

Marketing and strategy fit together (in spite of what some management educators seem to think!)

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Why do management educators persist in their belief that marketing and strategic management are different?

Management teaching versus management reality

This article, and the challenge it throws down, has two target audiences. The first target readers are management educators and trainers, to whom the plea is that they should mend their ways and start to accommodate in the management studies curriculum some of the continual and fundamental changes that they advocate for others. The second target readers are corporate managers and management students, largely because they are the potential lever for bringing about the adjustment referred to above.

It may be that some management educators and trainers will reject the accusation that they too often cling to an outdated curriculum and conventional structures for delivering management education and training. Indeed, some are quite right to do so, since the best are indeed strenuously attempting to develop new curricula, courses, and management development products to meet the challenges of change in the outside world. Perhaps the real test is whether our corporate customers and advisers feel that such changes are the right ones, that they are timely, and that they are effective in supporting management development and decision making.

There are, however, some general points which can be made to illustrate the problem which is of concern here, and then we can turn to the very specific issue of why management educators persist in their belief that marketing and strategic management are different and should be taught and delivered differently – which is the main focus of this article. The goal sought here is just a

little bit more open-mindedness about developing new approaches that reflect the challenges being posed for practising managers by a rapidly changing and turbulent world, not the status quo in management textbooks.

The general point

The general point, which underpins much of what is developed here, is that there appears to be a temptation (when we are developing and delivering courses and development programmes in management), to retain familiar and comfortable structures and classifications. These are, in fact, outdated, fragmentary, and generally unhelpful in terms of solving management problems – but make it easier to deliver courses and programmes (not least because that is how the conventional textbooks are written). Incidentally, this criticism can be applied just as easily to MBA programmes, undergraduate business courses, and to post-experience and management development programmes of many kinds.

The implications of this general point can be illustrated with a number of questions raised by practitioners about how issues they see as emergent and critical are handled in management education.

Quality: There can be little doubt that one of the most exciting, exacting and pervasive issues facing managers in all organizations today is quality – as a general proposition and most particularly in the “total quality management” formulation and the many attempts to implement such ideals and to build credentials systems around quality achievements. Practitioners seem to expect that this issue will be as pervasive in the management curriculum and management development programmes as it is in commercial organizations. With certain honourable exceptions, they are likely to be

disappointed. If covered, quality is likely to be an issue in the operations/production management area, concerned primarily with quality control systems. This so flies in the face of the quality revolution as experienced in the real world, as to be verging on the absurd.

Information technology: In a similar way it has been apparent for more than two decades now that new information technology is such a pervasive and powerful force that it undermines many of the traditional assumptions we make about organizational structures and processes, competitive and market structures, employment terms and types, alliances and collaborations, and so on. Again there are some meritorious exceptions, but all too often when the management practitioner looks to the management educator and trainer for support in building the required frame of reference for managing within this technology-driven and supported scenario, disappointment is likely to follow. The most likely approaches in the management studies curriculum are that “computers” are a central issue (however, usually for nothing more strategic than running accounting and statistics packages and word processing), and that MIS (management information systems) questions are handled by the computer and accounting people. Other than this there may be fragments of technology applications elsewhere in the curriculum – for example, in operations and marketing. Rarely will you find the strategic significance of IT, as it is increasingly understood by management practitioners, driven throughout the management studies curriculum.

Internationalization: A further issue which is to the fore in most management practitioners’ minds is the globalization of business and the pervasive impact that international process is having on supply sourcing, production/operations management, marketing systems, and the strategic development of the organizational network. This is hardly a new issue, but one which has become increasingly critical in recent years. Again the coverage of international issues in the management curriculum normally leaves something to be desired. Perhaps the greatest denial of all is the claim that international management is handled as a “specialist” area by “specialist” staff. This can often be translated into the reality that every other part of the management programme has just acquired the perfect excuse to ignore the international dimension of everything they do, because it is considered “elsewhere” by the “specialists”. To be sure that there is a need for some specialized developments in the international area, but equally if the global dimension is not driven through every part of the management curriculum, we can hardly be said to be taking it very seriously.

Environmentalism: Perhaps one of the most difficult issues faced by managers in all parts of modern business operations is the almost overwhelming pressure for social accountability in the impact of their organizations on the environment, in a very broad sense. Agreement or otherwise with the politics of environmentalism is no longer the issue. The issue is how to respond in ways which allow the business to operate, survive and prosper. A broad scan of how such questions are handled in the management curriculum suggests that they are either ignored or subsumed within a more general concern for “social responsibilities” or the “business environment”. Again the practitioner looking for substantial strategic development in this area of critical concern is likely to be disappointed, other than by the fragmented offerings of a few individuals and groups researching the area, and making useful contributions to our knowledge and ability to cope.

Critical issues “slip through the cracks”

The general point, of which the issues above are no more than limited examples, is that the way the management curriculum is structured, and thus how many managers are trained and developed, is frequently drastically out-of-line with the concerns and issues of management practitioners in a changing and turbulent real world. It seems that all too often the most critical issues “slip through the cracks”. There may be many reasons for this.

There are always likely to be areas where the practice of management advances quicker and highlights contemporary issues which have yet to be incorporated into management courses and development programmes. There may even be cases where the converse is true – and management teaching is proactively leading management practice.

However, of far greater concern is the potential underlying inflexibility of management teaching, reflecting the strength of the status quo, the defence of their “turf” by academic functional or subject specialists, and the enormous power of the upholders of the conventional view of things – the politics of the curriculum.

The illustrations above suggest that we are experiencing a need for a substantial and pervasive realignment in the

way management is taught and trained, to reflect changes in the real world, to which there are numerous sources of covert resistance. We will focus here on just one such need. This is the central point of this article: the merging and blurring of traditional distinctions between the marketing and strategic management/business policy areas, in ways which reflect the interests, priorities and practices of managers in the outside world.

The merging and realignment of marketing and strategy

The current position

Traditionally and conventionally marketing has been taught as a functional area on the general management programme, and also an area capable of various specialist approaches – marketing research, consumer behaviour, product management, marketing strategy, and so on. The traditional focus in teaching marketing has been on the study of market and buyer characteristics to develop marketing programmes – product and price positioning, marketing communications campaigns of advertising, selling and promotion, and distribution and service policies – and on achieving market orientation inside the organization as a route to customer satisfaction in the market.

In recent years there has been a growing emphasis on strategy in marketing: market positioning, brand equity issues, service quality, market segmentation, competitive differentiation, and so on. However, this too frequently leads to the idea that marketing is a functional specialization best left to the “experts”. This is, of course, exactly wrong. Marketing (or actually the customer) is the concern of all members of the organization, not the sophisticated specialists in the marketing department with their ever more complex models and analytical techniques that are devoted to proving the obvious to be true (or at least probably true).

On the other hand, there has been more diversity in how courses in business policy, or strategic management, have been developed and delivered at different levels. For example, observation suggests that approaches taken include:

- *The cases approach*: often associated with the Harvard Business School, this classic approach suggests that if we study enough case studies of real company management problems, then we will build an integrative problem-solving approach to be used in the situations we face for real.
- *The analytical techniques approach*: this concentrates on explaining and illustrating techniques of analysis and classification, like SWOT analysis, portfolio matrices of various kinds, generic strategy types, and the like.

- *The Financial Times approach*: some “strategy” courses appear to consist largely of simplistic financial analysis and investment decision-making techniques, driven by an awareness and understanding of the financial press, often turning into the discussion of contemporary company experiences gleaned from the financial press, where with the prescience owed to a historical perspective inexperienced students and tutors explain how they would have done better at running ICI or IBM, making all concerned feel warm, wise and happy.

In fact, all such approaches are capable of achieving some useful things in management courses and management development, as ways of building operational frameworks for decision making.

The problem seems to be when we see such models as immutable and cast in tablets of stone, and when we stop listening to different viewpoints – notably those from managers operating in the real world. Certainly part of this problem comes from the aura of esoteric mysticism and complexity with which strategy “specialists” seek to surround their subject. This too is exactly wrong. Unless strategy issues are accessible to all managers and fully understood by them, those issues will be ignored when real decisions are made. (This is less serious a problem than it might at first appear, given that the major problem in the real world is more often about implementation than strategy – what needs doing (the “strategy”) is frequently largely self-evident anyway; the real problem is doing it.)

However, a specific way forward is to seek a way to accommodate the following viewpoints in how we construct, develop and deliver management education and training.

Some awkward questions

- (1) It is relatively, and probably increasingly, rare in real organizations to encounter the integration of all marketing activities under a single all-powerful marketing director and organization. For example, the evidence suggests that decisions like advertising spend and allocation are decided in the boardroom not the marketing department. Frequently, the main movers on price are accountants and chief executives, not marketing executives. Distribution (and often customer service) decisions are made elsewhere in the company. Issues of quality and service often exclude marketing “specialists”, particularly if key account management operates outside the marketing area. If all these things can be observed in real organizations, then why do educators and trainers persist in teaching around the integrated marketing programme operated in the marketing-oriented company, when they know that neither of these things exists widely in practice?

- (2) Conversely, in the strategic decision-making process, decisions of managing business portfolios often rest primarily with finance departments. Issues of business and market strategy are resolved by programme or SBU managers elsewhere in the organization. Quality strategies are usually determined and implemented by operations and technical specialists. IT strategy is dominated by technical MIS and computer experts. If we can observe all these practices in real organizations, then why do we persist in teaching strategic management as the prime integrating force in the organization driven by the chief executive and his/her strategic planners?
- (3) If we are aware, as many increasingly appear to be, that there is a considerable conceptual and practical overlap between marketing, as conventionally taught, and content of strategic management courses, as this has developed in recent years, then why do we continue to teach these areas separately (to the frequent annoyance of managers who often see this divide as artificial and arbitrary, and unhelpful in sorting out problems in the real world)? At the end of the day, does it matter if something is a “marketing” question or a “strategic management” issue, as long as we deal with the problem? To paraphrase Tom Bonoma, the rule should be “kill the snake” – see Table I for an explanation!

The candid answers to these questions should probably include some or all of the following:

- because it is easier;
- because it is the way we have always done it;
- because it is how the traditional management literature says we should do it;
- because it is the way we believe things *should* be done;
- because it is how we think they do things in US business schools;
- because anyway (perhaps most revealing of all) we do not have an agreed mechanism for developing a better way of handling these areas and relating them to one another.

Clearly, none of these is a particularly valid or desirable response, but I suggest they probably underpin the attitudes of many management educators and trainers when they are challenged on this question. It is beyond the scope of this article to find a way to overturn the status quo by challenging the politics of the management curriculum, or circumventing the models enshrined in the conventional textbooks. We can, however, provide some assistance in negotiating a new approach to these topics in designing management courses. This approach has proved useful in management workshops and may be relevant to management educators and trainers also.

What follows is a simple mechanism for classifying the different areas of study and analysis in these subjects,

Table I. Solving the real problems

If you see a snake ...	
1.	Do not write a memo about it.
2.	Do not commission a consultant's report to identify the snake's characteristics.
3.	Do not form a committee to review the “snake situation” and to adjudicate on departmental responsibilities.
4.	Do not appoint a “manager of snake affairs”.
5.	Do not go home pretending that you have not noticed the snake.

Kill the snake!

(then say sorry to whoever owned the snake, and explain that it's gone a bit limp)

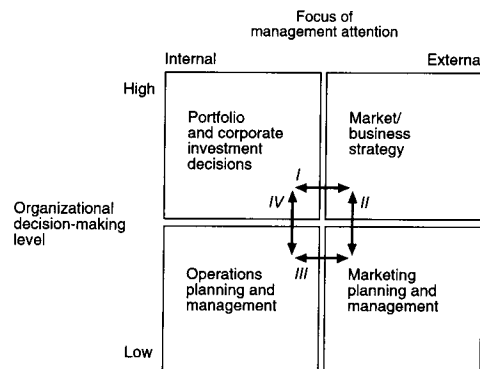
(Source: Adapted from a speech by Tom Bonoma, August 1994)

and negotiating a more rational curriculum for management courses, which reflects developments and priorities in the world of management practice. I could write a whole book about this model. But if you are my target readers you probably would not read it, so I will restrict myself to the outline below.

A structure for relating marketing and strategic management in teaching and in the real world

The approach I have developed to attempt to construct a new viewpoint in this area is summarized in Figure 1. This model has proved its value in a range of situations,

Figure 1. Strategic management or marketing?



but it is only an initial outline on which others can and undoubtedly should improve and build.

The model suggests that we use two classifying issues when we look at the issues to be handled in the marketing and strategy areas: the *organizational decision-making level*; and the *focus of management attention* – internal to the company or external in the marketplace. In turn, this suggests four related areas of analysis, study and decision making – which can be covered in various ways and combinations in the management curriculum, just as they are handled in different ways and locations in organizations. (The point being that precisely *how* they are covered in either situation matters somewhat less than that they *are* covered.) The model also suggests four types of iteration between these different areas, on which attention should also be focused.

The components of the model in Figure 1 can be briefly discussed in the following terms.

Portfolio and corporate investment decisions: The primary issues here are concerned with the corporate portfolio – the balance and financial implications of the businesses with which the organization is involved – and major corporate-wide issues, such as IT strategy, globalization, social legitimacy, and the like. Appropriate tools include financial and portfolio modelling and strategic issue analysis techniques of various types. The focus is primarily internal, but encompassing the entire organization at the highest levels.

Market/business strategy: The primary issues here are concerned with competitive positioning and strategy at the level of the individual SBU or market, and integrating functional, professional and technological resources into a competitive force in the market concerned. Appropriate tools include SWOT and Business Position Assessment, structural analysis, strategic group identification, and the like. The focus is external and on the market as defined for this part of the organization, but the issues are strategic rather than operational.

Operations planning and management: The main issues here are the internal specializations in the business, be they functional, professional or technological: production and operations, finance and accounting, human resource management, materials management, quality management, and so on. The techniques applicable are diverse and specialized, but the focus is operational and on issues primarily internal to the company.

Marketing planning and management: The main issues here are those concerned with the technical and professional aspects of managing operational marketing and sales programmes. The techniques here are also

diverse and specialized, but the focus is on the external marketplace.

Iteration I: The main questions here relate to the implications of corporate decisions for market/business strategy and vice versa. For example, in real world planning this frequently resolves itself into questions like: how can reasonable investment choices be made, without knowing what each SBU could actually achieve with different investments; how can SBU managers make good strategic choices without knowing the investment decisions made at corporate level? In reality, the danger is that both parties behave as though they had a full understanding of each other's decisions, when this is far from true, with potentially disastrous results. The answer is probably that we need an iteration between corporate and business-level decision makers.

Iteration II: The main question here is the implications of market/business strategy choices for the operational management of marketing and sales efforts. On the one hand, the competitive position we seek defines the role for operational marketing and sales to play, but conversely our marketing and sales capabilities – what we can actually *do* – are a major constraint on the market/business strategies we can sensibly pursue.

Iteration III: The relationship between operations planning and marketing planning and management is also two-way. The things we want to do in the marketplace impact directly on the personnel, production and financial functions, but those functions may also provide the constraints on what marketing and sales can do, as well as creating new opportunities.

Iteration IV: Operational planning and management can also be related to corporate investment and corporate-wide strategies, in the sense of both providing an input to those corporate decisions, and receiving direction from them.

This is a relatively crude model, but it has proved extremely useful for a number of reasons. First, it provides a framework for identifying the full range of strategic and operating decisions that confront an organization, in a simple format; and, second, it emphasizes the essential interrelationships involved. It also separates internal from external issues and the strategic from the operational – while still emphasizing their interrelationships. The implications for management educators and practitioners are several.

The implications for developing management courses

For present purposes, the main implication of this model for management educators lies in identifying the different

ways in which marketing and strategy issues are covered and related in courses, and questioning whether the interrelationships in the model are genuinely captured, or simply assumed away.

There is also the opportunity to create a new subject for the management curriculum to capture what we have discussed here as market/business strategy. While the other three cells may often map on to conventional courses relatively easily, it is frequently more questionable for the market/business strategy cell. If the lack of a title is a problem – market strategy, business strategy, strategic business planning, will all serve equally well.

Last, the questions for self-audit proposed below for the manager may also be applied by the educator, which may also have some benefits in relating course design to the way things have to be handled in the real world.

The implications for managers

Perhaps the most important implication for the manager is the recognition that the issues, and making decisions on those issues, matters quite a lot, but subjects, disciplines, and professional jurisdictions do not matter very much at all. In short, it is the results we achieve that have significance, not the methods we use to achieve them. Is there really any shareholder who cares much about our brilliantly sophisticated strategic planning system? Or are they more interested in our financial performance? Are there any customers who really delight in our marketing-planning capabilities and our innovative advertising and promotion, or are they more concerned with the quality of what we put on the market, and how well we look after them as customers? I suspect that the average piece of fauna could probably arrive at the correct answers to those questions, apparently unlike the average management academic.

This certainly does not mean that there is not a full and challenging range of strategic and operational issues to be confronted in most companies – just that inflexible, bureaucratic planning systems and departments may not be the best way to do this.

Consider the following self-audit questions in your own organization, and see what the answers suggest:

- (1) Taking each quadrant in Figure 1 – what do we believe are the critical issues we face: list them for each quadrant, and discuss this list with others to improve it.
- (2) Using the resulting list of critical strategic and operational issues – for each issue identify and note: who deals with this issue, where is it handled in the organization, when is it considered, how is this achieved, how well do we take care of it, is this the best and most effective way to do things?
- (3) Consider, then, the iteration lines in Figure 1. For each of these, list the most important issues you think need to be confronted, and again discuss this list with others.
- (4) Using this second list, for each issue identify and note: who deals with this issue, where is it handled in the organization, when is it considered, how is this achieved, how well do we take care of it, is this the best and most effective way to do things?

All being well, this should capture on two or three pages a description of the most important strategic and marketing decision-making processes in your company. The picture may be complex – can it be simplified? Are there gaps, where important issues “fall between the cracks” of departmental responsibilities – how can this be prevented? Are the right people looking at the right things – if not, how can this be improved?

This approach is crude. It has, however, proved an effective way of getting to grips with the things that matter, rather than debating the niceties of demarcation lines down and across organizations.

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Application questions

- (1) Run through the self-audit questions listed above.
- (2) Taking the results of the self-audit questions, what are the implications for your organization?