

investment authorizations. Research at McKinsey involving a survey of over 700 executives suggests ways to make the strategy development process more effective.⁴ In particular, a strategy process should involve the following activities.

- **Start with the issues.** CEOs say that planning should focus on anticipating big challenges and spotting important trends. Strategy choice will be well served by identifying the key associated strategic issues. One CEO asks the business leaders in his firm to imagine how a set of specific trends will affect their business. Another creates a list of three to six priorities for each business to form a basis for discussion.
- **Bring together the right people.** In particular, it is not enough to have staff people involved but also the people who will implement the strategy, the decision makers. Also, in order to foster synergies and strategies that span product or country organizational silos, it is worthwhile to have relevant teams of businesses represented.
- **Adapt planning cycles to the businesses.** It is unrealistic to say that all businesses need to have planning exercises each year. Some may need it every other year or even every third year. Also, trends, events, or issues should trigger a strategy review even if it is not in the annual cycle.
- **Implement a strategy performance system.** Too many businesses fail to follow up on strategy development. As a result, it becomes a rather empty exercise. Major strategic initiatives should have measurable progress goals as well as end objectives. What will be the barrier to success? What needs to happen for the strategy to be on track?

MARKETING AND ITS ROLE IN STRATEGY

Marketing's strategic role has grown over the years. The question for each organization is whether the chief marketing officer (CMO) and his or her team have a seat at the strategy table or are relegated to being tactical implementers of tasks such as managing the advertising program. The view that marketing is tactical is changing; it is now more and more frequently being accepted as being part of the strategic management of the organization. Given the definition of a business strategy and the structure of strategic market management, the roles that marketing can and should play become clearer.

One marketing role is to be the primary driver of the strategic analysis. The marketing group is in the best position to understand the customers, competitors, market and submarkets, and environmental forces and trends. By managing marketing research and market data, it controls much of the information needed in the external analysis. Marketing should also take the lead in the internal analysis with respect to selected assets (such as the brand portfolio and the distribution channel) and competencies (such as new product introduction and customer relationship management).

A second role is to focus attention on customer insight and customer value. By placing a premium on meeting customer needs over other organizational imperatives, marketing helps ensure company relevance over time.

A third role is to drive growth strategy for the firm. Growth options are either based on or dependent on customer and market insights, and marketing therefore should be a key driver. In fact, a study by Booz Allen and Hamilton of some 2,000 executives found that a small but growing number of firms (9 percent) describe the CMO as a growth champion involved in all strategic levers relating to growth.⁵

Finally, marketing should play a leading role in building, managing, and defending strong customer and brand assets—called customer and brand equity. These assets deliver value back to the firm and are critical to firm strategy now and in the future.

Thus, marketing is a partner, usually a key partner, in the development and implementation of a business strategy. The conceptualization of a business and marketing strategy as having four dimensions helps illuminate the nature of that relationship. The firms that are able to achieve success over time are those that realize that marketing should have a strong voice in business strategy.

KEY LEARNINGS

- Strategy needs to be developed and executed in the context of a dynamic market. To cope, it is important to develop competencies in strategic analysis, innovation, managing multiple business, and developing SCAs and growth platforms.
- A business strategy includes the determination of the product-market investment strategy, the customer value proposition, assets and competencies, and the functional area strategy. A marketing strategy involves the allocation of the marketing budget over product markets, the customer value proposition by segment, the marketing assets and competencies, and the strategies of the functional areas of marketing.
- Strategic market management: a process designed to help management create, change, or retain a business strategy and to create new strategies for the future. It involves external analysis, internal analysis, creating and adapting strategy, and implementing strategy and producing firm value.
- Marketing plays a key role in a firm's business strategy. It drives company strategic analysis; it focuses attention on customer insight and value; it drives company growth strategies; and it builds, manages, and defends company customer and brand assets. The CMO role has grown over the years and is now often charged with being a partner in developing strategies and a vehicle to deal with the dysfunctions of the product-market silos.

FOR DISCUSSION

1. What is a business strategy? Do you agree with the definition proposed? Illustrate your answer with examples. Consider one of the following firms. Go to the firm's website and annual report to gain an understanding of its business strategy. Look at elements such as the products and services offered, the history of the firm, and its values. What is the business strategy? What are the firm's product markets? What are its value propositions? What assets and competencies are important to this strategy? What outstanding functional programs and strategies exist?
 - a. Dell
 - b. Zappos
 - c. Visa
 - d. A firm of your choice