

PRACTICAL ANOMALIES FROM MARKETING PLANNING THEORY:  
AN INDUSTRIAL MARKETING CASE STUDY

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by  
David T Rindom  
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The end  
of  
the

W. B. Russell

For the Division of Business  
and Business Education

Donald Miller

For the Division of Business  
and Business Education

Ray D. Heath

For the Division of Business  
and Business Education

Harold E. Duvet

For the Graduate Council

## PREFACE

The Marketing Planning department at Didde-Glaser, Inc. was organized in May of 1969 through a decision to formalize their planning functions. One of the duties that I had as Marketing Planner was to devise the first planning cycle to facilitate development of the Marketing Action Plan and to communicate the procedure and timing of the planning cycle.

Few planners will find themselves in a position of developing the cycle of planning to be used by their Marketing department. Even a smaller number will find they must produce a workable planning cycle from the small amount of literature available and from no practical marketing planning experience. Therefore, I feel that practical planning concepts must be shared by people who have first-hand knowledge of the activities of marketing planning.

In this study, many people have aided me. I express my sincere gratitude to the businessmen who contributed freely the information presented in this thesis. My thanks are especially extended to the corporate and marketing management of Didde-Glaser, who not only contributed their time, but also made available to me facts about their company normally held confidential. The guidance and patience of Dr. Raymond B. Russell have been important throughout

this project, as has been the direction and help of Dr. Ray G. Heath and Dr. Donald Miller. Naturally, the blame for any omissions or errors rests with me.

D. T. Rindom

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## Chapter 1

### THE PROBLEM AND DEFINITIONS OF TERMS USED

Some ideas grow, develop, and earn so much publicity that few people dare to do anything less than accept them. In recent years, the area of marketing management has seen some examples of this type of dynamic idealism. The theories of the marketing concept, marketing planning and management by objectives, for example, have been so widely discussed that most marketing management couldn't remember when they first heard of these ideas.

These three theories are further made common by the relatively small practical contributions they have made to marketing management. Consider this statement made at the 1969 American Marketing Association conference about the marketing concept: ". . . After a fifteen year history there are still very few companies which are really and truly putting into practice the philosophy suggested by the (marketing) concept."<sup>1</sup> Of the practice of management by objectives, it has been written that ". . . most companies believe that they are managing by objectives. But many

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<sup>1</sup>Milton Shapiro, "The Basics of Industrial Marketing Management," Marketing in a Changing World: 1969 June Conference Proceedings, Bernard A. Morin (ed.), (Chicago: American Marketing Association), p. 205.

objectives are platitudes (that) do little to tell us where we want to go, how we are going to get there, and how we will know when we have arrived."<sup>1</sup>

The practice of the theory of marketing planning is equally disturbing. Surveys touching on the subject show that top management believes that planning is vital. "Despite such enthusiasm, planning has failed to come remotely near its potential."<sup>2</sup>

Of these three concepts, the marketing planning process is unique in that no other management concept has failed so consistently to achieve success.<sup>3</sup>

#### THE PROBLEM

Why has the marketing planning concept failed so often to be a successful tool? A review of the literature concerning marketing planning suggests the answer. Even though many theorists and practitioners have discussed the elements that go into making a good marketing plan, little has been written about specific deviations that must be made to make the theory workable for a company making their first attempt at formal marketing planning.

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<sup>1</sup>"How to Manage by Objectives," Industry Week, 166:40, June 8, 1970.

<sup>2</sup>Malcolm W. Pennington, "Planning Takes More Than a Little Planning," Industry Week, 171:35, December 20, 1971.

<sup>3</sup>Ibid.

### Statement of the Problem

What anomalies from theory occur as a company develops its own formal marketing planning process from theory into practice? A case study can identify many problems a company has in implementing marketing planning theory and can be helpful in suggesting recommended changes that can be made for more successful practice of marketing planning.

Practitioners of planning seem to agree that each marketing plan is different and must reflect the special needs and interests of the company.<sup>1</sup> However, it would seem that a workable planning process should be a matter of combining the common elements of each theory of the planning process into a procedure which would be compatible with the actual business and operation philosophies of each company. Any company that makes the decision to formalize its marketing plan has available comprehensive literature discussing the theory of each element of the planning process but too often finds little more than a hint of the problems and adjustments that must be made before a company has developed a smooth-flowing marketing planning cycle and procedure.

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<sup>1</sup>Albert Wesley Frey (ed.), Marketing Handbook (New York: The Ronald Press Company, 1965), p. 3.6.

### Statement of the Hypothesis

A case study of the actual efforts to develop a formalized marketing planning program from available marketing planning theory will show that deviations from the theory must occur as the company makes an effort to formalize a workable marketing planning procedure.

To test the occurrence of this assumption the following sources will be used:

1. Current related literature will be reviewed which discusses actual practice of marketing planning theory.
2. A case study of one company's attempt to develop a planning procedure from marketing planning theory will be studied and discussed.
3. A survey will be analyzed which will search for differences between managers using marketing planning and students of the theory.

### Purpose of the Study

While many practitioners have discussed marketing planning theory, few have dealt with specific problems and anomalies that must be resolved before a company can grow into one that uses the formal planning approach. If there is any validity to the hypothesis, deviations of practice from theory can be recorded, discussed, and be available to be shared by others who have a need to develop a workable planning process.

It may be incorrect to assume that this study would cause any great change in the current methods companies utilize, as they may choose to continue their own trial-and-error method of developing a workable marketing planning process. This may be because marketing planning, as it exists in most companies, is felt to be a personal procedure that must be adapted to fit the requirements of a specific business.<sup>1</sup>

A more realistic approach, which will be taken, is to hope that a discussion of the problems incurred in the practice of marketing planning will be helpful to the student of marketing planning theory. Taking this approach, this study will also briefly investigate what this writer believes to be the common elements of the planning cycle in order to give the student a point of reference in actual business practice so that he may better grasp the basic theories of marketing planning procedures.

To meet these objectives successfully, this study is structured as follows:

1. Chapter 1 concludes with definitions of terms necessary to facilitate understanding of the theories presented and the practices studied.

2. Chapter 2 defines the problem by reviewing the literature pertaining to marketing planning practice.

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<sup>1</sup>Leon Winer, "Are You Really Planning Your Markets?" Journal of Marketing, 46:2, January, 1965.

3. Chapter 3 presents a case study of the development of the planning process designed by one company from available marketing planning theory.

4. Chapter 4 discusses the observations made of the implementation, by the case study company, of their planning process. Comments are also made concerning the analysis of a survey questionnaire returned from practitioners and students of marketing planning.

5. Chapter 5 summarizes the issues through conclusions and recommendations of the evidence presented in this study.

#### Significance of the Study

As businessmen became aware that they were informally planning by developing logical actions in anticipation of future events, they recognized that planning was a prime tool of management in directing the operations of the company.<sup>1</sup> Planning activity has been evolving from these early action plans developed to provide for enduring the future to the theory of modern planning actually influencing tomorrow's business.<sup>2</sup>

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<sup>1</sup>National Industrial Conference Board, Inc., The Development of Marketing Objectives and Plans, Experiences in Marketing Management, No. 3 (New York: National Industrial Conference Board, 1963), p. 2

<sup>2</sup>"Power to the Corporations," Industry Week, 168:43, January 4, 1971.

The current planning theory has caused changes in the ways the planning activities are organized and the techniques used to make the planning function more effectively.<sup>1</sup> Through this evolution, planning systems are being designed to be used as a tool for marketing men to make decisions based on estimates of the effects of an anticipated action plan.<sup>2</sup>

A noticeable development is that many companies are beginning to demand better educated specialists in the use of marketing planning as a decision-making tool. For example, this trend was evidenced by the fact that many participants at a typical marketing planning seminar were sent by companies that had recently opened or expanded their marketing planning functions.<sup>3</sup>

The business education process has been changing from curriculums emphasizing the absorption of facts to an emphasis on research skills and decision-making tools, and models.<sup>4</sup> As the demand increases for marketing planning specialists, the colleges and universities will be willing

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<sup>1</sup>National Industrial Conference Board, loc. cit.

<sup>2</sup>Robert D. Buzzell, "What's Ahead for Marketing Managers?" Journal of Marketing, 34:4, January, 1970.

<sup>3</sup>The present author's observation at the American Management Association's Orientation Seminar #5257-99, meeting May 21-23, 1969, Chicago, Illinois.

<sup>4</sup>"Techniques Changing in Business Education," Marketing News, 4:8, Mid-February, 1971.



to offer courses in marketing planning if the people who now have first-hand knowledge will share marketing planning information necessary to develop worthwhile curriculums.

#### DEFINITIONS OF TERMS

In the introduction to this chapter, the three theories of marketing concept, management by objectives, and marketing planning were presented on common grounds because of the misunderstanding of their use in the marketing process. Their relationship; especially between the first two and marketing planning, is greater than this casual comparison suggests.

First, it is important to understand that marketing is more than merely selling and directing goods and services from the initial producer to the final user. A more complete definition of marketing is given to help clarify the examination of the thought behind the three important theories. A more distinct relationship of these theories should be helpful for an understanding of the ideas behind the other definitions of terms that are most significant to this study.

#### Marketing

Marketing is the method of interpreting the consumers' or users' needs and desires so that the activities of the company can be designed to plan, price, promote, and distribute want-satisfying products and services to present

and potential customers.<sup>1</sup> This definition is a managerial definition that directs the total business system toward consumer satisfaction, from the beginning to the end. Instead of portraying the consumer solely as a sales prospect, this definition implies that his full range of needs and desires will be assessed; a public relations concept of the consumer is inherent in marketing.<sup>2</sup> This definition also points out the interaction of many activities in a totally integrated process under the absolute responsibility of marketing management.<sup>3</sup> .

### Marketing Concept

The total marketing concept gives emphasis to the absolute responsibility of marketing rather than the various separate activities of manufacturing, sales, promotion, merchandising and public relations.<sup>4</sup> More important, the concept orients the company's planning, policies, and

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<sup>1</sup>D. Maynard Phelps and J. Howard Westing, Marketing Management (3d ed.); Homewood, Illinois: Richard D. Irwin, Inc., 1968, p. 5.

<sup>2</sup>Tom M. Hopkinson, "New Battleground--Consumer Interest," Harvard Business Review, 42:61, September-October, 1964.

<sup>3</sup>William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill Book Company, 1964), p. 5.

<sup>4</sup>Hector Lazo and Arnold Corbin, "Integration in Marketing," Marketing Management and Administrative Action, Steuart Henderson Britt and Harper W. Boyd, Jr. (eds.), (New York: McGraw-Hill Book Company, Inc., 1963), p. 669.

operations towards consumer or user satisfaction coupled with a reasonable profit return.<sup>1</sup>

From this major role of marketing, the need has evolved to assemble into one marketing planning document all of the necessary historic and current information on the market, the product, the objectives and the strategies. It would be a document which would serve logically and systematically to organize the plans to achieve the total marketing concept and be available as a reference guide to coordinate the activities required for its execution.<sup>2</sup>

### Marketing Planning

The basic foundation of the marketing concept, and one which is re-stated in the definition of marketing, is direction of the business toward consumer or user satisfaction through the use of an organized marketing plan.<sup>3</sup>

Marketing Planning, therefore, develops objectives and goals for the marketing activity and further determines and schedules the detailed steps necessary to achieve the marketing goals.<sup>4</sup>

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<sup>1</sup>Stanton, op. cit., p. 5.

<sup>2</sup>Wendell R. Smith, "The Role of Planning in Marketing," Marketing Horizons, 2:57, Fall, 1959.

<sup>3</sup>Stanton, op. cit., p. 652.

<sup>4</sup>Robert J. Holloway and Robert S. Hancock, Marketing in a Changing Environment (New York: John Wiley and Sons, Inc., 1968), p. 475.

For the purpose of this study, marketing planning will imply a formal written plan or marketing program specifying marketing goals and describing the means of attaining them as part of the total planning process.<sup>1</sup> Planning can only be beneficial to an organization when the plan is available in a written form.<sup>2</sup>

A number of executives participating in several American Management Association seminars developed the following, more precise, definition. Marketing planning is the formal process of organizing and documenting a written communication that does these things:

1. Defines the business situation--past, present and future.
2. Defines the opportunities and problems facing the business.
3. Establishes specific and realistic business objectives.
4. Defines marketing strategy and action programs required to accomplish the objectives.
5. Pinpoints responsibility for execution of programs.
6. Establishes timetables and controls for execution of programs.
7. Translates goals and programs into quantified form: i.e., forecasts and budgets which provide a basis for planning by other departments of the company.<sup>3</sup>

This broad approach to marketing planning, as it exists in any well-run company, assures that all of the

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<sup>1</sup>Frey, op. cit., p. 3.2.

<sup>2</sup>Ibid., p. 3.4.

<sup>3</sup>American Management Association, "Guidelines for Developing the Annual Marketing Plan" (Orientation Seminar #5257-99, May 21-23, 1969, Chicago, Illinois), p.6. Hereafter the meeting outline is cited as AMA Seminar #5257-99.

individual planning of new products, sales, service, advertising, sales promotion and marketing budgeting is formalized into an organized written plan.<sup>1</sup>

### Management by Objectives

Most simply stated, management by objectives is the performance and achievement of a job as guided by results desired.<sup>2</sup> The objectives may be applied to either an individual's results or a unit's results. The application of developing an individual's performance by having him work toward results desired has been substituted for the old theory that people hate work and responsibility and, therefore, have to be driven or threatened to work toward organizational goals.<sup>3</sup>

In relation to marketing planning, management by objectives as applied to unit performance (departments, divisions, etc.) takes on special value. The basic concept is the same as applied to the individual: that is, decide where we want to go, plan how we are to get there, and determine the measurements to tell us when we have

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<sup>1</sup>Ibid.

<sup>2</sup>Auren Uris, Mastery of Management (Homewood, Illinois: Dow Jones-Irwin, Inc., 1968), p. 166.

<sup>3</sup>Robert Townsend, Up the Organization (New York: Alfred A. Knopf, Inc., 1970), p. 137.

achieved our goal.<sup>1</sup> This definition, when applied to the direction of the performance of a unit, is the heart of the definition of marketing planning and is the important link to the successful accomplishment of the plan.

Marketing managers who live by the practice of management by objectives think and communicate in terms of individual results that are compatible with the planned results of the unit.<sup>2</sup>

### Sales Planning

Sometimes marketing planning is erroneously referred to as sales planning. Sales planning can be a major portion of marketing planning, but it is only that part which is concerned with sales forecasting, developing sales quotas and other programs for reaching the sales target, and sales budgeting.<sup>3</sup>

### Marketing Planning Cycle

The marketing planning cycle is the recurring systematic procedure used to produce the marketing plan. In this study the words cycle and process were used nearly synonymously. The definition of cycle used was the "complete set of events . . . recurring in the same sequence" and that of

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<sup>1</sup>"How to Manage by Objectives," Industry Week, 166:40, June, 1970.

<sup>2</sup>Ibid.

<sup>3</sup>Holloway and Hancock, op. cit., p. 479.

process was "a particular method of doing something, generally involving a number of steps or operations."<sup>1</sup>

Therefore, the marketing planning process is the step-by-step procedure for developing a marketing plan, while the marketing planning cycle is the recurring process of developing the marketing plan.

### Objectives and Goals

Frequently, the terms objectives and goals have been used interchangeably by many writers. Where possible, the following distinction between the two terms was made. An objective is a broad qualitative statement providing basic direction to the operating activity. A goal is a statement used to direct the attainment of the objective in specific quantitative and qualitative terms.<sup>2</sup>

### Strategies

In relation to the total business operations, strategies are planned actions and programs arranged in the necessary sequence of time to attain the established objectives and goals.<sup>3</sup> The strategies detailed in the marketing plan are the major actions and programs of a firm's total

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<sup>1</sup>Joseph H. Friend and David B. Guralnik (eds.), Webster's New World Dictionary of the American Language (Cleveland and New York: The World Publishing Company, 1954).

<sup>2</sup>AMA Seminar #5257-99, p. 4.

<sup>1</sup>Ibid.

operational plan. The generally accepted classification of the specific marketing strategies usually falls into four categories: "the strategies of product and product line; channels of distribution; advertising, personal selling, and promotion; and pricing."<sup>1</sup>

#### LIMITATIONS OF THE STUDY

Prior to this study, an investigation of planning practices of industrial companies was made by McKinsey and Company. They found that many companies had had disappointing results in planning, caused by their failure to realize that marketing planning concepts cannot be borrowed totally intact from consumer goods companies.<sup>2</sup> This study is limited to industrial planning concepts and is expanded from the problems found by McKinsey and Company to the anomalies found in the practice of industrial marketing planning theory.

Most of the information developed from this study came from the analysis of one company. The case study company, Didde-Glaser, Inc., is a producer of graphic arts

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<sup>1</sup>Ralph Westfall and Harper W. Boyd, Jr., "Marketing Management and the Administrative Process," Marketing Management and Administrative Action, Stuart Henderson Britt and Harper W. Boyd, Jr. (eds.), (New York: McGraw-Hill Book Company, Inc., 1963), p. 4.

<sup>2</sup>B. Charles Ames, "Marketing Planning for Industrial Products," Harvard Business Review, 46:101, September-October, 1968.



equipment (printing presses, collators, and newspaper inserters) and designs its marketing planning to market goods which most buyers consider large investment items; therefore, their marketing planning cycle applies only to industrial capital goods.

Classification of industrial products by the traditional approach separates them into five categories: raw materials, fabricating materials and parts, operating supplies, installations and accessory equipment.<sup>1</sup> A more recent approach exemplifies that there is no one way to classify industrial products. This classification has three sub-divisions: products entering directly into manufacturing (raw materials, fabricated materials, parts, and contract manufacturing services); supplies of goods and services (maintenance and repair items, operating supplies, and business services); and capital investment items (installations and equipment).<sup>2</sup> Another example classifies industrial products into industrial specialties, industrial engineered products and industrial capital goods.<sup>3</sup> Using

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<sup>1</sup>Albert Wesley Frey (ed.), Marketing Handbook (New York: The Ronald Press Company, 1965), p. 27.6, citing Charles F. Phillips and Delbert J. Duncan, Marketing: Principles and Methods (5th ed.; Homewood, Ill.: Richard D. Irwin, Inc., 1964); see also Stanton, op. cit., p. 143.

<sup>2</sup>Frey, op. cit., pp. 27.6-27.7.

<sup>3</sup>Burton Schellenbach, "The Five Kinds of Business--From the Marketing Point of View" (presented at the AMA Seminar #5257-99, from Mr. Schellenbach's book, Marketing Short Cuts).

any one of these three approaches, Didde-Glaser's products definitely fall into the classification of industrial capital goods.

Other companies were briefly surveyed by mail and a few others were personally interviewed; however, all of the companies used in this study are producers of industrial capital goods. This limitation provides information about marketing planning for the marketing of capital investment items, the furthest extreme from marketing planning for a consumer goods market.

Throughout this study, a student of marketing planning should keep in mind that the planning requirements of industrial and consumer products companies differ. Industrial products companies have a need to develop multiple strategies since they have many types of end users and many product-market-channel combinations. Furthermore, non-marketing functions normally control the planning process with shifts in strategies often causing major capital expenditures.<sup>1</sup>

A final limitation is that the entire population of producers of industrial capital goods was not involved in the study. Even though the findings and conclusions of this study were primarily based on the in-depth case study of one company and reinforced by a few returns of a sampling of

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<sup>1</sup>"Fundamentals Are Key to Marketing Planning Success," Marketing News, 14:8, January 15, 1973.

of this one area of manufacturing, it is proposed that this study represents a base of information about industrial marketing planning that will be helpful to the student of marketing planning and an aid in the development of curriculums in this area.

## Chapter 2

### REVIEW OF RELATED LITERATURE

Few theorists of marketing planning have explained probable problems that can develop when a company attempts to take the step toward practicing marketing planning theory. This deficiency has been acknowledged by several practitioners in articles that have been published in recent years. Little of the related literature has been specifically directed to the problems faced by industrial marketing planners and even less has been written about modifications that have been made to make a workable marketing planning process for manufacturers of industrial capital goods.

This chapter will review the opinions and expertise of individuals who have shared their experience of the problems of marketing planning. The review will first consider some of the general problems of all marketing planning and proceed to the more specific problems. The final literature to be reviewed deals directly with the problems related to industrial marketing planning; literature that will be most specific to the problems that lead to anomalies from industrial marketing planning theory. Any practical modifications to the marketing planning process that have been shared by these writers will be presented throughout this chapter.

## PROBLEMS GENERAL TO ALL MARKETING PLANNING

Milton Shapiro reviewed the basics of industrial marketing management from several viewpoints and found a major problem of companies was their lack of commitment to a full practice of the marketing concept.<sup>1</sup> He concluded that the entire company needs to be committed to the marketing concept to make it work. This must be followed by a formalized written planning process to translate ". . . the marketing concept from a philosophy to a reality."<sup>2</sup> Problems of planning can occur, suggested Shapiro, if the marketing plan is not ". . . coordinated with the rest of the functional areas of the company . . ." and not fully integrated with ". . . the various marketing functions within the marketing department."<sup>3</sup>

Once a company chooses to write a formal plan to document a commitment toward achieving total practice of the marketing concept, George B. Moseley indicated a broader problem may develop--that of coordination of the marketing plan with the rest of the company. Moseley contended that the biggest problem

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<sup>1</sup>Milton Shapiro, "The Basics of Industrial Marketing Management," Marketing in a Changing World: 1969 June Conference Proceedings, Bernard A. Morin (ed.), (Chicago: American Marketing Association), p. 205.

<sup>2</sup>Ibid., p. 206.

<sup>3</sup>Ibid., p. 207.

. . . is to convince all the other departments of the business that marketing planning is not the exclusive preserve of the marketing department, that there is room in the tent for all of them, and that, as a matter of fact, nothing can begin until they are all there.<sup>1</sup>

Still speaking of marketing planning in general, he stated that there are three objectives that must be met during the introductory period of marketing planning. These are

. . . understanding of the plan; acceptance of the plan; and conformance with the plan. Failure to achieve any one of these three conditions will imperil the prospects for the success of the entire program.<sup>2</sup>

As Shapiro and Moseley indicated, general failures in marketing planning relate to management's misunderstanding of the concepts of formal marketing planning and the relationship of marketing planning to the marketing concept. Other writers have dealt in more detail with individual items that fall directly under this general problem. For example, a fast-growing company of moderate size can develop from one using the skills of a one-man marketing operation to one needing a coordinated effort. As this happens, one participant may oppose formal planning or attempt to control

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<sup>1</sup>George B. Moseley, "Company-wide Participation in Marketing Programs," The Development of Marketing Objectives and Plans, Experiences in Marketing Management, No. 3 (New York: National Industrial Conference Board, 1963), p. 50.

<sup>2</sup>Ibid., p. 51.

the planning function to keep within a framework which he finds congenial.<sup>1</sup>

As the company continues to adapt to formal planning concepts, individual opposition shows up in other areas. The top management may fear, and actually find, that some of the middle management will use the concept of marketing planning as an escape from the risks and responsibilities of prompt decisions.<sup>2</sup> Winer expanded on this problem by pointing out that two dangers of planning include delay of action and reduction in individual initiative.<sup>3</sup> The first directly relates to the use of step-by-step planning concepts as an escape from making the on-the-spot decisions necessary to take care of a current problem. The second danger indicates the loss of initiative in a manager making day-to-day decisions who allows the planning process to make him feel regarded as automatically programmed.<sup>4</sup>

In the early stages of learning how to plan formally, simple excuses are used not to develop a good marketing plan. Lack of time is always one such excuse. Top

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<sup>1</sup>Wroe Alderson, "Theory and Practice of Market Planning," Marketing Management and Administrative Action, Steuart Henderson Britt and Harper W. Boyd, Jr. (eds.), (New York: McGraw-Hill Book Company, Inc., 1963), pp. 157-158.

<sup>2</sup>Ibid., p. 157.

<sup>3</sup>Leon Winer, "Marketing Planning Concepts and Procedures" (unpublished Doctor's dissertation, Columbia University, 1963), p. 6.

<sup>4</sup>Ibid., p. 7.

management claiming lack of time to develop a formal written plan might alleviate the problem if they were "more willing to delegate the authority for planning."<sup>1</sup>

Alderson agreed that time is the manager's most precious resource but further pointed out that in the final analysis, planning is a way to economize upon this scarce commodity.<sup>2</sup> Planning is a time-consuming activity; if staff planners are involved, they will probably seek ample time to prepare the plan while the executive charged with getting results from the plan will push for its earliest possible completion. Progress toward solving this problem might be found in streamlining the planning process.<sup>3</sup>

Directing the staff planners is important for a successful planning operation. Misdirection can create a second problem for top management. If upper management is unable clearly to define what it wants from the planners, planners may not return to management what it needs--"a well-honed tool for guiding corporate affairs."<sup>4</sup>

If staff planners are used to write the formal plan, executives must keep on top of the planning process for two other reasons. First, planners need a lot of data and all

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<sup>1</sup>Stanton, op. cit., p. 654.

<sup>2</sup>Alderson, op. cit., p. 159.

<sup>3</sup>Ibid., p. 161.

<sup>4</sup>Malcolm W. Pennington, "Planning Takes More Than a Little Planning," Industry Week, 171:35, December 20, 1971.



the facts before they can return with organized information, a coordinated schedule of action, and a means to monitor performance that is complete and usable.<sup>1</sup> Secondly, staff planners do not select the strategic objectives. Planning and working the plan are separate parts of the same job responsibility that belongs to the manager. Here again, staff planners are to be used as informational and liaison assistants to the operating executive.<sup>2</sup>

If control of the planning process is lost or ignored at this point, other problems may occur. The company may end up with a formal plan indicating one direction and an informal plan of management using resources to take the company another direction.<sup>3</sup> At this point, implementation of the plan, perhaps the hardest part of planning, becomes more of a problem, with miscommunication of the exact objectives to which each manager has committed himself.<sup>4</sup>

Another problem can develop if the executive doesn't understand the mechanical sequence of the steps and timing

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<sup>1</sup>"The Five Pillars of Long-Range Planning," Business Management, p. 19, March, 1970.

<sup>2</sup>Pennington, op. cit., p. 38.

<sup>3</sup>Winer, "Marketing Planning Concepts and Procedures," p. 39.

<sup>4</sup>"The Five Pillars of Long-Range Planning," op. cit., p. 20.

used by staff personnel in the planning process.<sup>1</sup> Staff planners can place a situation of inflexibility upon the operating executive, especially as the plans become more detailed and widespread. Here again, if management is involved with the planning process, logic would suggest that management would also be interjecting flexibility into the formal marketing plan.<sup>2</sup>

Richard Manville, president of Richard Manville Research, Inc., reviewed nearly all of the general reasons marketing planning fails in one statement:

Weaknesses which contribute to failures:  
lack of top-management support, lack of factuality in situation analysis, inexperienced people doing analysis, preparation which lacks participation by those who will execute the plan, lack of customer orientation, inadequate selling of plan during and after preparation, elements that will create interdepartmental battles, and failure to anticipate competitive moves and product deficiencies.<sup>3</sup>

This same list of items was presented by the American Management Association in an orientation seminar in the spring of 1969. The A. M. A. expanded on this statement with "pitfalls to avoid" which included the following: excessive fact gathering, missing deadlines, seeking perfection, frustrating and pointless committee meetings,

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<sup>1</sup>Bruce Payne, "Steps in Long Range Planning," Harvard Business Review, p. 104, March-April, 1957.

<sup>2</sup>Winer, "Marketing Planning Concepts and Procedures," p. 6.

<sup>3</sup>"Why Some Marketing Plans Fail," Industry Week, 178:9, September 3, 1973.

and oversophistication.<sup>1</sup> From the Association's experience with planning executives, they found that "regardless of the form or organization used, coordination both up and down the line and across departments is essential to success (in planning)."<sup>2</sup>

One final general problem in planning is that it is tempting to give up on formal planning in the early development of a workable procedure. Winer pointed out that it is generally agreed that the expenditure for marketing planning "can be justified only as long as it contributes to the achievement of the objectives of the firm."<sup>3</sup> However, top management must stick to the formal planning concept long enough to give it a chance to work.<sup>4</sup> Estimates of up to five cycles of the planning process have been made in defense of establishing an effective, smooth-working procedure.<sup>5</sup>

#### PROBLEMS SPECIFIC TO ALL MARKETING PLANNING

In Chapter Three, the elements of the marketing plan will be discussed, but in order to review the specific

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<sup>1</sup>AMA Seminar #5257-99, p. 41.      <sup>2</sup>Ibid., p. 44.

<sup>3</sup>Winer, "Marketing Planning Concepts and Procedures," p. 6.

<sup>4</sup>Alderson, op. cit., p. 154.

<sup>5</sup>Leon Winer, "Are You Really Planning Your Markets?" Journal of Marketing, 46:2, January, 1965.

problems that have been written about in regard to marketing planning, these elements are listed at this point as an introduction to the marketing planning process.

Elements of the Didde-Glaser  
Marketing Action Plan<sup>1</sup>

- I. Corporate Objectives
- II. Review and Analysis
  - A. Current Marketing Situation
  - B. Economic Forecasts
- III. General Assumptions
- IV. Company Marketing and Product Assumptions
- V. Long Range Planning Projections
- VI. The Annual Marketing Order Forecast
- VII. Marketing Strategies
- VIII. Sales Plan
  - A. Territory Analysis
  - B. Order Quotas
- IX. Advertising and Sales Promotion Plan
- X. Internal Support Plans
- XI. Marketing Operating Budget

The scope of this list begins to indicate the basic problem of control which has already been mentioned.

Management by measurable objectives can be a useful technique in helping to solve the problem of control if the ". . . measurement calls for singling out factors that should be controlled, measuring them, and then comparing them with some standard of performance."<sup>2</sup> Gatto suggested controlling the plan through the use of network planning

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<sup>1</sup>Adapted from an internal Didde-Glaser memo, "Development of the Marketing Action Plan," September 24, 1969.

<sup>2</sup>Kenneth R. Davis, Marketing Management (New York: The Ronald Press Company, 1961), p. 745.

and analysis.<sup>1</sup> This method would again single out the factors to be controlled and ". . . graphically portray the logic precedence . . ." of the activities necessary to meet the objectives on time.<sup>2</sup>

Designing measurements of objectives for comparison with previously established standards may not always solve the problem of control. It is not always possible to measure directly all objectives of the plan or even the total extent to which previous goals have been achieved.<sup>3</sup> In this case the manager ". . . should never overlook the importance of control through personal observation."<sup>4</sup> It is important, in either case, to communicate to the people who are to accomplish the objectives the clear path which they are expected to take.<sup>5</sup>

In cases where goals can be specifically made precise in measurement and terms, achievement problems may occur because accurate measurable results are missed because of the unpredictable environment in which the executives are

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<sup>1</sup>James J. Gatto, "Network Planning and Analysis," Machine Design, June 11, 1970, p. 149.

<sup>2</sup>Ibid., p. 150.

<sup>3</sup>Winer, "Marketing Planning Concepts and Procedures," p. 87.

<sup>4</sup>Harold Koontz and Cyril O'Donnell, Principles of Management (3rd. ed.) (New York: McGraw-Hill Book Company, 1964), p. 558.

<sup>5</sup>Robert N. McMurry, McMurry's Management Clinic (New York: Simon and Schuster, 1960), p. 135.

working.<sup>1</sup> Buell, in making this statement, also offered some advice. To make future planning goals precise, they must be "dynamically quantified . . . in a manner which makes it easier to recognize the problem because you can identify, detect and measure deviations." This requires continuing "feedback" so that revisions can be made whenever there is significant deviation from the goal.<sup>2</sup>

From this discussion the importance of the concept of management by objectives (MBO) and its relationship to the marketing planning concepts begins to take shape. Managers who practice management by objectives are oriented toward the results which attain goals while those managers who practice management by controls direct their thinking and activities toward getting people to do things.<sup>3</sup>

The theory of both marketing planning and MBO is that as each person of a group knows the others' involvement with company objectives and knows what is expected of him, then each can better use the information he has as a contribution to goal development.<sup>4</sup> Both theories tie the total company together from top management who must set the major

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<sup>1</sup>Victor P. Buell (ed.), Handbook of Modern Marketing (New York: McGraw-Hill Book Company, 1970), p. 7.8.

<sup>2</sup>Ibid., pp. 7.8, 7.9.

<sup>3</sup>"How to Manage By Objectives," Industry Week, 166:40, June 8, 1970.

<sup>4</sup>"Set Attainable Goals Through Participative Management," Industry Week, 172:37, February 28, 1972.

business objectives, to the people who must be involved in the results to achieve these objectives.<sup>1</sup> The major problem at this point is that "the personalities of employees will still need to be taken into account, especially when they interfere with work."<sup>2</sup> Success depends upon participation and accountability that must replace the lip service and heel-dragging that are sometimes passed off for the use of good management practice.<sup>3</sup>

Another requirement of a workable planning process is the necessary input of reliable information for the situation analysis.<sup>4</sup> Many companies find their planning system to be fragmented or nonexistent because information needed for the situation analysis goes unfilled or filled on a piecemeal basis.<sup>5</sup> Even though many companies have developed sophisticated marketing information systems, most are ". . . exclusively concerned with the control function as applied to the operational activities of the organization," and few are directly applied to the planning function and the "strategic marketing decisions . . . critical to the

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<sup>1</sup>"How to Manage By Objectives," op. cit., p. 41.

<sup>2</sup>Auren Uris, Mastery of Management (Homewood, Ill.: Dow Jones-Irwin, Inc., 1968), p. 169.

<sup>3</sup>"Set Attainable Goals Through Participative Management," op. cit., p. 37.

<sup>4</sup>Buell, op. cit., p. 7.9.

<sup>5</sup>Neil Doppelt, "Down-to-Earth Marketing Information Systems," Management Adviser, September-October, 1971, p. 20.

organization's future."<sup>1</sup> This emphasis away from planning and marketing has resulted in relatively unsophisticated systems' being used for critical externally generated information.<sup>2</sup>

Other companies have planning problems because they try to ignore the situation analysis altogether and try to set marketing goals which will meet the corporate objectives without understanding the external and internal forces that influence their companies.<sup>3</sup> An example of little or no information available for the situation analysis causing problems in the planning process is the undefined market potential which lacks a precise outlook of the market and cannot provide guidance about the share of the market to be sought.<sup>4</sup>

McMurry pointed out that problems in planning can develop from not basing the plan upon realistic assumptions.<sup>5</sup> The area of new products is especially prone to problems for the planners. Planning personnel charged with

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<sup>1</sup>David I. Cleland and William R. King, "Environmental Information Systems for Strategic Marketing Planning," Journal of Marketing, October, 1974, p. 35.

<sup>2</sup>Ibid., p. 35.

<sup>3</sup>"Don't Jump Too Quickly into Goal-Setting," Industry Week, 180:48, February 11, 1974.

<sup>4</sup>Richard A. Mattson, "Marketing Without Sales Isn't Really Marketing," Industry Week, 173:47-48, April 3, 1972.

<sup>5</sup>McMurry, op. cit., p. 35.



developing market strategies for a new product may lack the support of facts and details usually afforded the technical and engineering people in the company.<sup>1</sup>

Technical problems associated with the calculated foresight provided through the statistics and mathematics of planning and forecasting may develop through a conflict of an executive who would rather trust his own spur-of-the-moment judgment.<sup>2</sup> Sometimes this conflict stems from poor or illogical statistical methods being used, which in turn may lead to poor planning results.<sup>3</sup> At other times the resistance of the manager is really his feeling of a potential threat to his own freedom of action through a subordinate's ability to translate facts in a different manner.<sup>4</sup> In the latter case the manager forgets that the extrapolation of history is not planning but merely the forecasting step in the planning process.<sup>5</sup>

The review of related literature did not uncover any other specific problems or solutions of planning the operational strategies concerning the product, distribution,

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<sup>1</sup>"Good Marketing Doesn't Just Happen--It Takes Planning," Marketing News, 7:8, November 15, 1973.

<sup>2</sup>Alderson, op. cit., p. 157.

<sup>3</sup>Stanton, op. cit., p. 654.

<sup>4</sup>Alderson, op. cit., p. 157.

<sup>5</sup>"The Five Pillars of Long-Range Planning," op. cit., p. 18.

selling, pricing, advertising or sales promotion. In a broad manner the American Marketing Management summarized the overall problems in their statement:

There are many reasons why some marketing plans fail. Among the most common reasons (is the) lack of a real plan. There are many "ersatz" and "semi" plans such as "bold" sales forecasts, "blue-sky" (unrealistic) goals, promotion programs, market research studies, competitive analyses, financial budgets, and "advertising agency concepts." All of these "ersatz" or "semi" plans have one thing in common: they fail to produce results.<sup>1</sup>

#### PROBLEMS DIRECTLY RELATED TO INDUSTRIAL MARKETING PLANNING

There has been relatively little written about the problems and anomalies of industrial marketing planning. This situation has been recognized by a few writers who have spent some time researching and sharing their findings. The most notable related literature has been written by B. Charles Ames. In his Harvard Business Review article, "Marketing Planning for Industrial Products," he discussed the three principal causes of problems in putting marketing planning concepts into practice which he found while studying the planning practices and results of 50 industrial companies.<sup>2</sup>

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<sup>1</sup>AMA Seminar #5257-99, p. 40.

<sup>2</sup>B. Charles Ames, "Marketing Planning for Industrial Products," Harvard Business Review, 46:100, September-October, 1968.

These industrial goods producers found that after setting up sophisticated planning systems, patterned after the procedures used by consumer goods makers, the magic was lost in the industrial marketing context. Ignorance of the theory or mechanics of planning was not the cause of this disappointment, but rather a realization that marketing planning concepts cannot be borrowed intact from consumer goods companies for their applications.<sup>1</sup> From this pitfall, the study found strong indications that industrial planning problems fall into three categories: "Failure to fit the concept to the industrial context, overemphasis on the system at the expense of content, nonrecognition of alternative strategies."<sup>2</sup>

Studying the failure to fit the concept from consumer to industrial marketing planning, Ames found that industrial companies have two characteristics that set them apart and necessitate a different planning approach.

"The first is the multiplicity of markets and channels in which they operate, each requiring a discrete marketing strategy."<sup>3</sup> In this instance, he found that unlike a consumer goods company, which typically markets its several brands through one or two channels, an industrial manufacturer is likely to sell in a wide range of different markets

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<sup>1</sup>Ibid., p. 101.

<sup>2</sup>Ibid., p. 101.

<sup>3</sup>Ibid.

through a variety of channels, and the marketing strategy must be adapted to individual markets rather than developed according to a generalized plan.

The second distinguishing characteristic is that the marketing department must also plan around the constraints imposed by other functions, since marketing simply does not control the factors that make or break performance in the marketplace.<sup>1</sup>

This points out that industrial marketing depends on activities of the other functions of the company, such as engineering, manufacturing, and technical service. Additionally, industrial marketing contrasts with a consumer goods company, in which merchandising, advertising and sales promotion are generally the core elements of the marketing plan.

This second distinction is further complicated by the fact that the industrial goods producer is marketing under more unstable sales conditions than that of consumer goods companies.<sup>2</sup> Fox described two major reasons for the instability as the acceleration effect and the distortion caused by time lags.

Briefly explained, the accelerator describes the relationship by which a small change in final demand may be amplified into a much larger change in the industrial sector. Further, a surge in demand leads to long delays in delivery, during which an actual shortage is exaggerated because

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<sup>1</sup>Ibid., pp. 101-102.

<sup>2</sup>Harold W. Fox, "A Framework of Industrial Marketing," Baylor Business Studies, 4:10, November, December, 1971, and January, 1972.

separate firms order more than the total market can absorb.<sup>1</sup>

For the industrial goods manufacturer these conditions dictate the formation of marketing strategies that are based on product design, cost, or service innovations.<sup>2</sup> There is also the implication that marketing strategies to change demand may be amplified into much larger changes causing long lead times on shipments and even possible shortages.

Since the industrial marketing plan must depend on activities in other functional areas in order to be successful, it is unrealistic for the people in the marketing function to expect success without full participation of corporate and operating managers throughout the planning process.<sup>3</sup> This statement includes top corporate management because they should provide "the long-range growth objectives and financial criteria and assign specific responsibilities for planning."<sup>4</sup> Without top management support, marketing lacks the direction needed to know the kind of business the company wants or doesn't want, the minimal return to be expected, or the kind of support it is willing to give in

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<sup>1</sup>Ibid., pp. 10-11.

<sup>2</sup>Ames, op. cit., p. 102.

<sup>3</sup>Ibid., p. 102.

<sup>4</sup>"Fundamentals Are Key to Market Planning Success," Marketing News, 14:8, January 15, 1973.

various markets.<sup>1</sup> Without this type of top management involvement, "planning becomes a parallel activity--not the basis for running the business."<sup>2</sup>

These differences between industrial and consumer goods companies also indicate that differences in the organizational structure must be expected. In some cases, industrial manufacturers find their planning processes hindered until they shift to market managers from product managers, permitting a more clearly-focused plan. In other cases, a highly departmentalized organization structure "makes planning difficult by discouraging interfunctional coordination."<sup>3</sup>

The second category relating to overemphasis on the planning system indicates that a highly structured planning process used by consumer goods producers cannot be borrowed totally for use by industrial goods planners. Ames found that many times "someone or some group had designed an over-structured and overdetailed planning system that was out of phase with the realities of the business."<sup>4</sup> Although some of the structure is necessary, a detailed and highly structured system can act as a hindrance and serve as the

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<sup>1</sup>Ames, op. cit., p. 102.

<sup>2</sup>"Fundamentals Are Key to Marketing Planning Success," op. cit., p. 8.

<sup>3</sup>Ibid., p. 8.

<sup>4</sup>Ames, op. cit., p. 103.

end product rather than the means to an end.<sup>1</sup> Under this situation, management becomes frustrated by the system, often becoming unsure whether formal planning is something important that ought to be improved or whether it is just a fad that ought to be discarded.<sup>2</sup>

Overemphasis on the system can lead to a failure to build flexibility into the plan by excluding alternative strategies. This results in "plans that usually are straight-line projections, disregarding basic trends and the potential impact of competitors' moves."<sup>3</sup> Ames found that the tendency to base current plans on past programs was apparent when planners he talked to could not conceive of different approaches for alternative plans that made any sense. Ames said:

Many planners either misjudge or fail to understand the underlying economics of the business or the changes going on in the marketplace that call for alternative strategies. Many planners also appear reluctant to face up to unpleasant truths about their competitive situation that place the company in an untenable marketing position.<sup>4</sup>

This points out the need for planners to understand their company's business thoroughly, making themselves aware of key industry facts, knowing their own market position,

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<sup>1</sup>Ibid., p. 102.

<sup>2</sup>Ibid., p. 101.

<sup>3</sup>"Fundamentals Are Key to Marketing Planning Success," op. cit., p. 8.

<sup>4</sup>Ames, op. cit., p. 103.

knowing their own and major competitors' economics, and anticipating strategy of major competitors.<sup>1</sup>

Ames concluded that without exception all of the companies studied had avoided these pitfalls and had reached a level of sophistication primarily because of three factors:

1. Better definition and direction from the top.
2. Development of fact-founded product-market

strategies.

3. Superior programming for strategy implementation.<sup>2</sup>

The first factor also encompasses the realization by the company of the "multiplicity of products, markets, and channels, and the need for a technical, rather than a sales or merchandising, orientation."<sup>3</sup> Participation from top management must come from four areas in order to make marketing planning pay off:<sup>4</sup>

1. Specify corporate objectives
2. Determine organization arrangements
3. Provide interfunctional coordination
4. Contribute to marketing plans.

Looking briefly at each of these four areas, the first is fairly self-explanatory, and the subject has been touched upon earlier in this review. However, Ames noted

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<sup>1</sup>"Fundamentals Are Key," op. cit., p. 8.

<sup>2</sup>Ames, op. cit., p. 103.

<sup>3</sup>Ibid., p. 104.

<sup>4</sup>Ibid., pp. 104-106.



that he found that some marketing planners use the lack of corporate objectives as an excuse for their own inability to do their jobs successfully.<sup>1</sup>

Within the second area, the study found that leader companies understand the importance of appraising and reappraising the organization structure to assure that marketing planners have the correct focus and that their roles are clearly understood by everyone in the organization.<sup>2</sup> In the third area, Ames pointed out that even the most carefully conceived marketing organization arrangements will run into problems unless the marketing planners

1. Work effectively with the other functions that influence the performance of a business in the marketplace, and

2. command the respect of their functional counterparts (with) all concerned having a clear understanding of how they are expected to work together.<sup>3</sup>

Contributions from top management, the fourth area of necessary participation, includes contributing alternative ideas on strategies and programs in a way so as not to stifle new ideas to planning from marketing.<sup>4</sup> This avoids the situation in which planners get locked into a "one way" pattern of thinking; it tries to encourage planners to seek out alternative directions.<sup>5</sup>

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<sup>1</sup>Ibid., p. 104.

<sup>2</sup>Ibid., p. 104.

<sup>3</sup>Ibid., pp. 104-105.

<sup>4</sup>Ibid., p. 106.

<sup>5</sup>Ibid., p. 108.

The second factor which helps improve the industrial marketing planning emphasizes the need for fact-founded strategies "for each product/market business realistically tied to market and economic facts."<sup>1</sup> Key economic and marketing leverage points must be found by planners, such as "significant product advantages, exceptional service capabilities, or excessive raw material costs."<sup>2</sup> This statement gives a reason for Ames' finding, that few companies have mastered strategy development.<sup>3</sup> More specifically, Ames contends:

. . . Planners need to know the economics of their competitors as well as of their own businesses-- that is, where value is added, how costs behave with changes in volume, where assets are committed, and so on. . . . Planners must also know how the market is structured and what forces are likely to affect the company's market position and outlook.<sup>4</sup>

Companies also avoid problems in the planning procedure through superior strategy implementation or program, the third area considered by Ames.<sup>5</sup> To do this, these companies follow three ground rules:

First, management will approve no major program or project that is not inextricably linked to a product/market strategy. . . .

Second, management makes some sort of organization provision for follow-through on major

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<sup>1</sup>Ibid., p. 108.

<sup>2</sup>"Fundamentals Are Key to Market Planning Success," Marketing News, 14:8, January 15, 1973.

<sup>3</sup>Ames, op. cit., p. 108.      <sup>4</sup>Ibid., p. 108.

<sup>5</sup>Ibid., p. 110.

programs, particularly those that cut across functional lines. . . .

Third, (management) sees to it that the detailed steps involved in major programs are mapped out in such a way that performance can be measured against these individual steps. . . .<sup>1</sup>

#### SUMMARY OF ANOMALIES TO INDUSTRIAL PLANNING

Most executives of industrial goods manufacturers are aware that effective marketing planning:

- a. depends on market and economic facts
- b. focuses on points of leverage, and
- c. results in operating programs, not just budgets.<sup>2</sup>

But experience has shown that:

1. Industrial companies have unique planning requirements.
2. Most companies have mastered the theory of planning.
3. A gap still exists between theory and practice.
4. The key to success is<sup>3</sup> attention to fundamentals, not sophisticated techniques.

The final conclusion emphasizes the need for industrial marketing planning to adapt much more closely to the requirements of its particular business.<sup>4</sup> The planning process needs enthusiastic and intelligent participation from top management. This demands a planning system that is

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<sup>1</sup>Ibid., p. 110.

<sup>2</sup>Ibid., p. 101.

<sup>3</sup>"Fundamentals Are Key," op. cit., p. 8.

<sup>4</sup>Ames, op. cit., p. 111.

". . . simple, practical, selective, adaptable, and flexible."<sup>1</sup> At the same time, this also demands much less emphasis on the system (format and techniques) while focusing on achieving substantive improvements in thinking and action through:

1. Sufficient technical assistance educated to do better planning with less time and effort.<sup>2</sup>
2. Tough-minded analysis by technical assistants.<sup>3</sup>
3. Continual interchange between marketing, technical, and executives from other functional areas.<sup>4</sup>
4. Management input and support.<sup>5</sup>
5. Improved communications with a minimum amount of writing assignments.<sup>6</sup>

These are the areas where formal marketing planning can be improved. They all involve people with different strengths, weaknesses, ambitions, abilities, styles, and indifferences; therefore, the "acid test" proposed by the American Management Association still bears repeating for industrial, as well as consumer goods planning: Are both the planning processes and the written marketing plans realistic and flexible?<sup>7</sup>

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<sup>1</sup>Buell, op. cit., pp. 7-9.

<sup>2</sup>Ibid., pp. 7-9.

<sup>3</sup>Ames, op. cit., p. 111.

<sup>4</sup>Ibid., p. 111.

<sup>5</sup>Ibid., p. 111.

<sup>6</sup>Buell, op. cit., p. 7.

<sup>7</sup>AMA Seminar #5257-99, p. 43.

## Chapter 3

### THE THEORETICAL MARKETING PLANNING CYCLE

The marketing planning cycle presented in this chapter was developed by Didde-Glaser, Inc., from available theory and was considered to be a standard and workable planning process. The decision to formalize their planning functions was made in May of 1969 when Didde-Glaser organized their Marketing Planning department. One of the duties of these new Marketing Planners was to devise the process necessary to develop the Marketing Action Plan and communicate the procedure and timing of the marketing action planning cycle.

These planners were in a unique position of developing the first cycle of planning to be used by their Marketing department. They soon found, however, they had to produce a workable planning cycle from the small amount of literature available and from no practical marketing planning experience. This method did have the benefit that no previously established prejudices could hinder the development of a marketing planning cycle typified by the available information.

## THE DEVELOPMENT OF MARKETING PLANNING

The pioneer development of formal marketing planning was done by American advertising agencies. Their detailed plans to show the steps and expenditures necessary to reach advertising goals were soon picked up by industry to be used as instruments to describe the total marketing concept.<sup>1</sup>

During the latter part of the 1940's, some of the better managed companies began developing detailed marketing plans.<sup>2</sup> One of the first of these companies to use a formal planning process was the General Electric Company. Their procedure was developed to be wide enough in scope to be useful to all divisions and departments of the company. In fact, it has had a significant impact on the planning procedures of many other business concerns.<sup>3</sup> The General Electric marketing planning process, "Pathway to Profits," is schematically presented in Figure 1.<sup>4</sup>

The General Electric process was developed as a true planning cycle, beginning with the customer and returning to the customer. Beginning with the customer, the cycle

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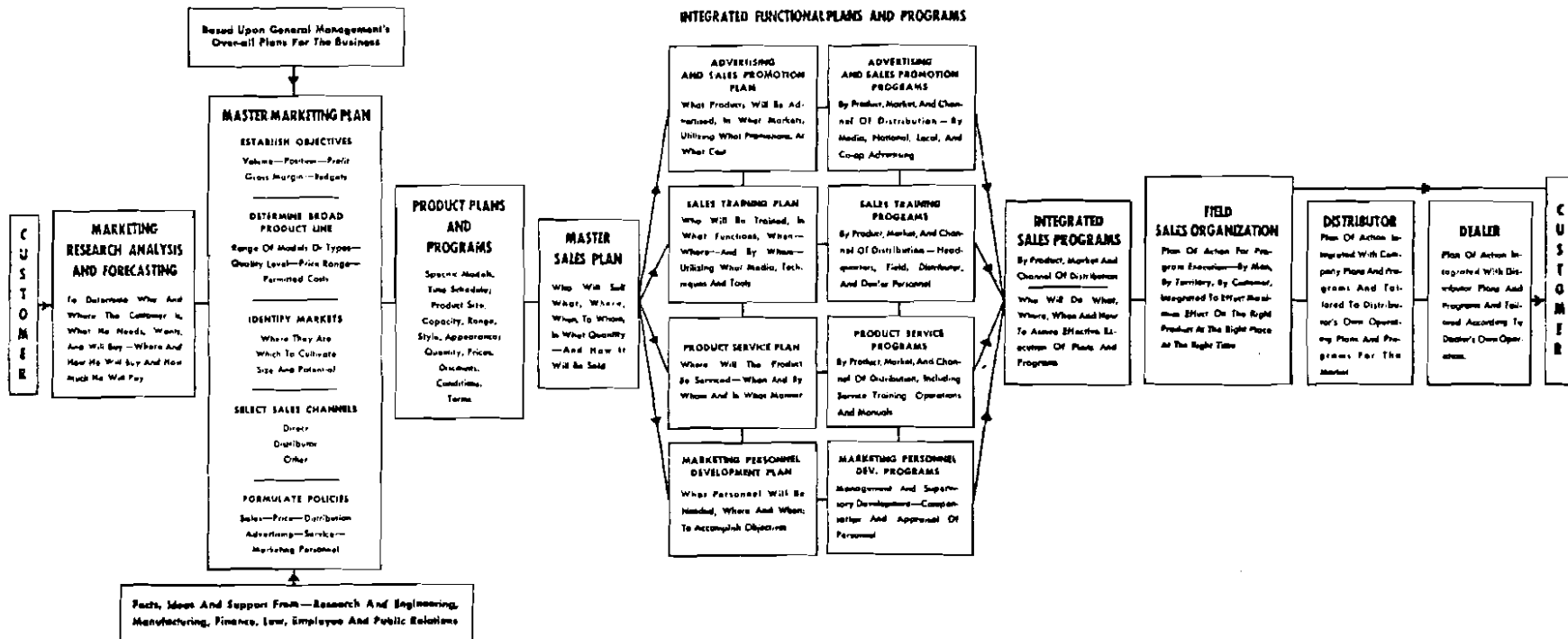
<sup>1</sup>AMA Seminar #5257-99, p. 1.

<sup>2</sup>D. Maynard Phelps and J. Howard Westing, Marketing Management (3d ed.); Homewood, Illinois: Richard D. Irwin, Inc., 1968, p. 29.

<sup>3</sup>Ibid., pp. 31-32.

<sup>4</sup>"General Electric: Marketing Planning Process--'Pathway to Profits'," General Electric Company. Used with the permission of General Electric.

# THE G-E MARKETING PLANNING PROCESS — "PATHWAY TO PROFITS"



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MARKETING SERVICES DIVISION  
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Figure 1

The General Electric Marketing  
Planning Process

proceeds to planning inputs. The first input is from a marketing research analysis of the customer and a sales forecast. From this basic input, the Master Marketing Plan establishes marketing objectives and assumptions of the product line and distribution channels as well as identifying the markets. Then, middle management proceeds with greater detail to establish the objectives that each manager is responsible for as a measurement of his effectiveness.

From the Master Marketing Plan, General Electric develops their Product Plans and Master Sales Plan which are considered as further refinements of the Master Marketing Plan. The basis for refinement is the integration of advertising, sales promotion, and personal selling and servicing which the Master Sales Plan develops in precise terms. These detailed refinements are then converted into action programs, maximizing the sales effort to deliver the right products at the right places at the right times to facilitate the purchase by the customer.<sup>1</sup>

The Aluminum Company of America developed its first formal marketing plans in 1962.<sup>2</sup> ALCOA subdivides its marketing planning into three basic elements, the analytical information base, the establishment of objectives, and the design of specific action programs.<sup>3</sup> The ALCOA definition

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<sup>1</sup>Phelps and Westing, op. cit., pp. 30-32.

<sup>2</sup>Ibid., p. 35.

<sup>3</sup>Ibid., p. 41.



of their marketing planning also broadly defines the GE planning cycle and probably all formal planning procedures with one exception. A fourth and final element is necessary to complete the cycle: the adoption and implementation of the specific action programs.<sup>1</sup>

From the use of a formal marketing plan by General Electric and several other companies, the four basic elements mentioned above were developed into the basis for the theory of marketing planning concepts and procedures. Early in the 1960's, a study was made by Winer of marketing planning practices of companies who were recognized as leaders in this area. Winer concluded that ". . . while a certain amount of adaptation is required in each case, a general procedure exists that is applicable to marketing planning."<sup>2</sup>

The model that was developed from this study presented a cycle somewhat re-arranged from the General Electric process. Winer's model started with the development of marketing objectives followed by an analysis of the situation and a forecast of the environment. From this information, the one-year marketing programs were proposed, reviewed, adjusted, and formulated. Action plans were

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<sup>1</sup>Wroe Alderson, "Theory and Practice of Marketing Planning," Marketing Management and Administrative Action, Stuart Henderson Britt and Harper W. Boyd, Jr. (eds.), (New York: McGraw-Hill Book Company, Inc., 1963), p. 154.

<sup>2</sup>Leon Winer, "Are You Really Planning Your Markets?" Journal of Marketing, 46:2, January, 1965.

structured from the marketing programs and were then executed and controlled.<sup>1</sup>

The General Electric cycle describes the method to develop a marketing plan while Winer's cycle describes what must be done to complete the process. It is apparent, however, that Winer's study found that the marketing objectives were set before the analysis of the situation and the forecast. The General Electric process calls for an analysis and forecasts to be made before the marketing objectives are designed.

The Didde-Glaser marketing planning cycle was constructed with consideration given this major difference. Since it was felt that intelligently sound objectives cannot be developed without a careful study of existing conditions, the analysis of the external environment and the internal situation was chosen as the starting place for sound planning.

A second consideration was given to the role of the forecast. It was felt that companies which use the planning concept as a tool to develop and achieve objectives and goals for the marketing activity use the forecast as a specific goal if the company accepts it and plans for it.<sup>2</sup>

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<sup>1</sup>Ibid.

<sup>2</sup>Opinion expressed by Marvin J. Cetron in an address at the "Institute on Technoeconomic Forecasting for Printing, Publishing, and Information Services," at Washington, D. C., September 21, 1970.

At Didde-Glaser, the Marketing Order Forecast is the accepted goal the Marketing Division gives to the company as a commitment for corporate planning, and it may not be the same as the forecast outlook developed by the Marketing Research Department.

Before discussing the basic content of the four elements of marketing planning, a planning time period must be defined. A specific plan is centered around a particular time period, such as the one-year marketing programs pointed out by Winer.<sup>1</sup> The planning process, on the other hand, continues indefinitely, unlimited by any time period.<sup>2</sup> In an effort to minimize the time limitation of an actual plan, thereby making the plan more compatible with the planning process, a moving plan was developed. The time period was still to be one year, but by reviewing, expanding, and updating on a quarterly basis, the actual plan would never be shorter than three months.

#### THE DIDDE-GLASER MARKETING ACTION PLAN

The initial formal marketing planning document used at Didde-Glaser, Inc., was called the Marketing Action

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<sup>1</sup>Winer, "Are You Really Planning Your Markets?" op. cit., p. 1.

<sup>2</sup>Robert W. Ferrell, "Marketing Planning, a Vital Part of Long-range Business Planning," Marketing Management and Administrative Action, Steuart Henderson Britt and Harper W. Boyd, Jr. (eds.), (New York: McGraw-Hill Book Company, Inc., 1963), p. 167.

Planning Manual. This document was developed to fill the needs of communicating the total marketing plan. The formal written Marketing Action Plan carried the natural acronym of the MAP Manual and offered a "road map" for an orderly operation of the marketing plan. The general format for developing a complete MAP Manual also shows how Didde-Glaser's marketing planning cycle was developed to provide a "map" to attempt to avoid the problem of slowdowns in the planning process so that the planning staff could produce the written documents for management at the earliest possible date.<sup>1</sup>

In Appendix A, pages 96-112, the guidelines for each section of the Didde-Glaser Marketing Action Plan are given as they were written during the first organized effort toward formal marketing planning.<sup>2</sup> These guidelines were developed to provide marketing management an outline of the basic contents that would establish a smooth flow of activities in the planning process. A summary of these guidelines is given here to explain the evolution of the current planning process, a comparison of which will relate to some of the anomalies which occurred as the plan evolved.

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<sup>1</sup>Alderson, op. cit., p. 161.

<sup>2</sup>Preface to "The Marketing Action Plan of Didde-Glaser, Inc.," (unpublished, confidential planning document of Didde-Glaser, Inc., Emporia, Kansas, for their fiscal year 1969-70); hereafter referred to as Preface; MAP Manual.

Following the introductory notes which set the tone of the formal marketing plan, the analytical information was presented in a review and analysis of the current marketing situation, then expanded to include assumptions and forecasts extrapolated from this base. The review and analysis ". . . gives a concise analysis of the historic and current marketing conditions."<sup>1</sup> More specifically, total economic trends, industry trends and detailed Didde-Glaser product trends are studied, as well as a review of Didde-Glaser's markets, customers, and competition.

From this base, business assumptions and forecasts were developed in the next three sections. The first of these three included all of the ". . . factual statements and forecasts of the economy that may affect the policies and sales of D-G."<sup>2</sup> Then the assumptions and forecasts of Didde-Glaser's markets and products were presented in detail for the next four quarters and in a general overview for the following four years. These assumptions and forecasts highlighted the future opportunities and problems that the company expected to face.<sup>3</sup>

After the marketing situation was reviewed, analyzed and projected into the business conditions most likely to be expected during the planing period, the desired achievements

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<sup>1</sup>Ibid.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

were presented in the next section. These objectives were expected not only to be specific,

. . . but practical and measurable, covering financial objectives such as sales volume, share of market, and price changes as well as nonfinancial objectives such as market penetration, new product innovations, manpower development and training, and regional objectives.<sup>1</sup>

Sections seven through twelve directed the planning process toward the design and outline of specific goals and action programs. The first of these was the Marketing Shipping Forecast. At this point, the forecast was actual numbers of units of each product and the actual dollar volume the marketing division would plan to get. This forecast not only used the projections of historical information for each product, but also gave consideration to the economic information, corporate guidelines and objectives, specific marketing objectives and information assembled in previous sections.<sup>2</sup> Marketing strategies followed to support the Marketing Shipping Forecast.

The sections that followed contained all of the support programs aimed at attaining the marketing objectives and supporting the shipping forecast. Briefly listed, these were Territory Analysis and Assignments; Order Quotas; Advertising and Sales Promotion Plan; and the Marketing Operating Budget.

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<sup>1</sup>Ibid.

<sup>2</sup>Ibid.

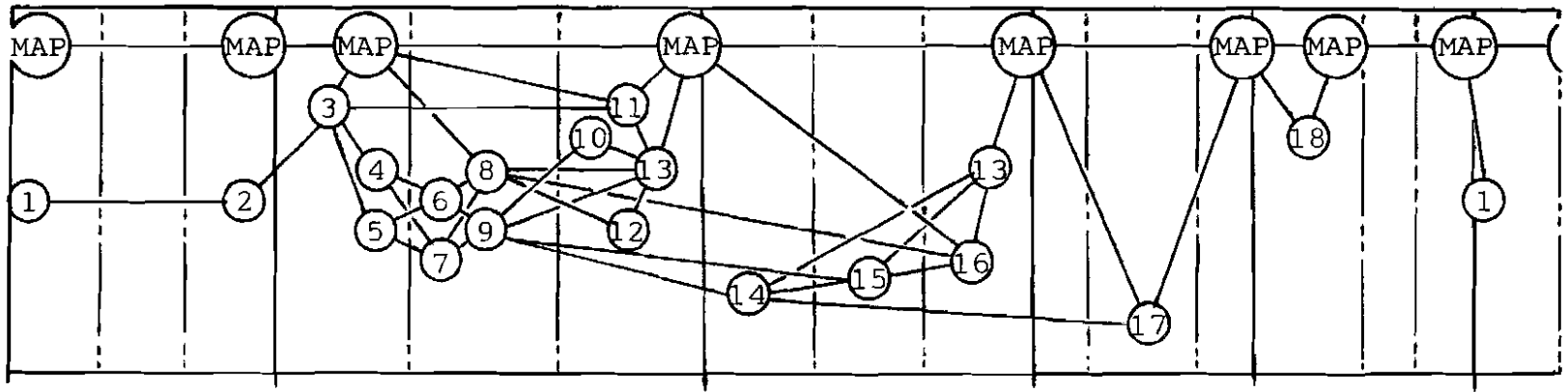
On page 55, a diagram is presented to show these elements in relationship to their timing in the planning cycle.<sup>1</sup> As in the General Electric schematic diagram, "Pathway to Profit," shown on page 46, the customer is recognized at the beginning and end of the total process. In the Didde-Glaser cycle, the points of sale imply an assumed customer. From this diagram, it may be noted that the time span from the start of the situation analysis to the completion of the quarterly segment of the annual plan covers ten months with inputs into the plan being added when available. Also, a new cycle is begun each quarter so that four cycles are in operation simultaneously and updates to the marketing plan are made available almost on a monthly basis.

#### EVOLUTION OF THE DIDDE-GLASER PLANNING PROCESS

The MAP Manual described the process and marketing planning cycle that was Didde-Glaser's initial breakthrough to formal marketing planning. The roll-forward planning designed for the quarterly planning activities of the Marketing Division was adopted as the corporate planning procedure and expanded to the five-year planning cycle and the three-year strategic planning cycle.

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<sup>1</sup>Ibid.



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|--|---|
| <ol style="list-style-type: none"> <li>1. Sales for the quarter begin</li> <li>2. Sales for the quarter complete</li> <li>3. Review and analysis of current situation complete</li> <li>4. General assumptions and forecasts complete</li> <li>5. Didde-Glaser marketing assumptions and forecasts complete</li> <li>6. Five-year long-range forecasts complete</li> <li>7. Short-range forecasts complete</li> <li>8. Marketing objectives reviewed and updated</li> <li>9. Preliminary Marketing Order Forecast complete</li> <li>10. Marketing strategies outlined</li> </ol> | <ol style="list-style-type: none"> <li>11. Appendix revised and updated</li> <li>12. Territory assignments reviewed</li> <li>13. MAP introduction written</li> <li>14. Regional quotas discussed and set</li> <li>15. Marketing Order Forecast finalized</li> <li>16. Advertising and Sales Promotion programs reviewed and updated</li> <li>17. Regions confirm their quotas and submit their Regional Sales Plans</li> <li>18. Marketing Operating Budget complete</li> </ol> |
|--|---|
- MAP = Marketing Action Plan  
 Quarter Divisions             
 Month Divisions

Figure 2

The Didde-Glaser Marketing  
Action Planning Cycle



### Market Segmentation Emphasis

Within the Marketing Division, changes in managerial assignments and organizational structure preceded changes in the annual formal marketing planning process. The first, and most notable, change came after an extensive market segmentation study by the marketing research department. In the original planning cycle, definitions of each market segment were to be provided as informational input to the situation analysis, but all forecasts, objectives, and strategies were directed toward the aggregate market rather than widely different market segments. This new approach gave Didde-Glaser the opportunity to examine the customers' end products and the markets for these end products; additionally, it provided an opportunity to analyze the needs of potential customers so that the development of the equipment and systems could be considered to fill those needs in the graphic arts industry.

The study served to inform the corporation of the best markets for Didde-Glaser equipment as well as the opportunities that the company was missing in markets that were closely related but which would require additional modifications to current products. The impact of this study helped to change direction for the everyday planning cycle.<sup>1</sup>

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<sup>1</sup>Statement by L. A. Utley, Didde-Glaser Products Marketing Division Manager, personal interview, October 15, 1974.

## New Product Emphasis

With emphasis placed on new product development for the needs of market segments, the marketing plan for fiscal year 1973-74 showed the first sign of change. The foreword to the plan itself emphasized a philosophy of new product development, stating that the opportunity for Didde-Glaser

. . . lies in examining the end products and markets for these end products, identifying the needs and developing the equipment and systems that will fill those needs as they are determined by the segments of the Graphic Arts Industry.<sup>1</sup>

The table of contents indicated the following elements of the 1973-74 plan:<sup>2</sup>

- I. Foreword--New Product Business Direction
- II. Corporate Objectives
- III. Marketing Objectives
- IV. The Market Segments
- V. The Products
  - A. Marketing Order Forecast
  - B. New Product Functional Specifications
- VI. Marketing Income and Costs
- VII. Marketing Organization Structure
- VIII. Sales and Service Plans
- IX. Supporting Staff Activities
- X. Marketing Budget

## Return to Total Planning Emphasis

By the following year, the market segment study was widely accepted by top corporate officers. Top management was now using market segment information as an important

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<sup>1</sup>Foreword to "The Didde-Glaser Marketing Plan--Fiscal Year 1973-74," (unpublished, confidential marketing plan of Didde-Glaser, Inc.)

<sup>2</sup>Ibid.

part of marketing and corporate planning. Attached to a Marketing Division memo in the fall of 1973 was a new outline and schedule for the marketing plan to be used during the fiscal period 1974-75 beginning April 1, 1974.<sup>1</sup> The complete outline and schedule are presented in Appendix B, pages 113-119.

The initial section of the 1974-75 marketing plan begins with the situation analysis of the customer, his needs in the marketplace, the overall market environment, and the anticipated economic conditions.<sup>2</sup> Following this section, the corporate objectives and guidelines were reviewed and brief assumptions were given which relate to the company's markets, product lines and sales channels.

From this point, the design of the plan resembles the format of the 1969-70 fiscal year plan. The marketing objectives are presented with emphasis being placed on achievements to be reached within each market segment. From this base, specific goals and programs are given which relate to, and have been written by, each functional area within the Marketing Division.

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<sup>1</sup>L. A. Utley, "Marketing Planning Outline and Schedule--FY 74-75" (internal memo, Didde-Glaser, Inc., October 2, 1973).

<sup>2</sup>"The Didde-Glaser Marketing Plan--Fiscal Year 1974-75" (unpublished, confidential marketing plan of Didde-Glaser, Inc.)

The final section, entitled "Projects," lists all of the actions, in order of priority, that must be done to achieve the objectives of the marketing plan. The department responsible for the completion of each project, as well as the completion date for each project, is presented, which makes this section the control factor in the planning process.

#### Summary of Changes Within Marketing

A summary of the changes made in the marketing planning process may be helpful before the cause and effect relationship is given in the next chapter. Most noticeable is the change from marketing planning toward an aggregate market to marketing plans for various market segments. The extra time needed to plan by market segments was made available with the use of a more flexible marketing planning structure than the one developed five years earlier. As noted, the first planning process utilized a quarterly, roll-forward planning cycle which eliminated the need for alternate programs to be presented, since the plan was to be updated almost every month. Later, planning practice used some alternative planning, but most of the programs were developed on the basis of being subject to change when the plan was reviewed.

During this same period, changes in management personnel brought in managers who demanded more effective

reporting systems. These new or more understandable reports increased confidence within the company toward marketing management and improved feedback for a more workable planning system. These personnel changes also brought other new ideas on the way planning should be done and what information should be contained in the formal marketing plan. Improvements to strengthen all areas of the marketing management team served to improve the overall marketing planning job being done.

#### Corporate Level Changes

Corporate philosophies, which had an effect on the marketing philosophies of planning, were also changing. A conscious commitment to the marketing concept led to most of the biggest changes within the corporation. The 1964 Annual Stockholders Report acknowledged the customer as ". . . our most important 'Boss'" and stated that ". . . our future depends on the number of customers that we can develop, sell, and satisfy."<sup>1</sup> This philosophy was unchanged during the 1960's. In the 1971 annual report, the company goals were given and many of them were updated and reworded. Two of these goals indicated a new relationship toward the customer, one that identified Didde-Glaser as a company dedicated to the marketing concept. In the following

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<sup>1</sup>"Annual Stockholders Report Meeting" (annual report of Didde-Glaser, Inc., Emporia, Kansas, June 17, 1964), p. 11.

excerpts, one may notice the philosophy change from one of being an employee of the customer to one of assuming the social responsibility for consumer welfare. These goals were stated as follows:

. . . To sell and service our products with a high regard for the welfare of the customer, by a knowledgeable, professional sales and service organization.

. . . To keep alert to the changing times, as they affect the needs of our customers, our employees, and our opportunity for growth.<sup>1</sup>

With a more specific corporate definition of the customer's relationship with the company, the marketing segmentation study was accepted as necessary input to identify the customer for which the company was to be responsible and to determine the customer's needs for future product development.

This change in corporate philosophy also dictated a change in thinking within the company, away from a manufacturing-oriented operation to a marketing-oriented company. Before this commitment, such changes as renaming the Sales Division (now called the Marketing Division) expanded responsibilities of duties within the division but did little more than pay lip service to the marketing concept. After the commitment was made to the marketing concept, marketing, rather than manufacturing, was looked upon to

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<sup>1</sup>"Didde-Glaser, Inc., Annual Report" (annual report of Didde-Glaser, Inc., Emporia, Kansas, April 30, 1971), p. 2.

give the leadership toward customer satisfaction. Within the structure of marketing planning, the Marketing Division was now making planning assumptions and product forecasts of orders received from customers rather than of future shipments to customers, a difference that has its greatest effect upon planners of industrial capital goods producers. A detailed discussion of this difference will be presented in the next chapter.

Other changes occurred during the period following 1969 which are not apparent by comparing the changes in the marketing planning process. These changes will be discussed in Chapter Four as part of the presentation of observations made during the implementation of Didde-Glaser's marketing planning process.

## Chapter 4

### ANOMALIES FROM MARKETING PLANNING THEORY

#### AT DIDDE-GLASER, INC.

This chapter will draw heavily upon observations of the case study company and will present the changes made to the practice of marketing planning theory. The purpose of this discussion will be to help conclude whether the departure from the theoretical methods was made by Didde-Glaser (a) because general marketing planning policies were adapted to become workable for a producer of industrial capital goods; or (b) to refine marketing planning procedure as part of an adjustment and learning process faced by any company choosing to develop a formal planning cycle; or that (c) deviations were not necessary at all.

From observations, it appears most major practical changes from marketing planning theory fall within two areas of the process. The first are changes to the structural aspects of marketing planning, or the changes from the theory of each element of the marketing planning cycle. The second group includes changes from functional theory of planning; that is, the changes to the theories of form, timing, organization, etc. Discussion of the anomalies noted from the case study company will be divided into these two areas. It may be helpful to note, however, that changes in



one area can also affect some aspects of the other area. This is particularly evident in the observations made of the anomalies from the theory of function.

#### ANOMALIES FROM THE THEORIES OF STRUCTURE

Before the marketing planning cycle can begin to work effectively, direction must come from the top.<sup>1</sup> Guidelines developed from corporate objectives must be passed down as the leading element in the structural theory of marketing planning. Didde-Glaser's marketing planners found that without corporate guidelines, planning could be an exercise that was never used during the year. With time, marketing management learned to ask better questions to develop a more accurate understanding of what corporate management felt was important to the business. The market segment study mentioned earlier helped marketing management present some business opportunities they felt were important. This process helped to build understanding between corporate and marketing management, building a stronger foundation for both corporate and marketing planning.

Fred Adams, Marketing Administrative Services Manager, is charged with the overall coordination of the marketing planning process. He felt that improvements had

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<sup>1</sup>B. Charles Ames, "Marketing Planning for Industrial Products," Harvard Business Review, 46:104, September-October, 1968.

been made over the past few years in receiving guidelines from corporate management, but there are still further improvements in communications that can be made.<sup>1</sup> Of course, Adams was speaking from the Marketing viewpoint, but there is evidence to support his contention that the lack of clear communications between the Marketing Division and the corporate office still remains the primary problem that prevents precise and more useful marketing planning.

A view expressed by Pennington stated that problems from top management can come through overinvolvement in the planning process, but the corporate officers must become involved to make contributions that only top management can make. These include:

Demonstrating to everyone in the company by top-level involvement the importance attached to planning.

Imparting judgment and wisdom to the course of action the plans suggest.

Resolving differences that might dissipate effort and lessen the use of corporate resources.<sup>2</sup>

Adams indicated there are varying degrees of improvement on each of these points. Concerning the first point, he stated that the corporate officers have not yet recognized all of the benefits of corporate or marketing

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<sup>1</sup>Statements by Fredrick J. Adams, personal interview, November 11, 1974.

<sup>2</sup>Malcolm W. Pennington, "Planning Takes More Than a Little Planning," Industry Week, 171:38, December, 1971.

planning.<sup>1</sup> This was pointed out in the indication of one corporate officer that the corporate plan was one and the same as the five-year (long range) product assumptions and forecast. This indicates a need for education in planning theory is necessary rather than changes in implementation of the theory.

As previously indicated the market segment study has been instrumental in giving corporate officials information to use as a basis for sound judgment; however, some conflict still exists when corporate and marketing managers do not come to the same conclusions from the same information. Corporate executives impart their judgment in the form of guidelines which marketing may or may not want to accept and use as the base for their planning. In this case, a more active role by corporate officers may be necessary in the planning process in the form of initial direction, which is another fundamental of planning theory.

Not only do the differences need to be resolved to assure better use of company resources, but also there is a necessity to develop an overall company interfunctional coordination, or planners at any level will not stand a chance for success.<sup>2</sup>

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<sup>1</sup>Statements by Fredrick J. Adams, personal interview, November 11, 1974.

<sup>2</sup>Ames, op. cit., p. 106.

Throughout the structural aspects of the planning process, communications could be improved. At the other end of the planning cycle, and functionally all through the cycle, feedback is said to be lacking. All through the planning process, often the only communications are from the lower working levels with very little response coming back from the top.<sup>1</sup>

There was little hesitation from Adams that guidelines and guidance from corporate management was the biggest single change needed in the future for Didde-Glaser marketing planning. Improvements made concerning situation and market analyses have helped corporate executives improve on formulating more explicit corporate objectives telling the desired direction for the company, but Adams indicated that ". . . they still don't know how to get there."<sup>2</sup>

The situation analysis has been improving and changing. As new ideas are expressed in trade journals and other publications, they are studied for possible use by Didde-Glaser. Recurrent situations arise that indicate the need for a more comprehensive marketing intelligence system. More information must be developed about the competitors,

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<sup>1</sup>Statement by Brace Cooper, Marketing Research Manager, personal interview, November 11, 1974.

<sup>2</sup>Statement by Fredrick J. Adams, personal interview, November 11, 1974.

the market, the economy, marketing under situations of shortages and inflation, etc.<sup>1</sup>

Another area in which improper use of planning theory has caused problems is in the area of controls and measurement. In the initial stages of the planning system, controls were nonexistent and measurements were inadequate. The situations did not improve, and by the time of the issuance of the 1973-74 fiscal year plan, there was no mention of controlling or measuring progress made toward completion of the plan.<sup>2</sup> The following year this deficiency was acknowledged by a demand for more measurement reports on a quarterly basis.

Reporting has room for improvements, but there also exists a need for improved uses of current reports for control purposes. Often, the only control management has over the marketing plan occurs after the fact, to see if the objectives are met. Adams expressed the frustration by saying that "we don't know if we have been using the written marketing plan because the measurement and control has been so lax."<sup>3</sup>

The forecasting element of the structural aspects of marketing planning is the only area that has been changed in

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<sup>1</sup>Ibid.

<sup>2</sup>"The Didde-Glaser Marketing Plan--Fiscal Year 1973-74," op. cit.

<sup>3</sup>Statement by Fredrick J. Adams, November 11, 1974.

order to adapt planning theory to the industrial situation at Didde-Glaser. There is still a demand for more accuracy in the forecasting of product demand, but the forecasting system has been developed to a point that it is a strength to the marketing planning system.

In the early stages of the planning system, the marketing division developed plans oriented toward the concept that Didde-Glaser was a manufacturing company, a philosophy not uncommon among producers of industrial capital goods.<sup>1</sup> The forecasting system was based on order volume expected from the field sales force. Then, the product order forecasts were converted into a shipping forecast using corporate guidelines that dictated the number of weeks' delay from date of order to date of shipment through the backlog goals. At this point, the marketing division was to assume leadership for directing marketing, manufacturing and corporate activities by producing the most accurate forecast possible. Since accuracy in forecasting is undependable because of external forces, the system was changed.

Marketing now develops and submits a marketing order forecast to the corporate officers, who join in an effort to aid manufacturing to plan their building and shipping activities. Monthly review and control meetings are used

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<sup>1</sup>Ibid.

to correct inaccuracies in the order forecast so that manufacturing can more closely build what the customer wants, when he wants it.

Forecasting methods were also adapted to meet the needs of a producer of industrial capital goods. In an attempt to attain the initial accuracy desired by top management, all types of forecasting methods were used. Except for acceptable levels of accuracy on the forecasts of total units and dollar volume, wide errors in the forecasted product continually caused problems for manufacturing as they tried to change production schedules in order to adjust to wide variances of many product lines.

The problem was determined to be a function of the type of business Diddle-Glaser is in and not the result of poor forecasters and forecasting tools. In dealing with industrial capital goods, it is not uncommon for some product lines to sell fewer than ten units during one quarter. Therefore, it is not uncommon for actual sales to be half or double the forecasted volume that manufacturing is planning production against. This problem becomes especially severe during a shortage economy when many component purchased parts are impossible to buy in time to meet shipping schedules unless they are ordered with sufficient lead time.

To adapt forecasting methods to this industrial situation, quarterly forecasts are now developed, by product,

for national and international sales. This approach uses an expected level of sales volume within a minimum/maximum range. The minimum/maximum range is developed nearly the same as an alternative planning assumption based partly on past forecasting error and partly on information developed in the situation analysis. This method allows manufacturing to plan short-lead items around the minimum to expected forecasted range and to purchase long lead items for the demands of the maximum forecasts, less any inventory left from the previous quarter.

This forecasting method is especially useful for the forecasting periods preceding the introduction of a new product. If the product has a slow take-off period, inventories of parts are held down; if the take-off period is faster than expected, lost sales are not delayed from insufficient inventories of hard-to-get items.

#### ANOMALIES FROM THE THEORY OF FUNCTION

Most of the changes which occurred on the structural level were not the result of planning theory's failure, but rather resulted from the interaction of the functional levels on the marketing planning process. The most noticeable effects have come from the people involved with the system. The workable and useful parts of marketing planning theory become less manageable when a human element is added, involving the abilities, ambitions, indifferences, strengths



and weaknesses of employees. At Didde-Glaser, people on all levels have influenced the planning process; reasons for change have ranged from the abilities of staff-level personnel through the differences in management style of middle- and upper-management officials.

During the period since the introduction of the formal planning system, the marketing organizational structure has been changed to acknowledge the differences in these people, and it stands to reason that theoretical policies must also be adapted to suit differences in individuals. In the long run, however, when the final plans have been written, few differences could be found in the planning document. A few exceptions have already been mentioned in this study.

Improvements that have helped include a more clearly defined corporate goal directed toward the marketing concept and a more clear sense of direction through the market segment studies. These have taken Didde-Glaser from broad, aggregate marketing plans to detailed objectives and plans by market segments, especially in the sales, sales promotion and advertising plans and programs.<sup>1</sup> These areas now have plans that are precise and measurable for control purposes.

Problems with the timing aspects of the marketing planning cycle have also caused difficulties; here again,

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<sup>1</sup>Ibid.

however, the theory is not to blame, but the people implementing the theory have been responsible. One of the key problems has been getting started on time. Only a recognition of the importance of planning will get a commitment to start the planning cycle on time. Especially from the corporate office, the needed guidelines must be made available at a date approximately six months before the annual plan is to become effective.<sup>1</sup>

Roll-forward, quarterly planning is once again being talked about as a means to solve several problems. One, of course, is to solve the problem of delayed input by being constantly reminded of the quarterly update of the marketing plan. Quarterly planning was originally considered to be too time-consuming, since at least one person had to be responsible for keeping on top of the situation at all times. Quarterly planning, on the other hand, eliminated the need for alternate comprehensive plans to be developed, since there was to be an active control and updating system built into the procedure. The current feeling is that detailed alternatives necessary to make the annual marketing plan theoretically functional take as much time as the continuously updated roll-forward plan. The latter has the built-in bonus that the plan will be taken down off the shelf and reviewed more often on a regular basis.

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<sup>1</sup>Ibid.

An improved team effort has evolved over the period of practical experience. During the first year of formal marketing planning, this writer was in the position of staff planner for the Marketing Division. This gave upper management a good excuse not to plan since someone had been hired to do the job. Change came through the realization that successful planning comes from each area's commitment to make the plan work. This commitment could only come after everyone felt his input was needed and essential to the success of the marketing plan. This was a goal of the first formal marketing planning procedure.

The major benefit of creating the Marketing Action Plan will come from the involvement of those people needed to produce the planning document and the subsequent communication that will be available within the Marketing Action Planning Manual.<sup>1</sup>

#### THE PERSONALITY OF A MARKETING PLANNING SYSTEM

An attempt to gather data comparing marketing planning systems which are actually used to theoretical marketing planning procedures was made early in 1971.<sup>2</sup> From a comprehensive listing of manufacturers, suppliers and dealers of graphic arts equipment and peripheral items, 150 firms were selected on the basis of being the largest

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<sup>1</sup>Preface; MAP Manual, op. cit.

<sup>2</sup>Mail survey questionnaire from the writer, February 15, 1971. A copy of the questionnaire and accompanying letter is shown in Appendix C, page 120.

companies involved primarily in manufacturing machinery and equipment for the printing trades.<sup>1</sup> The questionnaire sent to these companies was designed to gain insight into their marketing planning procedures.

The return gave some indication that substantiates the theory that marketing planning is a personal and individualistic process with most companies.<sup>2</sup> The return of only 14 respondents (9½ per cent) makes any test of significance difficult, but there was some information returned which raises some good points for discussion.

A major portion of the questionnaire was given to inquiring which of the theoretical elements of the marketing planning process the company was including in its marketing plan. Following this indication, the company was asked to specify the order in which each element was developed in its planning cycle. The companies were also asked to indicate the immediately used succeeding elements which depended on the completion of each element used in the plan.

Nine of the fourteen respondents attempted to detail their company's marketing planning process. Assuming they understood the request for this information, the nine responding companies provided detailed information

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<sup>1</sup>"37th Annual Where To Buy Guide," Printing Management, December, 1970, pp. 104-121. (Selected firms were exclusive of Didde-Glaser, Inc.)

<sup>2</sup>Leon Winer, "Are You Really Planning Your Marketing?" op. cit., p. 2.

representing nine different planning cycles. The one-year planning period was specified as the length of the planning cycle for each of the nine companies.

Concerning the relative competitiveness of their market, 69 per cent felt their market was highly competitive as compared to 15½ per cent each who described their market as non-competitive or moderately competitive. One of the companies, which described an elaborate marketing cycle under a highly competitive market situation, was the only company to admit that a majority of their people involved in marketing planning feel their system is over-structured or over-detailed.

The companies which responded to the questionnaire varied in size as approximated by their annual sales volume. All were manufacturers of graphic arts equipment, yet they all gave different opinions and facts concerning their marketing planning process and the environment under which they plan. Every company presented information which appeared to make their planning cycle possess a personality uniquely inherent to the company's own individuality.

#### MARKETING STUDENTS' POINT OF VIEW

A portion of the questionnaire sent to manufacturing firms was adapted for use in two Marketing Management courses at Emporia Kansas State College. The Marketing Management course is a senior- and graduate-level course in

which detailed theories and practices of marketing are presented. Three questions were adapted to and answered by 20 students of the class in the fall of 1972 and by 47 students in the fall of 1974.

A comparison of the responses of the 67 students and the 14 companies is given in Table 1, pages 78-79, in tabular in tabular form. Here again, the relative smallness of the group of the responding manufacturers should be kept in mind in drawing any conclusive statements. There are some differences between the students of theory and the business practitioners that deserve mention.

The question concerning the philosophy that the marketing department should have toward marketing planning showed little difference between the two groups. The manufacturing group did show a slightly higher preference for the philosophy of developing the sales forecast into reality.

A comparison of the type of marketing planning theory a student would prefer to work under with the planning practice actually used by business indicated that nearly half of the students preferred the formal written plan developed by the planning staff, and another one-third indicated a preference toward the basic written plan of the marketing executive. The responding companies indicated that 42 per cent were using the unwritten plan communicated through necessary memos. This indicates that a further

Table 1

Comparison of Managers' and Students' Responses  
to Questions on the Theory and Practice  
of Marketing Planning<sup>1</sup>

1. (Marketing Managers) What type of marketing planning does your company (division) use? (Students) Under what type of marketing planning theory would you prefer to work?

	Managers		Students	
	Respon- ses	Per- centage	Respon- ses	Per- centage
a. The "common knowl- edge" unwritten plan reinforced with the necessary written memos . . . . .	5	41.7%	11	16.4%
b. The "basic" written plan developed by the marketing executives . . . . .	3	25.0%	23	34.3%
c. The "formal" writ- ten plan produced by the planning group or staff . . . . .	4	33.3%	33	49.3%
Totals . . . . .	12	100.0%	67	100.0%

(Note: Two managers did not respond.)

<sup>1</sup>Questions taken from survey made to manufacturers on February 15, 1970, were reworded from the practical to the theoretical aspects of marketing planning for the student group. Participants included 14 marketing managers and 67 students.

Table 1 (continued)

2. (Marketing Managers) How does your company (division) look upon marketing planning? (Students) What do you think is the best philosophy a marketing department can have toward marketing planning?

	Managers		Students	
	Responses	Percentage	Responses	Percentage
a. Developing the sales forecast into reality . . . . .	5½	39.3%	18	26.9%
b. Being ready for any turn of events . . . . .	2	14.3%	11	16.4%
c. Getting prepared for the worst . . . . .	0	.0%	2	3.0%
d. Planning to affect tomorrow's business . . . . .	6½	46.4%	36	53.7%
Totals . . . . .	14	100.0%	67	100.0%

(Note: One manager indicated an answer to both item "a" and item "d".)

3. (Marketing Managers) At what level is the marketing plan developed in your company? (Students) At what level should the marketing plan be developed?

	Managers		Students	
	Responses	Percentage	Responses	Percentage
a. By the corporate planning personnel . . . . .	0	.0%	14	20.9%
b. By the marketing manager or marketing vice president . . . . .	6	42.9%	12	17.9%
c. By the marketing planning staff . . . . .	2	14.2%	36	53.7%
d. By others (specify) . . . . .	6	42.9%	5	7.5%
Totals . . . . .	14	100.0%	67	100.0%



study that might reveal marketing planning theory to be easier stated than formulated to completion.

The place for developing the marketing plan showed the widest differences between the student group and the manufacturers. The business group divided equally, an 85.8 per cent preference for planning to be developed by either the top marketing executive or by others such as product or sales managers. On the other hand, nearly 75 per cent of the students felt the marketing plan should be developed by the marketing planning staff (53.7 per cent) or by the corporate planning staff (20.9 per cent).

It is interesting to speculate on the students' comprehension of the differences between corporate and marketing planning when one considers that even though a good share of marketing planning theory indicates a preference for the plan to be developed at the marketing planning staff or group level, very little theory or business practice suggests the corporate planning level is the right place for marketing planning.

#### SUMMARY OF THE ISSUES

The next chapter will detail the conclusion and recommendations of this study. A short summary of this chapter, however, may be helpful to set the stage for the concluding chapter.

As the case study company was observed during the period of five years, interaction with planners from other companies through seminars, personal conversations and questionnaires was helpful as back-up information to reinforce the conclusions found in the case study company.

In the search to find the deviations from marketing planning theory which had occurred, observations of changes were noted on all three levels mentioned at the beginning of this chapter. Many of the changes were necessary only as a learning experience in order to test the value of marketing planning theory. However, improvements in the forecasting method and adoption of roll-forward planning are examples of changes that were necessary to fit planning theory to a specific practical planning situation.

## Chapter 5

### RESOLUTIONS OF MARKETING PLANNING ANOMALIES

The theoretical marketing planning process is a guide for formal company policies which ideally directs the firm to ". . . market its products in an orderly, efficient, and profitable manner."<sup>1</sup> If the company chooses to direct its marketing effort toward the marketing concept, the theoretical marketing planning process includes responsibilities for consumer welfare.<sup>2</sup> In either case, the review of the literature on marketing planning theory and the study of marketing planning at Didde-Glaser indicate that the problem is not only the implementation of the policy into action, but it may be a part of the policy itself.

### CONCLUSIONS

At Didde-Glaser, Inc., only one change was made to adapt the planning procedures to the needs of this producer of industrial capital goods. In the structural elements of planning, the forecasting system was improved with a minimum

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<sup>1</sup>Holloway and Hancock, op. cit., p. 279.

<sup>2</sup>Martin L. Bell and C. William Emory, "The Faltering Marketing Concept," Journal of Marketing, 35:42, October, 1971.

to maximum forecasting range for products which proved most useful on forecasts of low demand, high dollar products.

The most notable change to general marketing planning theory was in the functional area of timing. The practice toward a roll-forward quarterly planning cycle tends to answer two questions raised by marketing planning theory. The first concerns strategy development and whether strategies should be developed with alternatives or developed to stand alone and be changed when necessary. The second question relates to the problem of how to make the control and measurement element of the planning cycle take on a more active role instead of a passive one.

In both cases, the roll-forward method of planning answers the problems, since planning strategies and programs can be designed to stand alone because they will be controlled, measured and possibly changed on a quarterly basis. This method also allows management to remain in the passive role of controlling the plan, since a passive quarterly review becomes an active part of the annual marketing plan.

A third question that Didde-Glaser had about the theory of planning had not been discussed in any available literature. At the outset, personnel involved in establishing marketing planning policies were concerned over the fact that the concept of developing an annual marketing plan was good in theory for the first half of the year, but as the year ran out, marketing could revert back to a management by

crisis without any measurable goals to be accomplished. Here again, the roll-forward planning method added a quarter more of planning every time the marketing plan was down to nine months of the current annual plan.

Most changes were merely part of the process of learning to do marketing planning. Many problems indicated a need for an educational program about the theory of planning rather than changes in the implementation of the theory. The most notable example in this case was the need for corporate management to learn the importance of the first planning element: the corporate input of company objectives and guidelines. When Marketing division management feels there is a lack of communications being sent down from the top, conflicts still exist between corporate and marketing levels. In these cases, planning problems relate more to the needs of interaction between people rather than to a change in the marketing theory.

The observations of other companies indicated the need for the planning process to have a personality consistent with the structure of the company it serves. The observations at the case study company indicated the personality of the marketing planning policies included adaptations of theory to fit the individuals within the company. This finding points to the obvious conclusion that the structure of individual companies is also an outgrowth of the personalities of the people who make up the company managers.

Outside forces, such as economic business cycles and material shortages, influence changes in the marketing planning process. At Didde-Glaser, the changes were directed toward more refined use of theory through market segmentation studies and a more comprehensive marketing intelligence system rather than through a change in the theory to make it work for the company.

Another key to more successful marketing planning at Didde-Glaser is the growing commitment to the marketing concept and the concept of management by objectives. In the past, lip service has been given to both concepts. Now, there are indications that these concepts will become more of a way of life in the planning system. The marketing concept will make it necessary to listen to the feedback of the marketplace, while the follow-through of the concept of management by objectives will make it necessary to measure whether the needs of the market are being satisfied through the establishment of the proper goals.

In summary, the following conclusions may be drawn:

1. Theories of marketing planning can be used provided all people involved in the planning process are educated about the theories, their uses, and their value.
2. Theories of marketing planning systems can be used if the procedures are adapted to the individuals who will implement the planning cycle and communicated to all of the other people involved in the implementation.

3. Theories of marketing planning can be used if they are used with the understanding that they are guidelines for the development of a practical marketing planning system and not the last word in planning.

4. Theories of marketing planning become more useful when the company adopts the use of the marketing concept and the concept of management by objectives.

5. Theories of marketing planning are useful tools in the state for which they have been developed, and very few changes are needed to make the theories applicable to a practical situation. The personalities of individuals remain as a more important consideration.

6. Theories of timing of the annual marketing plan can be improved through the use of a quarterly, roll-forward planning cycle.

7. Theories of forecasting for the marketing plan can be improved through the use of minimum/expected/maximum forecasts of products. This is especially true in the case of companies producing industrial capital goods sold in small numbers at an unstable rate.

The seventh item listed was the only evidence of marketing planning theory's being changed to adapt to industrial planning practice. Other conclusions show little evidence that marketing planning theories need to be greatly changed to work for a practical application of planning. However, the final conclusion of this study is that, because

of these few changes, the hypothesis is valid; i. e., a case study of the actual efforts to develop a formalized marketing program from available marketing planning theory did show that deviations from the theory were necessary as the company adopted a formalized, workable marketing planning procedure.

### RECOMMENDATIONS

At Didde-Glaser, a recommendation to improve communications between corporate officers and marketing management is currently being considered. A proposed plan would make marketing research a corporate department as part of corporate services instead of the current organizational structure which places marketing research within the marketing department.<sup>1</sup> This move would strengthen corporate planning, which is apparently needed, but it would weaken marketing planning and could have the effect of setting back the current development of the use of the marketing concept. Since the marketing research department was started in 1968, it has become a necessary part of the marketing division. A displacement of the marketing research department in favor of a corporate research department would change the emphasis within the company and could change the marketing division into a mere sales department.

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<sup>1</sup>Statement by Fredrick J. Adams, personal interview, November 11, 1974.



This current development is presented here as an example of changes within a company that can change the marketing planning procedures a company has established. It is the basis for the first of the following recommendations.

1. Further studies should be made of the case study company to determine the effects of changes in corporate philosophy and policy on the efforts to produce a useable marketing plan.

2. Further studies should be made of other industrial companies in an attempt to discover other unique adaptations made to make theory more useful in practice.

3. Further studies should be made to prove the usefulness of the practical anomalies discussed in this study; i. e., the use of roll-forward forecasting and marketing planning and the improved forecasting method using a forecasting range.

4. A study should be made to show the importance that the marketing concept and the concept of marketing by objectives have upon the practice of marketing planning.

5. A study should be made to investigate methods of teaching the theories of marketing planning to management and students so that practical applications will become more apparent.

This final recommendation is echoes by Didde-Glaser's president, Carl Didde. Mr. Didde stated, "We are just beginning to learn how to do one-year tactical planning. We have to learn to plan together; this is the number one priority to make this happen."<sup>1</sup>

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<sup>1</sup>Opinion expressed by Carl W. Didde at a staff meeting concerning divisional planning at Didde-Glaser, Inc., January 12, 1973.

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## APPENDIX A

### PREFACE TO THE MARKETING ACTION PLAN OF DIDDE-GLASER, INC.<sup>1</sup>

It was considered to be essential that the Marketing Division develop a written marketing plan which would be a dynamic moving plan, reviewed, expanded, and updated on a quarterly basis. The documents necessary to fill the needs of the total marketing plan will be generated as a group effort within the Marketing Division and assembled into the Marketing Action Plan.

The following discusses the general format for assembling the various documents into the Marketing Action Planning Manual.

### THE PURPOSE OF THE D-G MARKETING ACTION PLAN

The D-G Marketing Action Plan presented in this manual sets forth the marketing goals which will be directed toward and help achieve the Corporate objectives and the programs required to achieve those goals in a

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<sup>1</sup>The Preface to Didde-Glaser's marketing plan contained guideline information for the development of the 1969-70 fiscal year marketing plan.



comprehensively documented form covering a period of no less than the three succeeding quarters, with less detailed estimates and projections covering a five-year period.

More important, it is an objective of the Marketing Action Plan to be an organized, documented, written communication to provide a basis for planning coordination by all areas of the Marketing Division as well as other departments of the Company.

To reach this objective the Marketing Action Plan will:

- define the business situation (past, present, and future)
- define the opportunities and problems facing D-G
- establish specific and realistic business objectives
- define marketing strategy and action programs required to accomplish the objectives
- translate goals and programs into quantified form
- establish time tables and controls for execution of programs
- pinpoint responsibility for execution of programs

All of these items have been considered in the past, but the organization of them into one written document will require disciplined thinking and will assure that business conditions will be analyzed more thoroughly, objectives more clearly established, programs more carefully thought out,

and responsibilities for the accomplishment of objectives more explicitly assigned.

The PERT chart shown in Figure 1 describes the cycle necessary to develop the quarterly Marketing Action Plan by picturing the relationship between each element of the Marketing Action Plan. Each element of the Marketing Action Plan can be found in this manual under the following section headings:

- I. Introduction
- II. Review and Analysis of the Current Marketing Situation
- III. General Assumptions and Forecasts
- IV. D-G Marketing and Product Assumptions and Forecasts
- V. Long Range Planning Projection
- VI. Objectives
- VII. The Marketing Shipping Forecast
- VIII. Marketing Strategy
- IX. Territory Analysis
- X. Order Quotas
- XI. Advertising and Sales Promotion
- XII. Marketing Operating Budget
- XIII. Appendix

## CONTENTS OF THE D-G MARKETING ACTION PLAN

The following outline is a summary of the basic contents that will be found in each section of the Marketing Action Plan.

### I. Introduction:

The introduction to the Marketing Action Plan should be in the form of a memo from the Marketing Division Manager stating his approval of the current plan. The introduction would serve as a cover memo to the quarterly review of the Action Plan, any revisions to the current Action Plan, and the additional quarter necessary to expand the Marketing Action Plan to an updated, complete year plan.

The statements in the introduction should be brief but thorough. It should be designed to state why the marketing plan should be considered and in what way the marketing plan is important to the Corporation.

This section will also contain the quarterly statement from the Marketing Division Manager which will point out the measurement of actual performance versus the planned performance, analysis of reasons for any deviation from the plan, determination and execution of corrective measures, and the adjustments which may be necessary to meet the revised conditions of the plan.

The updated sections of the Marketing Action Plan with the cover memo should be assembled by the Marketing Planning Section and released by the Marketing Division Manager during the last week of each quarter according to the schedule of the events of the planning cycle found in the appendix.

## II. Review and Analysis of the Current Marketing Situation:

This section gives a concise analysis of the historic and current marketing conditions. The Marketing Research Department should define the business situation of the industry and of the Company — past and present — to aid in pinpointing the problems and opportunities facing D-G. Since this section provides information for establishing marketing objectives and the programs and plans to achieve them, the quarterly release of updated analysis should be given to the Marketing Division Manager by the fourth week of each quarter. This release time would give the Marketing Division Manager an analysis of D-G sales for the quarter just ended for use in his quarterly review of the Marketing Action Plan.

The review and analysis section will survey three general areas: total economic trends that affect D-G the most; specific industry trends; and detailed D-G trends. The review of the total economy should not only present

general factors that may have affected D-G sales patterns, but also review the economic indicators being used, noting any change in correlation of the indicator series to the D-G sales pattern.

The specific industry trends should review and analyze the business D-G is in and the markets our customers serve. The size, scope and D-G's share of the market should be given, along with an analysis of the customers the market serves and a review of competitors' activities affecting D-G sales. D-G's potential can be defined by specific reports on the customer and his needs, attitudes, sales, size, market segment, purchase patterns, trends and other characteristics and competition reports on sales, size, share of market, pricing, design, acceptance, policies and practices.

The third general area, that of D-G trends, should report on the current status of manufacturing capacities, a brief shipping record, and past sales efforts in terms of selling expenses and profit contributions as well as presenting the sales analysis by product and region.

All of the charts, tables, sales reports, and financial reports should be found in the Financial Appendix which would back up the above review and analysis reports.

### III. General Assumptions and Forecasts:

This section will draw from the general economic review and analysis contained in Section III to develop factual statements and forecasts of the economy that may affect the policies and sales of D-G. The review and revision of this section should be a joint effort of Marketing Research and Planning and should be completed by the end of the first month of each quarter.

The general assumptions and economic forecasts found in this section highlight the general problems and opportunities facing the future of D-G. Each quarter these assumptions and forecasts are reviewed. If they have failed to materialize, the Marketing Action Plan may need to be modified accordingly.

### IV. D-G Marketing and Product Assumptions and Forecasts:

The development of this section will draw from the review and analysis of the industry and detailed trends of D-G found in Section III. This section will contain factual statements and forecasts of D-G's market and product trends.

An important element of this section will also consider the major problems and opportunities that affect Marketing's progress. With a clear look at the negative and positive areas that are revealed in the review and analysis of the current marketing situation (Section III) and how

these situations affect the assumptions and forecasts, a more realistic attempt can be made in developing specific marketing goals.

The review and revision of this section should be a joint effort of Marketing Research and Planning and should be completed by the end of the first month of each quarter. Input should be fed in from all areas of Marketing through the Marketing Operating Group.

The assumptions and forecasts found in this section highlight the future problems and opportunities of D-G. Each quarter the Marketing Action Plan is reviewed, this section should also be reviewed. If the assumptions and forecasts have not materialized, the Marketing Action Plan may need to be modified accordingly.

#### V: Long Range Planning Projections:

To give some estimates and assumptions of D-G's future for the period five years in advance, this section will present a less comprehensive planning outline of long range problems and opportunities developed from sections III, IV, and V. A quarterly shipping forecast for the future five-year period will also be included. This section will contain information specifically about long range product development and research which will take longer than a year in planning and development to become an active part of the Marketing Action Plan.

The long range projection will develop through the Marketing Services Department as directed by the Marketing Division Manager. This section will be updated in the Marketing Planning Manual each quarter with each quarterly revision being sent to the Executive Committee by the end of the first month of each quarter.

#### VI. Objectives:

The expected achievements for the next four quarters will be found in this section. To keep this section current, the objectives should be reviewed the second month of each quarter by the Marketing Division Manager. He will also add any new objectives necessary to keep the list focused on the next four quarters.

The objectives should be descriptive, specific statements of the position the Marketing Division Manager seeks to achieve within the next four quarters. Marketing's objectives should not only be specific but practical and measurable, covering financial objectives such as sales volume, share of the market, and price changes as well as non-financial objectives such as market penetration, new product innovations, manpower development and training, and regional objectives.

Any expected achievements within the period of time covered by the plan that are important enough to be measured should be included in the list of objectives of the Marketing Action Plan.



The marketing objectives should relate to the achievements necessary to zero in on the corporate objectives and Business Volume Projection. Since the BVP will be developed in June of each year, the quarter revision of the Marketing Action Plan released in July will take the most critical review of the marketing objectives.

VII. The Marketing Shipping Forecast:

This section will be the first of the specific Marketing goals and action plans. The Marketing Shipping Forecast will be the basic section to update the Marketing Action Plan each quarter. The development of the Marketing Shipping Forecast must consider not only the corporate objectives and Business Volume Projection but the objectives, assumptions, and forecasts stated in Sections II, IV, V, and VI. The Marketing Planning Section will design the Marketing Shipping Forecast, which will be approved for release by the Marketing Division Manager. The Marketing Shipping Forecast, showing the product mix and dollar volume for the quarter one year ahead, will be sent to the Executive Committee for approval during the second month of each quarter. The Marketing Shipping Forecast developed in the previous quarter will then be made firm. The firm quarter Marketing Shipping Forecast and the new preliminary Shipping Forecast

can then be released during the last two weeks of each quarter for addition into the Marketing Action Plan.

The quarterly Marketing Shipping Forecast document will include the average price; the current estimated projected machine and dollar total shipments for the year; the quarterly Marketing Shipping Forecast in units and dollars for total, national, and international shipments; and the general forecast of non-standard products, used machines, parts, and labor. Any products which must be built and shipped on a consignment basis (show machines, etc.) will be noted separately.

#### VIII. Marketing Strategy:

This section will outline the strategy that will be specifically used to accomplish the marketing objectives and to support the Marketing Shipping Forecast. The marketing strategies will be defined by the Marketing Division Manager and the Marketing Operating Group and routed to Market Planning early in the third month of each quarter for incorporation into the Marketing Action Plan.

This section will contain all of the various marketing strategies including such areas as advertising and sales promotion guidelines, pricing, salesmen's meetings and vacations, sales and service training, sales incentives and commissions, personnel, product development research, and new product research. Some of these strategies will be

affected quarterly, necessitating detailed action programs and plans, setting target dates on necessary actions and responsibility for those actions assigned to individuals or departments. In this case, the detailed action plans will be presented in subsequent sections.

IX. Territory Analysis and Assignments:

The contents of this section will include the current list of International Dealers and National Regional Managers and their assigned regions geographically described. The current list of sales areas assigned to each salesman will be given and geographically defined. It will be the responsibility of the respective sales managers to keep the listings and descriptions accurate when the Marketing Division Manager makes any assignment changes.

An analysis and record of relative sales potential for each territory should be found in this section. This record should be kept current by the Marketing Research Department so that it will be available to aid in measuring the progress of the Marketing Action Plan and the future developments of marketing planning. This may include, for example, analyzing and planning entry into a new market, to expanding an existing market, or to reorganize areas and regions as sales personnel are added.

X. Order Quotas:

This section will contain the actual Marketing Sales Plan in terms of quotas in specific number of units for which firm orders will be received in each specific quarter. The firm order quotas will relate to the total Marketing Division quota to be used to measure desired volume and backlog required to accomplish the Marketing Shipping Forecast and the acceptable minimum and maximum backlogs as established by the Executive Committee.

Also found in this section will be the signed commitments of each Regional Manager to his regional quotas. The individual salesmen's quotas will also be given.

This section will also contain the international quota commitments for each major region.

Each quarter the firmed MSF will be converted into regional quotas which will be committed to by each region from the individual quotas agreed to and developed by each regional manager and his salesmen. The individual quota assignment should be developed during the early weeks of each quarter for the quotas two quarters ahead.

Each regional manager should also review, at the same time, his unfirmed regional quota developed from the preliminary MSF. This would give him a planning tool of the quotas three quarters in advance.

## XI. Advertising and Sales Promotion:

This section, developed by the Advertising and Sales Promotion Section, should present the creative and media strategies and action plans. It should also include product and consumer promotion and publicity plans.

This planning should start by stating the promotional concepts for each product, the general advertising philosophy and themes, and the ratio of advertising to sales promotion.

The detailed total media approach should then be spelled out. This would include the advertising schedule and detailed advertising budget. The total advertising plan for the coming calendar year should be complete for addition to the Marketing Action Plan during the last week in October.

Customer promotion, sales aids, and product publicity planning should be reviewed and updated quarterly and included in the quarterly updating of the Marketing Action Plan released during the last week of each quarter. Sales promotion items can be covered on the project list and will include such items as trade shows, new price lists and brochures, sales aids, etc.

## XII. Marketing Operating Budget:

By presenting the Marketing budget, this section will summarize the total plan in terms of dollars and profit expectation. This section will give the details of how the

Marketing money will be spent. More important, this section should translate the Marketing Division's objectives into quantitative profit forecasts. The marketing budget section of the Marketing Action Plan is presented to point out the financial commitments to the plan to give the Executive Committee information which will relate to the return of invested funds.

The Marketing budget should be reviewed and, if possible, updated with an additional quarter by the Marketing Division Manager as part of the quarterly Marketing Action Plan updating. The firm Marketing Operating Budget for the next fiscal year should be complete by mid February.

### XIII. Appendix:

All important documentary detailed materials not covered during the development of the Marketing Action Plan that may serve as meaningful references should be included in this section. The documented information should include quarterly sales reports and analyses, charts, tables, illustrations, and calendars as well as PERT charts and other timetables and measurements necessary as a control system.

Individual sections of the appendix should include:

(a.) Didde-Glaser Objectives: This section would include not only the corporate objective statements but also the current Executive Committee's Business Volume Projection and BVP guidelines.

(b.) Financial Reviews: Included in this section would be the quarterly sales reports and analyses, profit and loss statements and cash flow analyses, as well as any other financial reports, charts or tables which may help to review the success of the MAP.

(c.) Controls and Measurement of the MAP: The financial reviews can be used to help measure and control the MAP. Also necessary are calendars, PERT charts, and other timetables used to measure the progress of the MAP. These timetables will be found in this section.

(d.) Machine Order Averages: This section will present tables and charts pertaining to the historic average prices paid for D-G products, average machine configurations and product mix to be used as a tool for Manufacturing Planning.

(e.) New Product Plans: Concise product introduction plans can be assembled from the MAP concerning each new product to aid specific departments in which new product development guidelines are needed.

(f.) Marketing Action Planning Cycle: The planning cycle necessary to develop the actual Marketing Action Plan will be given and charted to describe each step of the cycle. Calendars showing these events will also be given to

assure that each quarterly updating of the Marketing Action Plan is released on time.

The objective of this outline is not merely the development and organization of the Marketing Action Plan Manual. The major benefit of creating the Marketing Action Plan will come from the involvement of those people needed to produce the planning document and the subsequent communication that will be available within the Marketing Action Planning Manual.

The well coordinated Marketing Action Plan will communicate the Marketing Division's plan for serving the needs of the customer while returning a reasonable profit to D-G. The Marketing Action Plan will also communicate objectives which will influence capital expenditures, trigger product developments, and define manufacturing levels.

Therefore, the distribution of the Marketing Action Plan Manual should reach every affected area of the Marketing Division. Copies of the Manual will also be distributed to the Executive Committee and the Corporate Planner. Other departments of D-G should receive those sections of the Marketing Action Plan that affect them when this is a necessary part of their own planning.



## APPENDIX B

### OUTLINE AND SCHEDULE FOR THE DIDDE-GLASER MARKETING PLAN<sup>1</sup>

<u>I. MARKET ENVIRONMENT; THE CUSTOMER BY PRODUCT</u>	<u>PREPARED BY</u>	<u>COMP. DATE</u>
A. Who is the Customer?	Mktg. Res.	Oct. 1
B. Where is the Customer?	Mktg. Res.	Oct. 1
C. What He Wants, Needs and Will Buy	Mktg. Res.	Oct. 1
D. How Will He Buy?	Mktg. Res.	Oct. 1
E. How Much Will He Pay? (Price Range)	Mktg. Res.	Oct. 1
F. Anticipated Economic Conditions	Mktg. Res.	Oct. 1
<u>II. CORPORATE MANAGEMENT GUIDELINES FOR BUSINESS</u>		
A. Objectives		
1. Profit objectives	President	Oct. 1
2. Growth objectives	President	Oct. 1

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<sup>1</sup>This outline and schedule was released by L. A. Utley, Didde-Glaser Products Marketing Division Manager, on October 2, 1973, as information for the development of the 1974-75 fiscal year marketing plan. It was used again for the 1975-76 marketing plan.

PREPARED BY    COMP. DATE

## B. Corporate Guidelines

1. Markets	Corp. Gp.	Oct. 1
a. Business Forms		
b. Commercial		
c. Newspaper Products		
2. Manufacturing	Corp. Gp.	Oct. 1
3. Distribution Sales and Service	Corp. Gp.	Oct. 1
4. Pricing	Corp. Gp.	Oct. 1
5. Advertising	Corp. Gp.	Oct. 1
6. Sales Promotion	Corp. Gp.	Oct. 1
7. Design	Corp. Gp.	Oct. 1
8. Quality	Corp. Gp.	Oct. 1
9. Safety	Corp. Gp.	Oct. 1
10. Styling	Corp. Gp.	Oct. 1
11. Warranty	Corp. Gp.	Oct. 1
12. Marketing Ethics	Corp. Gp.	Oct. 1

III. THE MARKETING PLAN BY MARKET

## A. Identify Markets

1. Where they are	Mktg. Res.	Oct. 1
2. Size and potential	"    "	"    "
3. Which to cultivate	"    "	Oct. 15

	<u>PREPARED BY</u>	<u>COMP. DATE</u>
B. Determine Product Lines by Market		
1. Range of models and types (current and new)	Mktg. Plan- ning Group	Oct. 15
2. Quality level	" "	" "
3. Permitted costs (standard costs)	Finance	Oct. 1
4. Price range	Mktg. Pln. Grp.	Oct. 15
C. Select Sales Channels by Market		
1. Direct	Mktg. Div. Mgr.	Oct. 15
2. Distribution	" "	" "
3. Other	" "	" "
D. Overall Marketing Objectives by Market		
1. Volume and unit objectives	Mktg. Div. Mgr.	Oct. 30
2. Profit objective	" "	" "
3. Share of market objective	" "	" "
4. Distribution method	" "	" "
5. Pricing policy and/or strategy	" "	" "
6. Preliminary order forecast by Product Line	" "	" "
7. Overall marketing strategy	" "	" "

	<u>PREPARED BY</u>	<u>COMP. DATE</u>
E. Sales and Service Plans by Market		
1. Volume objective by region	Sales Mgr.	Nov. 22
2. Volume objective by salesman	" "	" "
3. Unit objectives by region	" "	" "
4. Distribution method by region	" "	" "
5. Salesman requirements by region (territory description)	" "	" "
6. Sales strategy by region, special efforts, programs, etc.	" "	" "
7. Service objectives and strategy	" "	" "
8. Other	" "	" "
F. Advertising by Market		
1. What Market?	Mktg. Div. Mgr. & Adv. Agency	Dec. 1
2. How will the product be presented?	" "	" "
3. What results are expected?	" "	" "
4. What media are to be used, why and when?	" "	Dec. 15
5. What costs will be incurred?	" "	" "
6. What, how and when will the program be measured?	" "	Dec. 1
7. Other	" "	" "

	<u>PREPARED BY</u>	<u>COMP. DATE</u>
<b>G. Sales Promotion by Market</b>		
1. What markets?	Sales Pro- motion Mgr.	Dec. 15
2. How will the product be promoted?	" "	" "
3. What results are expected?	Mkt. Div. Mgr.	Dec. 15
4. What media will be used, why and when?	Sales Prom. Mgr.	Dec. 15
5. What costs will be incurred?	" "	" "
6. What, how and when will programs be measured?	Mktg. Div. Mgr.	Dec. 15
7. Other	Sales Prom. Mgr.	Dec. 15
<b>H. Sales Training by Market</b>		
1. What kind of training will sales force receive?	Sales Mgr., Mk. Dv. Mgr.	Dec. 15
2. Which personnel will be trained?	" "	" "
3. When and where will training be done?	" "	" "
4. How and who will do the training?	" "	" "
5. What costs will be incurred?	" "	" "
6. What results are expected?	" "	" "
7. Other	" "	" "
<b>I. Technical Service</b>		
1. Serviceman training - what, when, how, by whom?	Tech. Svc. Mgr.	Dec. 15
2. Product demonstration	" "	" "

	<u>PREPARED BY</u>	<u>COMP. DATE</u>
3. Customer and product testing	Tech. Svc. Mgr.	Dec. 15
4. Field service support	" "	" "
5. Testing of new D-G products	" "	" "
6. Other	" "	" "
J. Marketing Research by Market or Product		
1. What activities or programs should be provided?	Mktg. Res.	Dec. 15
2. When, where, how and by whom will these be accomplished?	" "	" "
3. What costs will be incurred?	" "	" "
4. Other	" "	" "
K. Sales Administration		
1. What activities or program should be provided?	Sales Adm. Mgr.	Dec. 15
2. When, where, how, and by whom will these be accomplished?	" "	" "
3. What costs will be incurred?	" "	" "
4. Other	" "	" "
L. Divisional Manpower Development		
1. What recruitment selection programs are required?	Mktg. Div. Mgr.	Dec. 15
2. When, where, how and by whom will these be accomplished?	" "	" "
3. What costs will be incurred?	" "	" "
4. Other	" "	" "

PREPARED BY    COMP. DATE

## M. Product Coordination

- |   |                       |            |
|---|-----------------------|------------|
| 1. What activities or programs should be provided?          | Prod. Coord.<br>Staff | Dec. 15    |
| 2. When, where, how and by whom will these be accomplished? | "        "            | "        " |
| 3. What costs will be incurred?                             | "        "            | "        " |
| 4. Other  | "        "            | "        " |

## N. Market Development

- |   |                      |            |
|---|----------------------|------------|
| 1. What activities or programs should be provided?          | Mktg. Devel.<br>Mgr. | Dec. 15    |
| 2. When, where, how and by whom will these be accomplished? | "        "           | "        " |
| 3. What costs will be incurred?                             | "        "           | "        " |
| 4. Other  | "        "           | "        " |

## O. Marketing Order Forecast

Mktg. Div. Mgr.	Dec. 15
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## P. Establish Control and Measurement Criteria and Review Dates of Planned Action

Mktg. Div. Mgr.	Jan. 15
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## Q. Total Division and Department Budget Planning

Mktg. Div. Mgr.	Feb. 1
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## APPENDIX C

### QUESTIONNAIRE

On the following pages are the questionnaire and cover letter used to gather information relating to the practical applications of marketing planning. Results of the returns relating to this thesis are presented in the text beginning on page 74.





# kansas state teachers college

1200 COMMERCIAL STREET  
EMPORIA, KANSAS 66801  
TELEPHONE 316 343-1200

February 15, 1971

Gentlemen:

You or your Marketing Planning Manager can give me some assistance. I am currently writing my thesis for a masters degree in Business Education from Kansas State Teachers College. The problem I am interested in concerns the marketing planning process actually used by industrial goods producers as compared to theoretical marketing planning cycles.

In a recent Industry Week article, Professor Richard Eells of Columbia University indicated that the planning function will become increasingly important in the next decade. If this prediction is correct, the student of marketing planning will need more information, hopefully from those who now have first-hand knowledge of the activities of marketing planning.

You can help. On the following page are a few questions which I hope will aid me in developing schematic layouts of the industrial marketing planning cycles most prevalent in this survey. Your answers to these questions will be appreciated, and any additional information you can provide concerning your marketing planning cycle will be most welcome. Of course, all answers are confidential and will be used only in combination with others to get a composite picture.

After completing the questionnaire, simply refold, staple, and put in the mail. If you desire a copy of the analysis of this survey, please include your name and address.

Cordially,

A handwritten signature in black ink that reads "David T. Rindom".

David T. Rindom



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Division of Business