J. Basic. Appl. Sci. Res., 3(2)1240-1246, 2013
© 2013, TextRoad Publication
ISSN 2090-4304
Journal of Basic and Applied Scientific Research
www.textroad.com

Tactical Business& Marketing Planning by Scientific Owner Managers (A Case Study: Leather Industry)

Dr. Nasser Fegh-hi Farahmand[1], Dr. Mohammad Dabbaghi Sadr[2]

[1]Department of Industrial Management, Tabriz Branch, Islamic Azad University, Tabriz, Iran
[2]D.B.A Strategic Management, Tabriz, Iran

ABSTRACT

Business & Marketing Organizations (BMO) influence whether or not those organizations engage in Tactical Business & Marketing Planning (TBMP). The focus is primarily on the environmental characteristics of Scientific Owner Managers (SOM) such as education and prior experience rather than those characteristics derived from personality traits. Data are drawn from a survey of the BMO in business and industrial zones of North West of Iran that around one-sixth the samples of SOM engage in TBMP. The SOM characteristics showing a significant association with a commitment to TBMP include an above average level of education, experience and running organization in sectors outside their previous experience. TBMP showed a positive association with those SOM with a growth orientation. It is concluded that SOM characteristics can be important in explaining the TBMP within the BMO.
KEYWORDS: Tactical planning, Tactical business& marketing planning, scientific owner managers, business& industrial plan.

1. INTRODUCTION

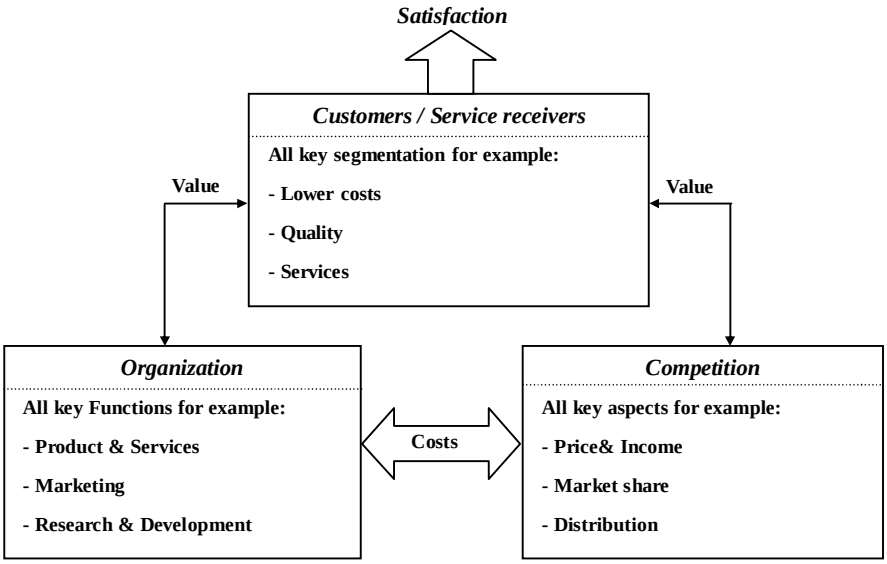
There are some who argue that formal written planning may be inappropriate for the BMO but this seems a minority view. Effective TBMP is one of the important factors in business success. It can be argued that TBMP is as important to BMO as to larger organizations and standard textbooks on entrepreneurship offer chapters on Business Plan (BP) whilst a range of specialist publications outline the best ways of writing BP. In BMO, where a BIP exists, the preparation of the TBMP may have been driven by external forces. The most obvious of these are the requirements of external agencies providing funding for either start up or expansion. However, the BIP may serve as a strategic planning document for the managers, entrepreneurs and workers, a plan to guide the business and serve as a basis for taking strategic decisions and also it may serve as a subsequent monitoring device. In view of its perceived ongoing value to the small business it might be expected that TBMP would be a feature of many, if not most, BMO (Deakins, 2003, 329; Fegh-hi farahmand, 2005, 458).

2. Tactical Planning (TP)

Some recent research reviewing corporate coaching programmes that we can see this move from intuition towards rationalized models as complementary and off-setting to developments in strategic management. For this reason by coupling quality with customer service recovering satisfaction (Figure 1), a few tactical actions for implementation (Mason and Stark, 2004, 205) can make the challenge simpler and provide leadership (Fegh-hi farahmand, 2004, 358). Creative business building is found in knowledge-based industries, which span many sectors finance, technology, media and learning. Central to success as knowledge creators is the culturing of independent individuals, organizational members able to re-invent businesses as required. Such capabilities are not nurtured in high compliance systems that penalize out-of-envelope contributions (Goleman, et al, 2002, 185; Fegh-hi farahmand, 2004, 287).

***Corresponding Author:** Dr. Nasser Fegh-hi Farahmand, Department of Industrial Management, Tabriz Branch, Islamic Azad University, Tabriz, Iran. E-mail:farahmand@iaut.ac.ir

Figure 1: Satisfaction by TP model



To assist in understanding the process used in a certain application; avoid potential misconceptions regarding the intent and define the activities associated with specific value studies, reclamation has defined four distinct types of value studies. Of course, all the studies use the same general value method that definitions for four types of value studies are (Fegh-hi farahmand, 2004, 258):

1) Value Engineering: This is a value study of engineering or construction related activity. An independent, multi - discipline team conducts it. Such independent teams are formed using team members which have not had significant prior involvement in the project under study.

2) Value Planning: This is a value study performed at the initial phases of a program, project, process or activity. The purpose of it is usually to determine mission objectives and the operations to get the project initiated e.g. procured, programmed, designed and organized.

3) Value Management: This is a value study that involves management of resource issues.

4) Value Analysis: This is a value study performed to study processes, procedures or repetitive program activities. Such studies may also involve answering a specific mission charge or question. Therefore organizational capability relies in particular on coaching management skills, which rely on emotional intelligence and emphasis one-to-one, dialoguing, subordinate empowerment and mutually agreed targeting. Anyhow tactical actions steps for coupling quality with customers or service receivers recovering satisfaction are as follows (Curran, et al, 1994, 162; Fegh-hi farahmand, 2004, 358; Fegh-hi farahmand, 2003, 187; Nayak, et al, 1994, 47; North, et al, 1997, 187):

1) Board of director's support: An organization’s total quality efforts must begin at the very top and begin with the board of directors (Westhead, et al, 1996, 87). One method of obtaining their support is to conduct a quality survey among them that such questions could include:

- Has an estimate been made of the cost of poor quality?
- What measures are used to judge quality?
- What are current performance levels?
- How does quality of customer satisfaction compare with competitors?

2) Action plan: The answers to these and other questions will provide valuable insights into the existing corporate culture and indicate the organization’s readiness for adopting quality.

3) Vision/mission: Develop a vision or mission statement if the organization does not have one already. The key to the initial adoption of quality is continuous communication of the vision within a comprehensive communication plan.

4) Quality principles: Coaching in the organization setting provides a key component in the transformational processes towards value-driven management.

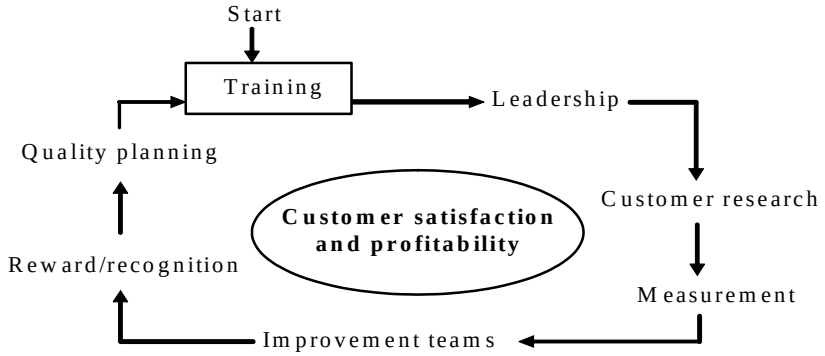
5) Quality committee: Employees, shareholders and customers, suppliers and competitors have a stake and essential ingredient for success is a senior quality committee, which provides leadership in quality and stimulates cultural change.

6) Responsibility: The responsibilities accept of a senior quality committee can include (Fegh-hi farahmand, 2004, 398): establishing strategic quality goals, allocating resources, sanctioning quality improvement teams, reviewing key indicators of quality, estimating the cost of poor quality, ensuring adequate training of employees, rewarding individual and team efforts.

7) Satisfaction: This survey should be sponsored by the top management to send a clear message throughout the organization that quality is linked to customer satisfaction and the senior executives should then present the results to all employees that detailed strategies for improving customer satisfaction can be devised and communicated.

8) Goals: The results of the customer satisfaction survey lead the senior management to establishing a set of quality goals. Although the whole organization can provide input to this task, the setting of goals is part of management's leadership responsibility. These goals must be managed and communicated via the senior quality committee. (Figure 2):

Figure 2: Customer satisfaction and profitability process



These definitions allow reviewers of a study to quickly understand its scope and limits. To ensure the opportunity to achieve the highest value, value program staff attempt to keep management or administration directed mission charges flexible enough to allow innovation. Anyhow is the need to develop a means to inform administrative or procurement staff of the available resources and how to obtain assistance.

However, the mainly qualitative evidence available to date suggests that TP within BMO is an activity of a minority (Fegh-hi farahmand, 2002, 254). There may be a number of reasons for the lack of TP. Historically the typical SOM has tended not to have pursued higher levels of education or to take formal business training. Hence there are two possible reasons why SOM tends not to plan (Westhead, et al, 1999) that they are emotionally unsuited to it. They think and act intuitively and they are simply unaware of the various tools which would enable them to plan systematically.

A further constraint, likely to restrict TP by SOM, is that they may not have sufficient financial information to prepare a formal plan. For example, at the lower end of the size range of organization with less than 10 employees, only 33 percent regularly calculate profits to monitor their organization's performance (Nayak and Greenfield, 1994, 227; Westhead, et al, 1999). A lack of formal planning may also relate to the fact that small organizations are just too busy surviving to take time out to plan ahead whilst others might argue the environment (Westhead and Storey, 1996, 197).

3. Business & Marketing Strategy (BMS)

A lack of formal TP among BMO does not necessarily mean that organization is badly managed. The characteristics of the organization and SOM and also BMO strategies hereafter termed Business Strategy (BS), influencing SOM behavior which might be used to inform analysis of the determinants of TP in BMO. Organization characteristics were controlled out of analysis in order to focus our attention on the SOM and BS variables.

The possible effects of BMS on the propensity to prepare business plans, is expected that organization oriented towards growth will show a greater propensity to undertake Tactical Business & Marketing Planning (TBMP). It does not seem unreasonable to argue that an organization with a committed development strategy would have a business plan. In most cases, this might also be reflected in an aim to increase the size of the customer base (Stutely, 2002, 69). Indeed, wherever a strategy of growth required external support either from financial institutions or business advice agencies, it is likely the external support agencies would require a TBMP as a condition of their support. This paper examined the influence of these SOM characteristics and BMO strategies on the presence/absence of TBMP in small organization, whilst controlling out the characteristics of the organization which the SOM are operating. The key research questions addressed in this paper are as follows:

1) How prevalent is TBMP amongst the SOM of BMO?
2) Are SOM and BS characteristics important in distinguishing between SOM with TBMP?
3) Which SOM and BS characteristics are important?

4. Tactical Business& Marketing Planning (TBMP)

The discussion has focused on the fact that coaching-based intervention strategies assist management in adapting to the more intuitive and fast-response aspects in its operations. In strategic terms, the organization may be governed by experienced senior managers. In this way, business systems that require sustained high levels of creative response will reward emotional intelligence over rational intelligence (Fegh-hi farahmand, 2004, 452; Fegh-hi farahmand, 2002, 115). At the top level in all professions and disciplines, both sets of skills are required to perform at the highest levels. Coaching as an emergent profession, however, is moving in the other direction (Stacey, 2000, 174).

The basic steps of TBMP development that they are suitable for all of organizations are as follows (Fegh-hi farahmand, 2004, 428):

1) Purpose: To develop TBMP to strengthen the organization's customer related, operational, and financial performance.

2) Scope: The TBMP should include both short-term and long term goals and plans and a method to ensure that the plan is deployed and adhered to should be part of the management review procedure throughout the organization. These activities could be a separate procedure or included as part of this procedure.

3) Self Responsibility: The chief executive usually has control of these developments, deployment, improvement processes and all executive management should be personally involved in these processes.

4) Procedure: It should include the description of the timetable for strategy and TBMP development should be including and how the development considers (Fegh-hi farahmand, 2004, 298):

4-1) Customer requirements, expectation, expected changes, the competitive environment, financial, market, technological, societal risks, company capabilities, human resource, technology, research & development, supplier and partner capabilities.

4-2) Information related to quality, customers, operational performance, and relevant financial data are collected, analyzed, and integrated into the strategy development should be included in this procedure. These should be compared with similar measures of competitors and or appropriate benchmarks (Fegh-hi farahmand, 2002, 264; Kuratko et al, 2004, 68).

4-3) Strategies and plans are translated into actionable key business drivers.

4-5) Business plan together with the key business drivers.

4-6) Reviews to ensure that the business processes support the BP.

5) Continuous improvement:

5-1) Describe the main types of information needed to support operations, decision making and to drive improvement of this business process.

5-2) the management and use of key performance measures should include periodic review for continued validity and need, as well as the analysis and use in process improvement. Factors in the evaluation might include completeness, timeliness, effectiveness, and reliability.

5-3) Opportunities for improvement should be implemented by the business process or cross functional team (Kuratko et al, 2004, 58; Fegh-hi farahmand, 2002).

6) Job Instructions: Within an organization there must be a constancy of purpose, an alignment or unification of goals, and consistency of processes, actions, information and decisions among organization units in support of these goals. Since the TBMP is one of the primary documents describing these goals, it impacts all business processes in the organization. It is directly related to management review, customer satisfaction measurement and lists all job instruction related to this procedure (Nayak and Greenfield, 1994, 168; Steele, 1977, 65).

7) Documentation: List documentation of TBMP program used in procedure.

8) Records: The method and location of storage must be defined.

9) Flowchart: Procedure describes the steps and requirements of a business process; it is recommended that the flowchart of the process be included.

10) Instructions: Management responsibility, quality system, data control, corrective and preventive action, handling, storage, packaging, preservation and delivery, control of quality records, internal quality audits, training, statistical techniques, continuous Improvement, manufacturing capabilities.

Performance in a management setting means learning to express powerful, even negative, emotions in ways that are received as positive by the organization.

5. Scientific Owner Managers (SOM)

Management, in this perspective, becomes a performance-based profession, where the way in which a team leader expresses objectives and values is as important as the targets themselves. Therefore Strategic is a tern used by some to refer to what might be termed know-when and know-why. Although it seems reasonable to conceive of these as aspects of doing, it is difficult to envision them as being separate from that doing. In other words, we can separate out strategic knowledge only in the describing, not the doing. Consequently, strategic knowledge is probably best thought of as a subset of declarative knowledge instead of its own category.

The nature of the SOM is seen as critical in other aspects (Nayak et al, 1994, 425) of the activities of BMO. A selection of the SOM characteristics is the potential to influence an owner manager's propensity to undertake TBMP. Predictions of the direction in which the variables (Fegh-hi Farahmand, 2002, 345) will operate are inevitably problematic as there is little prior work on the determinants of TBMP upon which we can draw:

1) Age: This variable has been identified as important in studies.

2) Total experience: A long number of years running an organization as an SOM might increase a propensity to plan future directions for the business or indeed, once the initial phases had passed and funding secured planning might well be less of a priority.

3) Education: In the context of TBMP, this variable might seem reasonable to hypothesis that the more highly educated SOM will tend to be more aware of the desirability of TBMP and thus, organization run by the better educated SOM might be more likely to have business plans.

4) Creativity: A distinction here may be drawn between those for whom the current organization is their first and serial founders (Fegh-hi Farahmand, 2002).

5) Workers: This was identified as an influence on organization behaviour and in the context of TBMP, SOM with previous work experience in larger organization, perhaps where TBMP was seen as an important part of business behaviour, would tend to encourage TBMP in organization.

6) Managerial position: Organization founders are drawn either from operatives or from those with previous managerial experience.

7) Current experience: Here it might be argued that SOM moving into a new sector might be encouraged to plan rather more than those whose businesses were in sectors in which they had considerable prior experience.

8) BMO zone: This was introduced into the analysis as it might be expected that local SOM, who grew up in the geographical area under study, will tend to be introspective and less receptive to contemporary management practice.

9) Locally: The relationships between BMO and their localities have become an important research area and organization with links with local business institutions might be more likely to business plan.

METHODOLOGY

This study is based on a sample of small organization and the influence of organization characteristics such as TBMP of organization have been well explored over the last decades. Sector contrasts between the largest group of organization in business and industry 2316 organizations in the sample and size involves employment and turnover variables were included in some of the preliminary analysis but no sector or size effects were detected and BMO was defined as one with less than 50 employees. The data relate to a sample drawn from 1214 independent plants in Iran listed in directory of businesses and industrial organizations. The random sample was drawn and 137 organizations participated in the survey based on face to face, meeting, advising, questionnaire, participation in consultant sessions and e-mail interviews using a semi structured interview schedule. These organizations represent a response about rate of 75 percent and tests for response bias were possible.

Virtually about 85 percent of the interviews were with the SOM, the other interviews were experimental managers that they have not scientific management information and were the only viable respondent as they were working for retired managers who had relinquished overall control of the organization but maintained a financial link and in other cases, they worked closely with the managers who were still involved in the business and the majority of these senior managers shared their offices with their respective owners. These senior managers could answer the key questions about the environmental and strategic variables in which interested and thus the use of a small number of senior managers is not as problematic as it would have been if interested in the psychological and personality characteristics of the SOM. The interview schedule was designed to collect data on a number of SOM and strategic characteristics in addition to asking about the presence or absence of a TBMP and, where appropriate, the time period to which the plan applied. Some organization related characteristics were also included to check for the presence of any uncontrolled organization variables. The data are explored through the analysis of bivariate relationships using non parametric statistics and the relatively small sample size precluded more detailed statistical analysis. A distinction in the activities undertaken by the organization could be drawn between organizations:

1) Almost two thirds of the organization fell into the former category.

2) The expected distinction between those organization serving primarily intermediate markets and those selling to final demand is also clear.

7. RESULTS

SOM were asked whether or not they had a formal TBMP for their organization and the period of time to which it applied. Over half the SOM (Table 1), had no such plan which fits well with the common perception of the lack of planning in small organization. Clearly, TBMP is not a feature of the majority BMO, at least not within this sample of organization within this location. Nevertheless, TBMP did exist in just under half (46 percent) of the surveyed organization. Over 96 percent of organizations with formal TBMP were planning within a five year time frame. A further 38 percent were operating within the shorter spans of one or two years. The remainder claimed to be operating within five to up year plans. Whether these could be called formal TBMP might be open to doubt but these were included within the group of SOM which were business planners. The key point to emerge from this measure of the extent of TBMP in small organization is that there are two groups of SOM: those plan and those do not. It is therefore important to ask how this dichotomy can be explained.

Table 1 – 3: TBMP, SOM and BS characteristics (P < 0.10)

Table 1		Table 2		Table 3	
TBMP in organization	%	SOM and BS characteristics	%	SOM, BS and TBMP	With TBMP (Chi-square)
Formal BIP	46	Age (40 years or more)	60	Education	.035
No BIP	54	Total experience (>10 years)	54	Workers	.037
All	100	Education (University)	61	Different sector	.047
TBMP time	%	First organization	71	Seeks customers	.011
1 year	25	Workers (50 or less employees)	53	Growth strategy	.072
2year	13	Managerial position	67		
3year	28	Same sector	72		
4year	6	BMO zone	87		
5year	25	Locally	34		
>5 year	3	Customer target	73		
All	100	Business Strategy	67		

The characteristics of the SOM of the sample BMO are summarized in Table 2. SOM ranged in age from 20 to over 70 years of age and well over one half was over 40 years of age. In view the age of most of the SOM, just over half had been controlling their organization for 10 or more years. Their formal educational levels tended to be high. Amongst these SOM, a distinction could be drawn between and those for whom their current business was their first organization and the majority were novice SOM. Regardless of the workers, a significant number had gained managerial position before setting up their own organization. They can be contrasted with the remainder of the sample group who had been working more directly in production. A striking feature of these organizations perhaps not surprising in organization based mainly on traditional industries is that 87 percent of the SOM had grown up in industrial area.

There were striking variations in business strategies. An active search for new customers was characteristic of the majority 67 percent of the organization that admitted to an aim to increase their turnover. Clearly, within this group, there is a sub set of growth oriented SOM whose propensity to undertake TBMP might be contrasted with those who were content with their current level of business. The latter may well belong to that group of SOM often characterized as running lifestyle organization. From this overview of the selected SOM characteristics and the strategies of the sampled organization, it is now possible to explore the extent to which these differing characteristics and strategies influence whether or not an organization engages in TBMP. The main focus is on the role of SOM characteristics in influencing the propensity for TBMP. The results of the bivariate analysis are summarized in Table 3 that age and experience had no significant relationship with TBMP the predicted positive relationship between higher levels of education and undertaking TBMP was in the expected direction. Those who had extended their education were significantly more likely to plan than those who had not (p = 0.035, one tail). Amongst those who had extended their education beyond the minimum age 59 percent had a business plan, compared with 37 percent of those with a more limited education (Table 4).

Table 4 – 7: TBMP and full time education, TBMP and Workers, TBMP and sector experience, TBMP and seeking customers

		Table 4		Table 5		Table 6		Table 7	
		TBMP and Education		TBMP and Workers		TBMP and sector experience		TBMP and seeking customers	
		Minimum Education	High education	Small (50 or less employees)	Medium/ Large	Same Sector	Different Sector	Seeking Customers	Not Seeking Customers
With Plan	n	31	31	20	34	31	22	55	8
	%	37	59	33.3	62.5	36.8	66.7	54.9	21.1
No Plan	n	54	21	41	20	53	11	45	29
	%	63	41	66.7	37.5	63.2	33.3	45.1	78.9
Totals	n	85	52	61	54	84	33	100	37
	%	100	100	100	100	100	100	100	100
N		137		115		117		137	
Chi-square		325		4.33		3.86		6.39	
tail		One		Two		Two		Two	
P		0.035		0.037		0.049		0.011	

Rather surprisingly, those whose previous experience was at operative level were as likely to plan as those who had held managerial positions whilst serial entrepreneurs were no more likely to plan than novice entrepreneurs running their first organization (Table 3). However, an important influence on the TBMP amongst those who had previously been employed by another organization was whether or not they had worked previously for a medium or large organization. There was significant propensity to engage in TBMP amongst those previously working for a medium/large organization (p = 0.037). Whereas just under two thirds of those formerly working in a medium/large organization were business planners, this was true of only a third of those formerly working in BMO (Table 5). This finding suggests these SOM from the medium/large organization group had been aware of TBMP in their previous employment. Perhaps the most striking, but understandable finding, was the tendency (p = 0.049) for SOM, operating in sectors with which they had little familiarity, to undertake TBMP. Whereas two thirds of those moving into a new sector were business planners, this was true of only just over one third of those staying with the sector in which they had experience (Table 6). This tendency to plan by those moving into a new sector to reflect the higher levels of uncertainty the SOM faced in operating in an area which was new to them. The degree of engagement with the local business community had no significant influence on TBMP.

The last stage of the analysis focused on the two BS variables. This revealed that both measures of BS had a significant and positive relationship with the presence of TBMP amongst the SOM of these organizations. The growth orientated SOM had a high propensity to have a TBMP whether measured by actively seeking new customers (p = 0.011) or by expressing an aim to increase their turnover (p = 0.072). In part, this may reflect the point noted earlier, that the necessity to raise finance to fund expansion might require the preparation of a TBMP for the funding agencies. Of small BMO who actively sought new customers, over one half had a TBMP whereas this was true of less than one quarter of those who were less proactive in developing their customer base (Table 7).

8. Conclusions

It is important to stress that this study is confined to a sample of the SOM of BMO in one part of the area of BMO zone. Further, the characteristics which have been measured can be grouped into environmental and BS variables rather than those variables which measure attributes of the personality of the SOM. It is also recognized that the relationships only significant at a relatively low level but this reflects, in part, the small size of our initial sample. Therefore useful conclusions can be drawn as follows:

1) TBMP is a characteristic of the BMO that there still remains a high proportion of SOM of BMO who does not undertake TBMP. SOM characteristics and BS variables can be an influence upon whether or not small BMO undertakes TBMP when controls have been introduced for sector and size.

2) The key SOM characteristics, associated with a greater tendency to undertake TBMP, are a higher level of education, experience and running a business. Not unexpectedly, those organizations with growth strategies also tended to be business planners.

3) There was no evidence that previous management experience was linked to a higher propensity to business plan. Those SOM with management experience are somewhat cynical of the value of paper exercises and the writing of business plans.

4) Although this is a study of BMO in one zone, this paper has demonstrated that SOM characteristics cannot be ignored in trying to understand the extent to which BMO display a commitment to TBMP.

5) Success is most likely to come from approaches to those SOM with the characteristics of planners but who are not yet planners. These are the SOM who may be unaware of the benefits of TBMP rather than outwardly hostile. However, SOM characteristics are rarely in the public domain so such targeting becomes difficult.

6) Analysis of the environmental and strategic characteristics of SOM identified a set of variables.

REFERENCES

Curran, J. and Blackburn, R. (1994), Business planning and Local Economic, London, Paul Chapman. p 160-171.

Deakins, D. & Freel, M. (2003), Entrepreneurship and Business planning, London, McGraw Hill. pp 309-330

Fegh-hi farahmand, Nasser (2002), Active management of organization, Tabriz Iran, Forouzesh. p 115

Fegh-hi Farahmand, Nasser (2003), Permanent Management of Organization, Tabriz Iran, Frouzesh. pp 141-281.

Fegh-hi farahmand, Nasser (2004), Technology Management of Organization, Tabriz Iran, Frouzesh. pp 241-460

Fegh-hi farahmand, Nasser (2005), Strategic Management of Organization, Tabriz Iran, Frouzesh. pp 150-458.

Goleman, D., Boyatzis, R. & McKee, A. (2002), The New Leaders, London, Little, Brown. Pp 180-185.

Kuratko D F and Hodgetts R M (2004), Entrepreneurship, Practice Mason, Ohio, Thomson South Western. pp 58-68

Mason, C and Stark, M. (2004), What do investors look for Business Plan, International small Business Journal, 22. p 205.

Nayak, A and Greenfield, S. (1994), The Use Of Management Accounting Information, Finance and the BIO, London, Rutledge. pp 42-492.

North, J., Blackburn, R and Curran, J. (1997), Reaching small Business and Enterprising Futures, London, Paul Chapman. p 187

Stacey, R. D. (2000), Strategic Management and Organisational Dynamics, Prentice Hall. p 174

Steele, R. S. (1977), Power motivation, activation and inspirational speeches. Journal of Personality, 45. pp 61-97

Stutely, R. (2002), The Definitive Business Plan, London, Financial Times, Prentice Hall. p 69

Westhead, P. and Storey, D. (1996), Management and BP Performance: Why is the Link So Weak? International small Business Journal, 14. pp 87-197.