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2012

## How do Organisations Engage in Marketing Strategy Making? A Problemistic Search Perspective

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### Recommended Citation

Browne, S., Lawlor, K., Sharkey Scott, P., Cuddihy, L.: How do Organisations Engage in Marketing Strategy Making? A Problemistic Search Perspective. British Academy of Management Conference, 2012.

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## **How do organisations engage in marketing strategy making?**

### **A problemistic search perspective**

#### **Abstract (Summary)**

*Despite the importance of marketing strategy making (MSM) we understand little of how strategy making actually occurs within organisations. Departing from the common focus - on the tools and techniques of strategy- we apply a strategy as practice (SAP) lens to our exploration of MSM. We adopt a problemistic search perspective and utilise an in-depth case study to explore individual's interactions in developing strategic marketing initiatives. We uncover a three-stage pattern in solution search within MSM; identification of the problem situation and postponing response, to problem recognition and acceptance, to a collective problem solving stage, which we label pre implementation consultation. The paper's main contribution is the development of an initial framework placing a pre-implementation phase between formal and emergent strategy, providing a dynamic theory of MSM.*

## 1. Introduction

How are strategies made within organisations? This has long been a question on the agenda of strategy scholars (Noda and Bower, 1996, Hart, 1992, Mintzberg and Waters, 1985), yet our knowledge on the subject remains inadequate. Even less is known on strategy making within a marketing context despite claims of ‘a rekindling of academic and practitioner interest’ in marketing strategy making some years ago (Menon et al., 1999). The limited literature available focuses on the tools and techniques of strategy making applied in a formal strategic decision making process (Papadakis et al., 1998, Noda and Bower, 1996). Departing from this approach, this paper adopts a problemistic search perspective to achieve a finer grained picture of how managers and frontline employees involved in marketing strategy making (MSM) interact in their search for solutions to the non-routine problems encountered when developing strategic marketing initiatives. Identifying the actions and interactions of those people involved in developing and implementing marketing strategy initiatives enables us to extend the existing literature in three ways. Firstly, few studies to date explore the process of strategy making within a marketing context, Menon et al., (1999) a notable exception. Approaches adopted focus mainly on the tools and techniques applied by organisations, particularly top management teams (Hambrick and Mason, 1984). This approach is that strategic planning is considered only at an organisational level and the actual micro level of how individuals interact in developing marketing strategy is overlooked. To do this, we adopt a strategy as practice perspective (SAP), through which we explore the interactions involved in the actual development of marketing strategy initiatives, enriching our understanding of how marketing strategy is actually made and implemented. Secondly, by adopting the non-routine problems encountered in developing marketing strategy initiatives as the unit of analysis, we can identify wider functional interactions and interdependencies, allowing us to unpack the role of boundary spanners in MSM, and adding to the emerging theory of the boundary spanning marketing organisation (Hult, 2011). Thirdly, this study adds to our understanding of the social and professional interactions of managers during strategy making, addressing concerns that marketing theory is becoming marginalised through its lack of managerial relevance and providing valuable insights from a practitioner perspective (Reibstein et al., 2009, Brown, 2005, McCole, 2004).

We begin by briefly outlining the dominant organisational level process perspective on strategy making within the literature to date, which sees strategy making as a formally planned, top management process (Ansoff, 1991). While this approach provides valuable insights, we show how we can add to strategy research by positioning our study of MSM within the more dynamic SAP paradigm which focuses on the day to day activities of individuals as the basis of strategy (Schatzki et al., 2001). Furthermore, we show that by exploring problemistic search (Cyert and March, 1963) under a SAP lens and exploring how individuals interact within the process of MSM we can gain a finer grained picture of how strategies are made within organisations, bringing new life to an old unanswered question by adopting a new research perspective.

We then present our case study design for this exploratory study followed by our detailed findings and our proposed framework depicting three problem solving responses. These responses are the foundation of a notion of an intervening phase in MSM between planned strategy formation and emergent marketing strategy initiatives. We go on to discuss the implications of our findings for theory and management practice and suggest avenues for future marketing strategy research.

## 2. Theoretical background

**2.1 Strategy process research-** Strategy process research within the strategic management field is concerned with how effective strategies are shaped within the firm and then validated and implemented efficiently (Chakravarthy and Doz, 1992: 5). The process of ‘crafting’ strategy (Mintzberg, 1987) is described as a sequence of behaviours which involve scanning the environment in order to gather data about important events and trends, converting this data into information through interpretation systems (Daft and Weick, 1984) which helps produce greater understandings of situations and aids subsequent decision making for the firm (Ketchen Jr et al., 1996)

However, research in this field diverges along certain dichotomies such as process or content focused, formulation or implementation focused, or emphasis on strategic or tactical issues, when really issues of ‘how’ strategy is formed and ‘what’ is actually decided should be aligned (Ketchen Jr et al., 1996, Schendel, 1992). In their study of marketing strategy making processes, Menon et al., (1999) confirm through marketing practitioner insight that formulation and implementation of strategy do ‘converge in time’. Given the evidence that strategy process and content, formulation and implementation, the how and the what of strategy, are in fact ‘inseparable’ (Pettigrew, 1992) we must move from considering an ‘array of competing and overlapping conceptual models’ (Hart, 1992) which may or may not apply to the marketing strategy level, to exploring from a micro level perspective the interactions of individuals in actually performing the ‘how’ of marketing strategy. This ‘model proliferation’ (Hart, 1992) is problematic for both practitioners and researchers of strategy process as it has resulted in broad generalisations shedding little light on how firms actually engage in strategy making. The debate whether strategic planning is an annual ritualistic process which delivers little in the way of genuine strategic change (Mintzberg, 1994), or a widely used organisational practice (Whittington and Caillaet, 2008) has resulted in the development of two divergent and disconnected research streams within the field of strategic management, strategy process research and the emerging strategy as practice perspective which shed little light on or a holistic understanding of ‘strategizing’ or ‘the doing of strategy’ (Whittington, 2006, Johnson et al., 2003).

**2.2 Marketing strategy as practice-** A strategy as practice approach emphasises strategy making as ‘doing’ at multiple social levels (Jarzabkowski et al., 2007), treating practices as a central lens through which to understand organisations (Schatzki et al., 2001). We embrace a SAP philosophy to understand how marketing strategies are made within organisations. Adopting a problemistic search perspective, we analyse the interactions of individuals in their search for solutions to non-routine problems encountered at multiple levels in their strategy making, assuming a broader solution search across the organisational network as opposed to the solving of everyday problems that arise. We feel that this approach will emphasise the ‘pressing strategic issues’ in marketing (Reibstein et al., 2009: 1) which have been neglected by researchers, and will uncover deep insights into the ‘lived reality’ of those people engaged in MSM. This addresses a notable gap in the marketing literature, combined with the little fine grained empirical research into the dynamics through which different level actors are involved in strategy making (Wooldridge et al., 2008), particularly within a marketing context to provide critical managerial insights. Marketing in particular, is an applied business discipline in which engagement with practitioners is highly valued (Reibstein et al., 2009). However, ironically little

empirical research attention has been paid to examining the actions of individuals engaged in MSM practice. We respond to the numerous calls for more research into contemporary marketing practice by exploring the many emergent and complex ‘organisational realities that are rich with contingency, complexity, and emergence’ (Orlikowski, forthcoming: 387) of MSM as they occur through the actions, interactions and negotiations of multiple actors (Jarzabkowski and Balogun, 2009). Focusing specifically on strategic marketing activities and decisions that are related to building and maintaining a sustainable competitive advantage (Day, 1992) we attempt to explore MSM practice through the behaviour of the organisation in terms of its interactions with key external stakeholders within the marketplace in the creation, communication and delivery of value (Varadarajan, 2010)

### ***2.3 A problemistic search perspective of MSM***

Extant research on marketing strategy has generally adopted either a formulation or an implementation orientation, when in practice, the two are recognised to ‘converge in time’ (Menon et al., 1999). The formulation-implementation dichotomy leads to a lack of cumulative knowledge for investigating the process of ‘how’ in strategy making (Hart, 1992). In an attempt to bridge the knowledge gap between marketing strategy formulation and implementation, Smith (2011) introduces the problem of marketing strategy non-implementation, a lack of understanding of the variance between intended and enacted strategy. Taking ideas from the social psychology and intraorganisational conflict literature streams, this work proposes a set of hypotheses suggesting a relationship between positive and negative intraorganisational conflict and marketing strategy implementation. Building on Smith’s (2011) work, and answering a call for research to examine the diversity in marketing practice (Murray et al., 2002), we posit that additional insight can be attained about variances in marketing strategy making by adopting a problemistic search perspective grounded in organisational behavior theory (Cyert and March, 1963) and exploring the problem solving interactions of individuals involved in MSM. Problemistic search is prompted by novel or unique situations which trigger non-routine problems for the organisation (Cyert and March, 1963). These problems initiate a search process conducted within the proximity of those problem and the current activities of the organisation (Wennberg and Holmquist, 2008) whereby individuals engage in solution finding for these problems. Using problemistic search and focusing on the interactions of individuals involved in MSM, both top management and front line employees, allows us to extend research on marketing strategy by exploring the actual interactions involved in strategy making at the micro level.

## **3. Methodology**

***3.1 Research design and setting-*** We adopted a single qualitative case study design as this approach is particularly suited for developing a holistic, in-depth understanding of a complex phenomenon in a real-life context (Yin, 2009). Exploring the outcomes of marketing strategy formation, the specific strategic marketing initiatives, enabled the researchers to capture in-depth, multi-level perspectives and insights into the actual practice of marketing strategy development. Theoretical sampling was used to select a large grocery retail franchise organisation undergoing a radical shift in business and marketing strategy, reflecting the phenomena under investigation as the research site for this study. The names of the case company and its retailer brand have been changed for reasons of confidentiality.

Company M are a large Irish retail wholesaler who pursue an innovative retail business model in which they work in partnership with entrepreneurial retailers in Ireland, UK and Spain with the aim of creating and developing strong retail brands. The focus of this study was on Company M's largest retailer brand, and the third largest retailer in Ireland, Superstore which was undergoing a major strategic change (see appendix Box 1 for more information on the case company). While single case studies have their limitations, the extreme context in which this study was conducted (Siggelkow, 2007) provided for real insight into how organisations develop marketing initiatives in the face of a rapidly changing competitive landscape, giving our findings broader relevance to MSM.

**Data collection-** Data was collected through the method of semi structured, in depth interviewing with multiple respondents. This design enabled us to track MSM from the perspective of key individuals involved, in order to provide a wide scope of possible themes for analysis. Seven interviews in total were conducted (see appendix Box 2 for more information). The purposeful selection of respondents (Lincoln and Guba, 1985) allowed for a broad spectrum of perspectives of key contributors in this process across various functional units and management levels within the organisation to be accessed. All interviews lasted between 45-60 minutes approximately. Interviews were audio recorded with the permission of each respondent and transcribed verbatim.

An interview guide was used throughout interviewing which included broad open-ended questions which focused on general aspects of MSM; key contributors, influencing variables, and actions and decisions taken. The main objective was to attain respondent's interpretation of how MSM actually occurred in practice within the company and who was involved. Questions were asked about specific marketing initiatives which were ongoing within the company. In addition to semi-structured interviewing, we used archival documents as a secondary data source, including industry reports, internal strategy documentation and commercial marketing campaign plans thus helping to triangulate the data and adding rigor to the research approach.

**Data Analysis-** Like much qualitative research, our analysis proceeded through a process of inductive and deductive reasoning (Eisenhardt and Graebner, 2007, Van de Ven, 2007). Adopting a problemistic search perspective, an initial first step was to identify how respondents defined the non-routine problem situations they encountered in their MSM (see figure 1 in appendix for illustrative quotes). Our initial familiarity with the strategy management and strategic marketing literatures (Smith, 2011, Varadarajan, 2010, Vargo and Lusch, 2004, Krohmer et al., 2002, Menon et al., 1999, Papadakis et al., 1998, Mintzberg, 1987) led us to expect that Company M's MSM would involve some form of cross-functional/intra-group interactions among the people involved. Based on the earlier stated assumption that MSM will differ across firms depending on how they each choose to respond to the challenges they face, our first round of coding focused specifically on the problem solving interactions and response activity of individuals to these problem situations. As our primary objective was to understand how the process of MSM actually unfolds within organisations, our second wave of coding involved searching for patterns of behaviour among these identified problem solving interactions. A three stage pattern of problemistic search behavior emerged (see figure 1 in appendix). Recursive cycling between inductive coding of the data and deductive reasoning through searching existing literature (Eisenhardt and Graebner, 2007), helped us better explain the emerging themes from our data.

For instance, the extensive representation of specific sales boundary spanning activity in our first order coding of the problem solving interactions in MSM led us to review contemporary literature on boundary spanning marketing organisation theory (Hult, 2011). Drawing from these literature streams, we conceptualise the second order coding of the patterns in problem solving and response behavior that emerged into an overarching dimension of MSM, *pre implementation consultation* (third order coding). This dimension represents a critical construct in understanding the ‘how’ of MSM practice and we introduce the concept of a *pre implementation consultation phase* as a linking construct between formal and emergent MSM (see figure 2 in appendix).

We highlight four main findings from our case company which contribute to the development of a greater understanding of MSM. Firstly, we highlight that interactions among people in MSM are critical to this process; we identify specifically problem solving interactions which are characteristic to MSM. Secondly, we identify a pattern in the interactions and actions of individuals in solution search in MSM (see figure 1 in appendix). Thirdly we propose a newly identified *pre implementation consultation* phase in MSM which we posit as being a necessary linking phase in MSM between initial formulation of the strategy by the marketing function and top management and the roll out of the emergent strategic initiatives that are a result of alteration and ‘tweaking’ of the initial strategy by those in a better position to anticipate implementation issues. And finally, we conceptualise our findings as an emerging dynamic model of MSM (see figure 2 in appendix).

#### **4. Findings**

In this section we discuss how each of non-routine problem type encountered by the case company initiated an emerging pattern of response; identification of the problem situation and postponing response, to problem recognition and acceptance, to a collective problem solving stage, which we label *pre implementation consultation*. We present our findings along these themes, closing with a discussion of our model of MSM in which we introduce the pre implementation consultation phase as a linking mechanism between formal and emergent strategy making (see figure 2 in appendix).

##### **4.1 Identification of the problem situation and postponing response**

Our preliminary analysis of the data focused on understanding how respondents identified the non-routine problems in their MSM, which then triggered a solution search process. A common pattern which emerged was respondent’s identification of a problem situation, yet they were slow to initiate solution search in each circumstance. The organisation appeared to delay their response, believing that the status quo or the current approach to strategy was the way forward in dealing with the situation. For some problem types, the reluctance to take action was due to a generally held belief among members that the company was not in a position to respond in any effective way to the acknowledged problem.

**4.1.1 Generalisation of the problem situation-** The managers we interviewed discussed how they were aware of the major socio-economic problem facing not just their company but the entire grocery retail industry. A major shift in consumer shopping and spending habits due to the recession economy was exasperated by an aggressive entry strategy of large low cost discounters into the increasingly fragmented grocery retail market. Company M’s marketing strategy had always been one based on differentiation. However in light of recent market events, respondents

noted that a critical decision had to be made whether to switch from a differentiation towards a low cost approach in their overall marketing strategy. The initial response by Company M's marketing team for the Superstore retail brand was one of caution however. Top management seemed to accept the problem, claiming *'that's just the whole market place at the minute'*.

#### **4.1.2 Identification of blockages**

**Process blockages-** Another instance where delayed response to a problem situation was evident was in relation to the inefficiencies in internal processes. Respondents spoke particularly of the *'blockages'* in many processes which directly and indirectly impeded their MSM efforts; *'the strategy is saying this is what we need to do. But the reality can be a different story; there are blockages to implementing it. I don't think it's down to people deliberately blocking something; it's down to processes'* [Regional sales manager]. However the general response by top management to this issue was simply *'there is always going to be that disconnect between strategists and operationalists'*.

**Decision making blockages-** Furthermore, the amount of people involved in certain decision making processes was another problematic issue identified by respondents. for the company. One respondent recalled an incident when a minor issue needed to be addressed yet resulted in various people getting involved and delaying what should have been a quick *'judgment call'*; *'suddenly I find these webs being created, these webs of people and it gets bigger and bigger and bigger and your just wondering what is going on here?'* [Commercial marketing manager] However no immediate efforts were made to address this question and to find a solution to this people management problem.

**Communication blockages-** currently employed methods for dealing with some customer issues and complaints were acknowledged as ineffective; *'any really messy customer complaints were never about the content of the problem, but the way that it was handled by certain people throughout the process'* [Regional sales manager]. Some respondents believed that Company M often *'hid certain issues'* from the retailers, and that this lack of communication or honesty led to blockages in the process of getting these issues solved. Despite the acknowledgment that inefficiencies in process were proving quite problematic, respondents revealed that little had been done in the past to try and increase the efficiency in process.

**Information blockages-** In terms of marketing strategy development, Company M, has traditionally followed a top down approach, with top management and the marketing function claiming all responsibility for the task; *'we'd have done the work, all the hot-housing in here and said right we're gonna run with it'* [Superstore brand manager] Respondents in lower level management positions, particularly the regional sales managers believed that this top management approach to MSM actually created further problems than it did solve due to what they perceived as top managements limited field of vision (Hambrick, 2005); *'Initially the strategy is formulated at arm's length, and it can be done from too much arm's length. But the barriers are felt down here, where there is more engagement, more interaction to close that gap'* [Regional sales manager] Again this disengagement and lack of involvement of lower level management in developing the marketing strategy, was just accepted; *'the strategy comes down and those people are expected to live with it'*. This disconnect between top and lower level management in MSM has gone unexamined resulting in major issues for Company M's customers, the retailers and has led to past failures of marketing strategy initiatives; *where it's*



[strategy] *not actually delivered for us is because when it gets to the stores, the retailers haven't been engaged well enough* [Marketing manager] A general acceptance of '*just the way things are*' had crept into the case organisation allowing a problematic cognitive bias develop between the '*high flyers*' and the '*realists*', those that form strategy and those that implement strategy, and this was creating disconnect and impeding collaboration, leading to continuing problems in MSM.

#### **4.1.3 Conviction in organisations' readiness to change**

Another emerging factor contributing to a delayed response to problem situations was the organisations' apparent lack of belief in its ability to aggressively compete and effectively change its strategic course of action. Our findings add to other marketing management research which highlights the concept of 'readiness for change' and its relationship with organisational learning and performance (Rangarajan et al., 2004). Despite respondents actively discussing how the company has learnt lessons from past mistakes in MSM, the case organisations' perception of its lack of competency to effectively change was impeding upon its ability to take action to solve the problem situation which triggered the need to change in the first place. Specifically, Company M did not feel the Superstore retailers could not compete aggressively on price, and so did not make any amendments to their strategy approach, instead persevering with the current marketing strategy; '*we can't compete head to head with [Competitor A] and [Competitor B], or we can but it would cost us a lot more so that's why the brand position is about, yes, value for money, but it's also about quality, service all the other attributes, the brand is our point of difference*'. Company M were reluctant to '*lead out*' with a change in strategy and market positioning and identity; '*we're a follower, we're all the time just reacting to the market*', reveals a lack of confidence in making a change in their traditional approach to marketing.

### **4.2 Problem recognition and acceptance**

**4.2.1 Addressing decision making blockages-** Despite prolonging response to the identified problem situation, the need to address this problem issues became even more pressing in time and Company M were forced to respond. For example, the accelerated speed of entry of these low cost discounters combined with further industry level research indicating market share losses, prompted Company M into action; '*virtually overnight we found ourselves out of line with [Competitor A] in terms of pricing. So we had to decide either to continue with the plan we had [or] change totally what we were going to do*'. A decision was made to take action resulting in the decision to launch a national *Permanent Price Cuts* marketing campaign in response to the increased competitive threat of discounters and a declining market share. In turn, this decision to completely change the marketing strategy approach initiated further solution search to the company's problems of inefficiencies in internal process which were impeding MSM.

**4.2.2 Addressing information blockages -**During the development and pre launch phase of the initiative, critical problems and '*blockages*' identified in internal process across the organisational network led to a complete shutdown of communication between Company M's warehouses and the retailers and almost prohibited the national launch of the *Permanent Price Cuts* marketing initiative. This problem required attention and it was Company M's sales managers who were forced into immediate action. These respondents felt that because of their position of '*in between-ness*' within the network, between top management and the retailers, they were able to '*see issues and constraints from all sides*'. These respondents explained how due to

their *'unique vantage point'* it was they who often had to act as a *'funnel'* through which all this issues and problems flowed through. Through their boundary spanning role, the sales managers were able to go the source of this problem and find a solution. The issue was traced back to the formation stages of the initiative when the sheer volume of stock needed to cater for increased demand due to the nationwide price cuts campaign was not anticipated by those involved in MSM; one sales manager commented on the problem situation; *'all of a sudden we were back in this zone that we always find ourselves in where we've made all these big plans and then when it comes to getting them by the trap door we fall down'*. In trying to find a solution to this problem, the same respondent was forced to take urgent action and showed initiative by going directly to the managing director of the company and explaining the situation and encouraging him to call a conference meeting between all parties *'entangled up'* in this situation to try and collaboratively come up with a solution. This respondent notes; *'I told him to pull a conference call together and start asking the hard questions, once we started doing that, things started coming out of the woodwork'*. This exemplifies how the boundary spanning interactions of the sales managers within this company played a critical role in responding to problem solving in MSM.

Another illustrative incident of the key role of the boundary spanning sales managers was the problem of changing perceptions of the company and its brand both internally within the organisational network and externally with consumers in the market. Switching from a promotions based marketing strategy to a long term strategy of everyday low prices (EDLP), was difficult to achieve; *'we can't get around it ourselves, we can't even get it right internally'*, was a commonly expressed view. Company M's retailers found it difficult to accept that the *Permanent price cut* campaign on the own brand range was not just another promotional short term campaign but that it was a part of a new long term strategy being pursued, because the people within the company and the retailers who had to implement this marketing initiative across stores, were still in a *'quarterly theme mindset'*, which the company had adopted for so long; *'I can tell you that the campaign is still ongoing but a lot of the retailers will tell you that they think it's finished'*.

It was the regional sales managers of Company M, whom identified that a major source of this problem was actually a visual marketing communications problem in store; *'the problem is cut through, it doesn't cut through to consumers. It just looks like one of our short term special offers again.'* The sales managers, due to their frequent store visits anticipated that because too many marketing messages were being displayed across stores, all fighting for the consumer's attention, the long term value for money message would be lost. Once this problem was highlighted, the solution proposed was to *'strip right back'* on all other marketing messages and focus on delivering this one strong value for money message. Because of their close proximity to both the retailers and the end consumers, the sales managers were able to physically go to where the problem, and identify a solution of changing the in-store communication of the marketing initiative, which top management and marketing were not able to see.

**4.2.3 Addressing process blockages** - Historical performance in developing certain marketing strategy initiatives was poor and the main reason for this failure was a lack of collaboration and engagement between those who devise strategy and those who then must get buy in from the company's retailers for that strategy; *functions in the past wouldn't necessarily have spoken to each other.* The decision to launch a transformation program in 2011, forced the case company into a situation where huge cross functional collaboration was now needed in developing and

implementing these new marketing strategy initiatives, particularly between marketing and sales functions. It became apparent that without the input of those closest to the customer in MSM, the campaign would *'fall flat on its face'*. The solution search process revealed to those involved that while the marketing function do *'lead the process'* of MSM, it is the sales managers that *'own the relationships'* within the network, particularly with the retailers. It was therefore recognised that embracing collaboration between the two functional groups was critical in forming a marketing strategy which incorporates the vision at top management yet also anticipates certain barriers in implementing that vision.

### **4.3. Facilitating collective problem solving**

**4.3.1 Pre emptying blockages-** Company M made the decision to actively improve their cross functional working on the basis of the positive feedback received from those involved in terms of the greater engagement between the sales managers and marketing managers on the *Permanent Price Cut* initiative; *'the cross-level working has really helped, talking to each other. What has been a great benefit for us [marketing] in this particular campaign, the step change that we've seen, is actually from the sales guys'*. For the first time, sales were given the opportunity to get involved in the forming of marketing strategy. Presented with the initial plan for the marketing campaign, the regional sales managers went through the plan, highlighting certain issues and problems with it and were able to interact with their marketing colleagues and discuss and debate these issues face to face to come up with a solution to the problems they identified; *'we (sales) challenged it, we beat it up, we changed it, it was re-presented to us so by the time we went to our retailers with it, we could talk them through it completely'*. Another innovative initiative that was devised to aid collaboration in MSM was complete store mock up's of how the *Permanent Price Cuts* marketing initiative would be visually displayed within stores. All 193 Superstore retailers were brought together and were taken through the store layout of the marketing campaign plan to get their take on it and any issues they had with it. This interaction between Company M's top management, marketing, sales, operations and the retailers, proved a vital step in the MSM process. It enabled any problems or issues across all of the organisations boundaries to be *'ironed out'* and greatly improved MSM for that particular campaign; *'we've gone the extra mile which we don't tend to do a lot of the time...we went up to the store which was all set up so they could see it in action and they really appreciated that. They had their own challenges to it which we worked through on the day. The retailers actually bounced off the back of that and it maintained their enthusiasm and commitment to the initiative'*. The involvement of regional sales managers and the retailers allowed for *'joined up thinking'* and through this interaction, effective problem identification and collaborative solution search was facilitated and embedded into the MSM process.

**4.3.2 Embracing collective problem solving-** Company M realised that in order to improve their MSM, they must collaboratively embrace problem solving. To achieve this, respondents we spoke to realised that greater integration and cross functional working was required in their MSM practice. One mechanism employed by Company M, was to develop cross functional teams, which would work together to collaboratively solve many of the organisations issue in their MSM. One main issue of concern prior to the development of the *Permanent Price Cuts* campaign was how to *'get closer to the consumer'* to find out what exactly they were looking for. Instead of relying on large scale data mining, common grocery retail industries, Company M, set up an in house cross functional *Consumer Insight Team*, responsible for interpreting the

ongoing consumer research being conducted. This team, consisting of various directors of functional units was responsible for interpreting the consumer and market research to answer the question, *'what is this really telling us'?* As a result of this Consumer Insight initiative, Company M were in a much better position to decipher exactly what it was that the consumer was looking for. They quickly realised that consumers that were once loyal shoppers to Company M, were now *'shopping around'* for their weekly groceries, looking for *'acceptable quality at the lowest price'*. This insight gathering activity enabled Company M to make an informed collective decision about making a major strategic shift from a differentiation strategic focus to a low cost focus.

Another cross functional team established was the *Continuous Improvement (CI) Team*, an initiative aimed specifically at finding a collective solution to the company's inefficiencies in internal process. This team was given the responsibility of auditing all of the various internal processes, particularly those in which cross functional working and decision making is critical. Therefore particular attention was paid to processes in which blockages were identified which directly or indirectly impeded MSM. The CI team's role was to streamline all processes and cut out any wastage of resources and time, and also to locate any duplication of activity. The company has embraced this CI initiative as inefficiencies in internal process have in the past been the cause of major blockages in their MSM.

## 5. Discussion

The emerging findings highlight how a pattern of problem solving behavior emerged in the process of MSM within the case company. When faced with a non-routine problem in their MSM, those involved initially identified the problem situation and postponed response, choosing instead to persevere with the current marketing strategy approach and accepting *'the way things are done'*. However as the problem situation intensified and impeded the development and launch of a nationwide strategic marketing initiative, the company was then forced into action. Greater consultation and collaboration in the solution search to these problems resulted in a collective recognition that things had to change in order for MSM to improve and the marketing strategy initiative to be implemented successfully. In all three problem phases, solution search involved a greater effort of cross-functional engagement and collaboration. Greater consultation and *'pre-engagement'* between the marketing and sales functions in MSM practice was a *'new phenomenon'*, which in turn led to *'one of the successful campaigns to date'*. Consultation by marketing strategists with the regional sales managers led to greater buy in of the strategic initiative by the Superstore retailers. Development of cross functional teams such as the *Consumer Insight Team* and the *Continuous Improvement Team* led to effective collaborative working on marketing strategy decision making and improving efficiencies in internal strategy making processes.

Tracing this evolving pattern of problem solving behavior in MSM, from initial acceptance of the problem and delaying response, through to full embracement of collective and consultative problem solving in their MSM efforts, our explorative study of the case Company M has revealed a not yet explored phase in MSM practice that of *pre implementation consultation*. Figure 1 (see appendix) depicts our model of MSM which depicts the identified pre implementation phase as a linking mechanism between top management formal marketing planning and emergent, collaborative strategic initiative development.

A renewed empirical focus within the literature on strategic marketing and marketing strategy is emerging (Smith, 2011, Engelen, 2011). However Webster (2009) highlights that more research in marketing is needed that is theory driven and focuses on understanding marketing problems and management practices. We argue that our explorative case study of MSM adds to our collective understanding of the non-routine problems facing organisations today and can potentially contribute to theory building for problem solving in MSM practice. A theory of the boundary spanning marketing organisation (MOR) (Hult, 2011) is emerging encompassing marketing activities that cross a firm's internal and external customer value-creating networks and processes. An important assumption of this theory is that the success of the boundary spanning marketing organisation will depend on how well the marketing activities, processes, networks and stakeholders are 'molded together to form an integrated organization' (Hult, 2011: 509). We posit that in particular, the approach to MSM can potentially play a critical role in 'molding together' the activities, processes and individuals required for success. Our emerging model of MSM in which we newly identify a highly collaborative phase of consultation in MSM, across management level boundaries and functional boundaries, makes an important theoretical contribution in this context.

Recent work by Engelen (2011) shows that departmental influence and performance are moderated by the strategy type being adopted and that the distribution of influence among departments plays a major role in the organisations adaptations to the environment. Building on this work, we posit that departmental influence, not just in marketing strategy decision making, but in MSM practice, particularly in the pre-implementation consultation phase, may also implicate upon performance, and encourage further empirical investigation in this area. Our case study also confirms extant findings that greater dispersion of influence between marketing and sales departments is more effective when adopting a dual emphasis strategy (Engelen, 2011).

Furthermore, our emerging findings add to the boundary spanning literature in two ways. First we identify a critical role of the boundary spanning sales manager particularly in the problem recognition and acceptance phase in MSM which we have identified. And secondly we provide an important research contribution by theoretically linking three distinct concepts; marketing strategy making, boundary spanning and problemistic search, from three diverse literature streams in strategic management, marketing and organisational behaviour, to build our knowledge by extending the boundaries of theory building in MSM.

### ***5.1 Managerial Implications and future research***

It is important for management to be aware of how they approach their MSM practice in order to critically assess whether there is scope for improvement. Figure 2 (see appendix) depicts a model of MSM which distinguishes three types of problem solving behaviour we found in relation to MSM. Ideally organisations should collectively embrace problem solving and widen the boundaries of solution search in order to effectively address the many market challenges they face. Using our model for guidance, management can facilitate a pre implementation phase, consisting of various collaborative activities and interactions, into their strategy making process in order bridge any holes between their formally planned strategy and the emerging marketing strategy initiatives that are developed. The need to invest in the development and improvement of collaborative cross-functional capabilities in MSM is clearly highlighted. Through their solution search activity, the case company realised that disconnect between management levels and functional groups was impeding effective strategy making and invested resources into

developing cross-functional teams such as a *Consumer Insight Team* and a *Continuous Improvement Team* to eliminate 'blockages' and improve the overall process of their MSM practice. Another important implication of our research is the importance of devoting enough time to *pre implementation consultation* activity. Within the case company, efforts to include a greater variety of people in the formation of marketing strategy, particularly sales, was critical in developing a strategy that would get complete buy in from their retailers. Exclusion of sales managers from their strategy making activity has in the past had negative consequences for the company. One way in which this case company achieved greater engagement with sales managers was to allow them the opportunity to take the initial strategic marketing plan developed by top management and marketing and to amend it and 'iron out any creases' they saw. This involved high collaboration between the two functions, large amount of debate and discussion over what the marketing strategy should be. This platform for involvement of those typically seen as outside of the strategy making boundary, proved invaluable as it was the sales managers who were able to identify certain implementation issues that would arise 'further down the road'. By identifying these issues prior to implementation phase led to more effective and efficient MSM. It could be argued by some that consultation between functional groups before strategy implementation already occurs in many organisations. However by explicitly identifying this *pre implementation consultation* phase in MSM, we generate greater awareness among management of the importance of formally adopting this phase into their MSM practice and to dedicate sufficient resources to properly facilitate it. We also encourage more empirical research which explores further and provides practical insights into this newly identified, yet still 'fuzzy' area of MSM.

This research should be evaluated in light of its limitations, which point to potential avenues for future research. As with any single case study research, further work is needed to establish transferability of our findings to different organisational contexts and industries. As we have established, MSM and collaborative problem solving are highly interconnected. However, problem solving will vary across firms, organisational contexts and industries. A next logical step may be to investigate the antecedents of each of the problem solving phases; delayed problem solving, forced problem solving and embraced problem solving, we have identified and to explore further the consequences of each on MSM. Furthermore, we conduct our study within a highly dynamic retail environment in which the case company was attempting to change strategic orientation from a differentiation to low cost marketing strategy. We encourage testing of our model, in different dynamic research settings with a view to adding and extending its underlying constructs.

## **6. Conclusion**

Extant research advocates strategy making that is simultaneously formally planned and emergent, yet no or very little practical insight is given as to how firms can actually achieve this complex balance in their strategy making approach. We feel we provide a missing link in this context. The main contribution of this paper is the identification of a three-stage pattern in solution search within MSM; identification of the problem situation and postponing response, to problem recognition and acceptance, to a collective problem solving stage, which we label *pre implementation consultation*. We posit that the active management of this pre implementation consultation phase can serve as a useful reference for further theory development in MSM and also provides guidance for marketing management practice.

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(NOTE: Between now and the BAM conference we will significantly deepen our framing of the problem outlined above and to enrich our analysis. We are excited by the data and our initial results and hope that the conveners agree that this will lead to an interesting paper.)

### **(Appendix) Box 1- Research site**

Superstore is the largest retail advertiser in Ireland (€21.3m on press and TV in 2009) with average sales per store reaching €11 million. Responding to unprecedented challenges in the market, Company M have launched a transformation program across its 193 Superstore retail stores nationwide in 2011, initiating a complete change in its promotional positioning and marketing strategy, from its traditional focus areas of fresh food, service and local community towards reducing costs and lowering prices. This represented a major change event within which the researchers could delve into the reality of how individuals interact when making marketing strategy.

### **(Appendix) Box 2- Interview respondent information**

| <b>Role</b>                         | <b>No. of respondents</b> |
|-------------------------------------|---------------------------|
| Marketing middle manager            | 3                         |
| Regional sales manager              | 2                         |
| Senior manager for Superstore brand | 2                         |



**(Appendix) Figure 1: Data structure**

**Definition of the problem situation**

*(First order illustrative quotes)*

|   |
|---|
| <p><i>'Its not just us, they're [discounters] competing more directly with the whole mainstream market'</i><br/> <i>' that's just the competitive market place at the moment...but we're doing ok'</i><br/> <i>'There is always going to be that disconnect between strategists and operations people...because that's the model we're in'</i><br/> <i>'We've always kind of, reacted, so that we wouldn't antagonise the beast [Competitor]</i><br/> <i>'That's the lack of engagement that still goes on and it's frightening'</i><br/> <i>'It's just a blockage you've got to sort out because I am the one closest to the problem'</i><br/> <i>'We knew this was happening. Why didn't we do anything about it? I don't know'</i></p>   |
| <p><i>'Virtually overnight we found ourselves out of line with [Competitor A]'</i><br/> <i>'We had to decide...We had to react, bite the bullet'</i><br/> <i>'Had to change completely what we were going to do'</i><br/> <i>'There were heroics going on last year, but this year for 2012 it has to be more simplified'</i><br/> <i>'That was never part of our long term strategy, but that is where we had to move to.'</i><br/> <i>'It was a competitive necessity because of the situation we are in and because the consumers are looking for value'</i><br/> <i>'When you're dealing with your retailers, it's all urgency, it's fire-fighting, they want this fixed now'</i><br/> <i>'We've got to make it[strategy making process] more efficient, less people less process, less process, less time to action'</i></p> |
| <p><i>We'll identify what the blockage is by saying these are the things that cause us problems and so it'll all come together that way'</i><br/> <i>'The cross level working on this project has really helped.'</i><br/> <i>'When you're engaged and you're asked your opinion you inevitably feel that you are part of the solution.'</i></p>  |

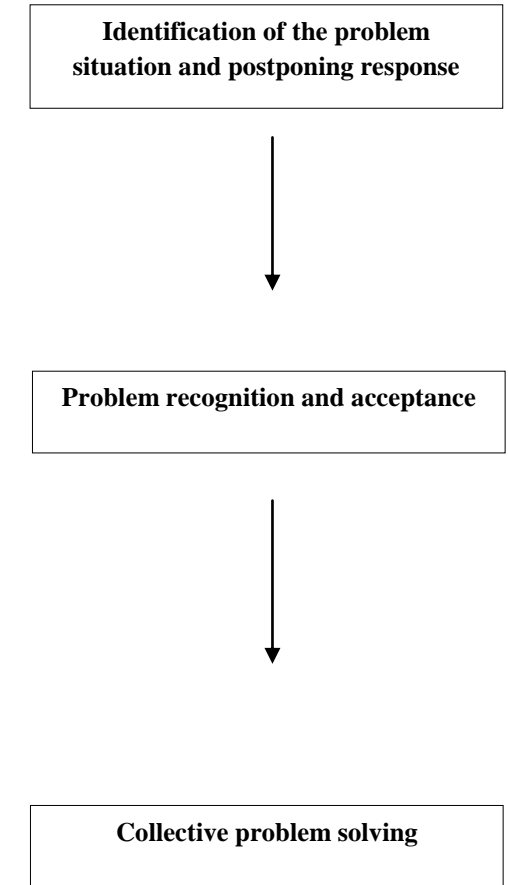
**Problem solving/response behavior**

*(Second order themes)*

- Generalising the problem situation
  - Identifying blockages
  - Lack of conviction in ability to change
  - Delaying response
- 
- Acceptance of the problem situation
  - Prompted response
  - Addressing blockages
- 
- Facilitating collective problem solving
  - Creation of cross functional teams
  - Pre-empting blockages in the future

**Pattern in problem solving**

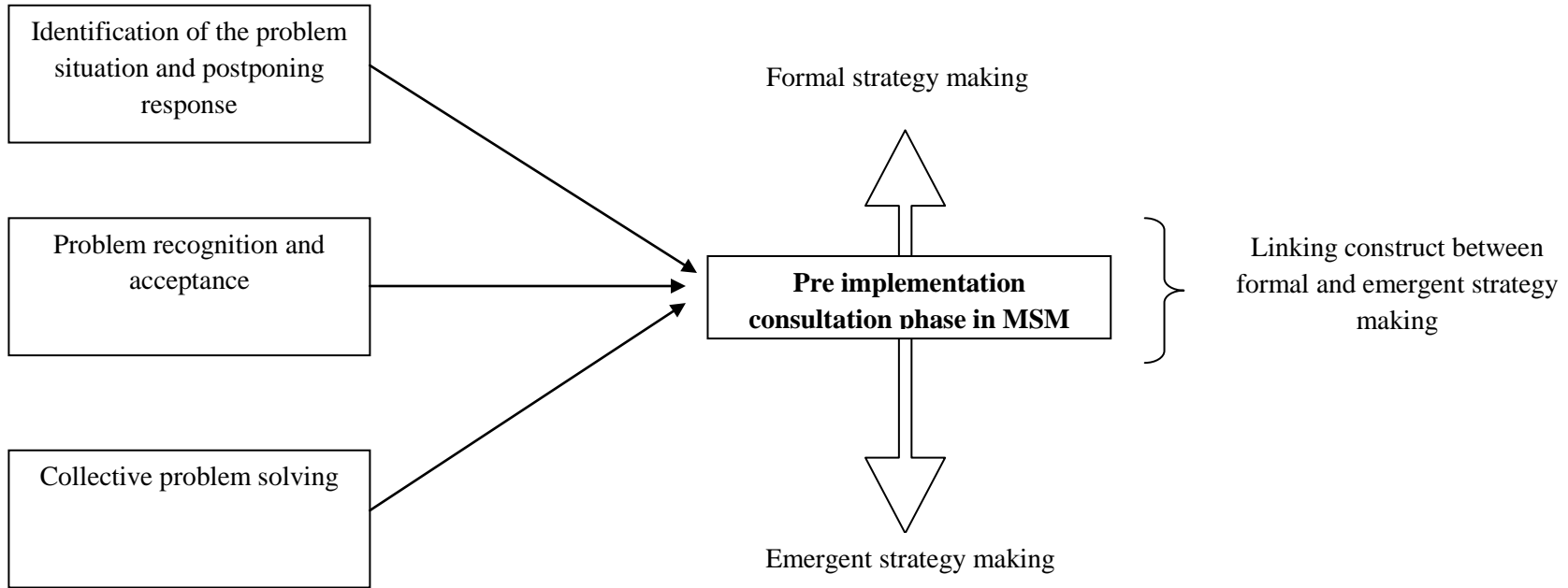
*(Third order aggregate categories)*



**(Appendix) Figure 2: Dynamic model of MSM**

*Three stage pattern in problem solving*

*Identification of a pre implementation phase in MSM*



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