

Effectiveness in Marketing Planning

GORDON E. GREENLEY

North Staffordshire Polytechnic/West Midlands Regional Management Centre, Department of Management Studies, College Road, Stoke-on-Trent, U.K.

Summary

This paper is concerned with the assessment of effectiveness, despite the problems involved in its determination. The conventional approach to assessment is considered first. This is based upon a determination of the success of the planning in achieving its objectives. However, the problem here is that it does not consider the actual nature of the planning. A multidimensional approach is then considered, which attempts to overcome this problem, by measuring effectiveness within the planning system. The paper concludes that there are two types of effectiveness to be measured. However, although it recognizes the value of the conventional approach, the multidimensional approach is only seen to be useful in being an indicator to certain factors.

The focus of this paper is on the assessment of effectiveness in planning systems. The basic problem of determining effectiveness in any planning is that the planned activities relate to action which is to be carried out in the future. This gives rise to two consequences. First, although an assessment of effectiveness can be determined at the end of the execution of the plan, it cannot, of course, be used as a basis to improve action which has already been carried out.

Second, if effectiveness is assessed at the planning stage (before execution), then this assessment can only be a subjective estimation of likely performance during the future period of the plan. However, assessing effectiveness requires an objective estimation in that information relative to performance of the plan needs to be continuously collected over the period of the plan, so that action can be taken to improve effectiveness. As this continuous process is to be done after the planning, then it cannot be used to improve the effectiveness of the original plans.

The conventional approach to assessing effectiveness is based upon an assessment of the end results, or the success of the planning system in achieving its stated objectives. However, this approach does not overcome the two consequences described above. The conventional approach is considered in the first section of this article.

The second section discusses an alternative approach, which attempts to overcome these two consequences. This is a multidimensional approach to assessing effectiveness (Dyson and Foster, 1980), which is based upon an assessment of the nature of the planning system, as opposed to the end results approach.

The third section is concerned with the application of this multidimensional approach to the marketing planning systems of four companies, who recently participated in a survey of

marketing planning in UK companies (Greenley, 1983). In the fourth section, problems associated with this multidimensional approach are highlighted.

The paper concludes that, although there are problems in the conventional approach, there are also many problems associated with the multidimensional approach. However, it is considered that this approach does have a place in the development of planning systems.

THE CONVENTIONAL APPROACH TO ASSESSING EFFECTIVENESS

The conventional approach to assessing the effectiveness of planning systems is to determine the success of a particular established plan in achieving its required objectives. If the range of required objectives is totally achieved over the given period of time then the plan can be claimed to be effective. However, a problem arises (as outlined by Dyson and Foster, 1980) in assessing effectiveness in situations of marginal failure to achieve objectives. A relative degree of effectiveness to one company may be a relative degree of ineffectiveness to another company. A failure to achieve a particular objective by 8 per cent could be a marginal failure to one company, whereas it could represent a substantial failure to another firm.

Dyson and Foster consider that effectiveness is concerned with 'producing a specific outcome'. An alternative definition states that effectiveness is the 'extent to which an action or activity achieves its stated objectives' (French and Seward, 1975). In the latter it is recognized that the action can produce varying degrees of effectiveness. Therefore, even if the action fails to achieve its stated purpose (or objective), it may still have been relatively effective if the objective had been missed by, say, only 5 per cent. However, a failure in the region of, say, 20 per cent would mean a relatively lower degree of effectiveness. This is recognized in the second definition by referring to the 'extent', but is not recognized in the first definition, which refers to producing the required 'specific outcome'.

Therefore this subjectivity in assessing effectiveness and the different interpretations placed upon levels of failure, have led Dyson and Foster to claim that specifying what is meant by effectiveness is 'no easy matter'. Indeed this has initiated them to develop their multidimensional approach to assess effectiveness, which will be discussed in the next section. However, attention will now be given to the conventional approach of using objectives.

The range of company objectives

Planning systems that can be developed within a company are usually encompassed by the term corporate planning, which is then divided into strategic planning and operational planning (Hussey, 1979). The latter can then be subdivided into marketing planning, financial planning, production planning and manpower planning (Higgins, 1980). Objectives can be established in the strategic planning process, as well as in the formation of the individual operational plans.

Objectives established in the strategic planning process are generally referred to as corporate objectives. These relate to the overall aims of the company, as opposed to the specific aims of the operational plans. As corporate objectives are part of the strategic planning process, they relate to the long run situation, as opposed to the operational objectives which relate to the short/medium run.

The setting of objectives is a major area within management literature and there are many examples of an in-depth treatment (Ansoff, 1976; Hussey, 1979; and Drucker, 1964). Also

there are many examples of the range of corporate objectives that can be established. One approach considers that these should relate to return on investment, profit, growth of sales, cost efficiency and market share (Waterworth, 1973). Another approach is to classify corporate objectives as being either economic, technological or social (Higgins, 1980). The economic objectives relate to those given by Waterworth. Technological objectives relate to the levels of technological excellence to be pursued by the firm. Social objectives relate to the effects the company has on the society in which it operates, plus the relationship to be pursued with its employees. This means that corporate objectives, as well as being quantitative in nature, can also be semi-quantitative and qualitative. However, a lack of quantification in objectives can also lead to subjectivity in using this approach to assessing effectiveness.

The range of operational objectives appears in the separate plans prepared for the marketing, financial, production and manpower functions of the company. As the focus of this paper is on marketing planning, attention here will only be given to marketing objectives. The latter can relate to product and/or market sales, market share, marketing costs, plus those aimed at the functions of marketing to give objectives related to marketing research, product planning, selling and distribution effectiveness and advertising. In some companies a profit objective is also included in the set of marketing objectives. This occurs in situations where the marketing department is given responsibility for profits, although the appropriateness of such responsibility is challenged by many writers. Examples of marketing objectives are given in the results of two recent surveys (Greenley, 1982, 1983).

However, the setting and achievement of marketing objectives relates directly to the setting and achievement of corporate objectives, affecting corporate decisions such as growth, profits and company direction in terms of product-market scope. Indeed the setting and achievement of marketing objectives relates directly to the overall corporate mission. Indeed, this total area of the relationship of marketing planning to corporate planning is the subject of a recent article by the author (Greenley, 1981).

Assessing effectiveness

The achievement of objectives, and hence the achievement of effectiveness, is through the implementation and control of a range of strategies and tactics. At the end of the particular period the company analyses any variances between the actual levels of performance and the levels specified in the objectives. This analysis also includes an assessment of any weaknesses and strengths in the strategies and tactics which can be taken to have been the cause of the particular negative or positive variances. Hence this gives an indication of the success, or otherwise, of the strategy and tactics, which provides a basis for the firm to determine the degree of effectiveness of the planning system.

It was mentioned earlier in this section that this approach exhibits the weaknesses of subjectivity and differing interpretations relative to the same level of performance. In addition Dyson and Foster (1980) give two further weaknesses. The first is that, over the period of implementation of the plan, conditions may change that would render the objectives inappropriate and therefore they would be no longer useful for assessment purposes. The second weakness is that personnel setting the objectives may have a tendency to set objectives at a low level, if they are aware that effectiveness (including their own) is to be assessed by using objectives. In situations where this happens then again the objectives would no longer be useful for assessment purposes.

The weaknesses of this approach have prompted Dyson and Foster (1980) to develop their multidimensional approach to assessing effectiveness, which is the subject of the next section.

The basic tenet of this approach is that effectiveness should be assessed within the planning system itself, as opposed to an assessment based upon the end results. It has been developed out of the earlier work of a leading writer in the area of corporate planning (Ackoff, 1970).

Here they highlight that Ackoff classifies planning systems as being either satisficing, optimizing or adaptivizing, with the latter providing the most effective type of system. An adaptivizing system is based upon three principles. First, the advantage of planning lies in the actual process of planning by the managers, as opposed to the end result it produces, so that effectiveness is developed within the planning process itself. Second, the need for planning arises out of ineffective management and control. Therefore the aim of the planning process itself is to improve effectiveness. Third, knowledge of the future is based upon uncertainty, and therefore to achieve the required levels of performance the planning process needs to be effective and allow for contingency activities.

At this point, Dyson and Foster claim that Ackoff does not present an approach to assessing effectiveness, which has prompted them to develop their multidimensional approach. However, Ackoff does give certain indications of the type of attributes that should be considered in such an approach. First, there is consideration of decision making relative to variables which are under the control of management. Second, there is consideration and assessment of variables that cannot be controlled. The consequence here is that effectiveness within the planning system is achieved by balancing the values of the controllable variables, when certain values of the uncontrollable variables arise, in order to maximize gains and minimize losses.

Another indication is that an information system should be developed to augment the planning system. The claimed advantage here is that, through this system, managers will become more aware of the decisions of other managers. This will lead to improved effectiveness in their planning, through the co-ordination of decision making. However, the introduction of an information system that merely provides more information will not improve effectiveness (Piercy, 1981). The 'right' information relative to decision making needs must be provided and it must be understood and utilized.

The multidimensional approach is based on a range of twelve attributes. Each attribute is designed to measure a particular aspect of effectiveness within the actual planning system. Measurement of each attribute is based upon an ordinal scale. For each attribute a semantic differential bipolar adjective scale has been developed, with each scale being ranked from 1 to 7 between the two poles. The planning system to be assessed for effectiveness is measured against each scale of the twelve attributes, so that a profile of twelve scores results from the measurement. The attributes utilized are as follows:

1. Integration of the planning system with other plans.
2. Catalytic action of the planning function on the rest of the organization.
3. Richness of formulation of plans by exploring a wide range of possible future situations.
4. Breadth of evaluation by the utilization of multiple criteria including financial measures.
5. Treatment of uncertainty in evaluation of variables used in the planning system.
6. Resources planned to allow for a utilization of the full range available.
7. Data used must be adequate, being neither insufficient nor excessive.
8. Iteration of the process to allow for control by modification, as a consequence of new data.

9. Assumptions must be made, but these need to be explicit to avoid unrealistic and inconsistent assumptions.
10. Quantification of goals in appropriate objectives, but the system must also recognize qualitative objectives.
11. Control measures to include a feedback mechanism leading to modifications of the plan to give control.
12. Feasibility of implementation through the assessment of any barriers that are likely to arise during the implementation of the plan.

In order to test the application of this approach to assessing effectiveness in the company situation, the marketing planning systems of four firms were measured against each of the twelve attributes. These four companies participated in a recent survey of marketing planning in UK companies (Greenley, 1982a). The companies were classified in nature as being a large manufacturer and a small manufacturer of consumer products, company A and company B, plus a large manufacturer and a small manufacturer of industrial products, company C and company D. The results of these assessments are given in the next section.

THE COMPANY ASSESSMENTS

Company A: large, consumer products

The assessments for this company, including the scores against each attribute and the justification for these scores, are as follows:

Integration of planning scored 7. The company has an established corporate planning system, policy documents are produced as management guidelines, the marketing plan includes no marketing areas, the marketing budget includes a full breakdown of revenue and costs and the department co-ordinates the achievement of profits.

Catalytic action scored 6. The marketing function co-ordinates profit giving a stimulation towards marketing planning, production schedules are based on market forecasts and financial ratios are used to assess individual brand performance.

Richness of formulation scored 7. Here many sources of information are referred to, sophisticated forecasting models are used, alternative marketing strategies are developed, market research is used extensively and control methods are utilized to give feedback into future planning.

Breadth of evaluation scored 7. A large range of criteria is used for evaluating plans covering an extensive range of marketing and corporate objectives, plus the use of financial ratios.

Treatment of uncertainty scored 5. This area was not highlighted by the firm but they do refer to many sources of information and utilize sophisticated forecasting models.

Resources planned scored 7. Here all marketing resources are utilized in that they use all the elements of the marketing mix.

Data used scored 6. As already stated, the company refers to many sources of information and utilizes feedback from control methods.

Iteration of the process scored 7. Here an effective system of control is used to revise and modify the current plans as and when necessary.

Assumptions scored 7. The company produces a detailed marketing plan with specific sections, which will necessitate consideration and explanation of assumptions.

Quantification of goals scored 7. The objectives given in the plan are highly detailed and designed to be measurable, so that quantification is used where necessary.

Control measures scored 7. As already stated, the company has highly developed control and feedback systems.

Feasibility of implementation scored 6. Evidence of their assessment of possible barriers to implementation comes from their marketing research, which includes a full review and assessment of the external environment.

Company B: small, consumer products

The scores against each attribute for company B and their justification are as follows:

Integration of planning scored 5. A system of corporate planning exists, but there are no established company policies given to management and the marketing plan does not provide any co-ordination.

Catalytic action scored 1. Here there was no evidence of stimulation to planning in other business functions.

Richness of formulation scored 3. This was reduced in that sources of information and methods of forecasting were limited, market research was given low importance, but a range of marketing strategies are developed.

Breadth of evaluation scored 5. Plan evaluation is by a range of marketing objectives with some ratio analysis, although corporate objectives are not prepared.

Treatment of uncertainty scored 2. Uncertainty was not discussed by the firm and indeed they only refer to a limited number of sources of information.

Resources planned scored 6. Here the majority of the elements of the marketing mix are utilized.

Data used scored 3. Only a limited number of sources of information are referred to.

Iteration of the process scored 6. Evidence of considerable use of control methods to revise and modify current plans.

Assumptions scored 6. The firm's marketing plan is well developed although the degree of detail was not totally evident.

Quantification of goals scored 4. Some evidence of quantified objectives was given, although this was not considered to be extensive.

Control measures scored 6. As already stated there is evidence of considerable use of control methods.

Feasibility of implementation scored 6. This is taken into account in that environmental influences are included in the marketing plan.

Company C: large, industrial products

The scores against each attribute for company C and their justification are as follows:

Integration of planning scored 6. Corporate planning is established in the company, company policies are given as guidelines for management, the marketing department co-ordinates the attainment of objectives and research and development plans relate closely to marketing plans.

Catalytic action scored 3. The only stimulation towards marketing planning that was identified was through the co-ordination of the attainment of profits.

Richness of formulation scored 5. Many sources of information are used but only simple forecasting is used. Market research was ranked as being of low importance; however, several marketing strategies are developed.

Breadth of evaluation scored 6. A large range of marketing objectives are established; there is evidence of some corporate objectives, although ratio analysis is not performed.

Treatment of uncertainty scored 3. Many sources of information referred to, but no special reference to uncertainty.

Resources planned scored 5. The majority of the elements of the marketing mix are used, although some are neglected.

Data used scored 5. Many sources of information referred to although some limitations are evident.

Iteration of the process scored 7. An effective system of control is evident, being used to revise and modify current plans accordingly.

Assumptions scored 6. The company produces a comprehensive marketing plan but detail on assumptions not totally evident.

Quantification of goals scored 6. The range of marketing objectives is quite specific in nature and there is considerable evidence that many are quantified as appropriate.

Control measures scored 7. As already described, the company has an effective system of control.

Feasibility of implementation scored 6. Included as a section in the marketing plan is a review of the external environment.

Company D: small, industrial products

The scores against each attribute for company D and their justification are as follows:

Integration of planning scored 2. This company does not have a corporate planning system, it does not prepare a marketing plan, there is no budgetary system and there are no policy statements to give guidelines to management.

Catalytic action scored 1. For this attribute there is an absence of evidence to indicate any stimulation.

Richness of formulation scored 2. This was scored low as the firm only refers to a few sources of information, market research is of low importance, only simple forecasting is used and marketing strategies are not developed.

Breadth of evaluation scored 1. Here only a limited range of marketing objectives is set, there are no corporate objectives and ratio analysis is not used.

Treatment of uncertainty scored 2. Only a few sources of information referred to and no formal treatment of uncertainty.

Resources planned scored 7. Here all marketing resources are utilized in that they use all the elements of the marketing mix.

Data used scored 4. As already stated, only a few sources of information are referred to.

Iteration of the process scored 4. The company practises a limited number of control methods, giving a limited amount of feedback.

Assumptions scored 2. There is no marketing plan; marketing activities are restricted so that assumptions can be considered to be neglected.

Quantification of goals scored 3. Only sales objectives are quantified and indeed other marketing objectives are limited.

Control measures scored 4. As already stated there is only a limited utilization of control methods, related mainly to the sales objectives.

Feasibility of implementation scored 2. The company does not have a marketing plan which would necessitate this type of assessment and there is no other evidence to suggest that this occurs.

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The outcome of these four assessments is that we have a profile of scores for each company as follows:

Company A	7, 6, 7, 7, 5, 7, 6, 7, 7, 7, 6
Company B	5, 1, 3, 5, 2, 6, 3, 6, 6, 4, 6, 6
Company C	6, 3, 5, 6, 3, 5, 5, 7, 6, 6, 7, 6
Company D	2, 1, 2, 1, 2, 7, 4, 4, 2, 3, 4, 2

Problems that are evident in the interpretation of these profiles, including an interpretation of the multidimensional approach, are given in the next section.

PROBLEMS OF PROFILE INTERPRETATION

For each of the companies, the respective profile represents the outcome for the company of using the multidimensional approach to assess the effectiveness of its own marketing planning system. The next stage is to determine what the profile means to the firm in terms of effectiveness. Dyson and Foster (1980) consider that if the profile is 'close to' (7, . . . , 7) then the system is highly effective, whereas if it is 'close to' (1, . . . , 1) then the system is very ineffective. However, the problem arises in the interpretation of a profile where there is a wide variation of scores, with the consequence of having subjectively to decide how 'close' the scores are to the maximum and minimum profiles. From the results given in the previous section, the profiles of companies B, C and D fall within this situation. Only company A's profile approached the classification of being highly effective, but even so the presence of a 5 and three 6s in the profile raises a query as to the actual level of effectiveness.

An approach to attempt to overcome this problem would be for the company to use a standard against which to interpret its resultant profile. Here there are several alternatives, but each possible standard raises a problem of comparison. One standard would be that the firm would compare its current profile against previous profiles that it had obtained over a period of several years. This would allow for an assessment of trends of effectiveness, which could be specifically related to the individual attributes. However, the problem here is that the market and environmental conditions could have changed significantly over the years, which could have caused changes in scores, as opposed to changes in effectiveness causing changes in the scores. However, this standard would probably be meaningful as, an important part of the assessment through using this standard, would be to include detailed analysis of the reasons for changes in individual scores with time.

Other standards could be developed by a company comparing its profile with the profiles of other companies who are either of a similar size, or who operate in the same industry and/or market. A major problem here would be, of course, finding companies who not only carry out this type of assessment, but who are willing to co-operate and compare profiles. However, even if this were achieved, companies operating in the same industry and/or market can approach their planning in different ways, adopting different strategies, tactics and methods, so that again a useful comparison may not be feasible.

A major problem in interpreting the scores relates to the actual process carried out to arrive at the scores. As a company will be assessing its own effectiveness it is likely that personnel involved in the planning process will also be involved in the assessment process. Even if they are different they are still part of the company. Therefore there is a problem of neutrality of assessment, so that the scores are likely to be very subjective in nature, the consequence being

that some scores for individual attributes may not reflect the actual degree of effectiveness. This problem also relates to the possibility of using weightings within the scores. The multidimensional approach suggests that the firm should itself consider weightings and, if appropriate, develop its own levels. Again there is the problem of neutrality affecting weightings, by inflating scores of attributes which the company thinks it is particularly good at, so that again the profile may not be a true reflection of effectiveness.

However, even if these problems can be overcome there is a more fundamental problem associated with this approach. This is determining whether or not the measurement of these attributes actually measures effectiveness or, if it does not measure effectiveness, then what does it measure? One interpretation is that the measurement only reveals the presence of the attributes in the planning system, but that this presence does not guarantee that the system is effective. The attributes themselves may not be indicative of overall effectiveness, or it may be that the set of attributes is incomplete to allow for true assessment of effectiveness. Consequently it may only highlight specific areas of effectiveness, or highlight specific strengths of the system, but there could be areas of weakness not highlighted, which would mean that the system was not totally effective and this situation would not be reflected in the resultant profile. Therefore it could be claimed that a profile of high scores does not necessarily mean an overall high level of effectiveness.

Following on from this, it could also be asked, even if a high scoring profile does measure effectiveness, will a planning system with such a profile produce the results that are intended? This brings the discussion back to the argument in favour of the conventional approach to assessing effectiveness. The existence of any company or organization is to produce certain end results, regardless of what these may be. The planning systems used in achieving these results are merely a means to an end and it can only be said that 'the means' were effective if those end results are actually achieved.

In this sense, effectiveness can be identified as being of two types. This first is as described in the conventional approach; the system was effective if the desired end results were achieved. The second type of effectiveness is within the planning system, but is more related to the management of that system rather than being a static assessment of a range of arbitrary attributes. Planning is but one function to be carried out by management and effectiveness within the planning system can be measured, and indeed improved upon, by a continuous process of monitoring and control of strategies and tactics.

However, the importance of the multidimensional approach is that it brings to the attention of managers some of the key factors which need to be considered in monitoring and control. A check-list of this type can be an important catalyst in the disciplining of thinking towards important facets of planning and in the improvement of these through any necessary changes over a period of time.

CONCLUSION

Assessing the effectiveness of planning systems involves several problems. The conventional and multidimensional approaches to assessment provide alternative methods in tackling these problems. However, both approaches exhibit their own problems of utilization. Therefore, neither method gives a complete solution to the problems associated with assessing effectiveness.

It is also identified, in the article, that two types of effectiveness are evident. The first is the overall end result effectiveness, by determining the success or otherwise of the system in

achieving its stated objectives. This assessment is adequately covered by the conventional approach. The second type of effectiveness is within the planning system, but this is seen as being more related to the management of the system, rather than being a static assessment of a range of arbitrary attributes (as in the multidimensional approach). Therefore, continuous monitoring and control is identified as being a means of assessing and improving effectiveness. However, the value of the multidimensional approach is considered to be its ability to bring to the attention of managers some of the key factors which need to be considered in monitoring and control.

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