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MARKETING MANAGEMENT AND TRANSFORMATION PROCESS OF ENTERPRISE

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Abstract. *Under conditions of permanent changes it is logical for enterprises to apply an adequate strategic approach in management process. In the process, the role of marketing is specially expressed in setting priority and target markets in determining marketing program and developing suitable market culture in organization that provides flexibility, coordination and effective control approach. Market management of enterprise assumes a strong internal connection between members of organization and permanent coordination of strategy in transformation process. In the paper it has been pointed out the cause and effect of relation between marketing and success of transformation, as continued management process of enterprise. Special attention has been paid to the phases of planning, communicating and controlling in that process.*

1. INTRODUCTION

Dynamic environment and their ability to develop a culture in keeping with desired convictions and values guide the visions of successful enterprises.

The nature of changes and management changes are limited factors of effectiveness and efficiency of an enterprise. Developing a new, unbreakable value system requires flexibility and creating some distinctive capabilities of organization that are a part of intangible resources and an important source of competitive advantage, which is very difficult to copy.

One of the main characteristics of successful enterprises is their ability to redefine business strategy permanently and to coordinate different interests in the value chain. Developing new partnerships with strategic significant participants in the chain requires an adequate reaction of the enterprise. Satisfaction of individuals and groups (consumers, employees, suppliers etc.) requires developing new, profitable quality-driven partnerships. Changes in customer value estimation are the basis for changes in organizational culture

and organizational behaviour. It is a permanent transformation process, in which marketing, as an integrative business function, has a special importance. The adequate marketing management in the transformation process enables not only a realization of setting goals (customer satisfaction, market share, profitability), but, also, a long-term readiness for management of changes. It is, as Adizes has emphasized (1), the process of solving problems that are caused by permanent environmental and organizational changes. Management quality is a function of decision quality and its efficient realization. A condition for successful management of changes that is for the transformation process is the ability to accept new "mental maps" in the organization.

Redefining the system of value includes a continued process of changes and would be successful if it is driven by strategic choice focused on value added creation. The basis for creating the value is satisfaction and loyalty of customers as well as the ability of the organization to coordinate different interests of particular functional and organizational parts and to direct them toward a mutual goal. Many problems could arise in the process of implementing chosen strategies and they might be exceeded by an adequate coordination. Teamwork, with clear emphasized roles of each member of the organization, is an assumption of successful management.

Because of possible differences in attitudes, beliefs, reward system etc. the strategic decisions often have become a threat for some organizational units and a chance for the others. Marketing managers have to be aware of possible reactions of other interest groups and, therefore, should coordinate the interests by an adequate communication including all members of the organization. That increases the importance of relations between particular parts for expanding market orientation. In the process of strategic decision making, the importance of communication is more expressive.

Marketing management is a cause, but, also, a consequence of the transformation processes. In that sense, we have in mind that the enterprises, solving their problems by managing changes, are in a permanent transformation process. With respect to the other issues, the paper points out certain problems that cause changes and a need for adjustment of marketing management in the process of establishing special relations to some influential groups and to certain turns in strategic control.

2. MANAGEMENT OF KEY TRANSFORMATION PROCESSES

The contemporary economic systems are characterized by knowledge intensity and knowledge- and learning-based economy. In recent years, a special attention has been paid on organizational learning. The learning is based on a process of understanding and acquiring a new knowledge. This means a way of organizational learning. The learning is of great interest for those organizations that recognize their need for transformation as the basic assumption for developing core competence. The continuous changes in the level of knowledge cause some disproportions, but, at the same time, they can influence new profit opportunities. The enterprise permanently is adjusting to the chances and threats from its environment through the ability of acquiring knowledge and learning. It is a process of generating intangible assets. The main source of the assets is human potentials. The intangible assets are a key factor of business success because of some difficulties in their generation. It is the assets that protect the enterprise from competition and they can

be maintained in time.

In the aim of generating more valuable intangible assets, some enterprises adjust their activities to the changes. One of the important changes in transformation process of modern enterprises is transfer from vertical organization and functional management to horizontal organizing and process-oriented management (2, p. 96-109). The contemporary approaches to the transformation are focused not on organizations but on processes, which is on activities of the people in those processes.

The main characteristic of successful enterprises seems to be their market orientation. An effective and efficient management proceeds from the viewpoint that a market position or a market success of the enterprise depends on its capability to adjust and to gain its core competences. The enterprise in its transformation process creates new relations with its key influenced groups, developing certain "market culture" that has become the principal determinant of market-driven organizations. It is, also, necessary to emphasize the essential importance of a speed of the transformation process.

In the literature of strategic management and marketing we can find very different explanation of characteristics of market-driven organizations. However, many authors in their studies, especially in those that contain the results of empirical researches (3,4,5) have concluded that the market-driven organizations are organizations that emphasize creating and maintaining superior values for customers and, consequently, satisfaction of employees, considering the interests of other stakeholders. The point here is not to sale a product, but to keep a customer. That orientation induces marketing management to make certain changes. The changes are evident in all marketing activities. The role of marketing in the process of coordination with the other business functions on different organizational levels and with the environment is changed, too. Establishing new relations with customers and other participants in the value chain essentially changes the contents of marketing researches and the importance of information in the decision making process. The relations of exchange mean permanent processes turning out as different types of partnership: with suppliers, customers, lateral and internal partnerships (6, p. 20-38).

Partnership with suppliers includes the relations of exchange between the enterprise and producer, their suppliers and service providers (advertising agency). Determining the key suppliers that produce some strategic important components or systems, the enterprise increases its sources for gaining competitive advantage. Including its sources in continuous improvements of materials or components as well as collecting appropriate ideas and suggestions, the enterprise makes considerable savings, improves its communications, coordinations and certain chances for development. The results of an empirical research have shown that changed characteristics of the process cause appropriate changes in the relationships (7, p. 42-56).

Lateral partnerships are the interest strategic and marketing alliances with competitors, the connection with non-profitable organizations, certain common researches and improving relations with local and national authorities.

Partnership with customers includes the relations of exchanges between the enterprise, final customers and mediators. This enables continuous searching appropriate ways to keep the customers and to improve the business process. The advantages of the relations based on partnership are greater loyalty (customers stay longer, buy more and often, their cycle of commitment is longer and value-added is greater).

The processes of development and network of organizations increase possibilities for

customer satisfaction. Creating the unbreakable value system supposes collective leadership and certain changes in organizational culture and that means a greater orientation to the customers. A critical parameter is developing a profitable partnership inside the value system. The aim of creating unbreakable and profitable relations by connecting the activities in the value chain is to include not only conceptual and managerial capabilities but also knowledge for negotiation about mutual benefits. Some customer groups with which the enterprise has established partnership relations are included in creating the added value. Understanding the importance of continuous process of changes is a supposition for successful process of managing total value system.

Internal partnership includes the exchange between functional parts of the enterprise, employees and business units, such as divisions, branches and strategic business units. The role of marketing managers is different in the partnerships and it depends on applied influential strategy. The results of some empirical researches show (8, p. 71-82) that it is possible to use several influential strategies based on compulsion intensity:

- Persuasive strategies (requests and information exchange)
- Soft compulsion strategies (recommendations and promises) and
- Hard compulsion strategies (threats and legal compulsion).

The ability of marketing managers to influence opinions and behaviours of the others is determined by their knowledge and skills and by readiness of the others to work as a team. Cohesion, expressed by team readiness to solve certain problems without conflicts, is the basis of market-driven organizations.

Possessing relevant information, marketing managers are included in the process of creating vision, goals and strategy of the organization as a whole, its particular activities and functions. The relation customer satisfaction - result - employee satisfaction has become the critical factor of success.

Attention of management team, which members are on different levels and functions, is more and more directed at the marketing information. On that way, marketing management has become a process of driving potential customers and their commitment to the enterprise. The activities of attracting and keeping customers are very important in that process. The central problem is to balance inputs and outputs not only of marketing budget but also of all the other function, attracting and keeping the customers.

The relation between investment in attracting and keeping the customers is subject to permanent changes and requires a continuous examination. Evaluating the importance of different customer groups helps to estimate their strategic importance and profitability of the investment in establishing the special relations. If the customers are to be kept longer, the enterprise has to establish stronger partnership relations. Levels of investment in the relations determine marketing management approach.

Partnership marketing attracts more and more attention. The focus of partnership-based marketing management is on developing, keeping and strengthening interdependence relations and creating a customer loyalty. The aim of marketing efforts is not only to make a next sale but also to attract customers (9, p. 286). It is the second characteristic of marketing concept, where management treats customers as one of the most valuable source of assets of the enterprise. Keeping a base of loyal customers in coming, two-way connection is critical for survival, growth and development of the enterprise. Some experiences have shown that an enterprise may have different customer

groups, requiring an appropriate behaviour and adjustment of marketing management. Some of the groups are not interested in establishing partnership relations. The task of marketing manager is, on the basis of relevant information, to estimate the importance of transactions with such customers, accounting for certain marketing program and possibilities of transferring such customers to partners. Some of the customer groups require involvement of different sources and capabilities of the enterprise in creating marketing program. Management process is more complex if some customer groups, comparing their realized value, also require added value that results from strong interdependence with the enterprise. The considerable resources are invested in attracting transaction-oriented customers and trying to transfer them into partners.

Creating profitable relations and sustaining competitive advantage assumes enterprises leave their customers that could never been profitable and direct themselves at obtaining and keeping customers with high life value. In some companies, attempting to manage strategic important customers, appears a new type of manager, corporate entrepreneurial manager, who has a power to create marketing strategies. At the same time, the manager is responsible for mobility of the organization's resources. These managers adjust marketing mix instruments to target customers for meeting their needs more successful than the competition. They have the ability and responsibility to control a permeable power, responsibility for the coordination and mobility of the organization's resources. Their prevalent task is to create an organization that solves problems by giving each individual chance to be included in the process. The mentioned processes also have a positive influence on customer activities and induce their reengineering. The stronger relations between the enterprise and its customers increase reengineering synergy inside both firms, taking into consideration a generalization of the process.

3. CHANGES IN DOMAIN OF STRATEGIC CONTROL

Strategic changes require some different and mature forms of control. Strategies always are based on the assumptions that need to be verified. Certain changes in environment could endanger the assumptions for strategic choices or make the strategies obsolete. The task of strategic control is to answer the questions: Has a strategy been realized as budgeted one? Are the results of its realization in keeping with the setting goals? Problems of strategic control are expressed particularly in complex and global enterprises, because of coordinating their performance measures. The measurement system has to be global consistent and comparable between different departments and managers, but also enough flexible to enable an adaptation to the changes in specific market environment (10, p. 857-867). Middle-level managers very often direct the strategy on their way, slow down its realization, decline its quality or fully sabotage it.

For being appropriate, control mechanisms have to be dynamic. Expressing some relevant changes in the environment is needed, too. There are two strategic control approaches:

- Implementation control that coincides the traditional management control systems. The purpose of this approach is to provide strategy realization as it was budgeted. That could be attained by comparing the standards of budgeted and actual performance and by using variances for some corrective actions. All aspects of

strategy implementation are subject of the control.

- Strategic control approach for establishing a system for recognition and answering the changes and changing assumptions for strategic choices. The approach is oriented on the changes of strategy contents that highlight wrong assumptions for strategic choice and develop opportunities and threats caused by the changes. That can be attained by continuous information collecting for assumption validity estimation, identification of threats/opportunities and adequate reaction on information (11, p. 68).

The dynamic environment implies an application of different strategic control approaches. Analysis of their contents could give a conclusion that using the one does not exclude the others (12, 13, 14). It is, however, very important to focus on the key strategic problems arising in the transformation process, depending, of course, on the setting aim. Realization of strategic intentions, especially those expanding the previous limits of the enterprise, is a way to the transformation (15, p. 229). For successful control of the processes it is useful to apply several strategic control approaches that complete the picture of necessity to reexamining the theory of business operations and initiate the transformation process (Table. 1) (11, p. 68).

Table. 1. Management control and the five approaches to strategic control

	Traditional management control	Strategic control as the control of strategy implementation	Validating strategic assumptions	Strategic issues management	Interactive control	Periodic strategy review
Purpose	Ensure that strategy is implemented as planned	Ensure that strategy is implemented as planned	Change strategy content in light of invalid planning assumptions	Change strategy content in light of emerging opportunities/threats	Change strategy content in light of emerging opportunities/threats	Change strategy content in light of invalid planning assumptions and new opportunities/ threats
Process	Set standards for performance, measure actual performance, use deviations to take corrective action	Set standards for performance, measure actual performance, use deviations to take corrective action	Collect data to monitor planning assumptions, interpret the data and respond to the information contained in the data	Collect data to monitor planning assumptions, interpret the data and respond to the information contained in the data	Choose an aspect of the organization's performance, track actual performance and debate the detailed explanations for deviations prepared by line managers	Collect data to check the validity of planning assumptions and to identify new opportunities/threats, interpret the data and respond to the information constrained in the data
Focus	Implementation process in all its detail	Key success factors	Planning assumptions	Potential opportunities/threats which arise from the environment (including remote segments)	Environmental changes associated with the aspect of organizational performance chosen to be controlled interactively	Planning assumptions and potential opportunities/threats which arise from the environment (including remote segments)

Complex and uncertain environment sets a difficult task for marketing management, requiring application of the strategic control system that will provide an understanding of the transformation process. Taking into consideration the importance of uncontrollable factors, the enterprise has to make permanent changes and to improve its knowledge flows and responsibility levels. A successful control and strategy realization are caused by the ability of clear expressing strategic intention, the explanation of the role of each participant, the development of core competence and the definition of particular roles in the development.

The control system influences manager behaviours. Certain choice of the approaches contributes to increase long-term profits, sources and capabilities of the enterprise. The choice of strategic control system is more and more complex, taking into consideration expressive diversification of enterprises, complexity and dynamics of the environment, organization network, and the differences as a result of special characteristics and conducting business. The success is more predictable if the acceptable values are expressive by a strong culture. In the transformation process a desirable direction of the changes is from the culture that is characterized by paternalism, with mostly one-way relations, to the culture that is suitable for cooperation with two-way communication flow. It is a basis for a stimulative culture where the strategic control systems are very important. Its characteristics are:

- focus on customer
- special approach to quality
- emphasizing the importance of strategic assets management
- including a great number of people and a dialog through all levels of management
- process management and more successful business focus
- benchmarking - focus on winning.

4. CONCLUSION

In contemporary organizations, which are characterized by openness and management of changes, marketing has the role of integrator. Through realization of appropriate processes, the knowledge is transferred throughout the organization (where it is most necessary), being transformed in certain ways of reaction both in internal and external relations. The success of the transformation process is caused by capabilities of marketing and other managerial structures to create a sustainable competitive advantage with appropriate tools and approaches. Managing the key processes and appropriate strategic control are the basis for increasing the level of effectiveness and efficiency.

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MARKETING MENADŽMENT I PROCES TRANSFORMACIJE PREDUZEĆA

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U uslovima stalnih promena logično je da preduzeća koriste odgovarajući strategijski pristup u procesu upravljanja. Uloga marketinga u tom procesu posebno je izražena u određivanju prioriteta i ciljnih tržišta, u determinisanju marketing programa i razvijanju odgovarajuće kulture tržišta u organizaciji koja omogućava fleksibilnost, koordiniranost i efektivne pristupe kontroli. Tržišno vođenje preduzeća pretpostavlja jaku internu povezanost između članova organizacije i stalno usklađivanje strategije u procesu transformacije. U radu se ukazuje na uzročno-posledični odnos marketinga i uspeha transformacije kao kontinuiranog procesa upravljanja preduzećem. Posebna pažnja usmerena je na sledeće faze u tom procesu: planiranje, komuniciranje i kontrolu.