



# Worried about strategy implementation? Don't overlook marketing's role

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**Abstract** Many executives and scholars have argued that effective strategy implementation is at least as important as—if not more important than—developing a brilliant strategy. While there are several extant viewpoints regarding what is required for successful strategy implementation, perhaps the most influential perspective is that business success requires a fit between strategy and organizational architecture. Organizational architecture subsumes structural variables and capabilities. For the past 10 years, we have studied the performance implications of matching marketing's organizational architecture to four generic business strategies: Prospectors, Analyzers, Low-Cost Defenders, and Differentiated Defenders. Through six empirical studies we have identified best practice matches between these strategy types and: (1) marketing organization culture, (2) marketing strategy, (3) market strategy formation process, (4) market-focused strategic organizational behaviors, (5) marketing organization structure, and (6) marketing control systems. In this article, we bring together findings from each of these studies to provide a comprehensive overview of those marketing actions and policies that are associated with superior firm performance.

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## 1. Finding the right fit

Larry Bossidy, former CEO of AlliedSignal and Honeywell, and Ram Charan, one of the world's leading

management consultants, have stated that “strategies most often fail because they aren't executed well. Things that are supposed to happen, don't happen” (Bossidy & Charan, 2002, p. 15). This, of course, begs the question: What does it take to make sure that the right things happen? The fit perspective of strategy implementation (Miles & Snow, 1984) argues that the elements of organizational architecture—for example, structure, systems, and culture—encourage and shape the

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behaviors that make the right things happen, and that different strategies require different organizational architectures. Michael Porter (1996, p. 73) further argued that:

Strategic fit among many activities is fundamental not only to competitive advantage, but also to the sustainability of that advantage. It is harder for a rival to match an array of interlocked activities than it is merely to imitate a particular sales-force approach, match a process technology, or replicate a set of product features.

We have followed the lead of Walker and Ruekert (1987, p. 15), who asked: "Given a specific type of strategy, what marketing structures, policies, procedures, and programs are likely to distinguish high-performing business units from those that are relatively less effective?" Walker and Ruekert focused on the architecture of the marketing organization because of its central role in strategy formation and implementation as represented in the activities of market analysis, selection of target markets, identification of customer needs that guide the development of meaningful products, price setting, and customer relationship management.

For the past 10 years, we have studied the elements of marketing organization architecture that are associated with superior performance for each of four different strategy types: the Prospector, the Analyzer, the Low-Cost Defender, and the Differentiated Defender. We, specifically, have examined the performance contributions of:

- Marketing organization culture (Slater, Olson, & Finnegan, 2008);
- Marketing strategy (Slater & Olson, 2000, 2001; Slater, Hult, & Olson, 2007);
- Marketing strategy formation (Slater, Olson, & Hult, 2006);
- Strategic organizational behavior (Olson, Slater, & Hult, 2005; Slater, Hult, & Olson, in press);
- Marketing organization structure (Olson et al., 2005); and
- Marketing control systems (Olson & Slater, 2002).

Walker and Ruekert (1987) also noted that, en route to superior profitability, different types of businesses will place more or less emphasis on varying intermediate objectives. For instance, where one management team might believe that the route to

superior profitability runs through customer satisfaction, other management teams might believe that a low-cost position, new product success, or fast cycle time is the best leading indicator of profitability. Thus, as we later explain more fully, we define performance in the context of whether the business meets or exceeds its objectives.

Based on the results from the studies reported in these articles, we are able to provide a comprehensive picture of the marketing organization architecture of high-performance businesses. This picture should provide a target for executives in their quest for competitive advantage.

## 2. Business strategy

Before we can begin our discussion of strategy implementation, we must lay the groundwork for what business strategy actually is. *Business strategy* is reflected in the pattern of decisions that the business makes to achieve competitive advantage. The two dominant frameworks of business strategy are the Miles and Snow (1978) typology, with its focus on the range of proactive behavior, and the Porter (1980) typology, with its focus on routes to competitive advantage (i.e., differentiation and low cost). From these models, we synthesized the following four strategy types as the basis of our research: Prospectors, Analyzers, Low-Cost Defenders, and Differentiated Defenders.

### 2.1. Prospectors

Firms categorized as *Prospectors* attempt to be the first to market with innovative new products or services, or of the first to enter emerging markets or market segments. They compete by bringing new and innovative solutions to those customers who perceive value in having early access.

3M could be labeled a *Prospector*; the company is well known for developing new products and new businesses. For example, in 1916, 3M invented Wetordry: sandpaper with a waterproof backing, which allows the product to be used with water as a lubricant to carry away particles that would otherwise clog the finest grades of sandpaper. Its first application involved automotive paint refinishing, for which it is still used today. Other successful 3M discoveries include masking tape, Scotch Cellophane Tape, the Thermo-Fax copying process, Scotchgard Fabric Protector, Post-it Notes, and a variety of pharmaceutical products. Currently, 3M serves its customers via six business segments, all of which are committed to continuous innovation and new product development (3M, 2009).

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