Marketing implementation: The implications of marketing paradigm ...
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MARKETING IN THE 21ST CENTURY

Marketing Implementation: The Implications of Marketing Paradigm Weakness for the Strategy Execution Process

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Reviewing the marketing strategy implementation issue in an era of a weaker marketing paradigm contrasts traditional sequential flow models of implementation with the "strategy formulation/implementation dichotomy" and leads to the emergence of a processual view of implementation. The processual view clarifies the underlying behavioral and organizational factors that build strategy implementation capabilities. These underlying factors are at risk from a weaker marketing paradigm. The weakening of the marketing paradigm is discussed in terms of the downsizing and disappearance of the marketing function, but more fundamentally in the loss of strategic influence for marketing in the face of competing management paradigms such as the "lean enterprise" and "lean thinking." The conclusion is that the impact on implementation capabilities is being felt first in companies where the marketing paradigm has been traditionally weak, but that this may be prototypical for other companies in the longer term. A number of important areas for conceptual and empirical attention are indentified.

It may be tempting to view the development of the marketing discipline and its continuing impact on corporate management with some complacency. For example, Deshpande, Farley, and Webster (1997) have recently reported a five-country study, encompassing Japan, the United States, England, France, and Germany, and presented the reassuring conclusion that the most successful companies use similar organizational strategies, regardless of their country of origin—offering a competitive, entrepreneurial culture with emphasis on innovation. On this basis, it might be expected that marketing strategy implementation capabilities would be universally similar. Similarities between the views of executives at global multinationals in the most developed countries notwithstanding, projected growth rates of industrial imports and exports suggest that the highest rates of growth are now in the developing countries (Farley 1997), and much of that growth will be associated with corporations very different from conventional global multinationals.

Webster's (1992) seminal article on the role of marketing in the corporation threw down the challenge of rethinking that role in light of the move toward relationship-based, rather than transaction-based, marketing strategies and the growth of new, alliance-based organizational forms. However, implicit in this incisive analysis is the assumption that there will, indeed, remain a role for marketing in the corporation of the future, which is altered but recognizable. In a similar, later analysis, Greyser (1997) compares market orientation and marketing organization and talks of "a simultaneous upgrading of orientation and downsizing of formal function." By contrast, we will suggest here that the reality increasingly faced by many executives is a fundamental challenge to orientation *accompanied* by a downsizing (and sometimes even disappearance) of the marketing function.

Grounded more in executive development work with executives in international companies than in conventional empirical study, this article will argue that the ability of organizations to effectively implement marketing strategies is surprisingly poorly understood; furthermore, it may

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be liable to reduce rather than grow, as a result of a number of factors currently affecting the role of marketing in major corporations. The argument is developed around the following goals.

First, scholars and practitioners with interests in marketing strategy implementation issues are offered a commentary on a processual perspective on implementation. However, second, we will argue that in the important context of the globalization process and the importance of the international "master brand" (Sheth 1997), there are major differences in the marketing strategy implementation capabilities of organizations in different parts of the world. It is hoped that this also will be of interest to scholars in international marketing. Finally, we will argue that there are a number of important trends that are affecting the ability of organizations to implement marketing strategies in a global marketplace, which are of general importance and interest to marketing executives.

Centrally, we will argue that in many countries outside the United States, the marketing paradigm[1] is frequently weaker in organizations than is the case in similar types of organization in the United States and, furthermore, that it is becoming weaker in many important respects. In the first instance, we will argue that a weaker marketing paradigm provides an important, although frequently covert, barrier to the effective implementation of global marketing strategies.

There has been some debate, for instance, in the services literature about the ability of international partners and distributors to deliver the level of service quality needed to support global branding of services (e.g., see Czinkota 1997). The problems faced by hotel, car rental, leisure, and catering companies in maintaining service quality in the former Eastern Europe or in locations like the new African states are illustrative. For instance, Avis Europe has achieved remarkable performance in high customer satisfaction linked to employee satisfaction in Western Europe. The company's goal of operating in countries of the former Eastern Europe is seriously threatened by the limitations on the ability to recruit and train service-oriented employees locally in such locations (Piercy 1997).

However, less obviously, the continued weakening of the marketing paradigm may also have prototypical implications for marketing companies throughout the world. At its simplest, the influence we are seeing currently on companies where the marketing paradigm is weak may be indicative of the longer term changes that may be anticipated in companies where the marketing paradigm has traditionally been stronger. For example, we will argue that the impact of the management philosophy of "lean enterprise" is a factor of this type.

The most important implication, for the moment, is the need to underline the risks involved in assuming that company marketing strategy implementation capabilities are either high or stable in the global marketplace. It follows that the costs and approaches to marketing strategy implementation may require considerable variation across markets. It will be suggested that this factor has been underestimated in the past but will become increasingly significant to marketing effectiveness.

A compelling illustration of the importance of learning to manage in a world of changing and varying marketing implementation capabilities is the growth of electronic commerce (in all its forms, but perhaps most particularly, the impact of the World Wide Web). Many companies, previously experienced in domestic marketing, are facing the inevitability of electronic globalization of their markets and the challenge of partnering with diverse international customers, distributors, and allies.

In fact, the issue of marketing implementation has been long recognized as critical to marketing effectiveness, and an area of particular weakness in many organizations. Bonoma (1985) noted some time ago that

> marketing for a number of years has been long on advice about *what to do* in a given competitive or market situation and short on useful recommendations for *how to do it* within company, competitor, and customer constraints . . . these parties often are strategy-sophisticated but implementation-bound. That is, they know quite well *what* it is they want to do in marketing; usually, however, there are real problems *in getting the marketing job done*. (P. 200)

We will argue that more than a decade after Bonoma's widely cited research study, there appears little evidence that these fundamental complaints have been addressed satisfactorily, that implementation is rarely accorded its warranted significance in discussing marketing strategy, and that there are particular issues now becoming apparent that justify renewed efforts in this area.

The structure to be followed is as follows. First, we will review the literature pertaining to the marketing strategy implementation process, contrasting traditional views of structure and control with emerging process models. Second, we will examine the evidence supporting the argument that the marketing paradigm is weak and weakening further in many companies, not merely in terms of structure and systems but also in terms of organizational culture and management philosophy. The remainder of the article will attempt to draw together the implications of marketing paradigm weakness for corporate marketing implementation capabilities.

THE MARKETING IMPLEMENTATION PROCESS

The study of marketing implementation issues has been plagued by the problems of identifying and understanding the situational conditions that surround the capabilities of an organization to implement a particular marketing strategy through particular actions in a specific marketplace. This limitation is perhaps illustrated best in the globalization of domestic brands and strategies, where the implementation problems faced with distributors and overseas partners have often proved substantial. In particular, there are some problems in viewing implementation capabilities as either stable over time or as a company-wide capability.

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This problem is not well presented in the literature, but it can be argued that a company's implementation capabilities may be

- *time specific*, in the sense that a company may gain or lose the competencies on which a strategy relies for execution, so implementation capabilities change;
- *culture specific*, where components of a strategy assume understanding and abilities that do not exist in other cultures, perhaps exemplified best by the belief that different countries have equal access to employees able and willing to deliver high levels of customer service;
- *partial*, since a company may be well equipped, for example, to launch a product and provide technical service but be unable to provide other components of the strategy like customer service;
- *latent*, in the sense that a company may actually possess the technical and human resources required by a marketing strategy but lack the ability to deploy those resources through lack of learning or management experience;
- *internally inconsistent*, since some parts of a company may be better suited to execute a strategy than others;
- *strategy specific*, because there may be specific skills and competencies highly suited to a particular strategy but not the flexibility to change to meet new strategic imperatives; and even
- *person specific*, in the sense that implementation capabilities may rely on a specific manager, who exerts the abilities and influence needed to achieve effective implementation.

Such characteristics pose severe difficulties for marketing analysts in conceptualizing and evaluating a complex construct such as implementation capabilities and incorporating it into marketing strategy models, and more immediately for practitioners in managing the execution of strategy.

For example, British Airways achieved a spectacular turnaround from being a moribund, state-owned airline to a leading international airline, with outstanding results in customer satisfaction and profitability. A change in leadership has been associated with a strategy of deep cost cutting and divestments to move toward being a "virtual airline," which appears to have undermined the ability of the company to continue its service excellence. By summer 1997, the airline faced industrial action by alienated employees, diminishing differentiation in customer satisfaction, and disarray in its international partnerships. The implementation capabilities of this company have changed quickly and largely to the company's disadvantage as its strategy develops (Piercy 1997).

However, not only is the implementation capabilities construct more complex and potentially unstable than is commonly recognized; it may also be argued that conventional approaches to understanding and managing implementation have also been somewhat limited in their scope (see, e.g., Cespedes and Piercy 1996).

Traditional Approaches to Implementation

Conventional models of marketing implementation are essentially sequential, in that implementation is treated as an activity that follows from, and is shaped by, strategy formulation. As in the general management literature, traditional approaches to implementation emphasize organizational design and the manipulation of systems and structures around strategic goals, where managers rely primarily on their authority to adjust the organization's structural framework as a means of enacting strategic decisions (e.g., Bourgeois and Brodwin 1984; Galbraith and Kazanjian 1986). Also, these approaches normally assume a conventional organization type and have not addressed the emergence of new networked organizations (Cravens, Piercy, and Shipp 1996).

Familiar models of implementation in marketing focus on issues such as strategy and structure relationships, budgeting and resource allocation systems, executive leadership approaches, and control systems. For example, in the general literature, many studies have focused on the "fit" between organizational structure and strategic choices, normally following the view that "strategy drives structure." However, there is some danger in underestimating the effect on strategic choices of the preferences represented by the influential in existing organizational frameworks. For example, Corey and Star (1971) pointed out that

> it must be recognized, as well, that the direction of strategy is certainly a function, in part, of the kind of organization which produces it and the balance of power within the structure. Today's organization is an important influence in molding tomorrow's strategy which, in turn, shapes tomorrow's organization. (P. 26)

This comment remains apposite. In a similar way, a superficial view would be that budgeting and resource allocation decisions represent the rational distribution of the people and money needed to execute marketing strategies. In fact, there is some evidence that in many situations resource allocation is a relatively inefficient signaler of strategic direction and management priorities, which is fraught with political risk leading the planning intents of resource allocators to be ignored or subverted (Bower 1970; Newman 1975; Piercy 1987).

Critics of conventional approaches to implementation also challenge the assumption that strategic marketing decisions and priorities are well understood within organizations (Skivington and Daft 1991), and the lack of attention given to the impact of politically powerful organizational preferences for alternative strategic directions (e.g., Pfeffer 1992). As a result, there has been some move toward analyzing marketing implementation in terms of

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process within organizations rather than (or in addition to) constituting a matter of structural alignment and administrative control. This is revealing of a fundamental problem constituted by the separation of marketing implementation issues from the process of formulating strategies—the "formulation-implementation dichotomy" (Cespedes, 1991).

The Marketing Strategy Formulation-Implementation Dichotomy

It is suggested that many of the problems faced in marketing implementation arise not simply from practical problems in management execution skills, but because conventional approaches to strategy development in marketing are based on the view that strategy development or formulation and marketing implementation are distinct and sequential activities. Cespedes (1991) identifies the dangers of this dichotomy in the terms illustrated in Appendix A.

These arguments led Cespedes and Piercy (1996) to underline an urgent need to examine the ways in which the processes of marketing strategy formulation and implementation are linked within an organization, as a route to strategic initiatives that are both attractive in the marketplace but also matched to the organization's execution capabilities. This argument can also be extended to the context of an alliance-based networked structure (Piercy and Cravens 1995).

Process Issues in Implementation

It is apparent, however, that a process view of strategy formulation and implementation is not easily formulated. The critical issues move from those of the traditional approach to implementation—the design of efficient structures and control systems—to more complex organizational issues. For example, Cespedes and Piercy (1996) suggest that among the issues to be addressed in a process model of implementation are those illustrated in Appendix B.

Conventional, sequential approaches to marketing strategy implementation are unlikely to prove effective in addressing such issues. The move toward a processual view of implementation suggests the need to place more emphasis on the issues shown in Appendix C in achieving effective implementation.

The Implications of a Process View of Implementation

A process perspective appears useful, although largely undeveloped, in building insight into issues like implementation in an organizational context. However, there are various ways of conceptualizing process for these purposes. Most commonly, process is understood in terms of its substantive *content*—the new product development process, the planning process, for example. In addition, processes may be conceived in terms of their *purposes*—value-defining, value-developing, and value-delivering processes, for instance (Webster 1997).

However, a number of studies of key marketing decision-making areas have proposed that processes should also be analyzed in terms of their organizational dimensions. Studies of marketing budgeting and resource allocation (Piercy 1987), marketing planning (Piercy and Morgan 1994), and marketing control (Piercy and Morgan 1995) have shared a model that suggests that many decision-making processes can usefully be analyzed in terms of an analytic/technical dimension, a behavioral dimension, and an organizational dimension. We might, for example, consider value processes in the way shown in Figure 1. This suggests that to understand the capability of value processes to deliver value, or to implement a value-based marketing strategy, it is useful to examine not simply the analytic/technical aspects of the process (the information gathered, the operations systems, and the logistics for value delivery) but also the behavioral aspects of the process (in terms of the abilities of individuals to interpret information and develop market understanding, and their motivation, commitment, and behavior in developing and delivering value to customers) and the organizational or contextual aspects of the process (the learning capabilities and responsiveness of the organization, and its management's strategic orientation). An important issue is the consistency between the analytic, behavioral, and organizational dimensions of process, although this is frequently covert. Consistency between the dimensions of a process is likely to have a substantial impact on implementation capabilities.

For example, while value defining may be driven by the abilities of the organization to collect and disseminate information, "market sensing" that leads to effective implementation of value-based strategy is likely also to be a function of the interpretative abilities and inclinations of individuals and the organization's learning capabilities. The failure of the management of Encyclopedia Britannica to accept the impact of CD-ROM media on their business is indicative of the difference between information availability and understanding, learning, and responsiveness. Similarly, while value developing relies on operations capabilities, it is also shaped by the organization's responsiveness to market-based change and the motivation and commitment of individuals to implementing change. Value delivering involves supply chain capabilities and logistics, but also the attitudes and behaviors of service personnel, salespeople, distributors, and other participants, as well as the priorities communicated by the strategic orientation of management. The danger lies in equating capabilities in the analytic/technical dimension of process, with corresponding capabilities in the behavioral and organizational dimensions. The challenge is to evaluate and manage for consistency in the process, even if this means adapting and reshaping marketing strategy to fit better with the organization's implementation capabilities.

While this model is no more than illustrative, it serves to underline the point that if implementation is viewed in process terms, then implementation capabilities are a func-

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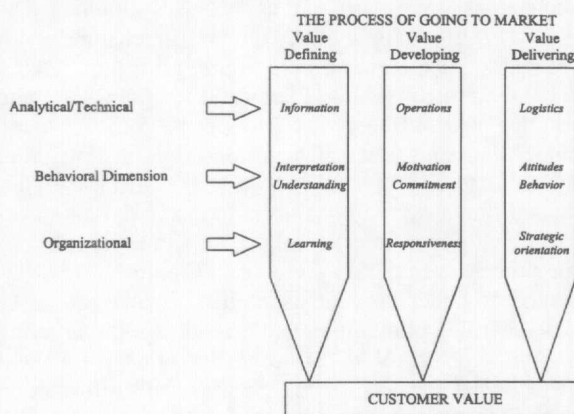
FIGURE 1
The Dimensions of Organizational Processes



tion of the individual behaviors and motivation of individuals in the organization, and the underlying organizational context in which the process operates. If implementation is viewed in these terms, the question of the strength of the marketing paradigm becomes critical to evaluating true implementation capabilities. At its simplest, if the people in an organization do not believe in marketing and customer imperatives, and management priorities are focused elsewhere than the customer marketplace, then marketing strategy implementation capabilities are likely to be low.

The impact of covert issues of process, structure, and information on strategy implementation capabilities may be dramatic. Daewoo entered the British auto market in 1994 and gained 1 percent of the market faster than any competitor has ever achieved. The company did this despite no brand awareness, in a saturated market, and with autos that were 5-year-old GM designs produced under license. The strategy was driven by a massive and continuous research effort to uncover the factors disliked by customers in the conventional auto purchase process and a brand proposition based on "hassle-free" purchase, with no price haggling, "no-extras" prices, in car supermarkets, staffed by a workforce drawn from outside the automotive industry. Nonetheless, there is no element of the Daewoo strategy that could not be adopted or subsequently imitated by its competitors. To date, no competitor has been able to launch a response to the Daewoo challenge, because it appears the competitors do not have the implementation capabilities to do so (Piercy 1997).

MARKETING PARADIGM WEAKNESS

The brief review above of the marketing strategy implementation issue should be adequate to support the most central point of our case. As we move toward adopting a processual analysis of marketing strategy implementation, it becomes clearer that effective strategy implementation relies on more covert aspects of the marketing organization than is commonly recognized. A processual view suggests that effective strategy implementation rests not simply on techniques of action planning, budgeting, and resource allocation, as well as administrative systems design; it rests on the underlying beliefs and attitudes of organizational participants, and over and above this on the dominating management interests and culture in the organization.

The importance of this, possibly self-evident, statement is that what can be observed in many international organizations is the loss of the formal organizational position of the marketing function, and even more significantly the weakening of management belief in marketing as a strategic force. It is the combination of such forces that we refer to here as the weakening of the marketing paradigm, and which we suggest is becoming a major influence on the marketing strategy implementation capabilities of organizations.

The Organizational Position of Marketing

In fact, the positioning and structural location of marketing in a company is of greater importance than simple "organizational trappings." The significance of the signal sent by formal organizational arrangements for marketing is illustrated by Carl Gustin (1997) at Kodak:

> At Kodak, we think marketing matters more than ever; that's why we formed the office of Chief Marketing Officer over two years ago. To achieve corporate growth (in volumes, margins, and share), you must enjoy an intimate relationship with your customers and end-users. If you don't do products design, R&D, financial business modeling, and everything else in response to customer requirements, sure, you may survive. But you won't grow. (P. 6)

However, it is more than a decade since it was suggested that the formal organizational positioning and structuring of the marketing function was subject to an underlying life cycle (Piercy 1985). Since then, it has been shown, for example, that the organization of marketing in British companies has frequently fallen very short of the integrated models familiar in the prescriptive literature (Piercy 1986). We found, for example, stereotypical marketing organizations in British manufacturing firms to include limited/staff role forms, responsible for limited areas like market research and some sales promotion; strategy/services forms, with planning responsibilities and little line responsibility; and selling-oriented forms, involved almost wholly in field sales operations (see Figure 2). The significance of these observations lies primarily in the symbolism of structure rather than the administrative substance. Tokenism in formal organizational arrangements for marketing was taken as indicative of a lack of resource control and strategic influence for marketing in British companies (Piercy 1986).

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FIGURE 2
Marketing Departments in British Manufacturing Companies

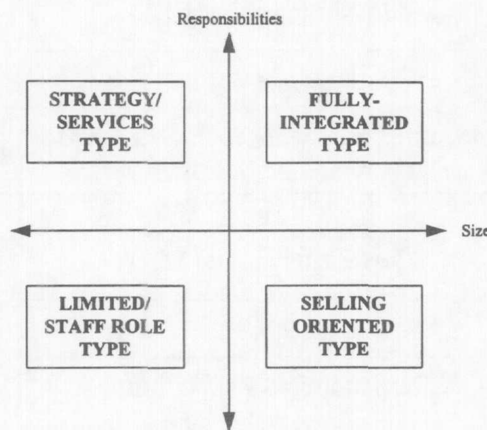

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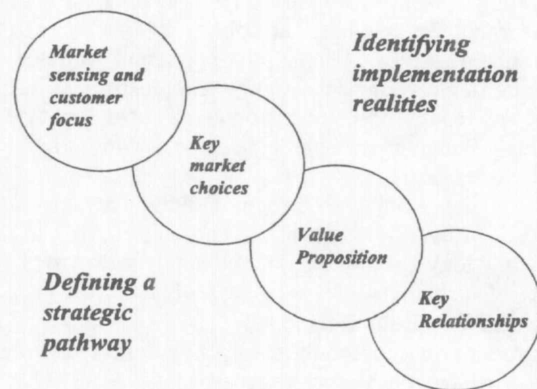
FIGURE 3
The Process of Going to Market



SOURCE: Based on Piercy (1997).

More recently, the organization of marketing in Britain has been characterized by the downsizing and closure of conventional marketing departments, reinforced by the impact of category management and trade marketing strategies, and the resurgence of the power of sales departments in managing customer relationships in business-to-business markets (Piercy 1997).

Correspondingly, many popular approaches address marketing as an issue of process, not function—for example, as the "process of going to market," which cuts across traditional functional and organizational boundaries (see Figure 3). The implications of such marketing process models for the redundancy of traditional functional structures may be extreme, with the unintended side effect of further weakening the marketing paradigm in organizations.

Attacks on the Role of Marketing

Underpinning these signs of a weakening marketing paradigm in organizational terms, there have been many attacks on the role of marketing in companies from diverse sources. At one level, business commentators and consultants point to the attractiveness of reengineering around business processes to avoid the need for marketing (e.g., Mitchell 1996), and the growing cynicism of customers about some aspects of marketing. At another level, analysts point to "marketing's failure as strategy" (Webster 1997). For example, Doyle (1997) has suggested that very few British companies have moved beyond the "marketing" trappings of advertising and promotion, to implement robust marketing strategies, delivering long-term customer and shareholder value. Perhaps most negative is the analysis of "postmodern" commentators (e.g., Brown 1995) and their abandonment of the conventional conceptualization of corporate marketing.

Illustrative of the outcome of such factors is the emerging relationship between marketing and operations in companies. While this interface has been studied in a variety of ways, perhaps the most topical approach is to evaluate the emerging impact of "lean thinking" and supply chain management on the role of marketing.

The Future of Marketing in a Lean World

A new management approach that may have the effect of undermining the influence of marketing in modern corporations is the "lean enterprise" model developing out of the automotive sector (Piercy and Morgan 1997). This is no more than a single example of one of the emerging management philosophies that may conflict with conventional marketing approaches and undermine the marketing implementation capabilities of organizations. This case may be framed by considering how marketing scholars and practitioners have largely failed to respond effectively to the widespread moves to corporate downsizing and delayering, to integrated logistics systems and new approaches to supply chain management, and perhaps most especially to the management movements associated with Total Quality Management (TQM) and business process reengineering (BPR) (Morgan and Piercy 1996).

This lack of response may be described in terms of an important loss of intellectual leadership for marketing scholars vis-à-vis corporate practice, and a loss of influence for marketing executives in many major corporations as their role in managing marketplace contingencies has been displaced by other disciplines (Day 1992, 1994). While changing external market environments have been assessed in terms of implications for marketing organization (e.g., Achrol 1991), and the role of marketing within the corporation (e.g., Webster 1992), a similar process does not appear to have been applied on behalf of the academic discipline or corporate practice of marketing relative to other disciplines and functions.

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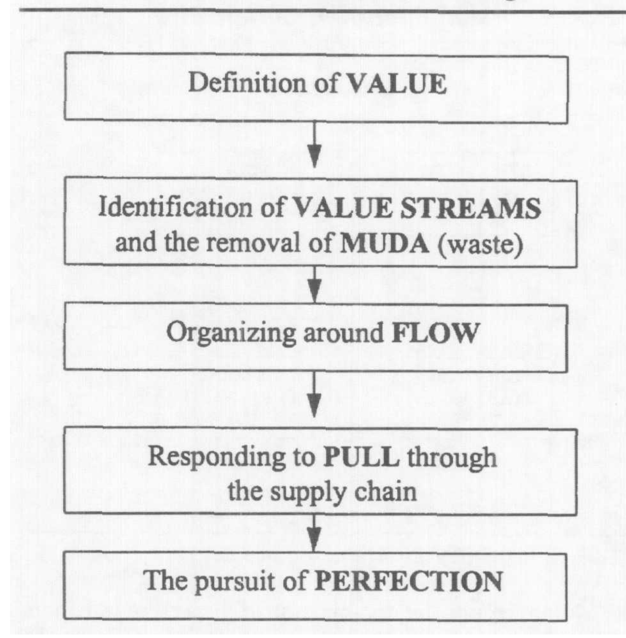
Lean Thinking

While lean thinking and its associated developments have been presented in influential *Harvard Business Review* articles (Womack and Jones 1994, 1996a) and a major management text (Womack and Jones 1996b), its antecedents are in studies of Japanese approaches to management, particularly in the automotive industry (Womack, Jones, and Roos 1990), and the outcomes in terms of "Just in Time" management approaches and the more holistic TQM movement.

The major elements of lean thinking are shown in Figure 4. They can be described and summarized in the following terms. Drawing on the models provided by studies of such companies as Toyota, Porsche, and Pratt & Whitney, the lean-thinking model extends earlier views of lean production into a number of principles: (1) the definition of *value* from the perspective of the end customer in terms of the product/service offering delivered, (2) the identification of the *value streams* for each product and the elimination of *muda* (waste) in the entire supply chain, (3) organizing value-creating activities around *flow* rather than "batch and queue" approaches, (4) responding to the *pull* of product through the supply chain by customers to eliminate stocks, and (5) the pursuit of *perfection*.

FIGURE 4
The Elements of Lean Thinking



The underlying concept is value, as it is perceived by the ultimate customer and as it is given meaning around a specific product. In much the same way as TQM, lean thinking suggests that all productive activity, leading to competitive advantage, has to be based on the "correct" customer-driven product/service specification. A compelling case is made for the proposition that in many industries investments have been driven by illusory economy-of-scale and internal-process arguments, not by the creation of customer value. Womack and Jones (1996b) cite the U.S. airline industry as a particular case where the effect of investment in large aircraft and large "hub" airports has been that "passengers are miserable (this is not what they meant by value!), the aircraft producers make little money (because the airlines can't afford new planes) and the airlines . . . have flown a decade-long holding pattern in the vicinity of bankruptcy."

Correspondingly, the value stream is conceived as all the activities in the entire supply chain required to place the correctly specified product with a customer. All non-value-creating activities are muda and should be eliminated. Womack and Jones illustrate the muda in the value chain for a carton of cola soft drink, where some 3 hours of actual processing of the package and product require nearly 11 months of storage in the "traditional" supply chain in which all parties are efficiently organized according to the principles of mass production.

The argument about organizing value-creating activities within the supply chain according to flows rests on the assertion that the batch-and-queue mentality pervades service and product provision and is ineffective and inefficient. The lean argument is that advantage comes from (1) focusing on the product that creates customer value; (2) ignoring traditional boundaries between jobs, functions, and firms to achieve the continuous flow of value; and (3) rethinking work design and tooling to eliminate backflows, scrap, and stoppages that require storage.

The flow concept is directly linked to the importance of pull. This argument suggests that firms upstream in the supply chain should not produce a good or service until it is requested (or "pulled") by the downstream customer. They argue that if production and distribution have been "leaned," then pull removes the need for large stocking and reduces customer waiting times. The supporting example for this lean principle is Toyota's Daily Ordering System for replacement auto parts. While the auto industry may not be typical, other widely cited examples concerning the performance-enhancing potential of switching to "customer-pull" supply and logistics systems include Wal-Mart in the United States (Stalk, Evans, and Schulman 1992).

Finally, the lean-thinking phenomenon leads to the search for perfection. The argument here is relatively conventional in calling for *kaizen*, continuous improvement approaches to the organization and practice of all value-creating activities. However, the architects of the new lean thinking also recommend the use of *kaikaku*, or "tear-down" radical change approaches to begin the "lean revolution" in companies, suggesting that these approaches are required to break the inertia and blinkered vision in most corporations (Womack and Jones 1996a).

Value and Marketing

The promise to executives is that lean thinking will "banish waste and create wealth in your corporation" (Womack and Jones 1996b) and "provide the antidote to economic stagnation" by viewing value in customer terms.

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In the first analysis, it appears that these assertions are not merely compatible with marketing principles; they *are* marketing principles. This is, however, revealing of the underlying weakness of the lean theorists' model. They assume uncritically that value in customer terms can be easily conceived in terms of product engineering and service operations; what creates value in customer terms is easily identifiable, stable, and predictable; what creates value for customers is a given and cannot be changed by intervention; and what creates value for customers will be the same for all customers.

Such assumptions ignore research that suggests that value is determined by intangibles as well as engineering (e.g., Hoch and Ha 1986), and that customer benefits cannot usefully be conceived solely in rational economic terms (e.g., Bloom and Reve 1990). Value perceptions and the drivers of customer satisfaction in dynamic markets are liable to be unstable (e.g., see Spreng, Mackenzie, and Olshavsky 1996). Recently, for example, Slywotzky (1996) has underlined the competitive vulnerability inherent in assuming that customer value is a stable entity, which risks value propositions becoming less effective over time where buyers migrate to alternative value concepts. To assume that value is the same across all customers or all companies in a market is to deny the validity of market segmentation, or the existence of strategic choices, for example, using marketing communications to change value perceptions and affect buying behavior (e.g., see Hoch and Deighton 1989), or to build defensible and robust competitive positions (Hooley, Saunders, and Piercy 1998).

However, the greatest risk is that faced with the practical difficulties of defining value in customer terms, executives will substitute their own perceptions of what customers *should* value. While marketing executives have struggled to isolate the drivers of value, the substitution of the views of production engineers does not promise improvements in market position. The opportunity is for marketing executives to work with lean thinkers in their organization to accommodate the uncertainties of the customer marketplace into the lean enterprise. This may, however, be viewed as largely the same opportunity that was missed when marketers failed to assume an important role in TQM-based approaches to performance improvement (e.g., Kordupleski, Rust, and Zahorik 1993).

Value Streams and Marketing

The lean analysts advocate using the concepts of value from a customer perspective, to identify the value stream for a product (i.e., all the activities in the entire supply chain that contribute to the value offering delivered to customers) and to use this as the basis for identifying and eliminating those activities that are muda, because they do not create value for the customer. The original formulation of muda listed sources as defects (in products), overproduction of goods not needed, inventories of goods waiting to be processed or consumed, unnecessary processing, unnecessary movement (of people), unnecessary transport (of goods), and waiting (by people for equipment or earlier production stages to be completed) (Ohno 1988). Womack and Jones (1996) add to this list the design of goods and services that do not meet users' needs.[2] The promises of improved operations efficiency are remarkably similar to many other recent management approaches. The advocates of TQM (e.g., Deming 1986), BPR (e.g., Hammer and Champy 1993), and Just-in-Time (JIT) (O'Neal 1989) all suggested that the elimination of waste and unproductive resources in value-creating systems would provide the basis for sustained competitive advantage.

Specifically, the muda argument rests on the assumption that organizations are rational, economic entities that can be planned centrally for optimum economic performance. However, the simplistic removal of all muda may also eliminate the medium and long-term benefits of "organizational slack." Organizational slack has long been recognized to offer significant intangible values to organizations, which are of growing strategic significance in an era of market turbulence: it allows flexibility in the face of unpredictable events, it permits the emergence of entrepreneurial behavior, it allows managers to prepare for the future and organizational learning or relationship building rather than the simple elimination of stocks, it sanctions product development aimed at building strategic platforms into new markets rather than short-term return on investment (ROI), and it provides the time and resources required to create an environment where employees can feel committed and perform to excellent levels. To dismiss such organizational benefits as muda is to miss an important point and to risk damaging the strategic development and learning capabilities of a company.

The underlying threat to marketing strength from the elimination of muda is that it provides cost cutters with a rationale for actions that may undermine future competitive capability of an organization—look back to the British Airways experience described above. The logic presumes that companies are all-seeing and all-knowing, while experience and observation suggests that they are not.

Furthermore, the major illustration of organizing around flows of value-creating activities provides a good illustration of the underlying weakness of this argument in lean thinking. The chain of production and distribution that get a carton of cola onto a supermarket shelf is modeled. This supply chain is shown to be unwieldy and is held up to ridicule, while the potential savings from a lean approach are extolled. However, this is revealing. There is no doubt that enormous cost savings can be made by suppliers and distributors through varying degrees of collaboration to reduce the storage time and transportation costs in the channel. While such integrated logistics approaches may reduce costs in the supply chain, the paradox is the belief that this has in any way increased the value of the product from a customer perspective. It is likely, indeed probable, that the customer has no interest in whether the product has taken a year or a week to reach the supermarket shelf, as long as the preferred brand is there when he or she wants to buy it. There is no reason to suppose that a "fresher" package of washing powder will in any way increase customer satisfaction.

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The extension of the lean argument into an attack on new product development and by implication on branding is also troublesome. The lean authors criticize the marketing process (and this is one of the few instances when they even use the term *marketing*, let alone recognize the marketing processes implicit in the supply chain) in the following terms:

> The end result of this system is that new products—which are often "new" only in the sense of having reformulated ingredients (for example, caffeine-free and cherry cola)—cost an average of $15 million to launch (half of this going to advertising) and . . . usually fail in the marketplace. (Womack and Jones 1996a:48)

Their model gives supply chain efficiency primacy over making available product and brand choices in a marketing process that copes with demand diversity, instability, and uncertainty. A collaborative supply chain producing only a limited set of unbranded generic cola drinks would undoubtedly be more efficient, but its logic denies the evidence of consumer preferences for choice and brands. Indeed, central planning for the supply chain may suffer the same practical inefficiencies that central planning has always tended to reveal.

The threat to marketing comes not from the proposals to improve supply chain efficiency by managing value streams but from the extension of this search for efficiency into destroying the beneficial (as well as the wasteful) effects of organizational slack and reducing consumer choice and destroying brand equity for reasons akin to old-style production orientation.

Flow and Marketing

While value stream modeling provides the basis for attacking branding, customer choice, and the fundamentals of market positioning, the lean analysis of flow provides useful mechanisms for attacking internal company policies and practices that impede the achievement of service excellence with customers. The lean thinkers attack centers on the "world of batch and queue," particularly in operations management but yet more revealingly in the world of services.

The practical significance of developing a robust framework for challenging the pervasive "batch-and-queue" design of systems and processes in services cannot be underestimated. It underlines, however, once more, the move in initiative in improving service quality from marketing to operations management.

Pull and Marketing

The lean view is that production and distribution should be reorganized to "get rid of lead times and inventories so that demand is instantly reflected in new supply rather than the current situation of misjudged supply perennially searching for demand and creating chaos in the process" (Womack and Jones 1996b:88). The implied role of marketing (if any) in a lean enterprise is to work to flatten demand to facilitate the operation of lean systems of production and distribution. The assertions of the lean thinkers rest on a critical assumption: "the end-use demand of customers is inherently quite stable and largely for replacement. We believe that volatility—the perceived marketplace chaos—in these industrial activities is in fact self-induced" (Womack and Jones 1996a:87)—where "self-induced" refers to such activities as sales promotion distorting in undesirable ways the normally stable pattern of demand.

They argue that "changing the way retailers and consumers think about the process of ordering goods and making transactions may be difficult, but as we will see, it is essential to doing things a better way" (Womack and Jones 1996a:82). They require that the marketplace must change to accommodate the requirements of the production and distribution system, which must be a definitive statement of classic production orientation. Indeed, having stressed the centrality of value in the customer's terms, Womack and Jones dismiss lightly the aberration that apparently "Dealers love to 'deal' and the public loves a 'sale' " (p. 82) (in one of their rare moments of recognition that markets may lack economic rationality). Their argument is that speed in delivery offsets the need to reshape the competitive world, which also assumes uncritically that speed is central to customer value.

Lean approaches will be widely and rightly welcomed where they offer advances in logistics efficiency, in terms of speed and service levels that enhance customer value, and predicting better the demand for products like replacements and spares. This case has been proven in the automotive area and some others sharing certain important demand characteristics of that sector. More problematic (and dangerous) is the reduction of the role of marketing to flattening demand to fit the lean enterprise's requirements to provide stable and predictable demand. As marketing departments are likely to fail to provide this certainty in many competitive markets, then they are likely to be displaced by "certainty creation" by others inside the company, to the detriment of customer interests and market position, and the robustness of the company's marketing process.

Perfection and Marketing

Finally, the lean enterprise model advances the Japanese-style management argument that we should compete against perfection, whether this involves steady incremental change or something more radical to "smash the inertia." However, their conception of perfection is framed almost wholly in the removal of muda (i.e., efficiency) rather than the creation of superior value in the production and distribution system. The danger lies in the difficulty of defining perfection in customer terms, and the potential for substituting perfection in company or channel member terms, that is, failure to successfully understand that cus-

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tomer priorities lead to the substitution of company priorities, even if those are couched in terms of what executives in companies believe customers should value.

The threat to marketing and market position is that lean thinking may persuade companies to adopt a simplistic view of customer priorities and preferences, which flies in the face of marketing theory and practitioner experience.

The Underlying Assumptions of Lean Enterprise

The potential for conflict in paradigm between the lean model and the marketing view of the enterprise can probably best be illustrated by reexamining the underlying assumptions in lean thinking.

Perhaps most telling is that the lean model is derived primarily from stable industries, which are often engineering led, such as automotive. The more general application of the model to dissimilar sectors appears problematic. Indeed, since the lean thinkers suggest explicitly that their conclusions are based on the experiences of outliers, then the reliability of their observations appears even more suspect. Indeed, this leads to what is potentially most damaging to marketing—the claim that markets are inherently stable and predictable, and if they are not, then the role of marketing is to make them so. This redefinition of the role of marketing in the organization is indicative of the wider change envisaged in the marketing/operations interface.

They presume a high degree of economic rationality underpinning the behavior of both customers and suppliers. The lean view of customer value is circumscribed by such assumptions—particularly in presuming that the criteria of value are clear and well-known, that they are measurable, that they are rational (in engineering terms), and that they are stable over time and similar for all buyers in the market. These are severely limiting assumptions in the context of many views of the underlying reality of the complexity of the drivers of customer satisfaction and the important differences between value perceptions in different market segments. There is also an implicit "measurability trap," where we risk substituting metrics (i.e., what we can measure) for importance (i.e., what really matters competitively). To allow such simplifications to be accepted as reasonable by managers is to risk undermining much of what marketing has achieved in aligning company structures and processes with market structures.

Finally, the broader proposals for the "lean enterprise" that transcend company boundaries to link suppliers, distributors, and customers into an efficient supply chain share much with the literature for developing networks of alliance-based collaborations. While attractive in many ways, such proposals rest on the assumptions that collaboration can substitute for competition as a driver of long-term efficiency, and that collaborations can be effectively implemented. Much in our developing understanding of network organizational forms suggests that both these assumptions are highly questionable (Cravens et al., 1996).

The Impact of Lean Enterprise on Marketing

This critique of lean thinking has attempted to place the marketing implementation issue in the context of a new paradigm, which is receiving wide acclaim in the management literature and much attention from corporate managers. What appears to be lacking is a coherent intellectual and pragmatic response from the marketing discipline to the lean-thinking proposals and the emergence of the lean enterprise model.

At its extreme, lean thinking can be seen as a restatement of production orientation leading to success through TQM and BPR around value-creation activities. In this respect it is entirely possible that lean thinking will follow its predecessors in being operationalized as short-term approaches to improving operational effectiveness (cf. Porter 1996). However, its arguments are likely to be perceived by many as timely, compelling, and persuasive, and they are likely to be a major shaping force in management thinking.

The lean model rests on a set of underlying assumptions that are questionable in many practical situations from a marketing perspective, but while those assumptions remain hidden, management expectations are likely to be raised. The role of marketing in the lean enterprise is minimal and may be reduced to undertaking secondary tasks in smoothing demand and persuading customers to behave in ways that "fit" with the demands of the lean supply chain. As with the emerging evidence concerning the failure of TQM and BPR to deliver sustained competitive advantage, there is also the danger that simplistic application may lead to the elimination of the medium and longer-term value creation benefits of organizational slack.

However, for present purposes, the lean-thinking model provides an example of the loss of leadership in management thinking that may lead to the further weakening of the marketing paradigm in major organizations. It is this loss of leadership and initiative that we are linking to the longer term marketing strategy implementation capabilities of organizations.

CONCLUDING REMARKS

Optimistic and visionary reviews of the future of marketing in companies may identify a scenario that is unattainable in many organizations. There are a number of signs that the role of marketing, not simply as a formal organizational function, but more important as a strategic influence, may be weak and growing weaker in some organizations. A compelling case can be made for a new era of "market-based strategic management" (see, e.g., Cravens, Greenley, Piercy, and Slater 1997). However, this may be difficult to attain in reality where marketing has been "organized out" of the locus of strategic decision-making, is dogged by cynicism and criticism regarding past performance, and may be overwhelmed by new management paradigms like "lean thinking."

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We argued that this less-attractive scenario for the future of marketing is important for a number of reasons—it may represent both a new view of the barriers to the implementation of marketing and brand strategies in globalization with subsidiaries and partners where the marketing paradigm is weak, but also a prototypical model of the way in which marketing may be affected in the longer term in companies where traditionally the marketing paradigm has been stronger. The argument is that the underlying influences are universal, but the time scale for their effects may be different.

The argument made is primarily in the context of marketing strategy implementation. A brief review of marketing strategy implementation issue advanced the view that the underlying issues are not only those of structural realignment and administrative systems to implement new strategies but also the behavioral and organizational consequences of the traditional dichotomy between strategy formulation and strategy implementation. Evaluating implementation as a multidimensional process uncovers the importance of frequently covert behavioral and organizational process dimensions to implementation effectiveness, and the issue of managing for process consistency. This model can be contrasted with the traditional sequential, flowchart of understanding of implementation as the action resulting from strategic choices. Indeed, those relatively covert aspects of process may be the most significant in defining implementation capabilities or shortfalls. Certainly, as process-based views become dominant in the management and marketing literature, the pursuit of a deeper understanding of process characteristics has become urgent.

In general terms, the conclusion reached is that those aspects of the marketing strategy implementation process that we are coming to see as most significant to implementation effectiveness are those that are most at risk if the marketing paradigm is not strong or weakens. We examined signs of the peripheral organizational position that marketing may occupy, attacks on the relevance and effectiveness of marketing, and most particularly the impact of competing management paradigms like lean thinking and the lean enterprise, as forces reducing the marketing strategy implementation capabilities of organizations.

A way of operationalizing this argument with executives is provided by the concept of *organizational stretch*, illustrated in Figure 5.

In this approach, conventional strategies are a continuation of the past—the company continues an old strategy that it is good at implementing, while the obsolete strategy is one where previous execution capacity no longer exists (e.g., key personnel have left, resources become unavailable). Perhaps the most important distinction, however, is the difference between synergistic strategy (a marketing strategy that we assume the company will be good at executing) and the stretch strategy (a new strategy requiring substantial new capabilities in execution). The challenge to executives is to adopt a process perspective to

FIGURE 5
Organizational Stretch in Implementing Marketing Strategy

Marketing Strategy	Fit of Strategy With Existing Company Capabilities, Systems, Structures: *Good*	*Poor*
New	*SYNERGISTIC STRATEGIES*	*STRETCH STRATEGIES*
Old	*CONVENTIONAL STRATEGIES*	*OBSOLETE STRATEGIES*

better distinguish between synergy and stretch characteristics of new marketing strategies.

For example, the major British grocery retailers Tesco and Sainsbury successfully pursued growth by moving into gasoline retailing, which closely matched their skills and capabilities and in which they have become market leaders. Most recently, the same retail companies have started to operate retail banks. They are finding the processing and service requirements for banking somewhat different to those needed in grocery retail, and more important, customer expectations of a bank appear greatly more demanding than those placed on a grocery chain. What appears in rational/analytic terms to be a synergistic strategy may in reality be a stretch strategy. This model can be used to assist executives in confronting the underlying implementation realities in new marketing strategies. It also provides the basis of discovery-oriented research efforts (see, e.g., Kohli and Jaworski 1990; Parasuraman, Zeithaml, and Berry 1985; Zaltman, Le Masters, and Heffring 1982) to better understand marketing strategy implementation processes. For example, it has been suggested that it is easy to underestimate the degree and type of organizational stretch that is needed to implement relationship marketing strategy effectively—a "paradigm shift" in marketing strategy suggests the need for a parallel and equal shift in important organizational characteristics.

It is undoubtedly true that the warnings and predictions in this article will be invalid in some situations. However, the same is likely to be true of views that assume that strategy implementation capabilities are given, globally shared, and stable factors, which can be taken for granted. A case is emerging for a new process-based paradigm of marketing, which is both compelling for executives and

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addresses implementation capabilities as a core competence of a company that may vary greatly in different contexts.

Directions for Research and Conceptual Development

While this review of the marketing paradigm under attack and reduced strategy implementation capabilities may seem pessimistic to some readers, its goal is essentially positive in identifying areas in which marketing must develop coherent responses to significant realignments in management priorities in an electronically networked and lean-oriented world.

The move to process models to describe how companies go to market is already under way, but much remains to be done in developing a clear typology of those processes to map the organizational transition involved. The complex nature of processes as they operate in organizations is also a potentially useful line of inquiry. However, it is also evident that the value of process analysis would be greatly reinforced by the development of a more adequate language and conceptual framework for articulating the added value of marketing in an organization.

It is likely that many corporate managers would argue that marketing has always been long on promises and short on proven delivery of added value. The discipline lacks a vocabulary to describe its contribution, let alone to provide credible operational metrics of added value. The modern literature underlines the arguments favoring such values as market orientation, enhanced learning and market-sensing capabilities, global "master brands," partnering and alliance formation. Yet, there is no persuasive framework to monitor the effectiveness of implementing these approaches to achieving superior and sustained performance.

The emergence of relationship marketing as a dominant issue for companies is illustrative. The implementation of relationship strategies has been enhanced by the supporting metrics describing the impact of customer retention rates on profitability and the concept of customer lifetime value as an accounting entity (e.g., Reichheld and Sasser 1990). Similarly, customer pressure to prove added value has proved decisive in defining excellence for sales operations in business-to-business markets (The H R Challey Group 1996). A similar approach to valuing marketing capabilities and their performance impact is problematic but overdue. It is likely that little else will regain intellectual leadership for the discipline is meeting the challenge from competing paradigms in the corporate boardroom.

That urgency is underlined also by the pressure of diversity in globalization, driven by factors like electronic commerce and "master brands." There is a need for more systematic study of implementation capabilities in particular. Previously domestic-based companies accustomed to a context of a highly developed and accepted marketing paradigm will be going to a market partnered with companies with very different traditions. To assume global strategy implementation characteristics is intuitively dangerous, yet we lack a rigorous framework for evaluating this capability in different contexts. The "organizational-stretch" concept may be capable of systematic development for this purpose.

Finally, progress is still needed on the central question of the integration of strategy implementation into the strategy formulation process, in the way marketing is practiced but also in how it is taught. Indeed, the changing role of marketing in companies has far-reaching implications for the position of marketing in the business school curriculum. Challenges to the role of marketing as an area of functional specialization are already emerging. Here, too, an urgent and appropriately developed response is desirable, although it is likely to involve new domain alignments and curriculum structures (e.g., Piercy, Harris, Peters, and Lane 1997). It is here that the move toward "market-driven strategic management" (Cravens et al. 1997) may be most important to marketing scholars.

APPENDIX A
The Symptoms of Strategy Formulation/ Implementation Dichotomy

Ignoring or underestimating the relationship between a company's strategy formulation process and its unique implementation capabilities and constraints (Bonoma 1985).

Reducing the ability of an organization to create a marketing strategy that fully draws on its real competencies (Hamel and Prahalad 1989).

Separating plans produced from the changing realities of the "inner workings" of the organization (Bonoma and Crittenden 1988).

Encouraging the establishment of professional planners or strategists and the consequent "uncoupling" of strategy from operating plans (Hobbs and Heany 1977).

Relying too heavily on the rational-analytic belief that strategies are direct, and explicitly chosen by management, rather than displaying some emergent characteristics and growing out of the experiences, preferences, and abilities of the organization and its members (Hart 1992; Mintzberg 1987).

Assuming that strategies are problematic, while execution is not (Bonoma 1992).

Taking no account of any need for effective strategies to span internal boundaries between functional and organizational interest groups (Piercy and Morgan 1993; Ruekert and Walker 1987).

Underestimating the significance of the political and negotiating infrastructure within the organization, and its impact on the process of gaining the commitment of organizational members at all locations (Pfeffer 1992; Piercy 1985; Piercy and Morgan 1991).

Ignoring the potential for middle management "counterimplementation" efforts (Guth and MacMillan 1986).

Generating increasing opportunity costs for firms as "time-based" strategies may place a premium on a firm's ability to implement plans more quickly (Stalk and Hout 1990).

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Failing to realize important first-mover or pioneer advantages as product life cycles become shorter (Cespedes 1994).

Failing to exploit the shorter "window of opportunity" for achieving competitive advantage with a given marketing strategy, as global competition and the rapid diffusion of technology and information systems make the imitation of successful strategies by competitors faster and easier (Hamel and Prahalad 1989).

APPENDIX B
Sources of Barriers in Implementation Process

Organizational inertia: the residue from previous strategies that may provide an inappropriate context for the new strategy, and the subunit "competency traps" (Levitt and March 1988) in which each unit is unwittingly "fighting the last war," that is, executing tactics incompatible with the tactics of other units in the firm and often relevant to a previous stage in product-market competition (Cespedes 1995). Such inertial forces have also been called "limiting commitments" (Cespedes, Corey, and Rangan 1988), where profit-center managers may resist a new strategy because it will create a short-term performance fall, even though it would lead to longer term profit enhancement.

Organizational myopia: the "cognitive biases" (Ginsberg and Abrahamson 1991) or "faulty perspectives" (Hobbs and Heany 1977) of executives may tend to produce a socially created view or construction of the external environment shaped by organizational and managerial characteristics, which undermines commitment to a new marketing strategy.

Resistance to change and political behavior: problems in organizational adjustment to the requirements of new strategic initiatives may be reinforced by the change avoidance by management through public conflict or more covert behavior (Pfeffer 1992; Quinn 1981).

Designed error: implementation processes may be characterized by "designed error" (Argyris 1985), in the sense of established organizational routines to avoid the embarrassment and threat of making differences between planners and line managers explicit, and which favor the retention of the status quo.

Information flows measurement systems, and time horizons: differences between organizational groups in the information they collect and to which they give attention, in the way in which important issues are measured, and in the most important time horizons, can undermine the joint efforts required from such groups in implementation of marketing strategy (Cespedes 1993).

APPENDIX C
Issues in Developing a Process Model of Implementation

Participation: the commitment of organizational participants to marketing plans and strategies and implementation may be enhanced by managed participation in the strategy process (e.g., Giles 1991; Reid 1990). In "organizational socialization" of various types, organizational participants learn and internalize organizational goals and values pertinent to the marketing strategy implementation process (e.g., Hartline and Ferrell 1994; Van Maanan 1978).

Strategic understanding in the organization: it may be that "corporations have created a world in which managers not only cannot see what is salient in their markets, they have become gradually impervious to learning" (Martin 1993), and a critical skill becomes "unlearning" the past (Brown 1991; Cespedes 1991).

Process shaping and management: traditional, sequential models of planning and strategy formulation may be replaced by designs that start with line management execution problems and work back from this to generate strategies for the future (Piercy and Giles 1991).

Learning organizations: the knowledge development function and the growth of generative learning processes offer new approaches to integrating strategy formulation and implementation (Garvin 1993; Slater and Narver 1994).

Cross-functional management: addressing differences in information flows and measurement approaches that impede implementation may require investment in new types of liaison mechanisms (e.g., see Cespedes 1995) to "make visible issues that cut across product and sales groups, just as quality circles helped to build our awareness of the cross-functional requirements of total quality management" (Cespedes 1993).

Career pathing and management development: effective implementation processes may benefit from human resource initiatives to broaden perspectives, to build interunit experience, and to establish interfunctional relationships that support implementation. The WorkOut programs at GE are illustrative (Jick 1992).

Internal marketing: growing out of the pioneering work of the Scandinavian School (e.g., see Gronroos 1983; Gummesson 1991), growing attention has been given to the development of internal marketing strategies to address implementation process issues (Piercy 1997; Piercy and Morgan 1991).

NOTES

1. Although it is somewhat inelegant, for present purposes, the term *marketing paradigm* will be used to refer to the systems and structures existing in organizations to execute marketing activities, but also the market orientation, customer focus, and management philosophy of an organization.

2. It is interesting to note from a marketing perspective that *muda* (waste) in this context apparently excludes missed market opportunities or the failure to exploit the full capabilities of employees in terms of innovativeness, creativity, and the like.

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