

# Week 14

## Control Strategies



# Introduction

- The key to good organizing, planning and controlling in global marketing is to create a flexible structure or framework which enables organizations to respond to relevant differences in the markets in which they operate, but, at the same time, delineates relationships clearly between parts and personnel of the company.
- There are no prescriptive solutions to the questions of what is the most appropriate organizational structure, planning framework and form of organizational control.
- One thing is clear though - organizations can only work effectively if structure is defined, standards of performance are designed and communicated, and the control framework is fair, clear to all and agreeable.

# Introduction

- This is not to say that once the structure is defined, it cannot be changed. In fact, modern marketing thought is that formal structure is just not the order of the day.
- Many informal structures develop within formal frameworks. Many organizations make the mistake of setting a structure first, long before they have decided on a strategy.
- This is a recipe for disaster as it forces organizations to fit the strategy to the structure, with all the inherent dangers of such rigidity.

# Formal Control Methods

## Planning and budgeting

- Planning and budgeting are the main formal control methods. The budget spells out the objectives and necessary expenditures to achieve these objectives. Control consists of measuring actual sales against expenditures. If there is tolerable variance then no action is usually taken.

# Formal Control Methods

## Evaluating performance

- Performance is evaluated by measuring actual against planned performance. The problem is setting a performance standard. Usually it is based on historical performance with some kind of industry average.
- Problems of international comparison inevitably occur like how does one plan in an environment where exchange rates fluctuate quite often during the budget period.

# Formal Control Methods

## Influences on marketing budgets

- In preparing a budget or plan, the following factors are important:
  - Market potential - how large, can it be tested?
  - Competition - what is the competitive level?
  - Impact of substitute products - packaging can be substituted in many ways
  - Process - headquarters may impose an "indicative planning" method or guidance.

# Formal Control Methods

## Other performance measures

- Other measures of performance include share of market, image, position or corporate acceptance. Often these are difficult to obtain where data or data collection is difficult.

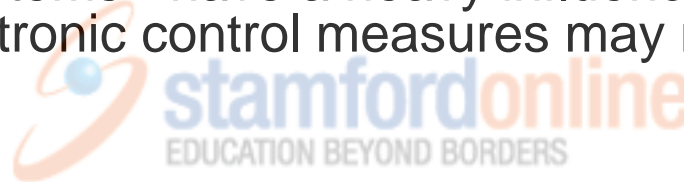
# Informal Control Method

- When staff are transferred from market to market, they often take their standards of performance with them and these can be assessed. Other methods include face-to-face contact and evaluation.

# Variables Influencing Control

A number of factors may influence the control methods. These include:

- a) Domestic practices and values of standardization - these may not be appropriate
- b) Communication systems - have a heavy influence on control mechanisms - electronic control measures may not always be available
- c) Distance - the greater the distance, the bigger the physical and psychological differences
- d) The product - the more technological the product the easier it is to implement uniform standards
- e) Environmental differences - the greater the environmental differences the greater the delegation of responsibility and the more limited the control process



# Variables Influencing Control

- f) Environmental stability - the greater the instability in a country the less relevance a standardized measure of performance has
- g) Subsidiary performance - the more a subsidiary does, or reports, a non variance, the less likely is there to be headquarters interference
- h) Size of international operators - the bigger and greater the specialization of headquarters staff the more likely will extensive control be applied.

# Variables Influencing Control

- Obviously the ability to control any international operation, whether it be very sophisticated or relatively unsophisticated, the process will break down without adequate face-to-face and/or electronic communications.

# The Global Marketing Audit

- A comprehensive, systematic examination of the marketing environment and company objectives, strategies, programs, policies, and activities
  - *Tool for evaluating and improving company or business unit operations*
- Characteristics:
  - Formal and systematic
  - Conducted periodically

# The Global Marketing Audit

- Internal
  - Conducted in-house
  - Provides critical understanding of firm and industry, but may lack objectivity
- Independent
  - Conducted by person or firm free of influence from organization being audited
  - Provides objectivity but may lack industry expertise



# Setting Objectives and Scope of the Audit

- One of the major tasks is data collection, a detailed plan is needed for
  - Interviews
  - Secondary research
  - Review of internal documents



# Conducting the Audit

- Meet with company executives and auditor to determine objectives, coverage, depth, data sources, report format, and time period
- Gather data
- Prepare and present the report



# Components of a Marketing Audit

- The marketing environment audit
- The marketing strategy audit
- The marketing organization audit
- The marketing system audit
- The marketing productivity audit
- The marketing function audit

# Conclusion

- Get directly into a job outside your home country or into a multi-country headquarters job in a global company
- Get company experience in an industry that prepares you for promotion to a job with multi-country responsibility or to an assignment outside your home country