with marketing. The consultant as "expert" in such situations will need to have broad expertise.

A consultant that I have interviewed described his role to be somewhat of a "company doctor". This consultant undertook a range of actions such as basic qualitative market research by telephoning customers, establishing structures for departmental organisation and team work, structures for information gathering, attempting to resolve conflicts, and was involved in some companies with financial planning and budgets. This consultant viewed his role as a facilitator rather than just producing a report. He found that he had to take a holistic approach to overcome marketing problems. It is unlikely that the marketing problems can be addressed in isolation within SMEs.

Both Archibald (1970) and Schein (1988) describe three roles of the "expert". I have used a combination of both author's descriptions to aid understanding.

The role mentioned above could be likened to the Doctor/Patient model, where the consultant both diagnoses the problems and prescribes the remedy. This model involves

an interactive approach, the outcome of which is mainly descriptive.

The Systems Analyst view led to Mintzberg's (1973) description of the planning mode which focuses on systematic analysis with the analyst playing the dominant role. The outcome is a prescriptive plan which is hierarchically imposed. The manager diagnoses the problems, the "expert" gives the advice. The outcome of the consultancy will vary depending on whether the manager has correctly identified the problems, and whether organisational problems are addressed or ignored, but the systems analyst ignores these factors.

The Process model also involves an interactive approach, but there is joint diagnosis of problems and the consultant passes on diagnostic skills, so that clients can manage their own problems in future. The consultant has essentially a developmental, and educational role, and acts as a "change agent".

Archibald (1970) argues for a link between the Systems Analyst approach and the Process type approach. As this last approach should pay more attention to problem solving, cost analysis, and deal with the real world consequences of action. This Process type approach would be beneficial to client companies as they could literally learn to do without "experts". It is also more concerned with developing management competences which are useful in all areas of business, and does address implementation problems. If this approach is increasingly being used, the scheme should be seen in a broader sense, increasing knowledge and capability. Farhangmehr (1991) has highlighted the importance of this aspect of consultancy within The Marketing Consultancy Initiative, but her quantitative methodology did not allow for an indepth analysis. It is this indepth analysis that I am proposing to undertake. Increase in performance of any client business might be due to any possible means, either directly or indirectly influenced by the consultancy. Therefore I shall concentrate on the broader, educational aspects of the scheme.



## COMPARISONS OF MODELS OF CONSULTANCY

	FOR	AGAINST
PROCESS APPROACH Client knowledge Client capability Change agent	Holistic view. Joint diagnosis of problems. Increase in client knowledge & capability. Help to change	Less emphasis on problem-solving. Less concerned with productivity, effectiveness, and short term gain.
SYSTEMS ANALYST Systematic analysis Prescriptive plan Hierarchically imposed	Concerned with productivity, effectiveness, and short term gain.	Only client diagnoses problems. No concern for client knowledge. Ignores organisational problems that could influence implementation. Hierarchically imposed.
DOCTOR/PATIENT Descriptive Interactive Remedial	Objective diagnosis of problems. Persuasive	Only consultant diagnoses problems. Description of problem does not necessarily mean action. Minor change only.

TABLE 4

The regional contractors for the marketing initiative, do issue guidelines to consultants for the production of a strategic report. See Appendix 2. Consultants reports are assessed at the regional level.

There are no guidelines for the consultant style (role) at present, therefore general guidelines could be developed to introduce consistency in what should be a learning process.

The above considerations require us to identify the style of the consultant, and to assess in what ways implementation, knowledge and capability have been influenced by this style; illuminate any problems that were experienced, during, and as a result of consultancy, and furthermore to assess if the consultant addressed or ignored these issues. Thus the aim of this study is to answer the following questions, with regard to the consultant:

- \* What was the style/role of the consultant in undertaking his/her job?
- \* How was effectiveness of the consultancy intervention influenced by this style?
- \* Did the consultant address organisational/other issues not directly associated with marketing?



## **6. THE LIFE CYCLE OF THE FIRM**

The organisational and behavioural implications resulting from formalised marketing planning led Leppard and McDonald (1987) to study these phenomena, and try to develop some practical guidelines for implementation. This research led them to identify that a relationship exists between how a company tackles marketing planning, and the stage of development of that company. Although we might expect that small businesses are at the start of this life cycle, Leppard and McDonald did not find a single marketing planner at the initial "business formation" stage. The next life cycle stage - the "directed evolution" phase is relevant to the larger companies undertaking the Marketing Consultancy Initiative. Two approaches to marketing planning were found:

- \* The senior executive took responsibility or delegated the task.
- \* Appropriate members of staff were told what information to provide.

This second approach "...holds a prospect of generating more useful data without sacrificing directive power-based culture."

(Leppard & McDonald, 1987,p.169)

I feel that this integrated, more process driven approach is more likely to succeed, as a larger number of people "own" the plan and will be more motivated to act on its outcome.

Carson (1985) has related the life cycle phenomenon to the small firm. He reports four stages:

1. *Initial Marketing* activity involving personal contact with the customer, and mainly concerned with getting the product right.
2. *Reactive selling* where new enquiries are increasingly coming from strangers, and there is more formal information on products, prices, delivery, etc.

3. *The DIY Marketing* approach in which the owner/manager tries to find out something about marketing. The firm cannot afford or justify a marketing "expert". There is rarely any co-ordination or integrated efforts.

4. *Integrated Proactive Marketing* involving each marketing activity supporting the others.

Carson found that most firms have difficulty moving from stage 3 to 4 as they cannot afford to employ an expert to help with the change at stage 3 until stage 4 is reached. The Marketing Consultancy scheme alleviates this cost constraint to a greater or lesser degree. Carson goes on to say that:

"...the time at which a consultant is brought in seems crucial to the overall success of the relationship. If it is too soon then neither the small firm nor its owner will be ready for, or receptive to, the input of the consultant expert; if too late, the part-time service will be unable to satisfy the marketing needs of the firm."

(Ibid,p.14)

This statement has important implications for the Marketing Consultancy Scheme as Carson is implying that; small firms that are at stage 3 in the life cycle will benefit more than others, from the intervention of the consultant. Although Carson's statement suggests a hypothesis along these lines, a comprehensive study would be required if any generalisability of findings is to occur, and therefore to address such a hypothesis is beyond the scope of this study. Within this study I aim to identify the stage of the life cycle that existed when consultancy took place, and whether the firm has progressed from this stage. I also aim to see if the expected marketing responses with regard to life cycle were present. The consultant's report will form the basis for these analyses. The aim of this study is to answer the following questions, with regard to life cycle phenomena :

- \* What was the stage in the life cycle at consultancy?
- \* What is the stage at present?
- \* Did consultancy help to bring about any change that has taken place?
- \* What are the limitations to development into stage 4 in the life cycle?



## **7. ORGANISATIONAL ISSUES**

The stage in the marketing life cycle and the size of the firm have important implications with regard to organisational and cultural issues, and impinge on the implementation of strategic marketing planning. Some of these issues have been highlighted by Carson (1990) in a small business case history - Kilco Chemicals. This more mature company, established for over 25 years, employed a marketing director, so that one would expect the company to establish a more professional, integrated proactive approach. This was not implemented due to the:

"resistance of the old established practices" and "because his co-directors decided not to sanction additional resources for marketing."

(p.37)

We can contrast this case with others that were mentioned, that were more newly formed and smaller concerns, and were able to implement their marketing plans with less resistance. Therefore we can surmise that the larger, more complex, and more mature the small firm, the more that organisational and cultural issues will have to be overcome, whilst introducing strategic marketing planning. I will therefore have to include both younger, possibly more entrepreneurial, and older more mature firms within this study.

Organisational and cultural dimensions led Leppard and McDonald (1987) to conclude that:

"..marketing planning interventions in companies must be recognised as having a "political" dimension and not purely educational."

(p.170)

Although one would expect more mature small businesses to be more "set in their ways", this can also be the case in younger establishments. A consultant recently informed me

of an example that he experienced whilst offering advice under The Marketing Initiative. A group of four individuals had come together to form a computer software company. Things were going well, but they had applied to the scheme because their "sales record was poor". The consultant found that the company had largely survived on the original contacts the directors had brought to the company from their previous employment. No one was taking responsibility for marketing. Shortly after the consultancy, the underlying reasons for poor sales, ie. personality difficulties and conflict between directors, came to the fore; the chairman resigned and left, and the company was split up. This unsuccessful consultancy was experienced by the same consultant who viewed his role as that of the company doctor (above), but was obviously unable to overcome the organisational difficulties in this case.

Writers such as Morgan (1986) help us to set organisational and cultural difficulties at a corporate level, into a national context. The main elements of these issues that concern us in this study are:

- \* The structure of the organisation and the organisation of the marketing effort.
- \* Power struggles between management and barriers to change.
- \* Conservatism to change.
- \* Motivation of the workforce to change.

These factors not only impinge upon the contribution a consultant can bring to a company, but also on the quality of strategic decisions and the timing of their implementation. The reason for not implementing the consultants advice may not be that the wrong or inappropriate advice was given, but that the organisational issues such as conflict, make implementation impossible. The methodological implications of these issues suggest that validity problems will arise from a purely quantitative study.

Therefore:

- \* We first have to identify what the company means by strategic marketing planning.
- \* What they do and how they do it.
- \* Limitations may be organisational and not the fault of the consultant or the scheme.
- \* Benefits may be from a variety of sources, not only the consultancy.



These last two statements are difficult to answer as they require the researcher to study the before consultancy situation, the consultants report, question the small business people concerned, and to obtain documentary and historical evidence to back up any inferences reached. This study therefore requires a qualitative methodology, and is more concerned with the procedural and process benefits of the scheme rather than any performance or efficiency gains. Marketing and The Marketing Consultancy Scheme is primarily concerned with effectiveness, doing the right thing, rather than efficiency, doing it well.

Organisational and cultural issues lead one to ask the following additional questions concerning the scheme:

- \* Has the scheme directly or indirectly stimulated a change in the structure of the organisation, and the organisation of the marketing effort within the firm?
- \* How has it done so?
- \* What are/were the organisational barriers to this change?

Before we can address these questions we must identify the situation before consultancy, and exactly what is happening now. Therefore we must ask the following questions concerning:

### Strategic Marketing Planning

- \* What do the firms understand by, and how far have they implemented strategic marketing planning?
- \* What do they do, and how do they do it?
- \* How often do they carry it out?
- \* Which aspects have they found useful, and which not? Why?

### The Decision Making Process

- \* How are strategic decisions made now, compared with before consultancy?
- \* What are/were the strategic decisions, and why were they made?

### Marketing Activity Within The Company

- \* What knowledge of the marketing concept exists within the companies?
- \* Has consultancy contributed to this knowledge? How?
- \* How integrated is the marketing effort?

As we wished to find out if The Marketing Consultancy Scheme has had a lasting impact on the firms involved, we are invariably trying to assess and compare the marketing activity now, with the before consultancy situation. Due to the fact that we are trying to assess organisational and cultural issues, these assessments are going to be qualitative rather than quantitative, as I believe such issues are impossible to quantify.



## **8. ENVIRONMENTAL CHANGE**

In 1992 there is a recession in the economy that has been comparatively long and extremely difficult for small firms. Due to this external factor I will be selecting firms that have been relatively stable over the recessionary period. This is a source of bias that is impossible to remove. ie. research cannot be carried out in the firms that have gone into liquidation. On the positive side this will enable assessment of the consultants' recommendations in the light of appreciable levels of change within the external environment. It could be argued here that small firms are less limited in their growth and expansion by any marketing implications, but more by cash flow, capital plant, high interest rates and the economic environment. Change has important implications for the way small firms undertake strategic marketing planning. One would expect long term planning to be of little relevance to small firms, as the gain or loss of even a few customers can make a great deal of difference to the plan. This irrelevance can be amplified when combined with a great deal of change within the economy. Stacey (1990) states that:

"The hallmarks of conventional strategic management, fixed long term objectives, future missions, long term plans developed by using...analytical techniques such as market structure,...product life cycles, etc all pre-suppose that the past provides reasonably safe guidelines for the future."

(p.91)

Marketing Planning therefore has to be seen within this light. Due to economic environmental change the consultant's recommendations may well have been ignored, as they were useful only within a situation, which no longer exists. This consideration further backs up the argument that strategic marketing planning is a process that should be iterative, and that the consultants should have this view, They should introduce knowledge and capability within the client firm so that the client can continue with the process after the consultant has left. If the consultant takes a Systems Analyst approach

(above) the client will have little more than a document in the form of a marketing plan, which is of little use to the firm within the new environment in which it finds itself.

The research findings should be seen within the economic context. In a strong economy the company could "get away with" little or no marketing, while in a weaker economy such as we are experiencing in a recession, more marketing is required. This phenomenon could influence findings, by exaggerating the influence of the scheme. This is a bias that I cannot remove within this research project.



## **9. RESEARCH ON THE MARKETING CONSULTANCY INITIATIVE**

Assessment of the efficiency of the operation of the scheme has been carried out by Segal Quince Wicksteed Ltd. (1989 & 1991) stages 1,2 & 3. The aims were to assess :

- \* The impact of the Consultancy Initiative as a whole in terms of improved business performance.
- \* How attitudes towards the consultants had changed.
- \* How the scheme might be improved.

The methodology employed the use of structured interviews by questionnaire, limited to approximately 1 hour in length. Although 70 firms from each initiative were interviewed, no attempt was made to structure the sample in terms of size, industrial sector or activity. The sample that undertook the Marketing Initiative was randomly selected, but there was no mention of what percentage of the total population, this sample represented.

In 69% of the cases there was said to be a fundamental change in the approach to marketing, although this was not clearly defined. Therefore we do not know exactly what changes took place. Of these firms 81% had increased staff time devoted to marketing, and 75% had increased marketing expenditure. Less firms (44%) reported the presence of a detailed marketing plan, and a marketing budget. This present study aims to add depth to such quantitative data, by finding out:

- \* What fundamental changes have taken place in the approach to marketing?
- \* What exactly do the firms understand by a detailed marketing plan?

These studies, which were commissioned by the DTI, were mainly concerned with the use of public money, and therefore the structure and functioning of the scheme, and its additionalty (would have not proceeded with the consultancy without the contribution to

costs). A major objective of the scheme was to encourage the use of outside consultants in the future. These studies addressed such issues, and therefore the findings can be seen as a general guide to satisfaction, and an indication of the reasons for undertaking the scheme at the outset. I have already outlined the validity problems associated with measurements of performance, and relating any increase to the consultancy intervention. In these studies these problems were approached in a superficial way, by asking the respondents to estimate the percentage of any increase in turnover that was a result of the scheme. A case where detailed quantitative analysis was carried out on qualitative data.

An additional evaluation was carried out by Ms. M Farhangmehr (1991) in a doctoral research thesis at Warwick University:

*'The Impact of Marketing Consultancy on Small/Medium Sized Firms'*

The major findings relate to :

1. The situation of the firm at the beginning of the project.
2. The evaluation of the scheme and the consultant.
3. The impact and outcome of the exercise:
  - a. The impact on knowledgeability.
  - b. The impact on performance.

Methodology

After 6 pilot interviews to assess questionnaire design, the main source of data collection was a postal questionnaire that was sent to 246 small/medium sized firms, and therefore this study was a detailed statistical report on quantitative data. Knowledgeability was self assessed using a Lickert scale. Therefore we might know, how many percent of companies thought that: Management/staff learned a great deal. But we do not know what



they learned or how they apply the knowledge. Such indepth, qualitative understanding is the focus of this present study.

The findings relate to :

*1. The situation at the beginning of the project:* mostly confirming that the practice of marketing planning is very limited, and that there is an over-estimation by the firms of their marketing activity. For example, forecasts and budgets are confused with planning.

*2. The evaluation of the scheme and the consultant:* confirming that the level of satisfaction is quite high, and represented good value for money.

*3a. Impact on knowledgeability:* The findings back up the theory that the value of the consultancy lies in its ability to develop knowledgeability and capability within the client firm, ie. the main benefit to the firm is in education and training. This is an area that requires further study using qualitative methodology, and will be an important aspect of this present study.

*3b. Impact on performance:* Farhangmehr stated that it was too soon between consultancy and research to measure performance. I have already mentioned the difficulties of measuring performance. She also reported some qualitative feedback: Some firms stated that their turnover, profitability, market share, and number of customers had improved as a result of the scheme.

Both of these studies have used quantitative methodology, which is not appropriate until the complex phenomena associated with strategic marketing planning have been clearly defined and further understood. To aid the understanding of such issues we have to use qualitative methods within the context of the organisation. This is what I propose to do.

## **10. CONCLUSION, SUMMARY AND THE RESEARCH QUESTIONS**

### **Conclusion**

This present study can be seen as adding depth to the knowledge on some of the issues raised in the quantitative studies by Segal Quince Wicksteed Ltd. (1989 & 1991) and Farhangmehr (1991). Thus this research project is designed to assess how The Marketing Consultancy Initiative has contributed to the marketing effort, the marketing attitudes, knowledge and skills within the subject companies. It is hoped that the research will highlight best practices in respect to the consultant's role, and to the client firm in managing the consultant, and that this knowledge will lead to increased understanding in this two way relationship. It is also hoped that the research will lead to a further understanding of marketing planning, and the difficulties that can arise when small businesses move towards a more marketing orientated approach.

### **Summary**

Having briefly explained what The Marketing Consultancy Scheme is, and what it aims to do, I have indicated that the need for such a scheme has been recognised since The Bolton Report (1971). A review of the literature suggests that although "intuitive" marketing does exist in small firms, there is a need for a more professional approach. The main barriers to change to this approach are:

- \* The attitudes of the small business people themselves, to the need for increased managerial skills. This attitude can change over the life cycle of the firm.
- \* The non-practical nature of the prescriptive marketing literature.

The consultancy initiative can be seen as a contribution to addressing these problems. Similar schemes have been seen to provide a valuable contribution to helping the small



business sector in other countries.

I conclude that due to measurement limitations, that no conclusive evidence exists, to suggest that the uptake of strategic marketing planning directly leads to an increase in competitiveness. Formalised planning may in fact, lead to a decrease in competitiveness. Companies should therefore plan in an informal way, indicating general direction only. Due to both, measurement difficulties and the subjective nature of effectiveness, a different approach is required in this research project, when assessing the effectiveness of The Marketing Consultancy Initiative within the client companies.

The potential benefits of strategic marketing planning are, I have concluded, related to the educational aspects of undertaking the process. It is the process of planning that will enlighten the small business owner/manager to the factors that are affecting the business, and its market, and which source/s of competitive advantage to employ. The marketing planning process should be iterative. The consultant should recognise these process benefits, undertake his/her job to help reveal them, and develop marketing skills so that the process can be continued after the consultant has left. This conclusion has a direct implication on the consultants role or style, which should be of the Process model.

I surmise that the barriers to change to a more marketing orientated approach, will increase with the complexity, maturity and the size of the firm, as more organisational issues will have to be overcome.

I propose an assessed benefit approach within this research project, and I will investigate the benefits the clients have obtained through consultancy and develop indicators of effectiveness.

Finally, I have discussed the issue of bias that will be present, by undertaking the research during a recession in the general economy.

## **The Research Questions**

The literature review has highlighted the following questions and areas of study. The aim of this study is to answer these questions concerning:

### **The Consultant**

- \* What was the role/style of the consultant in undertaking his/her job?
- \* How was effectiveness of the consultancy intervention influenced by this style?
- \* Did the consultant address organisational/other issues, not directly associated with marketing ?

### **The Life Cycle Of The Firm**

- \* What was the stage in the life cycle at consultancy?
- \* What is the stage at present?
- \* Did the consultant help to bring about any change that has taken place?
- \* What are limitations to developing into stage 4 in the life cycle?

### **Organisational Issues**

- \* Has the scheme directly or indirectly stimulated a change in the structure of the organisation, and the organisation of the marketing effort within the firm?
- \* How has it done so?
- \* What are/were the organisational barriers to this change?

### **Strategic Marketing Planning**

- \* What do the firms understand by, and how far have they implemented strategic marketing planning?
- \* What do they do, and how do they do it?
- \* How often do they carry it out?
- \* Which aspects have they found useful, which not? Why?



### The Decision Making Process

- \* How are strategic decisions made now, compared with before consultancy?
- \* What are/were these decisions, and why were they made?

### Marketing Activity Within The Company

- \* What knowledge of the marketing concept exists within the companies?
- \* Has consultancy contributed to this knowledge? How?
- \* How integrated is the effort?

## **PART 2**

### **METHODOLOGY**

#### **"OUR NETS DEFINE WHAT WE SHALL CATCH"**

Eisner, E. W. (1985) *The Art of Educational Evaluation: A Personal View*. Falmer Press, London

In this part of the document I have discussed the methodological implications of the research questions and the methodology I have chosen to answer these questions. At the end of this section, the discussion leads to the selection of the case studies used in this research project and a summary of the research process that was used.



## **11. INTRODUCTION**

I have argued within the literature review that the benefits of marketing planning are procedural and process based, and that the consultant should develop these process skills whilst carrying out the consultancy. The process leading to the setting of marketing strategies will enlighten the small business owner/manager to the factors affecting the business and the market, and which source/s of competitive advantage to employ. Any increase in performance would be a consequence of the process rather than a part of it. It follows then that I should study the strategic marketing planning process within the context of the organisation if I am to highlight any benefits from The Marketing Consultancy Scheme.

This logic overcomes many of the difficulties other workers have experienced within this field. They have tried to "prove" that performance increases resulted from the use of marketing planning. They would, in undertaking this study, try to compare the performance of a company, or group of companies, that have undertaken consultancy, with others that have not. Robinson (1982) working in the USA has used this method, comparing his sample with the control groups that are required by this methodology. Many difficulties arise, not only the use of short term measurements that do not fully capture the elements of competitiveness that are underlying the performance measures, but also the other validity problems of not comparing like with like, as all companies are unique. Also estimating (and only an estimation can be given) the amount of extra performance that was attributed to the consultancy intervention, rather than from any other source. I believe that these validity problems are too difficult to overcome and therefore I reject this type of quantitative methodology. Thus although this study assumes that the integration of the marketing concept into the organisation is the correct philosophy, an indepth qualitative methodology is required if we are to see if this has happened, how this has happened, and why it was carried out in a particular way. Also any unintended outcomes will be highlighted by a qualitative approach. The question is then, what is the best qualitative method to study any procedural and process benefits from marketing planning, and the organisational issues that impinge upon it?



## **12. TYPES OF METHODOLOGY - QUANTITATIVE AND QUALITATIVE**

There is often a trade off in the methodological sense between data integrity, ie. those characteristics which are affected by error and bias, and the generalisability of the findings. Thus in a laboratory experiment in the social sciences we could have high data integrity, as errors and biases should be predominantly eliminated, but we might have low generalisability due to the fact that the study is not carried out in a "real life" situation. In case study research we could encounter the reverse of this situation. We would have the advantage of studying the phenomena within the "real life" context of the organisation, but some errors and biases could impinge on the results. Of course there is the usual trade off between statistical generalisability and the depth of knowledge obtained within such a study as the one I am proposing. Due to financial and time constraints we cannot have both.

Whilst studying The Marketing Consultancy Initiative both the researchers Segal Quince Wicksteed Limited (1989 & 1991), and Farhangmehr (1991) have chosen quantitative methodologies, where there is said to be more generalisability but little depth to the knowledge and understanding. Thus we might know how many percent of companies undertake marketing planning after consultancy, but we still do not know what companies "mean" by marketing planning. Farhangmehr does suggest that budgets and forecasts are confused with planning, while other writers such as Leppard and McDonald (1987) suggest various forms of planning exist. In these terms generalisability could be said to be of limited value. Therefore I suggest there is a serious flaw in using quantitative methods where the phenomena under study have not been thoroughly defined, and are by their very nature, complex. If a phenomenon has not been precisely defined, how can one quantify it? Thus I argue that complex organisational issues should be thoroughly investigated first, and therefore such an investigation, is the focus of this study. This study could then be seen to be more associated with descriptive, exploratory and explanatory questions, and therefore involved with theory grounding rather than theory testing. I believe that the procedural and process benefits of strategic marketing planning,



and the organisational and cultural issues that impinge upon them, are very complex by nature, and can only be thoroughly investigated by qualitative methodology. This does not mean that one can be "unscientific" with regard to errors and biases, as qualitative research should be guided by the same rigour as quantitative research. The primary distinction is the use of inductive theory building, rather than deductive theory testing.

The most appropriate methodology required to undertake this study would allow the researcher (or a group of researchers to eliminate personal bias) to study the company indepth, before consultancy took place, during consultancy, and after consultancy at several stages in the post-consultancy development. This ethnographic style of research would have the advantage of obtaining a historical "understanding" of the company, and therefore the impact of consultancy intervention. Although such a study would be comprehensive individually, it has the disadvantage of being very time consuming. Therefore resources would have to be great if more than one company was to be studied in this way. The single ethnographic or case study would have the advantage of extra depth of knowledge, but would have the disadvantage of less generalisability than a multiple case study approach. It is a matter of opinion which method out-weighs the other. As I am unable to carry out a research project over a long period of time, and furthermore as the extra findings obtainable from small companies might be too little to justify the use of an ethnographic study, I propose the use of a multiple case study approach. This could be said to be the "Liberal Democrat" of methodologies, but this middle-of-the-road method does have many advantages in the depth of knowledge/generalisability trade off.

### **13. CASE STUDY RESEARCH**

Case study research can provide a deep understanding of the phenomenon under study within the context of the organisation.

Yin (1984) states that a case study is an empirical inquiry that:

"investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of data are used."

(p.23)

Research through the case study approach is concerned with the interaction of factors and events. It enables the researcher to concentrate on a specific situation and to identify the various interactive processes at work within an organisation, which may not otherwise be brought to light. Each organisation has common and unique features; the researcher aims to identify these and to demonstrate how they affect implementation of a particular process. Some advantages of case studies are noted by Adelman, Jenkins and Kemmis (1980) as being the following: The strength of the case studies lie in their attention to complexity and depth of the case in its own right; the case studies are a "step into action" for their insights may be directly interpreted and put to use; the approach presents research in a more publicly accessible form; case studies are capable of serving multiple audiences; and they offer a rich source of material for subsequent researchers and users whose purposes may be different from our own. Case study could be said to be the social science equivalent of the doctor's clinical examination, as it relies on multiple data sources for reliable diagnosis. Thus case study research not only relies on verbal reports by personal interview, but also observation, and other sources of data some of which may be quantitative. The methods of collecting information are selected which are most appropriate for the task. We will be able to study some phenomena within the subject companies from different perspectives, and thereby reduce biases associated with single



sources of data collection. This method of triangulation greatly increases data integrity.

There are criticisms of the case study approach:

- \* That it gives subjective and biased views. This criticism can be largely overcome by the use of triangulation, and by documenting the procedures that the researcher uses in collecting the evidence. Thus reliability is increased if an "auditor" can repeat the procedures and arrive at the same results.

- \* There is a lack of rigour. This criticism is largely overcome by documenting procedures, using multiple data sources, and multiple case studies.

Bassey (1981) argues that if case studies:

".. are carried out systematically and critically, aimed at improvement..., are relatable, and...extend the boundaries of existing knowledge, then they are valid forms of ... research."

(p.86)

- \* That it takes too long. This is not necessarily a criticism of case study research, but of ethnographic studies that require the researcher to join the company for a long period of time.

- \* That the findings are not generalisable. (Although this criticism is less often directed to the multiple case study method). In no way do the multiple cases represent a statistical sample, and therefore it is false to try to generalise statistically from several cases to a whole population. If we wished to do this we would not use the case study approach. The case study approach is a good method for theory building, and this is required in this case as very little indepth empirical work has been carried out in the area under study. It is possible to expand and generalise theories (analytical generalisation) within case study methodology.

There is the advantage of a great deal of relatability with case study research.

"The relatability of a case study is more important than its generalisability."

(Bassey, 1981 p.85)

The audience for this study might well be small business people and consultants who would find relatability and depth of knowledge more important than statistical generalisation.

\* That it produces long anecdotal reports. This criticism only arises when a large amount of unstructured interviews are carried out. I propose to use semi-structured interviews as the main interviewing technique. Tape recordings will only be used as a back-up procedure, and to ensure any direct quotations are accurate.

### **Validity and Reliability.**

Questions can arise over the validity and reliability of the case study approach:

\* **Construct validity:** establishing the correct operational measures for the concepts being studied.

As we are concerned with change within companies, to a more marketing orientated approach, we must select the changes that are to be studied and demonstrate that these changes do reflect a change in marketing activity. This problem will be investigated in this project, and indicators of marketing activity developed.

\* **Internal validity:** establishing causal relationships rather than spurious relationships. The main question here is: Are the findings a result of the marketing consultancy, directly or indirectly, or are they the result of another phenomenon? We can answer this question by studying the before consultancy situation. This will be carried out by the use



of the consultant's initial analysis, historical documentary evidence, and interviewing the small business people concerned. Then we can study the rest of the consultant's report, and use observation and interview methods to infer if the marketing activity present is the result of marketing consultancy intervention. Thus multiple sources of evidence are used to support any inferences. A chain of events is built up. The resultant findings will be reviewed by the major informants to check that any inferences are correct.

\* **External validity:** how far can the findings be generalised.

I have already mentioned that the case study approach is concerned with analytical generalisation rather than statistical generalisation, and more emphasis is placed on theory building than on theory testing. The use of multiple cases and set procedures, both of which are to be used in this study, do alleviate many external validity problems.

\* **Reliability:** repeatable with the same results.

The main method I will use to overcome reliability problems, is to document the procedures so that an auditor could repeat the procedures and arrive at the same results. A chain of evidence will be linked to the procedures.

## **14. CONCLUSION, THE CASE STUDIES AND THE RESEARCH PROCESS**

### **Conclusion**

The nature of the questions arising out of the literature review, require that I study the strategic marketing planning process within the context of the organisation, if I am to highlight any benefits from The Marketing Consultancy Scheme. I have discussed the quantitative studies that have been undertaken within this field, and conclude that a qualitative approach is required, as the phenomena under study have not been thoroughly defined, and are complex.

I have argued for the multiple case study approach, described it, and some of the advantages and disadvantages of this methodology. I have suggested ways to overcome the criticisms against case study, and addressed the validity and reliability problems. I am aware of the possible biases that the researcher could bring to such a study, but hope that this awareness will minimise these problems. I hope that the understanding of methodological problems will result in a rigorous study, and that the experience gained throughout will result in an increase in research skills on my part.

### **The Case Studies**

A review of the literature has revealed some implications for the choice of firms to include within this study. The main emphasis should be on selecting firms that have indicated a favourable response to marketing consultancy, so that we can investigate the process of change that is more likely to occur within these companies. I would like to include two firms that have indicated little gain from the scheme, so that the factors that influenced this negative response can be investigated. More emphasis could be placed on the barriers to implementation in these cases. As it will be difficult to assess the stage in the marketing life cycle before access is gained, I will not be able to use this criterion



for selection. I will include younger, possibly more entrepreneurial, and older more established firms within this study. Also a range of sizes of small firms, as indicated by employee numbers. It is hoped that various stages in the marketing life cycle will be present in these cases, together with different barriers to the implementation of strategic marketing planning. Other important criteria when choosing the firms to study are the accessibility of conducting the research, and the ease of identification of product and marketing development. For these criteria I propose to study small engineering companies in the West Midlands region, where products and their markets are perceived to be largely undifferentiated, but where marketing skills can lead to a distinct competitive advantage.

This type of industry is represented in the Standard Industrial Classification (SIC) Division 3.

Industrial Production	Class	Group	Activity
Nuts, Bolts, Springs etc.	31	313	3137
Forging, Pressing & Stamping.	31	312	3120
Fab. Constructional Steelwork.	32	320	3204
Insulated Wire & Cable.	34	341	3410

It is hoped that by choosing these types of industries, I will be able to reduce industrial and product development effects which could influence research results. With these effects largely eliminated, the research activity will be concentrated on the development of marketing activity within the client firms.

In this pilot study both procedures and questions may be altered by review between each case study, although it is hoped that this will only be required near the start of the research process.

## **The Research Process**

This research project utilised six case studies of small and medium sized engineering companies from the West Midlands region as the main focus for data collection. The research process can be summarised as follows:

- \* Review theory and previous research.
- \* Focus areas of research and methodology.
- \* Permission obtained from the DTI to carry out independent study.
- \* Interview with consultant for background data and point of view.
- \* Informal discussions with Institute of Marketing Regional Contractors at Warwick University. Access to cases.
- \* Arranging with managing directors to undertake interviews and obtain access to data.
- \* Semi-structured interviews with managing directors and managers on general issues.
- \* Obtain data - brochures and consultants' reports.
- \* Read data.
- \* Further semi-structured interviews with managing directors and managers on more specific issues raised by analysis of consultants reports, etc.
- \* Collation of data.
- \* Review data, relate to theory and previous research.
- \* Develop further research hypotheses.

The six cases were selected from the database at the regional contractors office at Warwick University, to fulfil the following criteria:

- \* All cases to be within SIC codes 3120, 3137, 3204, 3410.
- \* Four cases to be large enough to have a management structure, but below 100 employees. Well within small firm criteria.



\* Two firms to be of the more medium sized bracket. There are few of these firms on the database. Although these firms were chosen as being of the largest size represented on the database, they had reduced their size as represented by numbers of employees, due to the recession. The firms had reduced their size from approx. 220 employees in both cases, to 135, and 185 respectively. Both firms could be said to be more typical of medium sized companies, with departmental structures.

\* All cases to have had consultancy at least 2 years previously. Company F received consultancy during 1988, Companies A, C, D, and E during 1989, and company B during January 1990. Early cases were chosen to make sure that time was given for any implementation of recommendations to take place, and to try to investigate if any "internalisation" and long term use of marketing was now taking place.

## **PART 3**

### **SUMMARY OF RESEARCH FINDINGS**

In this section of the document I have summarised the research findings and discussed their implications. The Company Profiles contain an overview of the findings in each of the case studies.

The specific findings are brought together under the following research areas, as discussed within the literature review:

The Consultants

The Life Cycle of the Firm

Organisational Issues

The Decision Making Processes

Marketing Activity

In addition I have summarised the findings with regard to the Strategic Intent of the companies. This issue was not highlighted within the literature, but has arisen out of the research process.

The findings have led to my proposed model of effective consultancy intervention, the conclusions and recommendations.



## **15. PROFILES OF THE CASE STUDY COMPANIES**

### **COMPANY A**

#### **BACKGROUND**

*Size Class*                      Small.  
*Departmental structure*      No.  
*Number of employees*        52 Full Time, 28 Part Time.  
*Business activities:*  
Manufacture of chain. Spokes and nipples.  
*SIC code*                      3137.  
*Turnover (approx. 1991)*    £ 1.5 million.

#### **REASON FOR CONSULTANCY**

"To expand the business and its products. No time for market research. Looking for diversification".

#### **UNDERLYING STRATEGY**

Reactive. Reacting to increased competition from Far East.

#### **STRATEGIC INTENT**

New Market Prospector. External focus at time of consultancy.

#### **CONSULTANT**

*Date of intervention*        May 1989.

##### *Style employed:*

Systems Analyst based: Prescriptive plan. Knowledge of marketing not increased. Organisational issues largely ignored. Market research very general and not specific enough.

#### **LIFE CYCLE CLASSIFICATION**

*Chain Division*              Reactive Selling.  
*Spoke Division*              DIY Marketing.

#### **ORGANISATIONAL ISSUES**

No change in structure or communication processes due to consultancy.

#### **MARKETING RESEARCH**

Informal information gathering by direct feedback from customers, undertaken by MD and sales/marketing manager. Know competition and their prices well. In the Spoke Division are using the market research of a successful wholesaler.

## **DECISION MAKING**

No change in the decision making process due to consultancy. Decisions based on intuition, commonsense and general feel for the market.

## **MARKETING PLANNING**

There is no marketing planning taking place.

## **COMPANY ORIENTATION**

*Marketing definition (good practice):*

"Presenting the best image, emphasising strengths and honesty". Little understanding of marketing concept.

*Classification:*

In process of moving from product orientation to marketing orientation.

## **PRICING**

*Chain Division*

Cost Plus.

*Spoke Division*  
stand.

Competition based. New product is based on what market will

## **BRANDING**

*Chain Division*

No branding to end customers.

*Spoke Division*

Starting to brand to end customers.

## **SELLING FUNCTION**

Largely Reactive.

## **CONSULTANT'S RECOMMENDATIONS**

Largely Unimplemented. One recommendation has been implemented but this was already being thought of by the company.

## **SATISFACTION WITH CONSULTANCY**

Unsatisfied. A Negative experience.

## **ADDITIONAL INFORMATION**

For further detailed information see Appendix 3.



## COMPANY B

### **BACKGROUND**

*Size Class* Small.

*Departmental structure* No.

*Number of employees* 35 Full Time.

*Business activities:*

Manufacture of pressings for motor trade - piston struts and sleeves for large piston manufacturer.

*SIC code* 3120.

*Turnover (approx. 1991)* £ 800.000.

### **REASON FOR CONSULTANCY**

"Increase sales volume within specialist line and other avenues. Specialist line too dominant - 60%-70% of turnover. Diversification needed. Felt recession coming".

### **UNDERLYING STRATEGY**

Reactor. Reacting to oncoming recession.

### **STRATEGIC INTENT**

New Market Prospector. External focus at time of consultancy.

### **CONSULTANT**

*Date of intervention* January 1990.

*Style employed:*

Systems Analyst based: Prescriptive plan. Knowledge of marketing not increased. Organisational issues partially dealt with, but company not interested. Market research very general and not specific enough.

### **LIFE CYCLE CLASSIFICATION**

DIY Marketing.

### **ORGANISATIONAL ISSUES**

No change in structure or communication processes due to consultancy.

### **MARKETING RESEARCH**

Informal information gathering by direct feedback from customers, undertaken by MD and sales/marketing manager. Know competition and their prices well.

### **DECISION MAKING**

No change in the decision making process due to consultancy. Decisions based on intuition, commonsense and general feel for the market.

**MARKETING PLANNING**

There is no marketing planning taking place.

**COMPANY ORIENTATION**

*Marketing definition:*

"Trying to achieve sales, and exploring possibilities in research and advertising" No understanding of the marketing concept.

*Classification:*

Unsure orientation in the process of moving from product orientation.

**PRICING**

Cost Plus.

**BRANDING**

No branding to end customers.

**SELLING FUNCTION**

Largely Reactive.

**CONSULTANT'S RECOMMENDATIONS**

Partial implementation. More obvious image related recommendations only.

**SATISFACTION WITH CONSULTANCY**

Unsatisfied. A Negative experience.

**ADDITIONAL INFORMATION**

For further detailed information see Appendix 3.



## COMPANY C

### **BACKGROUND**

*Size Class* Medium.

*Departmental structure* Yes.

*Number of employees* 185 Full Time.

*Business activities:*

Manufacture of pressings for high tech companies. eg metal parts for computers, printers etc.

*SIC code* 3120.

*Turnover (approx. 1991)* £ 7 million.

### **REASON FOR CONSULTANCY**

"Putting together a corporate plan. Medium and long term. Needed to know where the markets were going".

### **UNDERLYING STRATEGY**

Analyser.

### **STRATEGIC INTENT**

Analyser. Balanced focus at time of consultancy.

### **CONSULTANT**

*Date of intervention* July 1989.

*Style employed:*

Enlightened Doctor/Patient Model. Interactive approach. Knowledge of marketing increased. Awareness of organisational and cultural issues. Market research specific and useful.

### **LIFE CYCLE CLASSIFICATION**

DIY Marketing.

### **ORGANISATIONAL ISSUES**

A small change in structure and communication processes due to consultancy, by implementation of recommendation to employ a sales/marketing manager. Main change is that the profile of marketing has been raised.

### **MARKETING RESEARCH**

Informal information gathering by direct feedback from customers, undertaken by MD and other managers. They know the competition and their prices well. The recently appointed sales/marketing manager has a role in gathering market information. Too early to identify if this has resulted in additional information.

**DECISION MAKING**

No change in the decision making process due to consultancy. Decisions based on intuition, commonsense and general feel for the market. In recent years there has been more delegation of strategic decisions to middle management level.

**MARKETING PLANNING**

There is no marketing planning taking place. The recent appointment of a sales/marketing manager is supposed to provide additional information for this to take place in future.

**COMPANY ORIENTATION**

*Marketing definition:*

"Making sure that there is a match with the skills we are good at and what the customer needs". There is understanding of the marketing concept. Consultancy has helped in this regard.

*Classification:*

Marketing orientation. Consultancy has helped to move from product orientation.

**PRICING**

Cost Plus.

**BRANDING**

There is no branding to end customers.

**SELLING FUNCTION**

Largely Reactive. Trying to become more proactive.

**CONSULTANT'S RECOMMENDATIONS**

Vast majority implemented.

**SATISFACTION WITH CONSULTANCY**

Satisfied. A Positive experience.

**ADDITIONAL INFORMATION**

A discussion of the factors leading to this successful consultancy is contained below. For further detailed information see Appendix 3.



## COMPANY D

### **BACKGROUND**

<i>Size Class</i>	Small.
<i>Departmental structure</i>	No.
<i>Number of employees</i>	15 Full Time.
<i>Business activities:</i>	
Chain manufacturer.	
<i>SIC code</i>	3120.
<i>Turnover (approx. 1991)</i>	£ 300.000.

### **REASON FOR CONSULTANCY**

"Needed to improve image, needed more business and felt we were too reactive. Wished to be more proactive. Felt recession coming".

### **UNDERLYING STRATEGY**

Reactive. Reacting to oncoming recession.

### **STRATEGIC INTENT**

Analyser. Balanced focus at time of consultancy.

### **CONSULTANT**

*Date of intervention* November 1989.

*Style employed:*

Systems Analyst based: Prescriptive plan. Knowledge of marketing not increased. Organisational issues partially dealt with. Market research very general and not specific enough.

### **LIFE CYCLE CLASSIFICATION**

Reactive Selling stage.

### **ORGANISATIONAL ISSUES**

Small change in structure and communication processes due to consultancy. The recommendation to employ a sales/marketing representative has been taken up, but his function seems to be focused on sales rather than marketing.

### **MARKETING RESEARCH**

Informal information gathering by direct feedback from customers, undertaken by MD and sales/marketing representative. They know the competition and their prices well. The representative is collecting additional data so that demand is more controlled and production more fully planned.

## **DECISION MAKING**

A slight change in the decision making process due to consultancy. Decisions are still largely based on intuition, commonsense and general feel for the market, but there is more information input due to additional data being available.

## **MARKETING PLANNING**

There is no marketing planning taking place.

## **COMPANY ORIENTATION**

*Marketing definition:*

"Putting the product in front of the customer in the best light". No understanding of the marketing concept.

*Classification:* Product orientation.

## **PRICING**

Cost Plus.

## **BRANDING**

There is no branding to end customers in the core business.

## **SELLING FUNCTION**

Largely Reactive, but moving slowly towards a more proactive function.

## **CONSULTANT'S RECOMMENDATIONS**

Partial implementation.

## **SATISFACTION WITH CONSULTANCY**

Partially satisfied. "I got what I paid for". Paid one third of the cost. A Partially positive experience.

## **ADDITIONAL INFORMATION**

For further detailed information see Appendix 3.



## COMPANY E

### **BACKGROUND**

*Size Class* Small.  
*Departmental structure* No.  
*Number of employees* 42 Full Time.  
*Business activities:*  
Manufacturer of metal pressings and stampings to semi-finished condition. eg. Stainless steel tableware for use in the catering trade. Decorative plates for gift trade.  
*SIC code* 3120.  
*Turnover (approx. 1991)* £ 1.2 million.

### **REASON FOR CONSULTANCY**

"The business was concentrated too heavily in one area. We were looking for direction, looking to expand into other areas where we were best at. We needed spread".  
Expanding and diversifying.

### **UNDERLYING STRATEGY**

Analyser.

### **STRATEGIC INTENT**

New Market Prospector. External focus at time of consultancy.

### **CONSULTANT**

*Date of intervention* September 1989.  
*Style employed:*

Enlightened Doctor/Patient model: Interactive approach. Knowledge of marketing increased. Organisational issues were dealt with, and form a large element of the report. Market research very specific, and useful.

### **LIFE CYCLE CLASSIFICATION**

DIY Marketing stage.

### **ORGANISATIONAL ISSUES**

No change in structure and communication processes due to consultancy. MD stated that "awareness and focus of the mind" had increased.

### **MARKETING RESEARCH**

Informal information gathering by direct feedback from customers, undertaken by MD. They know the competition and their prices well.

## **DECISION MAKING**

No change due to consultancy. Decisions are largely based on intuition and commonsense and a general feel for the market. Information gathered by MD by informal feedback from customers.

## **MARKETING PLANNING**

There is no marketing planning taking place.

## **COMPANY ORIENTATION**

*Marketing definition:*

"Establishing what you can produce and what people really want, and filling their needs. Not really selling a product". Understanding of the marketing concept.

*Classification:* Marketing orientation.

## **PRICING**

Cost Plus.

## **BRANDING**

There is no branding to end customers.

## **SELLING FUNCTION**

Largely Reactive. The consultant recommended employing a sales/marketing manager, but this has not been implemented.

## **CONSULTANT'S RECOMMENDATIONS**

No implementation.

## **SATISFACTION WITH CONSULTANCY**

Very satisfied. A very positive experience.

## **ADDITIONAL INFORMATION**

A discussion of the factors contributing to the anomaly of no implementation, but high satisfaction is contained in Appendix 3 Section 2.

For further detailed information see Appendix 3.



## COMPANY F

### **BACKGROUND**

*Size Class* Medium.

*Departmental structure* Yes.

*Number of employees* 135 Full Time. Reduced due to recession from 220.

*Business activities:*

Manufacture and fitting of a range of raised flooring for offices, computer rooms etc.

Sub-contractor in the construction industry, especially prestige projects.

*SIC code* 3204.

*Turnover (approx. 1991)* £ 15 million.

### **REASON FOR CONSULTANCY**

"Export drive. Needed analysis of the German market".

### **UNDERLYING STRATEGY**

Prospector.

### **STRATEGIC INTENT**

Prospector. External focus at time of consultancy.

### **CONSULTANT**

*Date of intervention* May 1988.

*Style employed:*

Systems Analyst based: Prescriptive plan. Knowledge of marketing not increased. Organisational issues were not dealt with. The consultancy was only focused on market research, this was regarded as being too general to be useful. The company specified the nature of the project, which required this style.

### **LIFE CYCLE CLASSIFICATION**

Proactive Marketing stage.

### **ORGANISATIONAL ISSUES**

No change in structure and communication processes due to consultancy.

### **MARKETING RESEARCH**

Information gathering by direct feedback from customers undertaken by the marketing department. The department also predicts likely demand in the market. Also market research carried out by outside consultancy on customers service requirements. They know the competition and their prices well.

## **DECISION MAKING**

No change due to consultancy. Decisions are based on marketing information and marketing planning. Some decisions are based on intuition, especially when research contradicts gut feeling.

## **MARKETING PLANNING**

Marketing planning occurs as an important element of the annual business plan. The planning process is informal with a general direction only. The company has tried formal planning, but this was found to be less effective.

## **COMPANY ORIENTATION**

*Marketing definition:*

"Finding out what customers are looking for, and providing it". Understanding of the marketing concept.

*Classification:* Marketing orientation.

## **PRICING**

What the market will stand, bearing in mind cost of production.

## **BRANDING**

There is branding to end customers.

## **SELLING FUNCTION**

Proactive. The company tenders for contracts on a job basis, actively seeking prestige and other jobs.

## **CONSULTANT'S RECOMMENDATIONS**

No implementation.

## **SATISFACTION WITH CONSULTANCY**

Unsatisfied. A negative experience. The brief was very specific, to carry out market research, but the research was too general to be of much use.

## **ADDITIONAL INFORMATION**

The company feels that the use of marketing planning has helped the company a great deal. For example, during the recession the company has increased its market share from 12% to 25% as they responded to the downturn faster than their competitors.

It is much easier for this company to undertake planning, as their service is required at the end of the building cycle. They therefore have less difficulty in forecasting future demand in the market. Much information is available to them.

For further detailed information see Appendix 3.



## **16. THE CONSULTANTS**

The following questions arose from the literature and while undertaking the research process:

1.1 Were the terms of reference appropriate?

1.2. What was the role/style of the consultant in undertaking his/her job?

How was the effectiveness of the consultancy intervention influenced by this style?

Did the consultant address organisational/other issues, not directly associated with marketing ?

1.3. Did the style influence the contents of the report?

1.4. Did the style influence the implementation of recommendations?

The most influential factor on the outcome of the Marketing Consultancy Initiative is the style of the consultants. How they approach their job and how well they undertake the work. The research findings can be summarised as:

1.1.1. The terms of reference were broad and open to much interpretation in all cases. Only in the case of company E was there evidence of a more specific nature, based on background information given by the company.

Company E could be regarded as the most satisfied of the cases with consultancy.

1.1.2. The terms of reference fitted with the strategic intent of companies A, C, D, and F. There was partial fit in the case of company E. While in the case of company B there was no fit.

Satisfaction with the consultancy only occurred when either the underlying strategy or the

strategic intent was of the Analyser.

Company B could be regarded as the least satisfied of the cases with consultancy. They had complained about the service received. Only here was there no fit of the terms of reference with the strategic intent.

Low satisfaction occurred when the strategic intent was that of the Prospector. (Further information and analysis on strategy in Chapter 21 below).

1.2.1. The Systems Analyst model of consultancy could be identified, in companies A, B, D and F. In these companies the consultants were less interactive and worked more on their own. They paid little attention to organisational problems, and did not educate the client in marketing and associated issues.

This style of consultancy resulted in the following:

- \* The clients understanding of the marketing concept was not fully apparent in both companies B and D; they could be classified as product orientated. In the other companies, A and F, where the Systems Analyst model was used, there are "new" managing directors in place since consultancy. They had not used the report since starting their job, as it was regarded as too general for strategic decision making.

- \* The clients were less satisfied with the work done. In the cases of companies A, B, and F the management were unsatisfied, while in the case of company D there was partial satisfaction. In this last case the managing director thought that he "got what he paid for". He paid one third of the cost. The reason for the unsatisfaction was that the report was too general.

One would have expected that the Systems Analyst approach would have resulted in satisfaction, when the strategic intent of the company is that of the Prospector. In this situation, market research would form the most important element for the client; the Systems Analyst approach being more appropriate for this type of externally focused



work. This was not the case, as the research was regarded as too general to be of use for decision making.

\* Recommendations were largely unimplemented. A few general recommendations were taken up, but these were of an obvious nature and not directly related to marketing. Company B has implemented the recommendation of updating their brochure, and company D now employs a sales representative.

This case study research confirms the theory (Schein 1988) and previous research (Farhangmehr 1991) that the Systems Analyst model is not an effective approach for consultancy. The main reasons for this I propose, are that the less interaction and less "good" communication that occurs between client and consultant while operating this model, results in the consultant not understanding the business, its problems and its needs. Recommendations in consequence are more likely to be general, unrealistic, unfeasible, and unactioned.

Whose fault is it? The managing directors themselves, it could be said, have some responsibility for managing the consultants. One managing director, company B, thought that the failure of consultancy in not meeting his needs, was partially due to his lack of experience in managing consultants. This lack of experience is very likely to occur in the smaller companies. No doubt an increase in skills would help, which would result in the consultants being given tighter, more specific briefs. Guidelines could be devised to aid management of consultants. Although the consultant/client interaction has responsibilities on both sides, I do feel that it is the consultant's responsibility to provide a satisfactory service. If the consultants feel that their brief, or the quality of information obtained from the client, will result in a report that is too general, they should make this view known early on, to give time for changes to occur.

The clients expectation of consultants, may also influence the choice of style the consultant operated. This is a field of study that requires further indepth research, as this phenomenon was not investigated during this research project.

The management of the consultants is undertaken by The Institute of Marketing and its

regional contractors. The regional contractors at Warwick University have introduced strict guidelines for consultants' reports (See Appendix 2). This research evidence suggests that the guidelines are not being strictly adhered to, especially with regard to market research. The research is supposed to be specific to the client, rather than general to the market.

The role of the contractors is essential in effecting an improvement in the effectiveness of consultancy. As the case studies represent early cases under the scheme, improvements in consultants understanding of the small firm sector, and its needs, might have already occurred. Thus more recent case studies might result in less general reports, and an increase in implementation and satisfaction.

1.2.2. The interactive, remedial approach of the Doctor/Patient model was identified within two of the cases, companies C and E. In fact the consultants did go a little further and increased knowledge, with the clients stating that the experience was educational. I have therefore termed this model of consultancy the Enlightened Doctor/Patient Model. By introducing knowledge and understanding to the client, this approach could be said to be a combination of the traditional Doctor/Patient model and the Process approach. I believe that this enlightened approach is being used within the medical field, as an increased understanding on behalf of the patient, is likely to result in more acceptance of the doctors diagnosis and the prescription.

In both cases above, there was understanding of the marketing concept, although it is difficult to state how much of this understanding is directly attributed to consultancy. The managing director of company C said he found the consultancy, educational in sales management rather than in marketing terms. It is more easy to identify, that in both of these cases, the interactive approach resulted in a higher satisfaction level and acceptance of the research results and consultants recommendations.

1.2.3. Theory and previous research (Farhangmehr 1991) suggests that the consultants should concentrate their efforts on using the Process type model in the approach to their job. The Process model was not identified in any of the case studies. Although this



suggestion is perhaps not surprising as not enough time is given within the scheme for the consultants to fully act as change agents. They should at least try to increase knowledge and capability within the client firm. Furthermore an interactive approach with good communication is necessary.

1.3.1. In the cases of companies A, B, D, and F the consultants' reports were regarded by their clients to be too general, containing large amounts of secondary market research which was not specific enough for their needs. In the case of company A the report also contained a large amount of background information on the company's activities. These types of information were regarded by clients to be "padding", and a waste of time and money.

1.4.1. Only in the case of company C were the majority of recommendations implemented. In this case the following phenomena were identified:

- \* The company's underlying strategy and strategic intent was of the Analyser, with a balanced internal and external focus at the time of consultancy. This balanced focus fits with the consultants requirement, to produce a strategic marketing plan. The client was responsive to this type of intervention.
- \* The consultant used the Enlightened Doctor/Patient model. There was "good" interaction, and the client found consultancy a learning experience.
- \* The consultant did not undertake any general secondary market research. He did undertake indepth primary research by visiting the client's customers personally. The client had confidence that the consultant would obtain an objective point of view, and found this detailed information helpful.

## Conclusion

This case study research confirms the theory that the Systems Analyst model is not an effective approach for consultancy. The main reasons for this I propose, are that the less interaction and less "good" communication that occurs while operating this model, results in the consultant not understanding the business, its problems and its needs. Case study evidence suggests that the Systems Analyst model may be popular with consultants, even considering these limitations.

The interactive, remedial approach of the Doctor/Patient model was identified within two of the cases. In fact the consultants did go a little further and increased knowledge, with the clients stating that the experience was educational. I have therefore termed this model of consultancy the Enlightened Doctor/Patient model. By introducing knowledge and understanding to the client, this approach could be said to be a combination of the traditional Doctor/Patient model and the Process approach. The use of this model resulted in an increase in satisfaction, knowledge, implementation and change and therefore in an increase in effectiveness of consultancy intervention.

Least effectiveness occurred when the strategic intent of the client was of the New Market Prospector, and the consultant operated the Systems Analyst model.

Greatest effectiveness occurred when the strategic intent of the client was of the Analyser, and the consultant operated the Enlightened Doctor/Patient model. (See indicators of effectiveness. Chapter 22 below).

This research project has highlighted that there is a complex relationship between the clients underlying strategy and strategic intent, the style that the consultant employs, and the level of effectiveness of intervention. Further research is required to increase the understanding of this relationship.

For more detailed research findings see Appendix 3 Section 2.



## **17. THE LIFE CYCLE OF THE FIRM**

The following questions arose from the literature:

2.1 What was the stage in the life cycle at consultancy?

What is the stage at present?

Did the consultant help to bring about any change that has taken place?

2.2 What are limitations to developing into stage 4 in the life cycle?

I have found difficulties in classification of the case study companies within the life cycle framework. Difficulties arise in distinguishing between The Reactive Selling phase and The DIY Marketing phase, as there seems to be much overlap of company activities, and no clear criteria to separate the phases. I have not found clear criteria within the literature to aid in this regard. It is probable that the vast majority of SMEs would be classified under either of the two phases above, so that this classification problem is a barrier to research in this area.

Identification of The Integrated Proactive Marketing phase is much more straight forward. Only company F could be classified in this phase, as the following phenomena were present:

- \* Had a separate marketing department.
- \* This department collects various forms of marketing information.
  - Secondary research to identify growth/decline in the market.
  - Primary research for present customers' service requirements.
  - Primary research of potential customers, as to why the company was not chosen for contracts.
- \* Uses the above information in decision making.
- \* Uses the above information to develop a marketing plan, which forms the major element of the annual business plan.

- \* The management agree that marketing planning has contributed to the communication process within the company, and has increased performance.

I conclude that some form of classification of the level of marketing activity is useful, I have therefore used the life cycle classifications as a guide to the level of this activity. Strict guidelines need to be developed to assist research activity into life cycle phenomena.

The following indications emerged from the study:

2.1.1. Consultancy has had little effect on the development of the life cycle classification of the companies within the case studies. It was not possible to "increase" any company's classification due to the influence of consultancy.

2.1.2. Consultancy has had no effect on the life cycle classification of companys A, B, and F.

2.1.3. Consultancy has enabled companies C, D, and E to become more "professional" within their existing classification.

It is difficult to be specific concerning this increased professionalism. The managing directors themselves could not be specific when asked. Answers could be summarised as: "The consultant showed *the managing directors* how to collect various forms of sales and marketing information, and use this information to guide decision making".

As difficulties did not occur in classification of Integrated Proactive Stage, the following findings emerged from the study:

2.2.1. The main limitation to development into The Integrated Proactive Stage in the life cycle, within companies A, C, and E is the cost of devoting more staff to marketing.



2.2.2. The main limitations to development into The Integrated Proactive stage in the life cycle, within companies B and D are both the lack of knowledge and understanding of the marketing concept, and the cost of devoting more staff to marketing.

Due to this lack of knowledge, it could be said that the style of the consultant, has had a much more important role in limiting life cycle development, within these last two companies. If the consultant had adopted a more educational role, lack of knowledge would not be a limiting factor.

I conclude, that it is possible that the stage in the life cycle could have had an effect on the benefit received from consultancy. Due to difficulties in classification, research in this area would encounter too many validity problems, until more detailed criteria for classification are developed.

For more detailed research findings see Appendix 3 Section 3.

## **18. ORGANISATIONAL ISSUES**

The main issues highlighted within the literature were:

3.1. Has the scheme directly or indirectly stimulated a change in the structure of the organisation and organisation of the marketing effort within the firms?

3.2. How has it done so?

3.3. What are/were the organisational barriers to this change?

The research findings can be summarised as follows:

3.1.1. Consultancy has not stimulated a change within the organisational structure or organisation of the marketing effort in companies A, B, E, or F.

In the case of company F, proactive marketing was already taking place.

3.1.2. Consultancy has produced a slight change within the organisational structure and organisation of the marketing effort within companies C and D. In both cases the recommendation of employing a person with direct responsibility for sales and marketing was taken up. In the case of company C this person does have a marketing function: To collect information so that the company can undertake marketing planning in the future. In the case of company D the person feeds back demand information so that production can be more fully planned. In both cases the main spur to employing the person, was to achieve a slightly more proactive sales function. Discussions led me to conclude that the sales function is dominant.

3.1.3. In the case of company C, and to a lesser extent, company E, evidence suggests that there has been a change in the attitudes of management due to consultancy. The management have become more marketing orientated due to consultancy, where they



were more product orientated before. They have also been shown how to become more "professional" in organising the marketing effort. (See 2.1.3 above).

3.2.1. The main factor in effecting these changes was for the consultant to educate the management in marketing and associated issues.

3.2.2. The consultants operating the Enlightened Doctor/Patient style concentrated more on organisational, and educational issues.

3.3.1. I could find no evidence within any of the case studies of staff barriers to the introduction of a more marketing orientated approach. The managing director had complete control.

Lack of marketing education, costs of implementation and the onset of the recession were all identified as limiting factors to the introduction of a marketing orientated approach. (See Chapter 20 below).

I conclude that education of the management in marketing and associated issues is the most important factor in effecting a change within the organisational structure and organisation of the marketing effort, within the case studies. This identification has a direct implication on the style adopted by the consultant, which should include an educational element.

For more detailed research findings see Appendix 3 Section 4.

## **19. THE DECISION MAKING PROCESS**

The following questions arose from the literature review:

4.1. How are decisions made now compared with before consultancy?

4.2. How has consultancy influenced the decision making process?

The research findings can be summarised as follows:

4.1.1. In companies A, B, C, D, and E marketing and decision making could be described as being undertaken in an intuitive fashion. Case study evidence confirms the findings of researchers such as Scarse and Goffee (1980) that small business owners give a high priority to providing a service and ensuring customer satisfaction. No precise definition, or detailed description, of intuitive marketing is evident within the literature. This term is illuminated within the companies through my identification of the following characteristics:

- \* Formal analysis of secondary research data does not take place. Therefore:
  - Growth/decline in the market is usually indicated by an increase/lack of orders.
  - Future growth/decline can be anticipated but no attempt is made to quantify it.
- \* Primary research data is collected informally, by direct contact with customers, while undertaking other activities, such as giving quotations, taking orders, organising delivery etc.
- \* There is no structure in place to co-ordinate information gathering. Information is predominantly gathered by the managing director.



- \* There is no marketing research data present on potential customers, that are not already past or current customers.

Thus, in the above companies, decisions are based on an informal overview of the market. This decision making process has not been influenced to any extent by consultancy, within companies A, B and E.

4.1.2. Companies C and D have implemented the consultants' recommendation to employ a person with responsibility for sales and marketing. Within companies A and B this person was already in place. In companies A, B and D the major portion of this persons work is to provide a more proactive sales function. In company C the work is more balanced between sales and marketing.

4.1.3. In the cases of companies C and D consultancy could be said to have influenced the decision making process. The person with responsibility for sales and marketing, provides the managing director with more information than existed before, as the basis for decision making. In the case of company C it is too early since the very recent appointment of this person, to identify the nature of this information, and how it is used. In this case the sales and marketing manager is setting up the information gathering processes, and the intention is to use this information for marketing planning purposes. In the case of company D sales information is used for demand management purposes only. Operational management decision making has been influenced, rather than marketing.

As yet there is little co-ordinated effort of either information gathering, or its input into the decision making process. Marketing can still be classified as intuitive.

4.1.4. In the case of company F marketing planning does occur and this has a major influence on decision making. This process has not been influenced by consultancy. In this company the marketing department collects the following information:

- \* Secondary research data to indicate how markets are growing/declining.
- \* Primary research data on customers product and service requirements.
- \* Primary research on competitors quality and price.
- \* Specific reasons why the company was not successful in obtaining a contract.

This information is used to predict future demand in the market so that production can be planned. The information is also used to vary elements of the marketing mix, such as price and quality, depending on the particular market preferences and circumstances.

I can conclude by stating that consultancy has had limited influence on the decision making processes within the companies. Although the lack of implementation of consultants' recommendations is a factor. The main reason for this limited influence, is that in only the cases of companies C and E did the consultant operate the Enlightened Doctor/Patient model. Only here did the consultant concentrate on the organisation of information gathering and structuring the marketing effort. These management educational elements need to be in place before decisions can be based on them.

For more detailed research findings see Appendix 3 Section 5.



## **20. MARKETING ACTIVITY**

The main questions arising from the literature are:

5.1. Is there understanding of the marketing concept?

5.2. Has consultancy contributed to this understanding?

5.3. How is marketing organised within the companies, and how integrated is the effort?

5.1.1. There is understanding of the marketing concept in companies C, E and F. There is limited understanding in company A, while there is no understanding of the marketing concept in companies B and D.

5.2.1. Consultancy has contributed to this understanding in the cases of companies C and E.

A longitudinal study is required, to accurately assess the amount of consultancy contribution to this understanding. This was not possible in the time scale.

The style of the consultant has had most influence on the understanding of the marketing concept, and whether positive attitudes to marketing exist. Only when the consultants adopted an educational role was there any evidence of change. Evidence suggests that the most change in understanding of, and attitudes to marketing, occurred within company C. There is evidence of product orientation before consultancy.

5.3.1. In companies A, B, C, D, and E there is an intuitive approach to marketing. (See 4.1.1. above). Historically, the managing directors of these companies have been in close contact with their customers, and have responded to the customers needs. They are very experienced within their industries and know their markets well. There are other

similarities too. All the above companies, have had difficulty in defining and quantifying their markets precisely. They were also largely reactive in their selling function. The main historical reason for this situation is that they are all general engineering companies that will make products to customers specifications and needs. They all regard service and delivery as very important elements of their competitive advantage, together with quality of product. A certain amount of reactivity is built into doing business in this way. The main difference with regard to marketing, that I could perceive between the more successful company C, and the smaller companies, was that company C had repositioned itself to supply to the growing hi-tech market, while the smaller companies were identified with more mature, or declining markets.

There is no evidence of an integrated approach to marketing within the above companies, and they do not undertake marketing planning.

5.3.2. In the case of company F there is evidence of an integrated approach to marketing. The company is able to define and quantify its market precisely, due to the nature of its business. Company F also exhibited the following characteristics:

- \* Had a distinct marketing department.
- \* Collected and used marketing information to guide strategy.
- \* Undertakes marketing planning as a major element of the annual business plan.

This last has helped the company to increase competitiveness, thereby increase its market share from 12% to 25% during the recession. The main reason for the increase in competitiveness is that the company planned its production and staffing levels to the new market conditions. Planning resulted in a much faster reaction to new conditions than competitors. The company was able to reduce costs so that it could compete favourably, even in a market where prices were falling rapidly.

I conclude by stating that consultancy has had a limited influence on the long term use of marketing within the case studies. Only in the case of company C could consultancy



be described as truly effective. In this case the following phenomena aided effectiveness:

- \* The terms of reference fitted with the strategic intent of the company.
- \* The strategic intent of the company was of the Analyser. The strategic focus of the company was balanced internally and externally. The company was thus open to a balanced strategic marketing planning intervention.
- \* The consultant operated the Enlightened Doctor/Patient style, which provides "good" interaction, and education of management in marketing and associated issues, and allows for organisational issues to be raised.
- \* The consultant did not undertake any general secondary market research, but concentrated on primary research by actually visiting customers.
- \* The report was well laid out and concise. The report was not dominated by large amounts of background information on the company, or general data on large markets.

Thus case study evidence suggests that, consultants should adopt these practices where possible.

For more detailed research findings see Appendix 3 Section 6.

## **21. STRATEGIC INTENT**

There is no literature apparent, to indicate the importance of the strategic focus of the client company, during consultancy interventions. Neither of the previous studies into the Consultancy Initiatives (Segal Quince Wicksteed Ltd 1989 & 1991 and Farhangmehr 1991) have identified strategy as being a phenomenon that influences intervention.

This strategic focus is most apparent when the managing director is asked: For what business reasons did you undertake consultancy? The answer to this question gives an indication to the strategic intent of the company at the time of consultancy. Of most concern here is the underlying strategy based on the company's philosophy of doing business rather than its strategy based on its positioning within the market.

Within the literature, the Miles and Snow (1978) strategic typologies best describe the philosophical strategy of companies, as follows:

**Prospectors**, who devote more resources to entrepreneurial tasks and new product development.

**Analysers**, who in stable environments emphasise production and improved efficiency, while in more turbulent times monitor key competitors and innovations.

**Reactors**, who respond in uneven ways and tend to be short term and environmentally dependent.

**Defenders**, who focus on engineering tasks and place a high priority on improvements in efficiency.

These typologies have generated a comparatively large amount of interest and several well documented empirical studies. Conant, Mokwa and Varadarajan (1990) being a



recent example, utilising a multi item scale to measure the strategic types.

The literature also reveals strategy based on a company's positioning within its market. An empirical study undertaken by Hooley, Lynch and Jobber (1992) identified : Aggressors, Premium Position Segmenters, Middle Position Segmenters, High Value Segmenters, and Defenders.

I am proposing that the reason for consultancy may be a change, or perception of forthcoming change, in the environmental circumstances. Markets may be shrinking, or there may be an increase in competition. The company may react to these circumstances in different ways. Thus the company may have to "disengage" from its underlying positioning based strategy to deal with the problem. At this point the company displays a "strategic intent" ie. the strategy it has decided to employ to overcome the problem. I feel this intent is best described by the philosophical based strategies. The case study evidence certainly suggests this philosophical focus.

I am suggesting, for example, that a company which could be classified as an archetypal Defender organisation could adopt a Prospecting or Analysing strategic intent. Thus the strategic intent may be in variance with the underlying strategy. As there is little experience of this "new" strategy it is likely that outside help will be sought, and that many consultancy interventions occur at this point.

The consultant therefore should identify and bear in mind, the strategic intent of the company when undertaking consultancy.

Under The Marketing Consultancy Scheme guidelines are given for consultancy intervention. These guidelines may not allow the consultant to fulfill the strategic need of the company. The most obvious example of this would occur if the strategic intent was to prospect into new markets. The company would put most emphasis on market research. In fact it is for this reason they have employed the consultant. When the consultant focuses on internal organisational issues the company becomes dissatisfied. In this case the consultant has a balanced (SWOT) focus, while the company has an external (OT) focus only. In these circumstances the company should have employed a specialist market research company. This situation occurred within three (half) of the cases under study.

Parameters could be changed so that specialist market research companies could operate under the scheme.

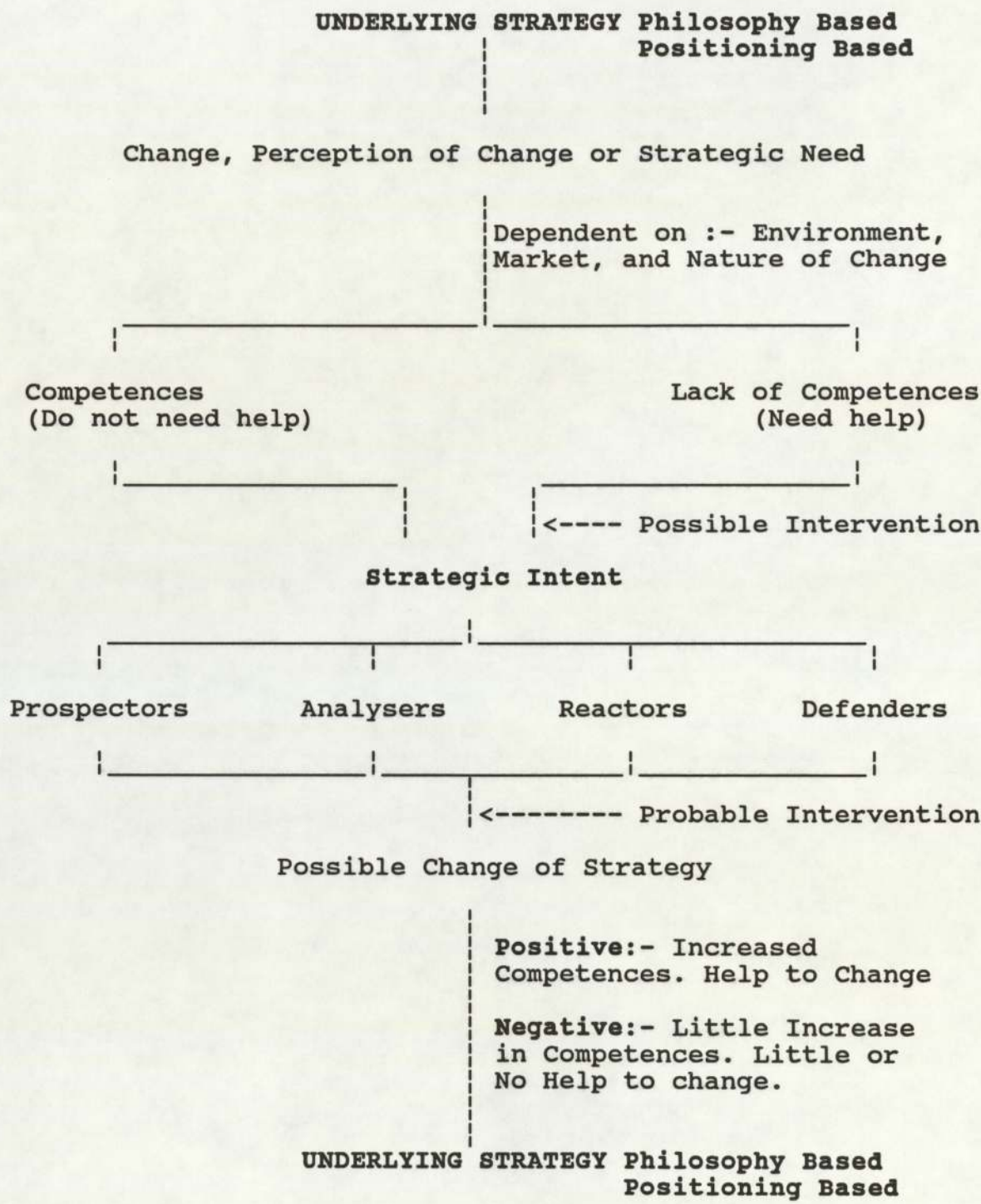
The strategic intent should be investigated at the application stage, and the terms of reference fitted to the intent.

The consultants should continually consider the strategic intent of the company when undertaking their work.

In conclusion I state that the above considerations have directly led to my proposed model of effective consultancy intervention. (See Figures 4A and 4B, and Table 5A and 5B). Further research is required to test the main variables in this model to aid the understanding of the complex relationship that exists between the strategic intent of the company, the consultancy style and effectiveness of intervention.

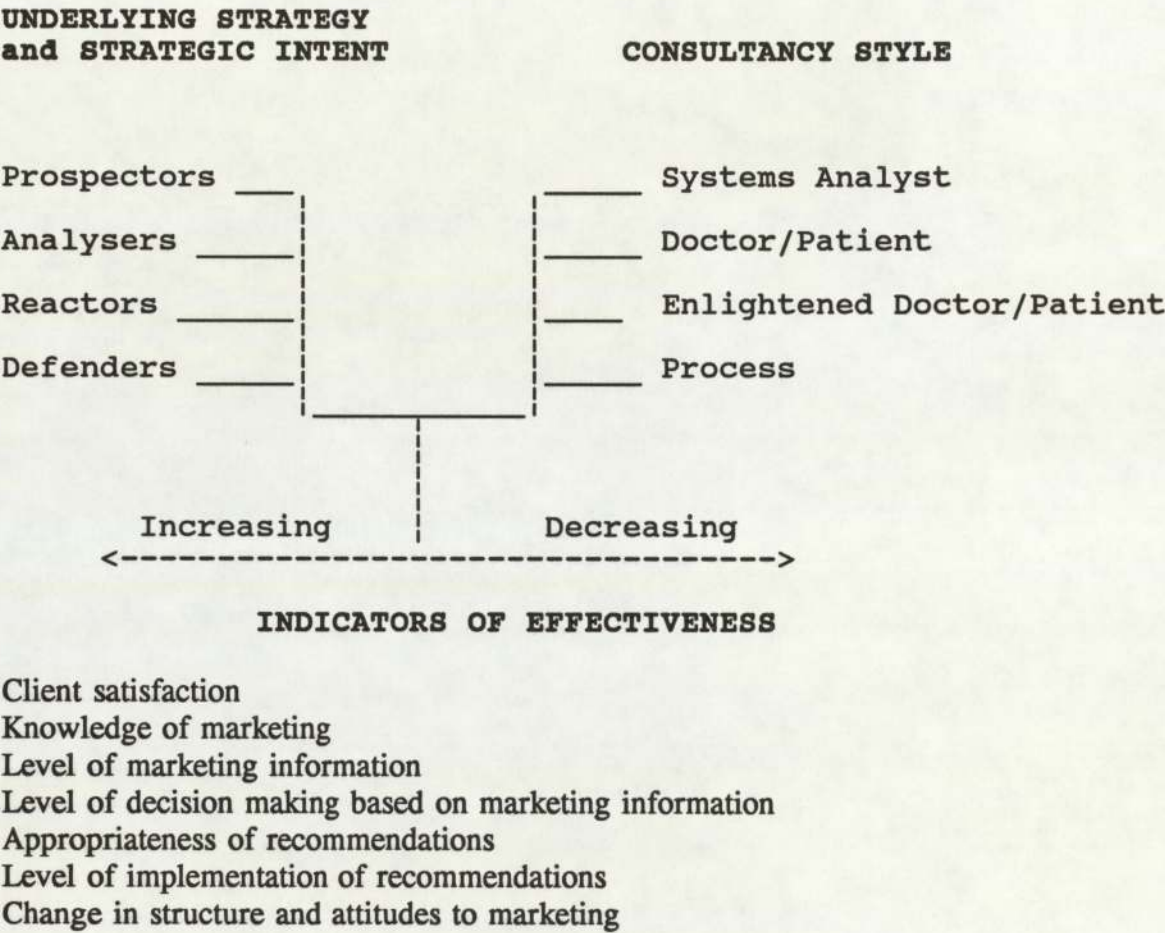


**PROPOSED MODEL OF EFFECTIVE CONSULTANCY INTERVENTION**



**FIGURE 4A**

**ASSESSING THE MAIN VARIABLES IN EFFECTIVE CONSULTANCY  
INTERVENTION**



**FIGURE 4B**



## CONSULTANCY INTERVENTION

### **CONSULTANCY TERMS OF REFERENCE (Fit with Strategic Intent)**

### **CONSULTANCY STYLE**

#### *Variables*

Interaction  
Analysis  
Organisational Issues  
Educational  
Marketing Research  
Fit with Strategic Intent  
Others eg Personalities, Client leadership style.

#### *Possible Styles*

##### **Systems Analyst.**

External Focus Dominant - Opportunities and Threats. Independent.

##### **Doctor/Patient.**

Balanced Focus - Strengths, Weaknesses, Opportunities and Threats. Interactive.

##### **Enlightened Doctor/Patient**

Balanced Focus - Strengths, Weaknesses, Opportunities and Threats. Interactive.

##### **Process**

Internal Focus Dominant - Strengths and Weaknesses. Interactive

### **STRATEGIC INTENT and UNDERLYING STRATEGY**

#### **Prospectors**

#### **Analysers**

#### **Reactors**

#### **Defenders**

**TABLE 5A**

## **ASSESSMENT CRITERIA FOR CONSULTANTS REPORTS**

- 1. Closeness to terms of reference**
- 2. Identified**
  - a. Strengths and weaknesses
  - b. Opportunities and threats
  - c. Possible development growth
- 3. Information**
  - a. Actionable
  - b. Specific to the client rather than general to the market
- 4. Presentation**
  - a. Everything included
  - b. Easily understood
  - c. Visual impact
  - d. Concise, without padding
- 5. Summary and Conclusion**
- 6. Recommendations**
  - a. Realistic
  - b. Actionable

(Assessment criteria adapted from guidelines given by The Institute of Marketing, regional contractors at Warwick University)

**TABLE 5B**



## **22. CONCLUSION AND RECOMMENDATIONS**

Consultancy intervention can be viewed in three principle ways, and these views have a bearing on how effectiveness could be assessed.

- A. The Systems Analyst view, where the consultant is seen as producing a prescriptive report which should be hierarchically imposed.
- B. The Doctor/Patient view, where the consultant is seen as investigating the symptoms and suggesting a remedy.
- C. The Process view, where the consultant is seen as contributing to a joint investigation and concentrating on an increase in knowledge within the client firm.

The level of effectiveness of The Marketing Consultancy Scheme therefore depends on what is ones view of consultancy intervention. If one takes the Systems Analyst view, which was implicit within four of the interventions within the case studies, then effectiveness can only be assessed by the level of implementation. The level of implementation was low, especially within Systems Analyst interventions.

If one takes the philosophically opposite Process view, which was not completely implicit within any of the case studies, one can assess effectiveness by the level of increased knowledge and awareness of marketing and associated issues.

If one takes the Doctor/Patient view, effectiveness would have to be assessed on the accuracy of the diagnosis and the appropriateness of the prescription.

Although I have argued in the literature review for the Process approach, I suggest that my view of consultancy within the confines of this scheme is best represented by the Enlightened Doctor/Patient view. If one holds this view, intervention effectiveness would be assessed as an increase in knowledge and awareness, but also taking into account the

appropriateness of the prescription. The level of implementation is only an indicator of appropriateness, as there may be other reasons why implementation did not occur. Therefore based on this view of consultancy, the following indicators of effectiveness have emerged from the study:

- \* The overall satisfaction of the client.
- \* Knowledge of the marketing concept and associated issues. Lack of knowledge is significant, while the possession of knowledge is not. In this last case an estimate of the consultant's contribution to knowledge has to be sought from recipients.
- \* The level of marketing information.
- \* The level of decision making that is based on marketing information.
- \* The appropriateness of consultants' recommendations.
- \* The level of implementation of consultants' recommendations.
- \* The level of change of both organisational structure and attitudes to marketing.

Thus within the case studies, only in the case of company C would the scheme be regarded as truly effective, while in the case of company E the scheme would be regarded as partially effective. Within the case of company C not only was there satisfaction of the client and the appropriate advice given, together with the majority of the recommendations implemented, but also there occurred an increased knowledge of both the market (due to the indepth market research), and marketing, including other associated issues.

Within the case of company E implementation did not occur, mainly due to the onset of recession, although both the managing director and I felt that the advice was appropriate. Although knowledge of marketing and sales management issues has increased, lack of implementation has resulted in a lack of change in approach and emphasis, towards marketing.

I believe that the scheme could be regarded as non-effective in the case of company D where although partial implementation and satisfaction did occur, there is no understanding of the marketing concept. There will not be a change in the long term use



of marketing unless there is an increase in knowledge within this company. Intervention could not be regarded as effective within the other three cases.

As I have a Process (developmental) type view of consultancy intervention it has been impossible for me to assess effectiveness in an ideal manner. The Process view requires an assessment of the increase in knowledge and awareness, and therefore requires the research to commence at the previous condition. A comprehensive longitudinal study is therefore needed. I did find, within the case studies, that the level of marketing knowledge, and the level of actionable marketing information, together with the structure for gathering it, were the most important indicators of marketing activity.

Although the literature revealed the importance of the consultancy style, it did not reveal which styles were dominant, describe the Enlightened Doctor/Patient style, nor did it reveal the importance of what I have called the strategic intent of the client companies. This research project has contributed to the understanding of effectiveness of consultancy intervention within SMEs, and has led to the proposed model of effective consultancy intervention. This model proposes that the two main variables in contributing to effectiveness of intervention, are the strategic intent of the client company, and the style of the consultant.

The research findings suggest that if the scheme wishes to increase its effectiveness, the consultant needs to:

1. Fit the terms of reference with the strategic intent of the company.
2. Adopt an interactive approach of the Enlightened Doctor/Patient style, and increase client knowledge and awareness of marketing and associated issues.
3. Adhere strictly to the guidelines for producing a strategic report.

It is in adhering to the first of these recommendations that no research is evident from the literature. There is no mechanism at present for assessing the strategic intent of the company and matching this intent with the appropriate consultancy. It would be beneficial for this matching to be carried out at the application stage via the DTI councillors or by questionnaire.

Within the case studies I would suggest that the scheme has only been truly effective when the strategic intent of the company was of the Analyser and the consultant operated the Enlightened Doctor/Patient style. It was only in this case that the consultant's role (as guided by the scheme, ie. to produce a strategic report) and the strategic intent of the company were matched. The company wanted an analysis with a balanced, internal and external focus; this is what they received. Also "good" interaction, communication and education occurred.

Within other cases where the strategic intent was of the Prospector, the requirement was an external market research focus. The consultancies have been ineffective when they have tried to meet this requirement. The research element was too general and not specific enough for decision making. I would recommend the use of specialist market researchers in these cases.

An interesting situation occurred within the case of company E. Although the company had a Prospecting intent, the consultant did not concentrate effort in the market research area. The consultancy was at least partially effective. The main reasons for the success in this case while other interventions dealing with Prospector intents were unsuccessful, were:

- A. The consultant adopted an interactive, Enlightened Doctor/Patient approach.
- B. The managing director specifically told the consultant not to carry out general secondary market research, as precisely defining and quantifying the market was difficult, due to the nature of the business.



In the other unsuccessful cases the consultants adopted a Systems Analyst approach, and concentrated a great deal of effort on undertaking secondary research on large markets. This information was regarded as too general for decision making purposes.

This finding suggests that the style of the consultant is a more important factor than the strategic intent of the company, in contributing to successful intervention.

*Further research* is required in the following areas:

- \* An indepth longitudinal study to aid the understanding of assessment of the levels of marketing activity and marketing planning occuring in SMEs. This study would be trying to assess the effectiveness of the marketing and planning function. A case study methodology employing the assessed benefits approach would be appropriate to this research.

The assessed benefits approach to assessing effectiveness of intervention would require the researcher to list the potential benefits, in this case of strategic marketing planning. The research would then have to assess the level of these phenomena present in the company, before consultancy and after.

- \* A comprehensive study into effectiveness of consultancy intervention. The model of effective intervention could be used, and variables tested, on a large sample of consultancies, to further understand the complex relationship between the style of the consultant, the strategic intent of the company and effective intervention.

(See Figures 4A and 4B and Table 5A and 5B).

I have developed a pilot questionnaire for the purpose of this study. See Appendix 4.

The findings from this last study could be used to help increase effectiveness of interventions, and help target resources to increase effectiveness of The Marketing Consultancy Initiative.

## **Conclusion**

In this research project I have reviewed the relevant literature in Part 1 of the document. This review highlighted the difficulties in assessing the effectiveness of The Marketing Consultancy Initiative, and raised methodological implications which resulted in the assessed benefits approach used in this study. Both the literature review, and the background investigations led to the formulation of the research questions.

In Part 2 I have discussed the methodology most appropriate for exploring these questions, and noted the advantages and disadvantages of the multiple case study method that was chosen. These discussions concluded with the implications for the choice of the case study companies that were included in the study, and lastly outlined the research process that was undertaken.

In Part 3 I have brought together the research questions and summarised the research findings. These findings have led to the development of indicators of effectiveness, and to the proposed model of effective consultancy intervention. In conclusion, as a result of the research, I have made recommendations to promote the effectiveness of interventions, and for additional research to occur so that the issues raised will be further understood.



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## **APPENDICES**

### **APPENDIX 1 FURTHER BACKGROUND INFORMATION**

### **APPENDIX 2 GUIDELINES FOR A STRATEGIC MARKETING REPORT**

### **APPENDIX 3 DETAILED RESEARCH FINDINGS**

**SECTION 1. COMPANY BACKGROUND INFORMATION.**  
**SECTION 2. THE CONSULTANT.**  
**SECTION 3. THE LIFE CYCLE OF THE FIRM.**  
**SECTION 4. ORGANISATIONAL ISSUES.**  
**SECTION 5. THE DECISION MAKING PROCESS**  
**SECTION 6. MARKETING ACTIVITY.**

### **APPENDIX 4 PILOT QUESTIONNAIRE**

## APPENDIX 1

### BACKGROUND

The Bolton Committee was set up to consider the role of small firms in the economy, to assess the problems confronting them, and to make recommendations. The Bolton Report (1971) defined the small firm as:

- \* Having a relatively small share of the market.
- \* Being managed by its owners or part-owners in a personalised way, and not through the medium of a formalised management structure.
- \* Having independence from outside control in taking their principle decisions.

Although no all embracing definition of the small firm is possible, it was found during research for the Bolton Report, that manufacturing firms employing less than 200 employees do in fact conform to the above criteria, and this was therefore used as the definition of small size in this sector. This said, many researchers since Bolton have made sure that their small firms are well within this size criterion. Usually making sure that their examples of small firms, have less than 100 employees.

The positive contribution of small firms to the economy was noted:

- \* Small firms provide a wide range of choice and a high standard of personal service to customers thereby increasing competition.
- \* Almost all present large firms started off as small firms.
- \* There is ample evidence that individuals and small firms continue to make major inventions, and that small firms pioneer many new products.

It was thought essential that an adequate number of potentially successful small firms should survive to grow into medium and large firms.

Against these possible positive contributions, it was noted that in reality the contribution of the small firm to the national output and employment was declining, and that Britain had the smallest proportion of manufacturing employment in small establishments, compared with other developed countries.



**THE PROPORTION OF MANUFACTURING EMPLOYMENT IN SMALL ESTABLISHMENTS IN BRITAIN AND OTHER COUNTRIES**

		%
UK	1963	31
Germany	1963	34
USA	1963	39
Canada	1968	47
Belgium	1962	51
France	1963	51
Sweden	1965	53
Japan	1966	54
Netherlands	1962	58
Australia	1963	60
Switzerland	1965	61
Norway	1967	64
Italy	1961	66

(Sources: Compiled by the Research Unit from national and international statistical year books and national census data.

Note: Comparability of these figures is affected by the different dates to which they relate.)

**TABLE 6**

Reprinted from the Bolton Report p.68.

It can be seen from Table 6 that the proportion of manufacturing employment in small establishments in Britain was found to be approximately half that of some of our competitors. The cause of the decline in the proportion of total manufacturing employment accounted for by small firms, was identified as an increasingly hostile environment that favours large firms over small, due to factors such as:

- \* Markets becoming more national rather than local.
- \* Lack of access to the economies of large scale marketing.
- \* The role of the state has been increasing: -
  - More nationalisation means less small firms in that industry.
  - State purchasing favours large firms.
  - Regulatory controls are a heavier burden on small firms.
  - Increased taxation may provide a disincentive to set up and expand particularly in the small firm sector.

This list is not exhaustive, but it was the declining birth rate of small firms that was considered to be the most important consideration.

## **APPENDIX 2**

### **GUIDELINES FOR A STRATEGIC MARKETING REPORT**

**(THE GUIDELINES ARE NOT A STRAIGHT-JACKET)**

**1. EXECUTIVE SUMMARY**

**2. MARKETING AUDIT**

**3. STRENGTHS AND WEAKNESSES (INTERNAL)  
OPPORTUNITIES AND THREATS (EXTERNAL)**

**4. DETAILED ANALYSES:**

- CUSTOMERS
- COMPETITORS
- SALES ANALYSES
- EXPORT OPPORTUNITIES

**5. HIGHLIGHT KEY ISSUES**

**6. STRATEGIC OPTIONS**

**DISCUSS OPTIONS OPEN TO CLIENT ON THE BASIS OF:**

- COST
- BENEFIT
- RISK
- CLIENT'S RESOURCES (MANPOWER & FINANCIAL)

**7. IDENTIFY OPPORTUNITIES**

**8. STRATEGIC STATEMENTS:**

- CLEAR OBJECTIVES - 1/3/5 YEARS
- QUANTIFICATION OF OBJECTIVES



**9. OPERATIONAL PLAN:**

**DETAILS OF HOW STRATEGY IS TO BE ACHIEVED, ANALYSED BY:**

- PRODUCT SERVICE
- MARKET
- MAJOR CUSTOMERS
- PRICING
- SALES
- PROMOTION
- DISTRIBUTION - ETC
- TIMING, BUDGETS, RESOURCES
- COSTS/BENEFITS OF IMPLEMENTATION
- REPORTING SYSTEMS & RESPONSIBILITIES
- CONTINGENCIES

**CRITERIA FOR ASSESSMENT**

**1. CLOSENESS TO TERMS OF REFERENCE**

**2. IDENTIFIED OPPORTUNITIES**

- WHERE THE DEVELOPMENT/GROWTH WILL COME FROM

**3. ACTIONABLE INFORMATION**

- CLEARLY DEFINED AND PRIORITISED REALISTIC ACTION POINTS

**4. SPECIFIC**

- INFORMATION THAT IS SPECIFIC TO THE CLIENT RATHER THAN GENERAL TO THE MARKET

**5. PRESENTATION**

- IS EVERYTHING INCLUDED
- EASILY UNDERSTOOD
- VISUAL IMPACT

**6. SUMMARY/CONCLUSION**

- CLEARLY DEFINED STATEMENTS OF ISSUES AND RECOMMENDATIONS

Supplied by the regional contactors for the Marketing Consultancy Initiative. Warwick University.

## **APPENDIX 3**

### **DETAILED RESEARCH FINDINGS**

#### **SECTION 1. BACKGROUND**

##### **Company A**

###### ***The Business and SIC code***

Company A is a small company in the field of general engineering. SIC 3137. The company is in the business of wire forming and divided into two distinct halves historically-

- \* The chain side.
- \* The spoke and nipple side for bicycle wheels.

###### ***Established***

The company was established in 1919, sold in 1957, and was the source of a management buyout in 1982/3 when the present managing director's father bought the business. The son has recently taken over (1991) and has brought his outside experience to the business.

###### ***Number of Employees***

The workforce comprises of:

52 Full time workers

28 Part-time home workers

###### ***Product Range***

The product range comprises of various forms of chain eg. bath chain, for the wholesale trade, and spokes and nipples used by bicycle wheel manufacturers. Up until very recently all their 1600 product items were unbranded to the final customer. Recently a wheel manufacturer has agreed to carry the company's labels on the wheels, and also there is branding of the company's recently developed new spoke for the retail bicycle trade.

###### ***Accounts***

Although there are over 250 "live" accounts the top 20 accounts in each division, represent 80% of turnover in the chain business and over 90% of turnover in the spoke and nipple business. The business is therefore heavily reliant on 40 top accounts.

Turnover is approx. £1.5 million although this has increased by 30% during the first quarter of the year mainly due to a share of market increase by a major customer, and some customers single sourcing with the company that were not doing so before.

###### ***Competition***

In both the companies product areas, there is wide competition, both in the UK and



abroad offering what can be termed price sensitive products to price sensitive markets. Imports of spokes/nipples, from Taiwan and China have hit business in this division where importers can undercut company A's prices by £1.50 per 1000.

It is in overcoming the risks to production caused by cheap, low quality imports with long delivery times, that the company has had its competitive advantage in the past. The company has always been known for its quality and service. This was confirmed in the primary research carried out by the consultant.

### ***Strategic Intent***

The reason for consultancy was to: "Expand the business and its products. There was also no time for market research, and looking at new areas of business". The company was trying to diversify into other markets. The strategic intent was of the New Market Prospector.

## **Company B**

### ***The Business and SIC code***

Company B is a small engineering company in the pressing industry SIC 3120.

### ***Established***

The company was formed in 1964, and sold to a general engineering company in 1968. The managing director acts in a dual role for both companies.

### ***Number of Employees***

The company currently employs 35 people.

### ***Product Range***

Company B is essentially a manufacturer of light pressings, with the volume production directed to the specialist area of precision made piston struts and piston sleeves. Piston struts are not liked by the piston manufacturer as they are difficult to fit, but are liked by the Ford Motor Company who are the end user. Ford have a lot of faith in piston struts, that are said to increase the life of, and reduce noise levels in engines. They have grown in popularity, but not with other engine manufacturers.

There is no branding to the final customer.

Since consultancy the company has become accredited to the quality standard BS5750.

### ***Accounts***

Although the company has approx. 50 "live" accounts, the majority are very small. The company is a sub-contractor to a large piston manufacturer in the UK and also to its subsidiary in France. The company is heavily dependent on this specialist work as this one group of companies, represents between 60%-70% of turnover.

One of the main reasons for consultancy was to try to increase the customer base, so that the company would be less reliant on the piston manufacturer and ultimately Ford engine production.

The company has a turnover of approx. £800,000.

### ***Competition***

The company has very little competition within its specialist field, but there is a great deal of competition within the pressings industry generally. Within its specialist field there is not so much competition from small companies undertaking similar work, but rather many piston manufacturers undertake such work in house. The intense competition within the general pressings field has caused difficulties in diversification.

The company's main competitive advantage is its differentiation, by specialisation.

### ***Strategic Intent***

The reason for consultancy was to: "Try to increase sales volume within the specialist line and other avenues. The specialist line was too dominant. We also felt the recession coming".

The company was trying to increase its customer base within its specialist field and diversify into other areas.

The strategic intent was of the Reactive Prospector. The New Market Prospector being dominant.

## **Company C**

### ***The Business and SIC code***

Company C could be regarded as a medium sized company in the presswork engineering field. SIC 3120. It has a departmental structure, although there is no marketing department.

### ***Established***

The company was founded in 1947.

### ***Number of Employees***

The company currently has 185 employees, down from a high of 220, due to the recession.

### ***Product Range***

The company does not have a product range as such, but offers a service to manufacture presswork to customers requirements. The company's expertise is in the high tech niche of the presswork industry. For example they supply various metal parts for computer and printer production.

There is no branding to the final customer.



The company has been accredited to the quality standard BS5750 since 1987.

#### ***Accounts***

The company has a large customer base, and is actively trying to reduce its number of small accounts so that it can concentrate effort on large customers. The largest customer being IBM.

Turnover is approx. £7 million.

#### ***Competition***

Although competition is intense in the presswork field the company has been able to reduce competition by specialisation. It has also formed close links with its large customers.

The company's competitive advantage is its differentiation by specialisation, and also its close service links with its main customers.

#### ***Strategic Intent***

The reason for consultancy was to help : "Putting together a corporate plan. Medium and long term. We needed to know where the markets were going".

The strategic intent was of Analyser.

### **Company D**

#### ***The Business and SIC code***

Company D is a small family company specialising in chain manufacture. SIC 3137.

#### ***Established***

The company has been established for over 200 years, and its production has been based on the present site since 1931.

#### ***Number of Employees***

The company currently has 15 employees.

#### ***Product Range***

The company has a niche in the small, high quality sector of the industry. It is especially known for its high quality mild and stainless steel chain. This expertise has led to the purchase of a small company, manufacturing and marketing dog leads to the retail sector both in the UK and for export. Company D also manufactures aluminium chain for the fashion trade.

The company has no plating facilities, therefore chain requiring plating is either carried out by their manufacturing customers, or dealt with on a sub-contract basis before the

finished product is delivered. The variety of applications and industrial uses is very large, and competition and price cutting is intense.

There is no branding in the core business.

### ***Accounts***

The company has approx. 100 "live" accounts, with the top ten only accounting for 25 % of turnover. The company has a large number of small accounts, and is not reliant on any one. The main customers are wholesalers and manufacturers.

Turnover of the core business is approx. £300,000 per annum,

### ***Competition***

There is much intertrading within the industry, with the company finding itself competing against some of its customers.

The company has had difficulty competing against cheap imports from countries such as Taiwan. Typically a wholesaler can purchase in bulk from this country, with the cost of the finished product being cheaper than the raw materials available in the U.K. For example, these imports can undercut company D's prices by 20 pence per meter of chain for the fashion business. It is overcoming the risks to production associated with cheap, low quality imports and long delivery times that the company has had its competitive advantage in the past. There has been one positive aspect of the recession. The lack of confidence has meant that wholesalers have not been importing so much, due to the high risk of holding stock. Company D has benefited slightly from this.

### ***Strategic Intent***

The reason for consultancy was : "We needed to improve our image, and also needed more business. We felt that we were too reactive, and wished to be more proactive. We also felt the recession coming".

The strategic intent was of the Reactive Analyser. Analyser dominant.

## **Company E**

### ***The Business and SIC code***

Company E is a small family company in the presswork engineering field. SIC 3120. It is run by the fourth generation family members. Two joint managing directors with extensive experience in the industry.

### ***Established***

The company has been established for 110 years.

### ***Number of Employees***



The company currently has 42 employees.

### ***Product Range***

The company has a large product range in the manufacture of metal pressings and stampings to a semi-finished condition, for sale to wholesalers and finishers selling to the hotel and catering trade as well as the domestic market. Popular ranges include stainless steel tableware for the catering trade, and tableware for the hotel trade that may be silver plated. Products destined for the hotel trade have consistently formed a large portion of turnover, but because the company often supplies blanks that can be finished elsewhere and others are sold through a wholesaler, none of its products are branded. This trade has been badly hit by the recession, with trade down approx. 40%. Production has been adjusted to other areas, such as to products consumed by the domestic market.

### ***Accounts***

There are approx 150 "live" accounts, although 80% of turnover is accounted for by 20% of customers. The managing directors have a long standing relationship with many of their customers, and undertake the sales calls. The annual turnover is approx. £1.2 million.

### ***Competition***

The company has very few direct competitors in the UK, although in Europe there are a few large companies that undertake the complete process of manufacture, wholesaler and retailer. The company has always focused on quality and service, with many of its employees in the "craftsman" mould, with a pride in their work. During the recession, customers have held little stock, therefore the company has expanded its warehouse facility so that it has become more responsive. The recession has also led to a focus on, and reduction of internal costs, rather than a focus on marketing. The managing director stated, that marketing was the focus of the previous recession. The company's competitive advantage seems to be the adaptability of its products to a variety of uses and finishes, so that their customers can "make them their own".

### ***Strategic Intent***

The reason for consultancy was: "The business was concentrated too heavily in one area. We were looking for direction, and looking to expand into areas we were best at. We required spread".

The company was trying to diversify away from an overdependence on the hotel and catering industry, into other fields consistent with their expertise. During the 1980's the management were partially successful in reducing dependence on a small number of large customers. They wished to further this strategy.

The strategic intent was of the New Market Prospector.



## **Company F**

### ***The Business and SIC code***

Company F could be regarded as a medium sized company, manufacturing and fitting a range of raised flooring for offices, computer rooms etc. SIC 3204. There is a departmental structure, including a marketing department.

### ***Established***

The company was established in 1975 and became the subject of a management buyout in 1987.

### ***Number of Employees***

The company currently has 135 employees. Down from a high of 220 due to the recession.

### ***Product Range***

The company mainly markets its range of raised flooring products to the construction industry, with emphasis on prestige projects. The service of fitting the product is also a very important element.

### ***Accounts***

Although the company does have regular customers, the business amounts to offering a service to large builders and designers. The company thus tenders for work on a contract basis.

The market has shrunk rapidly over the last 2 years. Despite the reduction of their market by approx. 40% over the recessionary period, the annual turnover has been reasonably static at approx. £15 million. The company has increased its share of the UK market from 12% to 25%, and has also started exporting to Europe.

### ***Competition***

The company's product is perceived to be top of the range, and of higher quality and price than their competition. They have had to reduce the quality of their product for the European market, as the UK specification would result in an uncompetitive price for their product in Europe.

The management perceive that they have a competitive advantage on two main fronts:-

#### **\* Service.**

The management have spent a great deal of time and effort increasing service quality. They have undertaken marketing research in this area, and brought in a new contracts manager to make sure that they give customers what they want. For example: Be flexible, work to deadlines, reduce hassles.

#### **\* Quality of Product.**

The quality of their product, is perceived by customers, to be top of the range, and better than their competitors. The managing director thought the the quality of their pedestal, to hold up the floor, was better designed and engineered. This extra quality does not



increase costs.

The company's product is seen by the managing director "as a bit of a commodity". Therefore their main competitive advantage is their service.

***Strategic Intent***

The reason for consultancy was: "An export drive. We needed an analysis of the German Market".

The strategic intent was of the Expanding Market Prospector.

## **SECTION 2. THE CONSULTANT**

### **Company A**

#### ***Date of Consultancy***

May 1989.

#### ***Terms of Reference***

Broad. Too many items included. Not specific enough. Open to much interpretation.  
Fitted with strategic intent - External Focus.

#### ***Consultancy Style***

The style of the consultant was Systems Analyst based, so that the consultant saw his role as producing a prescriptive plan that was supposed to be hierarchically imposed. There was little interaction and no education of the client in marketing.

The strategic intent of the company at consultancy was of the New Market Prospector. The consultant tried to fit in with this intent.

The style is consistent with the external focus of the terms of reference and the strategic intent.

#### ***The Report***

The report is of a broad nature, with a great deal of background information on the company, together with general secondary market research data on several "new" product ideas.

The whole report read as if for external consumption, rather than an internal document that could be acted upon. One of the consultant's major "new" product ideas, spokes for the umbrella industry, was found later to be unfeasible to manufacture. There would have been less time wasted on this had the consultant used a style that allowed for more joint discussion of product ideas and problems. The company felt that they suggested several ideas that they thought worth investigating. The report told them, yes, they are worth investigating. The action plan recommends that they should investigate, source, and price certain items, but the company thought that it was the consultant's job to be specific in these areas. The company also thought that a great deal of time was wasted in writing a report of 65 pages plus appendices, much of which was background padding.

The commercial director stated that their knowledge of marketing had not increased by the experience. Organisational issues and problems were largely ignored by the consultant. There was no work carried out on internal structure or communication issues. The majority of recommendations are unimplemented.



## **Company B**

### ***Date of Consultancy***

January 1990.

### ***Terms of Reference***

Broad and open to much interpretation. Balanced internal, and external **existing** market focus. Terms do not fit with strategic intent, which was external **new** market focus.

### ***Consultancy Style***

The style of the consultant was Systems Analyst based, so the consultant saw his role as producing a prescriptive plan that was supposed to be hierarchically imposed. There was little interaction and no education of the client in marketing and associated issues.

The dominant strategic intent at the time of consultancy was that of the New Market Prospector. The consultant ignored this intent.

The style is not consistent with the balanced focus of the terms of reference, but is consistent with the strategic intent, which was externally focused.

### ***The Report***

The report was general in the sense that it highlighted many issues, broadly, rather than focusing on the company's need, to expand its customer base especially in another niche in the pressing industry.

The consultant's market research utilised the customer base of the associate company. This was considered "not a great deal of help". The secondary research on European piston manufacturers was found to be of little use, as the consultant had made no attempt to find out if the manufacturers actually used piston struts. Virtually all did not, or carried out such work in house. The management team felt that the consultant had "just reproduced pages from a directory".

Overall the information the management received was too general, and "not in depth enough to be actionable". Much of the advice on brochures and other literature, the company thought was obvious, and would have been tackled by the newly appointed sales manager.

The managing director felt that it was partially a weakness and lack of experience on his behalf that the consultant was allowed to "get on with it", and that the consultant's brief was not specific enough. The company's need to find another niche in the presswork field is still presently unfilled.

The management stated that their knowledge of marketing had not increased by the experience of consultancy. In fact the managing director may have been "put off" marketing research by the experience, as he cannot envisage it being specific enough to help with strategy.

Knowledge of marketing has not been increased by the experience.

The consultant did address organisational issues, but not only is the systems analyst style that was employed, inappropriate for this task, but also the strategic intent of the

company was externally focused. Appropriate advice on internal issues was given, but this was ignored.

The majority of recommendations are unimplemented.

## **Company C**

### ***Date of Consultancy***

July 1989.

### ***Terms of Reference***

Broad. Balanced internal and external focus. Do fit with strategic intent.

### ***Consultancy Style***

The consultant's style was of the Enlightened Doctor/Patient model. There was an interactive approach, which was educational for the client.

The strategic intent of the company at consultancy was of the Analyser. The consultant fitted in with this intent.

The style is consistent with the strategic intent of the company which was of a balanced, internal and external focus.

### ***The Report***

The report contains a descriptive element, concentrating on organisational and sales management issues, followed by the remedial action required. Organisational issues form a large element of the report, with the general feel of the report towards sales management, rather than marketing.

The consultant certainly raised the profile of marketing within the company, and attitudes have changed. The managing director can still recount the first meeting with the consultant, when the board was told that there was no one present, to put the case of the customer. This obviously had an impact. The consultant's approach fitted in well with the company, and he did meet their needs at the time. His success can be shown by the fact that virtually all his recommendations have been implemented, or are about to be; the delay in implementation largely caused by the recession. The consultant did travel around the country meeting customers face to face. The managing director thought that this approach obtained a more objective view, and added extra depth to the information brought back.

The managing director did feel that the experience was educational in sales management, rather than in purely marketing terms.



## **Company D**

### ***Date of Consultancy***

November 1989.

### ***Terms of Reference***

Broad non-detailed. Open to much interpretation. Balanced internal and external focus. Terms do fit with strategic intent.

### ***Consultancy Style***

The style of the consultant was Systems Analyst based, so that the consultant saw his role as producing a prescriptive plan that was supposed to be hierarchically imposed. There was little interaction and no education of the client in marketing or associated issues. The strategic intent at the time of consultancy was that of Analyser. The style does not fit with this intent. The style is not appropriate for a balanced internal and external focus of the terms of reference.

### ***The Report***

A large part, approx. 40 pages, of the report was very general, giving background secondary research data on large markets. This information was of little use to a company of this size. Thus, for example, the company's chain is used in the food industry, but it is of little value for it to know the total value of the whole market, and the total value of imports and exports. Also any so called trends that the consultant identified, were out of date very rapidly, due to the recession.

Overall, the managing director thought that the consultant was quite efficient; undertaking a difficult job in a small, closed market. He felt the consultant undertook a good job with approx. one third of the report being useful, although with much padding.

The majority of the research carried out, was of a general secondary nature, with only limited primary data collection by telephone interview. More detailed data could have been collected, concerning the purchasing choices, strategies and market trends from a customer and past customer point of view. This would have been more helpful to the company.

Knowledge of marketing has not been increased by the consultancy experience. Generally a prescriptive approach, with very little of the action plan implemented. Although suggested actions were pertinent, organisational, and financial problems have made implementation difficult.

## **Company E**

### ***Date of Consultancy***

September 1989.

### ***Terms of Reference***

Broad but specific. Produced as a result of studying background information, supplied by the company. balanced internal and external focus. Partial fit with strategic intent.

### ***Consultancy Style***

The style of the consultant was of the Enlightened Doctor/Patient model. There was an interactive approach, which was educational for the client.

The strategic intent of the company at consultancy was of New Market Prospector. The style partially fits with this intent. The style is appropriate for a balanced internal and external focus of the terms of reference.

### ***The Report***

The report is largely internally focused , which does not fit with strategic intent.

The report contains a detailed analysis of the organisation, together with the remedial action required. The managing director thought that this was a good report, and value for money. A positive experience, which he would repeat at full cost, if the company wished to look at a new market. The report is biased towards internal sales management issues. There was no primary marketing research carried out, and the secondary data was biased to lists of contacts for sales to visit. This specific data was regarded as useful. The report does not contain general secondary data, which is regarded, by many managing directors, as padding.

Although the managing director thought that the experience was a "good learning process", the consultant did not use the process model and act as a change agent. The recommendations have not been implemented. Thus although the consultant identified the problems, identification did not result in action. The main limitations to implementation were the onset of the recession, and the falling through of a takeover and expansion programme. Due to market contraction, the managing director thought that, if the action plan was implemented, the company could have put in a lot of resources, but obtained little return on investment.

The educational aspects of consultancy were gained from a more professional approach, so that the managing director thought that the positive aspects were from "reinforcing our processes", and "going into some depth of what our abilities were". The managing director found the SWOT analysis the most helpful.

This is an interesting case, as the consultant seems to have largely ignored the strategic intent of the company , which was externally focused. The consultant has satisfied the client by using an interactive, educational style, concentrating on internal issues. An increase in satisfaction may also be due to the fact, that the managing director told the



consultant, that he did not want any general market research carried out. Thus no time was wasted on this element.

## **Company F**

### ***Date of Consultancy***

May 1988.

### ***Terms of Reference***

Specific focus but containing too many items. A market research intervention only. Externally focused, which fits with strategic intent.

### ***Consultancy Style***

The style of the consultant was Systems Analyst based. The consultant's brief was to investigate the European market, most specifically the German market, for the company's product and service. Thus the consultant's brief was to be an external "expert". The consultant was chosen for her ability to speak German.

The strategic intent at consultancy was of Prospector. The style fits with this intent.

### ***The Report***

The overall document was thought by management to be too general, and not specific enough on their particular niche within the construction industry. The international sales and marketing manager thought that he could have obtained most of the information himself, via his P.C. He expressed the view that the consultant's brief should have been tighter, and that the experience was neither positive nor educational. The sales director thought that the report did focus attention: "made us realise that if we put all our resources into export, we would be letting down the UK market". The report seems to have influenced the decision, not to go into the German market at that time. The company concentrated its export activity on other countries with less competition, for example Spain, Italy and the Benelux countries.

This was not a strategic marketing report, but a market research one. The company may have received more detailed information if they had employed a specialist market research company.

The recommendations have not been implemented.

### **SECTION 3. THE LIFE CYCLE OF THE FIRM**

#### **Company A**

Up until recently the company would be regarded as in the reactive selling stage in the life cycle, but with the branding of the company's "old" product in conjunction with a wheel manufacturer, and branding of the company's "new" product for the retail market, we see evidence of marketing development. We see the company undertaking DIY Marketing in the spoke division of the business, while the chain division can be classified under Reactive Selling.

Limitation to a more proactive approach is mostly the cost of research and development. Both the managing director and the commercial director believe that marketing research would be of little benefit to their new product launch, apart from confirming that there is a market for their product. Perhaps due to the low costs involved, the new product development and launch are undertaken by "common sense", "gut feeling" and "give it a try" rather than a planned campaign. Therefore attitudes are also a limiting factor to a proactive approach in marketing.

Consultancy has had no affect on the life cycle classification.

#### **Company B**

The company is in the DIY Marketing stage of the life cycle. The company is a sub-contractor to a piston manufacturer, who is also a sub-contractor reliant on the Ford Motor Company. There is little scope for becoming more proactive in these circumstances. The consultancy was viewed as being a help in diversifying away from these over dependent circumstances, but this was not realised due to the consultancy being too general in nature. The main limitation to Proactive Marketing is the lack of knowledge and understanding of the marketing concept.

Consultancy has had no effect on the life cycle classification.

#### **Company C**

The company is at the DIY Marketing phase in the life cycle at present, but with the firm intention to become more proactive. It is hoped that the newly appointed sales and marketing manager will help in this regard. Since this very recent appointment, there are no limitations to becoming more proactive, especially since the manager's role is not seen as "a quotation machine", but with an important marketing element. There is evidence of a proactive nature well before consultancy. The company has worked hard at attracting customers in the hi-tech niche of the pressings market, "who treat their suppliers better", and drifted their customer base away from the automotive sector. The consultant has helped the company to become more professional in the DIY marketing phase, and implementation of the action plan, given time, should help them to become



more proactive.

Consultancy has had a limited effect on life cycle classification.

#### **Company D**

The company is in the Reactive Selling stage of the life cycle, although we can see a move towards DIY marketing with the appointment of the sales and marketing representative. This appointment, recommended by the consultant, does have a marketing function: to "make contacts and report feedback from customers", but the majority of the job is seen as helping the company towards a more proactive, and a little more aggressive sales function.

The limitations to Proactive Marketing are the lack of knowledge and understanding of the marketing concept, cost of research. At present the company is limited by its over dependence on a small customer base in a mature, declining market.

Consultancy has had limited effect on life cycle classification.

#### **Company E**

The company is in the DIY marketing stage of the life cycle. The company's sales function is reactive, but there are some legitimate reasons for this. The company is in the business of providing a service, and is therefore asked to make items to customer specifications. As tooling has to be paid for, they would not undertake this work without an order. Also as a manufacturer to wholesalers and finishers they are in a difficult position historically. They are very dependent on a small number of large customers and have no contact with the end user. At present the main limitation to a more proactive approach, is the recession. The hotel, catering and trophy markets have been very badly affected. The company has been forced into cutting costs, and therefore there is no money to devote to employing a marketing manager.

Consultancy has had a limited effect on life cycle classification.

#### **Company F**

The company could be classified as in the Integrated Proactive Marketing phase of the life cycle. The company, up until recently, has employed 3 people in the marketing department. This department has been reduced during the recession to 1.5 employees. This reduction has not affected market share, which has increased from 12% to 25% during the recessionary period. Consultancy has had no effect on the life cycle classification.

#### **SECTION 4. ORGANISATIONAL ISSUES**

##### **Company A**

The consultancy has not stimulated a change in the organisational structure, or organisation of the marketing effort. The appointment of the new managing director with a varied business experience, is having an impact. The decision by the managing director to appoint an additional manager, from within the company, to demarcate jobs and responsibility more clearly has enabled one director to concentrate full time on sales and marketing whereas this was half of one persons job before. Up to the present most of this extra effort seems to have been concentrated on image and new product development, rather than any formal marketing research.

The managing director has negotiated rolling three monthly contracts with major volume customers, which has resulted in smoother and less problems in production. The management believe that this has also increased the quality of service, such as responsiveness. This approach is moving the company closer to its' customers, who it is felt, are less likely to dual source because of it.

There is no change in the organisation of the marketing effort.

##### **Company B**

The consultancy has not stimulated a change in the organisational structure or organisation of the marketing effort. Any slight change in the organisation or culture could be attributed to:-

- \* The appointment of a sales manager. This occurred shortly before consultancy took place, and has led to a slightly more proactive sales function.

- \* The process of achieving the quality standard BS 5750. This, instigated much heated debate, and led to the need for staff training. Accreditation was seen as "good as a discipline", but bureaucratic.

##### **Company C**

Consultancy has stimulated a change in both the organisational structure and organisation of the marketing effort.

Before consultancy sales were generated through enquiry. The recent appointment of a sales and marketing manager is supposed to emphasise a more aggressive sales function, and provide more formal direct contact with customers. Although it is too early to investigate any changes at present, the company are spending more resources in the marketing area. Both the consultant and the managing director were aware of the cultural issues that could be affected by this change. The managing director stated, that the board would like to see the company becoming "more aggressive without being objectionable".



This statement seems to indicate that the sales function is dominant within the new appointment.

There has been very little change at present. More that the profile of marketing has been raised, and more positive attitudes exist.

Since consultancy the company has undertaken the Business Growth Training Initiative, which they found very helpful. Weaknesses were found in the internal communications, and training was carried out on team building and individual objectives. This has led to a more qualified supervisory workforce, and a more open approach internally, with monthly team meetings.

The company tries to address weaknesses. The managing director sees strengths and weaknesses as always being relative to past performance, and therefore addressing weaknesses is viewed as a continuous process of improvement.

When asked to state a few words to indicate the culture of the company the managing director used the words: "Long term, participative, give and take, enthusiastic, and increasingly professional".

#### **Company D**

Consultancy has stimulated a change in the organisational structure, but not in the organisation of the marketing effort.

Before consultancy sales were generated through enquiry. The appointment of a sales and marketing representative has resulted in a more proactive sales function, which has been partially successful. This representative is also feeding back demand information, so that production can be more fully planned.

When asked to state a few words to indicate the culture of the company the managing director used the words: "Quality, service, nice people to deal with, and tolerant of customer credit".

The main change since consultancy is a slightly more proactive sales function, together with slightly more planned production. There is also a change in attitude due to the recession, which has caused the management to think more about sales, rather than to think more about marketing.

#### **Company E**

The consultancy has not stimulated a change in the organisational structure or organisation of the marketing effort. Although the managing director stated that "awareness and focus of the mind" had been increased. Consultancy has indicated how marketing could be organised, but this has not resulted in action, due to cost cutting

caused by the recession.

The recession has caused the company to expand its warehouse facility, as customers do not hold stock, and expect immediate delivery. The recession has therefore been the spur to an increase in responsiveness.

When asked to state a few words to indicate the culture of the organisation the managing director used the words: "Quality of product, minimum faults, good delivery, discretion and being scrupulously fair". This last was thought to be very important, as the company is often dealing with several customers who are competing for the same contract.

Training in marketing was thought to be unnecessary as only the managing directors are in contact with customers.

### **Company F**

The consultancy has not stimulated a change in the organisational structure or organisation of the marketing effort. The appointment of a new managing director and a new contracts manager has had the effect of concentrating the business more on customer service. The management felt that the company has become less product orientated: "Due to the commitment from the managing director for customer orientation".

When asked to state a few words to indicate the culture of the organisation, the managing director thought that internally there was a: "Supportive atmosphere, a good team spirit, clear targets, and flexibility". He sets objectives and lets employees achieve them, the way they wished. Externally they have concentrated on service and quality, although these have been modified to suit different markets.

The company has undertaken an internal training programme to increase service and product quality. The management produced posters and leaflets to try to get the quality message across to all employees: "We made statements that were issued to everybody". In hindsight the management thought that this approach was not effective, as it presented the employees with a *fait accompli* and took longer to get the message across. It would have been better they felt, "to discuss ideas before they were written down in stone" and to educate people. The message eventually got across, helped by the difficult market situation which focused the minds of many, as they might lose their jobs.



## **SECTION 5. THE DECISION MAKING PROCESSES**

### **Company A**

There has been no change in the decision making process due to consultancy. Decisions are largely based on intuition and common sense. Although there is continual informal feedback from customers to provide a feel for the market.

There is evidence of more formal marketing discussions with their wholesaler, about image, packaging and price, for a new venture in the retail market. There was a conscious decision to use a wholesaler due to the companies lack of experience and network in this market. The managing director stated that it was sensible to stick to what they are good at. ie manufacturing, rather than compete against the wholesaler. This decision therefore, is based on the identification of strengths and weaknesses in the company.

As they are entering a new market with an unique product, the management team did not think that marketing research would be useful. They thought that market research for example would only confirm that a market exists. The costs for "giving it a try" were very low, therefore an additional cost for what they thought would be "confirmation", was rejected.

An example of another recent decision, is the decision to close down the presswork side of the business. This represented a very small proportion of turnover, and the managing director stated that the company could only be average in this sector, due to the large amount of competition and lack of investment on their part. The presswork therefore, did not fit in with his philosophy of "we would like to be best at what we do", and did not fit in with the rest of the business of "bending pieces of wire". A major spur to close down the presswork has come from the customer's quality procedures. In adhering to the standard BS5750 the customer wished the company to accept a consequential loss clause and longer payment terms. The customer had also foiled any attempts to make this business profitable, as "they were getting a good deal". This decision was not instigated by the desire to concentrate and form closer ties with more important customers, as the goal of the company is to try to increase its customer base.

Decisions are not based on marketing planning.

### **Company B**

There has been no change in the decision making process due to consultancy. The company is still reacting to present or new customer enquiries for its business. There is a great deal of competition within the general presswork industry, and company B has a lack of investment here. The managing director feels that they would have to obtain a large order or contract to justify the expense of any new, more modern equipment.

Within the piston strut business the decisions are based on direct feedback from their very small number of customers.

The company's strategy can be summed up as being reactive.

Decisions are not based on marketing planning.



### **Company C**

The managing director felt that the decision making process had changed, although this is not due to consultancy. There is more delegation of strategic decisions to middle management level. This process was influenced by The Business Growth Training Initiative. The managing director also thought that top management's strategic decisions were much more influenced by operational decisions already taken at middle management level.

The decision making process has not changed due to more positive marketing attitudes, influenced by the consultancy. For example, the company is about to purchase a modern piece of equipment from Taiwan, costing approx. £300,000. The decision to buy was not based on any formal marketing, as the managing director did not believe that this was possible. The decision is based on experience and a feel for the market. He is confident that they can fill capacity, as the machine is very flexible. The managing director stated that "even if we were told that the market was going to decline in 5 years time, we would still purchase". This is a decision by "gut feeling". He felt that the company had to take the risk, because if they did not invest in modern equipment they would be uncompetitive any way.

Decisions are not based on marketing planning. They hope that the recent appointment of the sales and marketing manager, will provide indepth marketing information to enable them to do so in the future.

### **Company D**

There is some evidence of change in the decision making process due to consultancy. The recently appointed sales and marketing representative provides the managing director with information from customer record sheets. This information is used to identify customer preferences, and show any likely overload on machinery. Production data is then fed back to the representative, who is told to "push other lines". Thus the company does undertake planning on the demand management, production side of the business. Marketing planning does not occur to guide strategic decisions. These decisions are based on experience and intuition. The managing director does have a great deal of specialist knowledge and experience, that go with the continuity of an old, well established family firm.

### **Company E**



There has been no change in the decision making process due to consultancy. The managing director felt that the consultancy reinforced the processes already in place. In diversifying the product range, the company's policy would be to develop the product; ask for feedback from customers; and develop further; rather than asking customers directly "what they want". He felt that he would not "take decisions in isolation". Although this process indicates a form of product research, the managing director felt that market research was "often not necessary". The company does not purchase market research, but relies on continual feedback, in an informal way. The managing director thought that it was difficult for the company to obtain market research at their level. He thought that a great deal of information was available at the point of sale, but as they were not in contact with the end customer, this was of little use to them. This statement seems to indicate that they are relying on their wholesalers and finishers to undertake their marketing for them.

The company does have a planned approach to decision making, although no marketing planning is undertaken. The company has a long term investment plan, which first concentrated on improvements to the working environment, with a large building programme. They next intend to invest in updating plant and machinery. This will be undertaken before any investments into expansion into Europe is contemplated. There is also a policy of expansion by purchasing smaller companies that they "know", together with their product range and customer base.

### **Company F**

There has been no change in the decision making process due to consultancy. The main change within the organisation, of a new managing director and contracts manager has changed the decision making process. The company is more customer led now. At present many decisions are marketing research led. Others are business planning led with a marketing research input, while others still are more opportunistic.

The new managing director has led the company away from a more product orientated stance to a more commercial, market orientated one. The sales director and both the marketing managers felt this. Examples of recent decisions show various approaches to decision making as follows:

The company found that it had to reduce quality for the European market, so that it could compete on price. Once research highlighted this fact, and they found it feasible to modify their product, they entered markets in an opportunistic fashion. Thus although they found different customer needs within different countries in Europe, they do not "waste time" carrying out research into each individual country. As the cost of entry into another country in Europe is low, due to the tendering process on a job to job basis.

After completing a contract for 1 million square metres of floor in the Canary Wharf development, the company was offered an additional 6 million square metres. The board



refused this work, as they thought that being so dependent on one large job was too risky. With hindsight, if they had not stuck to their strategy of spreading risk, they may have gone bankrupt.

Marketing planning is carried out within the annual business planning process. The company obtains statistics on planning applications and recent building starts and completions. They estimate their share of this market, and this information is used to help plan production and staffing levels for the next year. The planning process is more informal now, compared with several years ago. The plan is less written down so that they: "Do not spend all their time planning and not doing anything". For the last 3-4 years, planning has been more: "Short, sharp, with objectives more realistic, and working from the reality of last year". There is therefore, some evidence to suggest, that they have learned to plan better by undertaking the process.

The planning process has greatly benefited the company during the recession. By identifying a downturn in the market early on, the company cut production and staff before the recession hit. The management feel that these more proactive or fast reactive decisions, made the company more competitive than some of its competitors, who cut costs too late. The company was thus able to increase market share by cutting costs, while concentrating on service. Profitability has only been slightly adversely affected during a period where prices of raised flooring have been reduced from £32 to £22 per square metre. The company is still in the top of the range band, for quality and price. Planning has also led, the management believe to : "Clearer priorities, more fellow travellers, more tuned in, more pulling in the same direction, and knowing what part each person has to play".

Getting the quality and service message across has been helped by the difficult market conditions, where people are worried about their jobs and have to look at themselves and their performance. Staff reductions did adversely affect moral for a time.



## **SECTION 6. MARKETING ACTIVITY**

### **Company A**

When asked what he considered to be good marketing practice the managing director stated that "presenting the best image, emphasising strengths and honesty".

Marketing seems to be carried out in an intuitive fashion where the customers are known to the directors personally, and where there is continual feedback. The company initially applied for consultancy to help expand the business and its products, and because they felt there was no time in the company to carry out market and product research.

As the company is well established and well known in its industries, it has not, in the past seemed necessary to call on customers. Manufacturing customers have only ordered when there was a need and therefore have not held any stock in any volume.

The company are aware of changes occurring in their market, but have been historically reactive rather than proactive. They consider that they have no time or money for formal marketing research. Although their innovative new product is based on a more obvious customer need in a market they know well, they are using the marketing knowledge of a rapidly expanding wholesaler to enter the retail sector of this market. They are aware of their limitations and are sticking to where their expertise lies.

The company is certainly thinking more about marketing. Up to the present time, concentrating their efforts on the spoke side of the business:-

- \* They have seen the success of their top quality European competitor who has vastly increased margins, by developing products for specific niches in the market. They would like to copy this success.

- \* They are branding their products now, where there was no branding before. A wheel manufacturer is carrying their labels on the wheels.

- \* They are aligning their image with the more successful sector of the cycle market; the mountain bike sector with its day glow colours. The company is using these colours on its redesigned packaging.

The company does not undertake marketing planning even in the informal sense, and does not believe it is useful to undertake any SWOT analysis:- "If it is done once, it will last for 10 years. Things don't change in this business". They have identified their internal strengths and weaknesses and in fact do use this knowledge in their decision making processes.

The company uses cost plus pricing in the chain division, but is moving away from this in the spoke division, to a marketing based pricing system.

The company could be classified as in the process of moving from product towards marketing orientation.



### **Company B**

When asked what he understood by marketing, the managing director stated "Trying to achieve sales and exploring possibilities in research and advertising". This reply demonstrates that the consultant was not successful in getting the "marketing message" across clearly.

Marketing is carried out intuitively in this company. The management team know their very small number of customers well, and certainly respond to their needs.

Their competitive advantage is their specialism in the competitive presswork industry, while selling their product on quality, service and delivery. They are close to their major customer, and operate an annual order that is delivered to a time schedule.

They use a cost plus pricing policy, with a master cost record for each individual item produced.

The company is still in the position of looking for diversification within the pressing industry, but the managing director does not believe that marketing research can help in this regard. This attitude has been influenced by their negative experience with marketing consultancy, and its cost.

The company does not undertake marketing planning.

The company could be classified as of unsure orientation. Starting to move away from product orientation.

### **Company C**

When asked what he understood by marketing, the managing director stated: "Making sure that there is a match with the skills we are good at, and what the customer needs". The marketing message has got across. The consultant has played a role, by raising the profile of marketing so that attitudes have changed. The managing director related a story of the first board meeting with the consultant: "He asked us, what were our strengths and weaknesses? and we all started talking about how super our presses were. The consultant said that we are supposed to be taking about marketing, and you are all taking about your own processes. Who is talking about your customers?" This story does suggest that the company was more product orientated at the time. This episode obviously had considerable impact, as the managing director could remember very clearly what was said, even after a 3 year time lapse.

The managing director felt that the consultancy was a learning experience, but that he learned more about sales management rather than marketing. This statement suggests that the consultant concentrated advice on management of the marketing effort.

Before consultancy, sales were generated by enquiries with all managers seen as having a sales function. The company "tried to give customers what they wanted". This is also the present situation, although the very recent appointment of a sales and marketing manager may alter this process in the future.



The consultant and the company have had difficulty in quantifying their market precisely, as they are in the business of offering a service of pressing and bending to a variety of customers, depending on their individual needs. Thus they have found planning difficult in the past.

Although we must bear in mind that the company has historically achieved a consistently high growth rate by meeting the needs of their customers, and by shifting the emphasis of their work from the automotive to the high tech niche. They have always undertaken marketing in an intuitive fashion.

In the future they intend to reduce their customer base, and concentrate on forming closer relationships with their large customers. There is evidence of relationship marketing already. The company came top in IBM's quality performance list for suppliers, MDQ, last year. They do sometimes get preferential treatment on delivery criteria, due to their closeness to buyers at IBM.

The company does not undertake marketing planning.

The company could be classified as market orientated. Having moved away from product orientation. Consultancy has helped in this regard.

#### **Company D**

When asked what he understood by marketing the managing director stated: "Putting the product in front of the customer in the best light". He thought that marketing was finding, and putting over the best image to the customer, before the sale took place. This reply demonstrates that the consultant was not successful in getting the marketing message across.

Marketing seems to be carried out in an intuitive fashion, where customers are known to the managing director personally, and where there is continual feedback. He certainly responds to their needs and is also knowledgeable of the competition. The company did find the SWOT analysis useful, and have acted on a few suggestions. Cost being the main limiting factor as far as implementation of other suggestions is concerned. They are employing a full time representative now, but his function seems to be biased towards sales rather than marketing. They have become more proactive in the sales department, and this has helped during a difficult period. Attitudes have changed, mainly due to the panic caused by the recession, but the result of this, has been an increased sales effort. The managing director has a good general feel for the market, and knows his customers and competitors well. He therefore knows the choices that his customers have to make. The company does not undertake strategic marketing planning, but does undertake a limited form of demand management that aids production stability.

Generally, attitudes are consistent with those of product orientation. The managing director believes that quality and service sell themselves. His definition of quality being: "The best product of its type possible to acknowledged standards within the trade". Thus the managing director is influenced by competitor's standards more than customer's needs.

The recession has made the company adopt a slightly more aggressive sales function,



although this is largely reactive. When turnover falls, less time is spent on production, and more on sales.

The company does exploit its competitive advantage within the fashion trade, for example. Due to their good service and quick response time, they have the advantage over cheap imports for approx. 3 months of a new product launch. It is impossible to hold on to this advantage however, due to low cost of subsidised raw materials available to their foreign competition.

The company operates a cost plus pricing system, but the managing director is aware of competitors prices, and this knowledge is used to target certain markets.

The company could be classified as product orientated.

### **Company E**

When asked what he understood by marketing, the managing director stated: "Establishing what you can produce and what people really want and fulfilling their needs. Not really selling a product". The marketing message has got across. The consultant has played a role, by raising the profile of marketing, with the managing director considering that consultancy was a "good learning process". Thus the management felt that work had been put in, which could be implemented when the economy improves.

Although the company is very dependent on its wholesalers and finishers, its products have a competitive advantage as they are very adaptable. Thus the finishers could add a different handle or different finish to create a new range. The company's strategy of not branding or trying to compete with these customers, but rather diversifying so that they are less reliant on any one of them, seems the sensible course of action and is paying off. Also the strategy of purchasing other small companies with a slightly different experience, product range and customer base, has proved to be effective.

The company operates a cost plus pricing policy. They have a computerised costing system.

The company does not undertake marketing planning.

The company can be classified as market orientated as the attitudes of the managing director are consistent with this orientation, but no formal processes exist for obtaining thorough marketing information. Marketing is undertaken in an intuitive fashion by continual feedback from customers. The managing director has spent more time recently on obtaining feedback, due to "the market being so poor". He also thought that the company was developing "very good bonds during the recession". These statements indicate a reactive rather than proactive marketing function.

### **Company F**

When asked what he understood by marketing the managing director stated: "Finding out



what customers are looking for and providing it". He found after coming to the company that the product was a: "bit of a commodity" and that customers differentiated on service such as, delivery, meeting deadlines, removing hassles, completion on budget. He found that most of their competitors were not good at this service side. When he first came to the business in September 1989 he found that there were many complaints and that they were "spending a great deal of time fire fighting". The company has since spent a great deal of time, effort and money improving the contract service side of the business. Other management members think that the company was more product orientated in the past, but now they are customer led and market orientated. Thus the managing director and contracts manager have changed the emphasis of the company over the last 3 years. The consultancy did not influence these changes.

The company has used market research since consultancy, which mostly confirmed what they already knew, but it did make them realise that: "If we do export, we need to do it properly and give resources to it". Although the marketing research told them to "drop exports", they did not. Thus recommendations based on marketing research were not actioned, when the recommendations contradicted intuition and "gut feeling". Some strategic decisions are research led, while others are carried out more intuitively.

The nature of the business, and the timing of their service, near the end of the building cycle, enable the management to define their market well and predict the likely future demand reasonably accurately. These factors may have influenced the increased use of marketing planning within the company.

Pricing is based on a combination of the cost base, and what the market will stand, bearing in mind the profitability acceptable to the board of directors. During the recent shrinking, more competitive market, the company draws a line price wise, below which it will not go.

The company does undertake informal marketing planning as a major element of the annual business plan.

The company could be classified as market orientated.

## **APPENDIX 4.**

### **PILOT QUESTIONNAIRE**



**THE INFORMATION GIVEN IN THIS QUESTIONNAIRE WILL BE REGARDED AS CONFIDENTIAL. THE INFORMATION WILL BE COLLATED SO THAT IT IS NOT POSSIBLE TO IDENTIFY ANY INDIVIDUAL COMPANY**

**BACKGROUND**

What are the main business activities of your company? .....

.....

Who owns the company? tick box/s

Owner/manager

Directors

MD/Chair

Other Shareholders

Other

What is your position in  
the company?

.....

How many people are employed by the company? *At Present At Consultancy During Mid 1980's*

Has the company a separate:-	<i>Yes No</i>	<i>Number of</i>
Sales Department		<i>employees in</i>
Marketing Department		

What are the major **advantages** over your competition?

Rate the items below as a **percentage**, total = 100%

Product quality

Price

Service

Unique products

Distribution network

Credit facilities

Other

**Total**                      **100%**

What number of customers are accounted for by 80% of turnover? .....

What best describes the company's pricing policy?

<i>AT</i>	<i>AT</i>	<i>During</i>
<i>Present</i>	<i>Consultancy</i>	<i>Mid 1980's</i>

Cost plus

Based on competition

Based on what market

will stand

Is your selling function?

<i>At</i>	<i>At</i>	<i>During</i>
<i>Present</i>	<i>Consultancy</i>	<i>Mid 1980's</i>

Mainly reactive

Mainly proactive

**"We make our profits by primarily focusing on":**

Quality of our products

Quantity to reduce our prices

Advertising and selling

Analysing and meeting customer needs

tick most important  
box only

Which best describes your general approach to business?

*Not at  
Exactly Somewhat all*

1. We concentrate on entrepreneurship and/or new product development. A high risk policy.

2. We concentrate on production tasks and efficiency improvements in existing markets. Low risk policy

3. We concentrate on analysis of markets and alternatives and prefer to quickly follow new developments. Medium risk policy

4. We concentrate on situations as they arise, as we have difficulty planning in our markets. Low risk policy

### **MARKETING**

What do you understand by marketing? .....

.....

State your attitude to the statements below by ticking the appropriate box

*Neither  
Strongly Agree or Strongly  
Agree Agree Disagree Disagree Disagree*

1. We are able to define and quantify our markets precisely

2. We know precisely what our competitors prices are

3. We obtain market information by informal contact with customers only

4. We know precisely the choices and alternatives our customers have

Do you undertake marketing planning? Planning strategy based on marketing information.

Answer Yes or No

*At AT During  
Present Consultancy Mid 1980's*

Formalised

(written down with budgets set)

Informal

(general direction only)

Are your products branded to the end customer? Yes No

What best describes the market you are in?

*At AT During  
Present Consultancy Mid 1980's*

Expanding

Mature/stable

Declining



## CONSULTANCY

Date of consultancy Month ..... Year .....

What was the main business reason for consultancy? .....

Which statement below sums up the consultants style that you experienced?

*Not at  
Exactly Somewhat all*

1. There was little interaction between us. The consultant worked by his/herself virtually all the time. Organisational issues were largely ignored. I learnt very little. The consultant saw his/her role as producing a report at the end only.

2. There was "good" interaction between us. The consultant described and diagnosed the problems and suggested a remedy. Organisational issues were tackled. I learnt very little.

3. As 2 above, except.... I did learn about marketing and/or management issues.

4. There was **continual** "good" interaction between us. The consultant **concentrated** on imparting knowledge about marketing and/or management issues. There was help to change.

State your attitude to the statements below by ticking the appropriate box

*Strongly Neither  
Agree or Strongly  
Agree Agree Disagree Disagree Disagree*

1. The market research element was useful
2. Indepth, detailed market information was obtained
3. The market research information was too general for decision making
4. The consultant's brief was not tight enough
5. Consultancy was a positive experience
6. The consultant did not understand the needs of the business
7. Organisational issues were tackled
8. The consultant should have concentrated on organisational issues
9. The report contained too much padding
10. I learnt how to analyse, and carry out marketing planning

*Majority A few None*

Recommendations have been implemented

What did you learn from consultancy? Be specific .....

## STRATEGY

Which best describes your  
Main Objectives

tick appropriate box

*At AT During  
Present Consultancy Mid 1980's*

Defend/Prevent Decline  
Steady Sales Growth  
Aggressive Sales Growth/  
Market Domination

Which best describes your  
Strategy for achieving objectives

*AT AT During*  
*Present Consultancy Mid 1980's*

Expand market/s  
Win Market Share  
Cost Reduction/  
Productivity Improvements

Targeting

*AT AT During*  
*Present Consultancy Mid 1980's*

Whole Markets  
Selected Segments  
Individual Customers

Positioning

Quality relative to major competitors

*AT AT During*  
*Present Consultancy Mid 1980's*

Higher  
Same  
Lower

Price relative to major competitors

*AT AT During*  
*Present Consultancy Mid 1980's*

Higher  
Same  
Lower

state your attitude to the statements below by ticking the appropriate box

*Neither*  
*Strongly Agree or Strongly*  
*Agree Disagree Disagree*

**At consultancy:-**

1. We were actively looking for business in our existing markets
2. We were actively looking for business in new markets/regions
3. We were trying to respond to a likely down turn in business/recession
4. We were trying to diversify away from an over dependent position
5. We wished to analyse our present position
6. We needed help to react to change in the market

**PERFORMANCE**

Could you please state:-	1989	1990	1991	1992	Estimate 1993
--------------------------	------	------	------	------	------------------

Turnover

Gross profit

Net profit  
(including directors  
remuneration)

Thank You.