

**MARKETING - AN INVESTIGATIVE PROCESS FOR TAKING ACTION**

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## I Introduction

Observation and analysis remain theoretical procedures if they do not result in any action being taken.

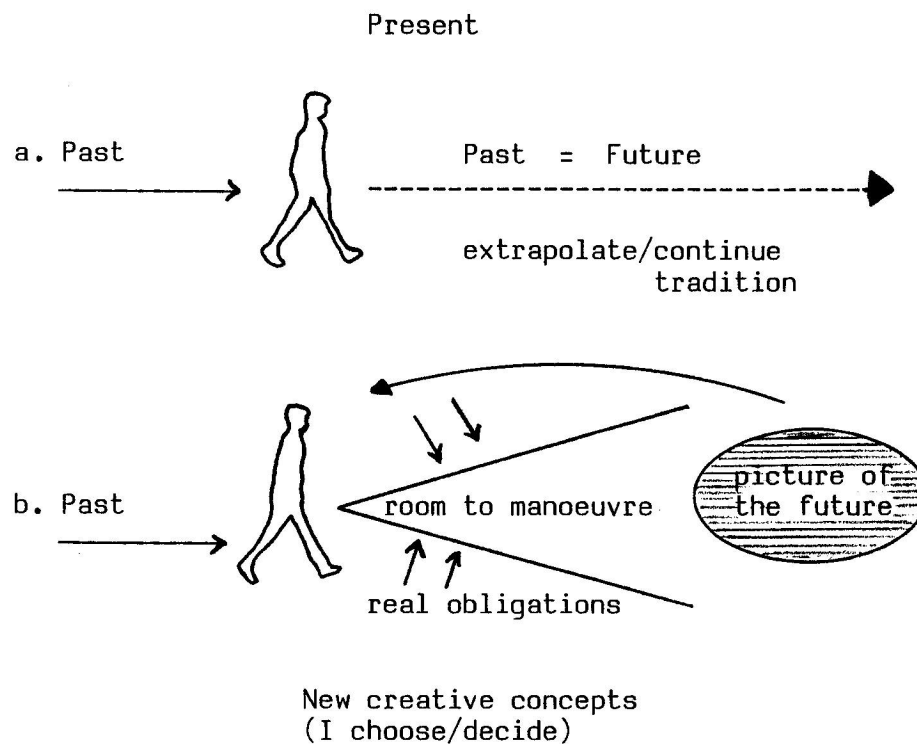
Since time immemorial science has been divided into theoretical and practical branches, in other words, the science of what is and the science of what should be.

Natural science, for example, is referred to as a theoretical science; it deals with things as they are.

Ethics is referred to as a practical science, because it makes statements about how things should be.

Marketing in this context brings a third element into this two-way division, namely in that there is a resulting increase in the awareness and determination of the investigating person himself. In this sense the term marketing is taken to mean an instrument of intervention in socio-economic life. Investigation - learning - creation, these elements become unified and require a particular attitude and particular skills from the person concerned:

- \* Existing socio-economic forms are a product of conscious or subconscious human ideas/conceptions.
- \* The future is looming up in front of us. The ideas and actions of the past have consequences here and now for myself and for others. My current behaviour and that of others create real situations which we shall have to face tomorrow. It is therefore important to be clear in my own mind whether I want to transfer the past unchanged into the future, in other words, extrapolate the past and add a qualitatively different dimension to my current actions.



- \* The courage to show "practical imagination". This means on the one hand "perceiving" reality, facing up to it, and, on the other hand, "visualising" opportunities, in other words, thinking in images.
- \* The courage and tenacity to design the future, whereby value concepts (present in organisations in the form of corporate policy, company objectives and guiding principle) provide the guideline for my actions, insofar as they are alive within me and accepted by me.
- \* The courage to admit to incompleteness and the confidence, based on experience, in the belief that reality will show me the way. This is meant in the sense that I shall never be in possession of all the information, but will actively approach and commit myself to the situation through the effects of my actions.

## II The "Portfolio and Workplan" methods

With the "Portfolio" and "Workplan" methods it is equally important to establish what I do not know, as well as what I know.

To venture forth, to investigate and possibly discover different things from those previously considered provides one of the definitions of marketing as it is understood here.

The other is as follows: how can I and how can we create together a more aware and active attitude towards our environment?

### 1. Comments on the working procedure

- a. Both methods are to be applied to markets/target groups as well as to products or services.
- b. The "Workplan" method is to be used in slightly amended form for "internal customers". The manner in which work is divided up means that each person is the customer and "manufacturer" or, at the same time, the supplier of the other.
- c. The difference between final consumers and intermediaries as clients must be consciously practised. This is not affected by the number of staging posts within the organisation; the "common ground" for all those involved is the final consumer.
- d. Anything which can be expressed statistically should be quantified. The effect of this is on the one hand a "waking up" to the statistics and on the other hand curiosity: what is the real situation?
- e. It is more productive to run through both methods, in each case within one hour rather than brood over them for hours.  
The work should be carried out intuitively and quickly (see point f).

It is better if the persons responsible in each instance apply the method individually.

In the case of the "Portfolio" method, this involves the persons responsible for the company as a whole. With the Workplans it involves those who take responsibility for the target group concerned.

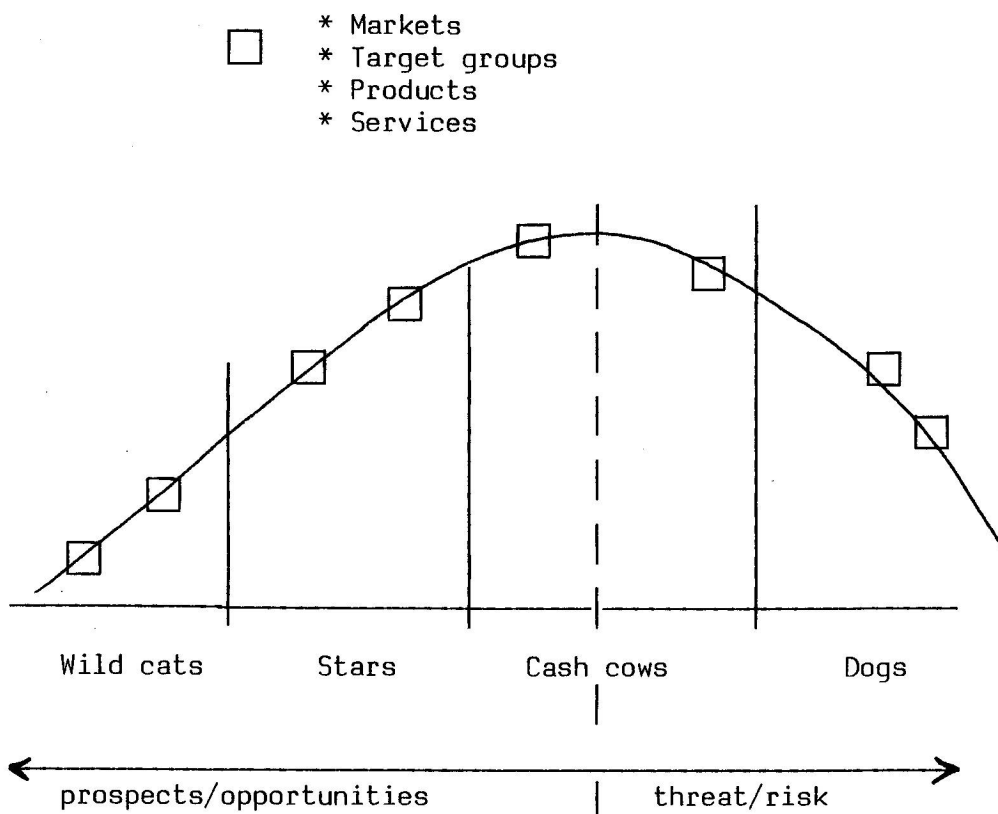
With the "portfolio" and "Workplan" methods it is assumed that the person concerned wishes and is able to become active within the company.

- f. It is advisable to note down on a separate sheet of paper all the points about which I am uncertain and for which I must carry out further investigation.

## 2. "Portfolio" method

The term "Portfolio" has its origins in the world of stocks and shares. The owner of stock is careful to maintain a balance between profit and risk distribution.

The Boston Consulting Group has introduced this concept into marketing theory.



This involves a lifecycle curve and not a Gaussian normal distribution curve.

Positions plotted on this graph can indicate, for example, whether a "Star" is already almost "Cash cow" or has just the domain of the "Wild cats".

**Wild Cats:** Can sometimes still make unpredictable leaps, but have the innate potential to be economically successful.  
 To develop them in the direction of Cash cows requires above average effort and investment.

Dogs: Yesterday's Cash cows. Can I revive them by taking appropriate measures to turn them back into Stars and Cash Cows, or must we rid ourselves of them as quickly as possible?. What one person categorises as Dogs will be seen by someone else as Wild Cats and vice versa. This is a question of individual evaluation and temperament and must be made clear at the latest when the DIA's are prepared.

Stars: Horses in the stable with a lot of promise. Some will turn out to be racehorses in the short term, whereas others will produce economic successes over a longer period.

It is important to be aware that something which is, for example, a Star from the product point of view can be a Dog in terms of market strategy.

Cash Cows: Are already producing the best turnover/profit contribution today. Which ones are standing fit and healthy in the meadow - which are showing diminishing yields?

The management of the company or companies which are responsible for the whole project prepare a review of their markets/target groups or products and plot these on the graph. This should be done intuitively and quickly. **Here two criteria are involved at the same time:** what potential or opportunities does this market offer as it is and what do the prospects look like for us?

It is often useful to plot two separate life cycle curves to show on the one hand the potential of our prospects in this market.

By taking the interim step of DIA's, for each market, for example, **areas of concentration** and **fields of attention** can be obtained.

DIA's show in essence:

- a. the most important factors and considerations;
- b. intuitive evaluation by the person concerned;
- c. obstacles and difficulties.

A DIA should be no longer than half a sheet of DIN A4 paper.

**Areas of concentration means:**

We are concentrating all available human capacity and resources on this particular market/target group.

**Fields of attention indicate:**

We are paying attention to developments in this market/target group, but at the moment we are not planning any additional activity.

From this review company management can indicate direction and impetus in line with company objectives and corporate policy.

The areas of concentration and fields of attention contain on the one hand the market aspect and, on the other hand, the aspect of available resources and the capacity of the staff.

The areas of concentration and fields of attention from the "Portfolio" method primarily require setting of objectives and corporate policy.

The areas of concentration and fields of attention arising from the 'Workplan' method (see page 7) primarily require material and cash resources and qualified staff.

Experience has shown that, if there are more than three areas of concentration in the organisation, the latter becomes unbalanced. The risk of self-overestimation, dissipation and resulting waste of effort is then great.



### 3. The "workplan" method

The workplan should be drawn up in each instance by the persons responsible for particular target groups.

This method includes 12 aspects which are all interactive, e.g. Point 1 = Trends, produces features relevant to Point 9 = Prognosis and Point 10 = Plan of Action.

The Workplan is divided up according to

- future and past
- supply and demand

and goes from the abstract (e.g. trends) to the concrete (e.g. market share), ultimately in order to harmonise prognoses and costs.

(See page 3: 1. Comments on the working procedure)

When work is being carried out on any of the 12 points, however, the relevant target group must always be taken into consideration.

Target group:

Supply

Demand

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1. Trends	7. Theme (themes)
2. Past	8. Marketing Mix
3. Segments	9. Prognosis I and II
4. Purchasing Power and Willingness to Purchase	10. Plan of Action I and II
5. Share	11. Costs I and II
6. Competition	12. Profit I and II

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Target group:

Recognisable, quantifiable,  
and attainable.

Trends:

External developments affect-  
ing this target group - in  
both a favourable and unfav-  
ourable sense.

Past: What have I or has my predecessor done in the past and what results were achieved?

Segments: Can I differentiate more precisely within the target group?

If the target group is too large or undifferentiated, I am groping in the dark. I don't know which way I'm going. Do I know the language of the target group?

Purchasing power: This may be great, but people prefer to put their money in the bank. if they do that, the .....

Willingness to purchase: Not great for this product.

Share: Which market share do we hope to gain?

Theme (themes): Why does the customer say "yes" to us? Discover motives for buying. (e.g. travel agents have discovered that many holidaymakers are looking for "adventure in safety").

Marketing Mix: This involves a "strengths-weaknesses" analysis - always making comparisons with the strongest competitor.

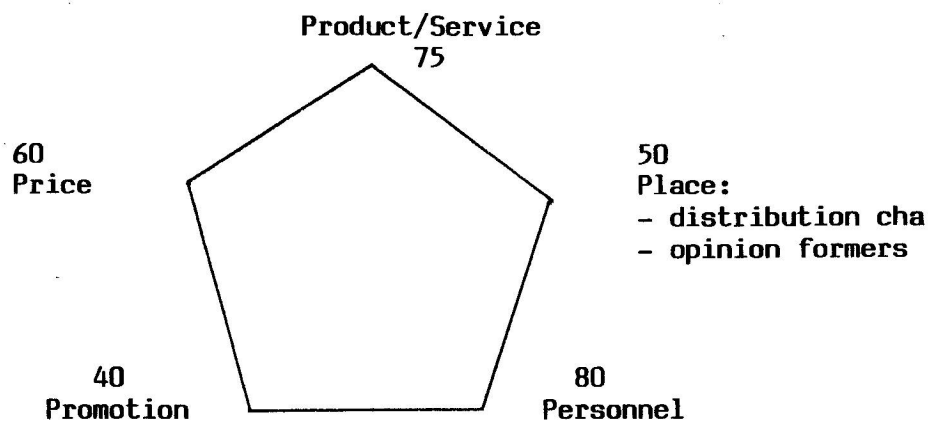
Prognosis I: If we change nothing, then ...? Thus, with unchanging corporate policy and activities and considering this marketing mix - how will this product, this service behave on the life cycle curve, which market share shall we acquire etc.?

Prognosis II: If we do more or something qualitatively different, then .....

Plan of Action I: and II	Activities in order of priority and scheduled.
Costs I and II:	Material and financial resources/staff.
Profits I and II:	Profits or yields need not be the only yardstick. Acquiring experience and expertise or entering this particular market is also important.

### Marketing Mix

The method enables a "strengths-weaknesses" analysis compared with the most important competitor or competitors. It must be noted here that "the chain is only as strong as its weakest link". It is also true to say here that the "5 P's" are taken into consideration in respect of the relevant target group.



**Product/Service:** Speaks for itself.

**Price:** Amount and pricing/accounting system.

**Promotion:** All activities which promote our external visibility.

In a narrower sense: advertising and publicity. These are often directed only at the final consumer. It can, however, be just as important, for example, to create the opinion formers.

**Staff:** This involves in the first instance all colleagues who are in contact with our customers (e.g. telephonists; invoice clerks, representatives etc.); do their attitude and behaviour promote sales?

**'Place':** Distribution channels and opinion formers. The latter in both a positive and negative sense. Which "human networks" can we envisage?

As mentioned in "Section I. Comments . . . .", as much as possible should be quantified.

In this context the following system can be of some assistance, wherein the various categories are assigned to the "5 P's":

100 - 75 = excellent

75 - 50 = average

50 - 30 = something must be done

30 - 0 = red alert

In a case where I am targeting the same target group with several products, the following system can provide additional assistance:

**Supply:** (which products)

How important is this product?	How well does this product sell?
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Product A 8	X 2 = 16
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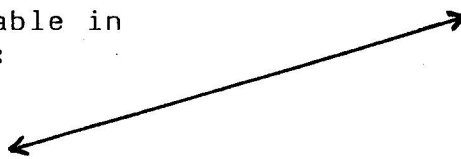
Product B 6	X 1 = 6
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Product C 7	X 7 = 49
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Product D 5	X 0 = <u>0</u>
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The maximum attainable in this case would be: 71  
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10 x 8  
10 x 6 etc. = 260  
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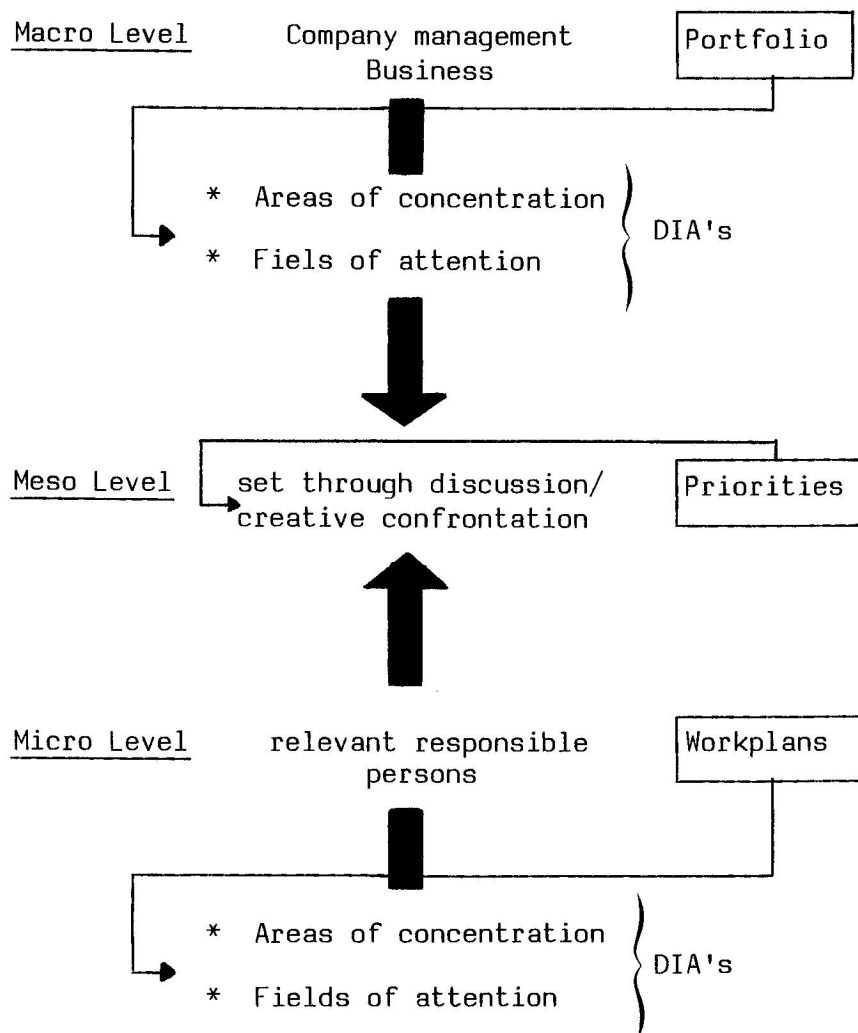


Weighting and evaluation can be viewed separately by this process.

The investigative process of the Workplan provides areas of concentration and fields of attention and is complemented by the DIA's (see page 7).

#### 4. Decision-making process in relation to Portfolio and Workplan

The decisions made regarding priorities and definition of objectives and related investments should take place on three different levels.



The company management (Macro-level) indicates direction and impetus by means of, for example, the Portfolio results. They are responsible for the whole project and examine the results of the Workplan in the light of current corporate policy and company objectives. They exercise a "conscience function" and are responsible for (corporate) identity and company image.

The relevant responsible persons ("sub-contractors") at the Micro-level are responsible for their target groups and for seeing that the available material and financial resources and human skills are tailored to fit the definition of objectives.

Both levels converge at the Meso-level. Appropriate discussion and creative confrontation lead to reciprocal influence.

The result of this process is ideally a joint setting of priorities. The final decision rest with the company management, since they have overall responsibility. Since unilateral, authoritarian decisions in most cases create problems when put into operation, the art here is to establish a balance: how do I turn the people concerned into subcontractors? Conflicts often arise within a company management group, because decision-making has not taken place at the Meso-level.

## 5. Strategies

Strategic questions arise mostly in the case of Stars and Cash cows. In what type of interaction with our environment do we wish to be involved as a company, in order to achieve our defined objectives with the capacity available in terms of people and resources?

Strategies are of a long-term nature and correspond to our vision of the future/guiding principle, company objectives and corporate policy.

Possible strategies:

- a. invest, in order to strengthen and maintain a leading position;
- b. invest and grow, in order to catch up or overtake others;
- c. exhaust all possibilities for as long as possible;
- d. exhaust all possibilities and at the same time begin a systematic winding-down process;
- e. end or wind down immediately.

A more qualitative description would appear as follows:

- a. adopt an aggressive, direct approach; attack with all your might, charge ahead;
- b. manoeuvre with care, let sleeping dogs lie: give and take;
- c. bide my time, wait and see what happens - but at the same time monitor everything with attentive and vigilant eyes;
- d. defend if we are attacked, and hit back strongly and directly.

These four qualitative reactions to one's environment can be found in metaphorical language, in card games, for example. In the game of tarot we can see the symbols of swords (attack), coins (give and take), goblets (hold, bide your time) and sticks (defend).

In this context Anshoff's product marketing matrix seems worth mentioning, as described in his book "Corporate Strategy":



- \* increasing turnover in your own market,
- \* product development/renewal in the existing market,
- \* market development with existing products or
- \* through diversification.

## 6. List of questions on the Workplan

- \* Describe the target group you are aiming at. Is it too large, too small, or just right?
- \* What external developments affect this target group? Which do you find favourable, which are unfavourable?
- \* What has your predecessor/what have you yourself done with regard to this target group? Which results could be seen? Can these results be represented in the form of statistics/graphs?
- \* Every target group can normally be divided up into segments. Make these visible and indicate how large these are.
- \* Do these segments always require more or less attention or effort, or always the same amount?
- \* Where are the most important developments in purchasing power to be found? What, however, is the state of purchasing power with regard to your products?
- \* How much time do you wish to devote to the various segments? Is this the same amount of time as before - or less - or more? Indicate in figures.
- \* What competitors exist with regard to target group? In order of importance. Can you see any helpers?
- \* What do you really hope to achieve from this target group? Can you see any connections with other things or people?
- \* What is your theme? Can you track down purchasing motives? And how does your theme relate to these?
- \* What instruments/means are at your disposal in this matter?
- \* What activities do you wish to develop and on what sort of timescale?
- \* What means are required for this? Are there any other preconditions to be met?
- \* What will this cost? New investments? Resulting costs?
- \* What results can be expected? Are there any benefits other than financial?

## 7. Possible working procedure

- \* Write down the things which you do not know but which may possibly need further investigation.
- \* Where do you want to/have to investigate these things - and which questions must you then ask?

- 
- \* Complement your Workplan with the results of your investigations and pass it on to third parties to be read with the following questions:

- which aspects appeal?
- which aspects throw up questions?
- what is missing?

- 
- \* Work through your Workplan again.
  - \* Write down again whatever strikes you and what throws up questions.
  - \* Prepare the DIA's.
  - \* Determine the areas of concentration and fields of attention from the global picture.

### e. Forms of resistance

Resistance to both of these methods occurs in various forms:

- \* I've got time for this - and it won't produce anything which I don't already know.
- \* I refuse to commit myself to anything - if I do, I shall be held to that.
- \* No one can predict the future - but I shall do what I can.
- \* If I quote figures, I'll be pinned down by them.
- \* In this company a systematic approach is pointless, everyone has his own "individual creativity".
- \* Reality is always different anyway.
- \* If I do things differently, I'm admitting that I did not do them well in the past.
- \* This will involve even more work - and what will it achieve?

From a completely different level of human nature:

- \* Fear, and therefore rejection, of innovation, since this requires a change in my past behaviour.
- \* My older colleagues are putting pressure on me, either consciously or subconsciously, in the sense of: 'This is how we have always done it; in other words, the durability of 'rituals'.
- \* The 'old boss' or the company management is being influenced by new ideas - it will pass over.
- \* My retirement is soon coming up, I'll survive these last few years.
- \* If I do this any differently, I'll be all at sea; the way I did it before is familiar - but these new ideas ...
- \* It's up to my younger colleagues first of all to show what they can do.

- \* If I say "yes" to this new idea, what else will be foisted upon me?
- \* I can't do this, but what happens if I admit it?
- \* If they would only leave me in peace - I've got my own separate private problems to deal with.
- \* Consciously or subconsciously, the following notion comes to light:  
  
"I'm not the enterprising type - if only I could get clear guidelines - but the company management doesn't know what it wants".
- \* If I apply this new method consistently then "I'll rationalise myself away". Where do I then get my self-esteem from?
- \* Until now other people have told me what I should do - what, in fact, can I and do I want to achieve on my own?

## 9. Effects

The Workplan method does not only affect the skills of the people involved and their relationships with their areas of operational duty and responsibility, but also the organisation itself.

In conjunction with company objectives, corporate policy and the relevant economic guidance and control instruments of the company, it promotes the independence and entrepreneurial qualities of the people involved. Operational duties and responsibilities become evident and provide a real platform for discussion on the themes of orientation and development. \*)

In orientation and development discussions the general attention is focussed on the areas of operational duty and responsibility of fellow workers, whereby the boss's contribution, or lack of it, is also examined.

It becomes clearer to those involved where my problem-solving tasks and where my renewal problems lie; the latter are especially clear if I have maintained a systematic approach and if I define what I do not yet know as "areas for investigation".

This strengthens the power of "inner orientation", or makes me less of a plaything to those around me. The exchange of information especially at the so-called interfaces can produce moments of creative encounter and no longer need to be "organised out of existence" by rules and regulations.

If the Workplan is not reduced at the outset to be turned into a different kind of planning technique or budget system, but serves as an awareness support, I can adopt a more flexible and competent approach to unforeseen and changing situations

Only when facts, considerations, assumptions and blind spots have been recognised and pointed out to others does a change of course become possible.

By regularly considering the past, present and future I do not lose with events, but manage to keep abreast.

\*) These concepts are used here in place of the concept of evaluation discussions, since the latter in most instances involves a one-way discussion between boss and colleague.

All Workplans, including areas of concentration and fields of attention and DIA's form the building blocks for the future vision/guiding principle of the company.

Company objectives and corporate policy will be no more than the pious whises of management, if the Workplans do not reflect them and do not come to fruition through them.

Investment plans only acquire an appropriate foundation through these and partial budgets take their place in a broader context and wider perspective.

Workplans in this sense form a useful working basis for analysis and assessment of:

- \* Quality of the Workplan;
- \* Creativity and sense of reality;
- \* Systematic approach and efficiency of implementation;
- \* Nature of the areas for investigation and procedural method;
- \* The difference between the aspects of problem-solving and renewal.

**10. How can I recognise that the results of this method are correct.**

As already mentioned in the introduction, one of the main values of the Workplan method lies in its effect in terms of increased awareness, vigilance and openness with regard to my environment.

I myself become an instrument, or in other words: I develop the capabilities of 'thinking in images' and of intuition.

In this way I acquire for myself an increased capacity for perceiving the real world and a feeling for facts which are not yet visible or quantifiable. An 'inner security' develops, which is not confirmed by facts until a later date.

Experiences with this method have furthermore produced the following points of view:

- \* If the trends produce an optimistic picture and if the marketing mix is
  - a. weak: I then expect a negative picture from prognosis I and a positive picture and concrete proposals from prognosis II;
  - b. strong: I then expect a positive picture from prognosis I.
- \* If I have a strong marketing mix, I can expect that
  - a. Cash cows will continue to be workable as such,
  - b. Stars will develop into Cash Cows.
- \* If I have a weak marketing mix,
  - a. Cash cows will develop into Dogs, and
  - b. Stars into Wild cats.



## Literature:

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