Culture and Positioning as Determinants of Strategy

Personality and the Business Organization

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Preface

Most readers will have been for a job interview and come away having a ‘feel’ for the organization. In the same way that interviewees tend neutrally to describe the position for which they have applied as ‘interesting’, ‘challenging’, or ‘exciting’, they may go home and tell their relations and friends that the organization was ‘friendly’ or ‘open’ – or perhaps ‘sullen’ or even ‘creepy’! These are human reactions to behaviours and surroundings. The same happens when we visit stores, theatres and restaurants or any other place that an exchange process takes place. The ambience, the atmosphere, the very root of pleasure and enjoyment are often derived from our reaction to behaviours and surroundings and the way that we perceive ourselves in these environments.

These reactions are deep-rooted and they may say as much about ourselves as they do about those around us. Consider simplistic exchange situations; for example, the visit of a plumber to our home. We have a problem – a pipe leak or maybe the shower needs to be replaced. There is a job to be done and we have an expectation of certain outcomes. Yes; we certainly want to stop the leak or have a shower that looks, feels and sounds good. But there are other important aspects that act as signposts to our judgements. Does the plumber work quickly, quietly and cleanly? Or perhaps the plumber spends endless time answering a mobile telephone, drinking tea or attempting to have endless conversations. Individual reactions will vary accordingly and depend on individual traits and expectations. However, what we think of the plumber, and whether we use the same plumber in the future, will depend on who the plumber is – and, indeed, who we are.

Some might believe that the teaching/learning experience of business disciplines is repetitious. It certainly can be. However, there is an important and indeed vital element of reflection that assists the role of the practitioner. Of course, when business studies is taught by the book, then there is little likelihood of anything much emerging other than spurious attempts at cause and effect in an area that is so often bereft of ‘scientific’ predictability because it is essentially about people. Some observe and comment from the shelter of a book-lined office, and others from the workface of a factory or office or shop. It would seem that the question of credibility and value depend upon who we are in most areas of endeavour.
Whilst considering organizational behaviour with a group of postgraduate practitioner managers, there was active discussion about the relevance and reality of behaviours as observed by Zimbardo, Haney, Banks and Jaffe (1973) and Luthans (1988). In the case of Zimbardo et al., the ease with which hired students mimicked the roles of prisoners and wardens was vaunted as typical of the way that managers behave. Particular examples ranged from the simple expectations for junior staff to be seen to work late however pointless or unnecessary to the requirement of a minimum period of time elapsing prior to promotion regardless of ability or application. Roles adopted by managers were seen as a means of control, a demonstration of authority and power, and a negative influence on the operation of a successful and forward-looking business. Furthermore, the new office, the new car, the reinforcement of new status through the adoption of a particular management role was all recognizable and associated by these practitioner managers with common circumstances of business life. The Pirandellian prison, it seemed, was considered to be applicable to the workplace and the way that some managers at least wanted to be seen and perceived by co-workers, and presumably friends, relations – and maybe even customers. Authority it would seem requires exercise and rehearsal. On the other hand, as Zimbardo et al. (1973) put it: ‘To what extent do we allow ourselves to become imprisoned by docilely accepting the roles others assign us or, indeed, choose to remain prisoners because being passive and dependent frees us from the need to act and be responsible for our actions?’ (59). The Pirandellian prison, perhaps, is a double edged sword for all participants: managers, employees and customers.

Luthans (1988) addressed the differences between the promotions of rapidly promoted or successful managers and the ‘passing over’ of effective managers during a four-year observational study. The suggestion that the so-called successful managers may be the ones who do not in fact take care of people and get high performance from their units’ (127) seemed to ring many bells with this group of practitioner business managers. Luthans concludes that, notwithstanding formal personnel policies and every management textbook, social and political skills are the key to progress rather than effectiveness, communicating and human resource management. Interestingly and perhaps sadly, Luthans notes that there are few instances of real managers who were both successful and effective.

It might appear that an experienced ‘role playing’ and even ‘successful’ business person might not be the ideal travelling companion for a business. The question arises that if managers play these ‘games’
towards their co-workers in the workplace then what about their behaviour towards the customer? Presumably there is cachet in playing a particular role to the wider world and creating an even more total image of authority and success. Does this contribute to what Mintzberg, Simons and Basu (2002) have called ‘a syndrome of selfishness … built on half-truths, each of which drives a wedge into society’ (67) and possibly even ‘behavior that, while technically allowable, corrupts our leadership, our organizations, our society and ourselves as human beings’ (68). Furthermore, the same authors suggest observed ways to manage that may be parallel to Luthan’s (1988) thoughts: ‘Real leadership is often more quiet than heroic. It is connected, involved and engaged. It is about teamwork and taking the long-term perspective, building an organization slowly, carefully and collectively’ (Mintzberg, Simons and Basu, 2002: 71). They talk not about successful and effective but rather heroic and engaging.

Plainly, there is a need to study the source and nature of these adopted roles. This, however, is not my primary concern at this time. Another area of teaching/learning coincided with my practitioner life as a managing director and industrial consultant. The suggestion that a business should segment, target and position is a well-known and often rehearsed process in both the lecture hall as well as marketing departments. Segment the market, identify and select a target market, and then position yourself ‘in the mind of the prospect’ (Ries and Trout, 1986a: 2). The former two actions are more about knowledge and decision whilst the latter is about image and perception. This makes a lot of sense – until you practise this process in your business environment. Knowledge gathering and decision making seem to be good. But positioning through image and perception? What happened when my image and perception were simply what I wanted to be? What happened when I stepped over the line with my advertising agency into the world of fantasy? What happened when the suggestion of expectation was not fulfilled? What happened when I could not recognize my own business through the fog of image and perception? Is that me?

At the same time, there seemed to be some doubt creeping into standard teaching texts suggesting that a distinction existed between strategic approaches and promotional activity so far as positioning was concerned. More than all this, however, were the ringing bells of my practitioner managers and their observations of Zimbardo, Haney, Banks and Jaffe (1973) and Luthans (1988). There was the question of whether businesses themselves were in fact playing roles and being successful through the use of image and perception – as opposed to the reality of
looking after and caring for the expectations of the customer. What is more, and perhaps far worse, previous textbook teaching seemed to be endorsing and recommending possible behaviour of deception and manipulation to students.

Of course, there is nothing new about people trying to masquerade as something that they are not. Take a look at the jackets of books written by some business academics or their online biographical notes. You might be excused for thinking that they have had successful (although not necessarily in the Luthans (1988) sense of the word) careers in the business world as well as the academic world. There is apparently an important image that has to be created so that credibility and truth can be attributed to the words of such an almighty icon of modern business. Why bother if this image does not matter? Is this a role to be played to convince the reader or simply the pursuit of success and rapid promotion? Of course, sometimes it is true that these actors have in fact taken responsibility and earned a living on the coalface. These would be the people to heed because there is a vital need for resonance between practice, research and theory.

In the world as we know it, it is easy to see that we are potentially influenced and perhaps manipulated by images and perceptions. The world of media advertising is an extension to the art of haggling and persuasion, and every move that we make seems to be influenced in some way by images of brand and lifestyle. There are attempts at every juncture to persuade us that each product and service is the natural trait of our own success. The problems arise when the customer finds that the promises and the offers and the expectations are not true – or, at least, not entirely accurate. There are parallels to everyday activities. When two people are attracted to each other and make arrangements to meet, it is likely that they are looking for common interests or traits with which each can associate. If the promise of the relationship fails to meet expectations then the relationship may founder.

Every action and inaction, every behaviour and trait observed by a customer, whether business or retail, forms part of the larger picture. It is not enough to rely upon an image, a perception (or sometimes, more accurately, a manipulation of perception) to support the sale of products and services. The bigger picture includes a customer memory; short-term gain is not a marketing orientation. Business often seems to be more about instant success than long-term custom. It may be about instant success for the manager (and undoubtedly the shareholders) rather than an effective, ongoing and long-term exchange. That is why it is important to define the role of positioning in marketing. This book
tries to identify what is vital to a business in pursuit of long-term growth rather than short-term gain. It considers the notion that customers want to be treated fairly rather than shoddily and it offers the possibility that management personality and behaviour traits are important. It is not enough simply to be single-minded in pursuit of rapid growth and profit at any price. There needs to be lively awareness that the company reflects the owner, its past history, and the preferences of the managers.

This is not a recipe for weak management. On the contrary, the pursuit of standards and decent behaviour is far more demanding than simply sticking the knife in (both co-workers and customers) and twisting. The challenge is one of care and treatment of customers in a way that you would wish to be treated. The notion that the culture or personality of the business is a major driver of strategic positioning governed by the owner, its history and the preferences of the managers, needs to be taken seriously. This suggests that people and their behaviours are important to a business (and for that matter any walk of life) and importantly, to the customer and the employee. If we want to pursue greed and self-interest as a major objective then ignore the possibility of strategic positioning and concentrate on operational positioning. Use the techniques of persuasion and manipulation and image to support your business framework and lean heavily upon them. There are long-term social consequences for such behaviour, or indeed a society and ideology that is tolerant of such behaviour. If you are interested in the customer, long-term steady growth, and respect for your fellow humans and the society that you live in, then look more carefully at strategic positioning and work your way towards answering the question of your business: ‘Who are we?’ and ‘Who do we want to be?’

TONY ELLSON
Part I
Prelude
1
Context and Rationale

‘Writing is a great way to discover what we are thinking, as well as to discover gaps in our thinking.’

(Wolcott, 1991: 21)

The way things are now

The process of segmentation, targeting and positioning (STP) has become a formulated approach that is widely recognized by marketers. Most marketers recognize and describe real differences between target segments and other segments. The opportunity to concentrate resources on a specific group of customers is attractive because it gives direction and purpose to the marketing programme. The traditional process of segmentation, targeting and positioning is characterized by Figure 1.1.

The very act of segmentation recognizes that it is not possible to be all things to all people. The role of segmentation is to assist rationally in the identification and choice of target customers. Positioning utilizes the understanding and knowledge gained from segmentation to construct an advertising proposition and secure ‘a worthwhile position in the prospect’s mind’ (Ries and Trout, 1986a: 2) in order ‘to occupy a distinctive place in the target market’s mind’ (Kotler, 2000: 298).

Wendell Smith’s (1956) article ‘Product Differentiation and Market Segmentation as Alternative Marketing Strategies’ in the Journal of Marketing is generally identified as seminal in the evolution of the process of segmentation and targeting. The article cites diversity or heterogeneity in demand and supply sides of the market contrary to economic theory of perfect competition assumptions about homogeneity (3). Whilst the article identifies differentiation and market segmentation as two strategies that
are applied alternatively or even on occasion simultaneously (5), there are clear parallels to the present day usage of the process of STP.

Smith (1956) identifies how advertising and promotional activities emphasize diversity between products by highlighting distinctive and differentiated features and thereby making unique appeals to prospective buyers (6). The use of differentiation can then be used as a way to converge demand on particular products or product lines. Alternatively, the targeting of defined market segments leads to divergent demand in a heterogeneous market through satisfying defined segments (4). Whilst the article recognizes that the use of product differentiation is applicable to both consumer and industrial markets, market segmentation portrays an attempt to reflect the needs of the customer more precisely, a precursor to customer orientation.

Smith’s (1956) article acknowledges some fundamental, and yet sometimes overlooked, aspects of the process of STP. Market segmentation produces a ‘depth of market position in the segments that are effectively defined and penetrated’ (5) but segments need to be redefined because they are short-term and changing phenomena responding to differing product preferences. Market segmentation therefore represents ‘the adjustment of market offerings to consumer or user requirements’ (6) and presumes greater importance with increasing competition. In
contrast, differentiation is characterized by heavy advertising and ‘may be classified as a promotional strategy or approach to marketing’ (6) that attempts to persuade the buyer to favour one supplier over another to establish a firm market position and to enhance the buyer’s willingness to pay higher prices. These observations in relation to market segmentation and differentiation suggest the need for regular review by the marketer to take account of the changing market and needs of customers (5). Importantly to the marketer, Smith (1956: 5) draws attention to the integrated nature of strategic planning in respect of its influence on both manufacturing and marketing: ‘Strategy determination must be regarded as an over-all management decision which will influence and require facilitating policies affecting both production and marketing activities’.

The overall management decision is also directed by other influences that pertain to the nature of the organization such as the ability and willingness to control costs (Smith, 1956: 7). The approach of a business to strategy determination is dependent on a variety of inherent factors within the organization including the way that it perceives its own purpose (Levitt, 1960).

Levitt (1960) portrays the alternative approach as a business without a sense of purpose or direction, lacking any panache and comprised of separate functional parts ignoring the need to motivate customers to want to do business. This approach does not preclude the need to intensify the emotions of the customer through the use of ‘advertising’, ‘industrial design’, and ‘packaging’, but rather augments the product: ‘All goods and services are differentiable…products are almost always combinations of the tangible and the intangible’ (Levitt, 1969: 83–4).

An age of advertising

Emotional engagement, the more intangible part of the combination, may be considered to be part of the integrated response to the creation and satisfying of customers. Importantly, perhaps, Trout (1969: 52–3) suggests:

Market people disregarded feelings people had towards companies and focused their attention instead on products and their differences… This will be an era that recognizes the importance of product features and the company image, but more than anything else stresses the need to create a ‘position’ in the prospect’s mind.
Again, Trout (1971: 117–18) claims: ‘In the positioning era, “strategy” is king’ and asks ‘Does our creative strategy match our positioning strategy?’ Strategic positioning might seem to have arrived.

‘A company must create a “position” in the prospect’s mind’ (Trout and Ries, 1972a: 35), ‘positioning is something you do with the mind’ (Trout and Ries, 1972b: 52) and ‘the name is the hook that hangs the brand on the product ladder in the prospect’s mind’ (Trout and Ries, 1972c: 116). Interestingly, Trout and Ries (1972a: 38) note in their early article that ‘the mind accepts only that new information which matches its prior knowledge or experience’. This suggests that, at this time at least, there was some recognition that positioning had to reflect reality and customer experience rather than the manipulation and cosmetic approach implied by later publications (see Ries and Trout, 1981; 1986a). There is a ranking or ladder of competitors in the customer’s mind as a result of advertising: ‘Unless your advertising positions your product in relationship to its competition, your advertising is doomed to failure’ (Trout and Ries, 1972a: 38).

‘Strategy’ is again described in the context of advertising at this time. The manipulation of consumer perceptions as a communications issue (Ries and Trout, 1981) is in itself not a prerequisite to the determination of marketing strategy. Trout and Ries (1972a; 1972b; 1972c) propose positioning as an alternative to the hard sell and creativity. Strategy determination however is built on ‘the match between an organization’s resources and skills and the environmental opportunities and risks it faces and the purposes it wishes to accomplish’ (Hofer and Schendel, 1978: 11).

A formal strategy may not exist in some organizations and there may not be a good match between resources and environment, but the ‘fundamental pattern of present and planned resource deployments (distinctive competencies) and environmental interactions . . . indicates how the organization will achieve its objectives’ (Hofer and Schendel, 1978: 25). Indeed, the combination of understanding an organization’s capabilities in the context of the competitive environment will enable a business to establish a more secure position in the market. This can be done through the use of a variety of strategies including the establishment of relationships within selected segments, differentiation through substantive or psychological means, horizontal or vertical integration, or perhaps technological leadership (Porter, 1979).

This suggests that a business may need to change its capabilities and resources in order to meet new opportunities and threats that arise or to accomplish a match with a changing market and environment. This
adjustment is not simply achieved through superficial modification but through real changes in the actions and behaviours within the organization (Weick, 1979; Baker, 1980; Waterman, Peters and Phillips, 1980). A principal trait necessary to enable adjustment to meet changes in the external environment is adaptability (Baker, 1980) across a range of characteristics that define the competence of a business. In particular, this is not simply about redefining the structure of an organization, but rather, the interconnectedness of a variety of variables that influence interactions and fit (Waterman, Peters and Phillips, 1980) between the organization and a target segment: 'Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect' (Ries and Trout, 1986a: 2).

Positioning is perceived as a powerful tool in competitive warfare, and changes in the marketing mix do not really change the product but are cosmetic and manipulative (Ries and Trout, 1986b). This approach focuses on customer attitudes and preferences and contrasts with Porter’s (1979) approach that is more concerned with the need for organizational shifts in response to the changing environment. The former is a more operational and promotional approach whilst the latter is more obviously strategic and integrated: ‘Success breeds failure . . . the historical success model becomes the major obstacle to the firm’s adaptation to the new reality’ (Ansoff, 1984: 329).

**A paradox of success and failure**

If a particular strategy has created a successful business in the past, then it is likely that the protagonists of this success will recognize the need or be willing to change the way things are done. It is therefore paradoxical that ‘the success of a strategy depends on the existence within the firm of capabilities that are needed for implementing it’ (Ansoff, 1984: 59). It might seem even more incongruous that managing strategic change includes ‘positioning of the firm through strategy and capability planning’ (xvi). It is the metaphoric and symbolic bases of an organization that generate and uphold the idea that various aspects of a business can be reviewed and altered in isolation from the whole picture that reflects the business and the product in the eyes of the customer (Smircich and Stubbart, 1985).

Drucker (1988: 76) says: ‘The single most important thing to remember about any enterprise is that there are no results inside the walls. The result of a business is a satisfied customer . . . inside an enterprise there are only cost centres. Results exist only on the outside’. Marketing should reflect the dynamic relationships between buyers and sellers influenced by
external factors (Sheth, Gardner and Garrett, 1988) rather than the apparent role and purpose of marketing as a manipulator of the customer, a teller and seller, a last-in-line function (McKenna, 1991). Marketing strategy needs identity and direction so that it can reflect a clear message that the customer can understand and believe: ‘A sound business strategy is an articulation of a vision. It provides identity and direction by specifying how a business intends to compete in the markets it wants to serve, and the results it wants to achieve’ (Day, 1990: 41).

There are three trends challenging the choice of markets and target segments: increasing market fragmentation yielding new segments with distinctive needs and requirements served by specialists with tailored offerings; blurring traditional market boundaries because of the assortment of substitutes mostly resulting from technology advances; and increasing homogenization of buying patterns as a result of connecting national markets to global markets (Day, 1990). Marketing is no longer simply a function; it is not simply an advertising promotion but a way of doing business (McKenna, 1991). The delivery of competitive advantage through superior value resides with the competency of a firm and the key strategic issue of positioning is ‘to stay with one’s own distinctive competencies...to play your own game and resist temptations to try to be all things to all people’ (Czepiel, 1992: 129).

The marketing role of matching goods and services to the requirements of the consumer through an understanding of the market is giving way to less distinctive boundaries between business functions and the need for long-term strategic relationships with both suppliers and customers (Webster, 1992). The emphasis on irrelevant points of difference and short-term impact through advertising and promotion brings the role of marketing into question (Brady and Davis, 1993). Marketing perceived as sales and advertising, a purveyor of the short-term fix, is likely to lead to questions not only about marketing resources, but the responsibility for long-term foundation for company prosperity (Kotler, 1994b). The customer as the focal point of a business, part of a long-term strategic relationship or partnership, is more market oriented and less manipulative than a reliance on advertising, distribution and product branding (Gronroos, 1994). There is growing criticism of the limitations of the marketing mix paradigm:

The simplicity of the model seduces teachers to toolbox thinking instead of constantly reminding them of the fact that marketing is a social process with far more facets...as a consequence of this, researchers and marketing managers are also constrained by the
simplistic nature of the Four P’s. The victims are marketing theory and customers. (Gronroos, 1995: 14)

The manipulation of customers, and a lack of concentration on customers as the focal point, is the problem (Gronroos, 1995). The toolbox thinking presented by the Four P’s is limited by the constraints of its own boundaries of product, price, promotion and place (see Gummesson, 1998; Lings, 1999). The social process includes interaction between the customer and the supplier, and suggests empathy between the customer and supplier rather than a shoehorn approach of a particular process. Toolbox thinking is fundamentally a process that can impose limitations on the practitioner manager. These range from the method of organizing a marketing function to imposed functional boundaries. Interestingly, the Four P’s can constrain and limit normal social processes between employees as well as between supplier and customer. This can lead to the inhibition of innovative improvement, the very thing that the marketer might be expected to pursue. It is rather a road-map suggesting an inside–out rather than outside–in thinking and, yet again, contrary to expectations of the marketer. Indeed, the social construct of the marketing organization built on traditional teaching of marketing may be responsible for the very opposite of establishing a market orientation as a result of politicizing and limiting the important social nature of organizational relationships.

In order to understand the social processes leading to a fuller understanding of the customer, there is a need to take account of the total arena of the business organization. The combination of the wide range of organizational influences will affect the social interaction between customer and supplier. Manipulation or falsehood seems unlikely to secure most long-term mutual and meaningful relationships. ‘I like you, you like me’ seems a reasonable proposal to assist a lasting customer–supplier relationship and whereas most social relationships are influenced by the behaviour and personality of the participants, it is likely that similar traits might influence the positioning in the mind of the customer. This is an area, therefore, that is potentially important and significant to marketing application and theory.

Brown (1995: 28) refers to small, specialized teams working towards the goals and values in the marketing manifesto and ‘indistinguishable from those for manufacturing process, product quality, procurement and finance, in that they all, to varying degrees, help to implement marketing’. This is a portrayal of marketing developing a range of facets and resources within the organization to win the hearts and minds of
target markets rather than confined by functional or preconceived limitations of the role of marketing.

Porter (1996) notes that positioning is rejected as too static for today’s dynamic markets and changing technologies because rivals can quickly copy a market position and it therefore only achieves a temporary competitive advantage. The root of the problem, he says, is a failure to distinguish between operational effectiveness and strategy, and this leads to the replacement of strategy by management tools rather than viable competitive positions. The marketing ‘toolbox’ (Gronroos, 1994) as well as the perception that marketing is failing to deliver long-term solutions (Webster, 1992; Brady and Davis, 1993; Kotler, 1994b; Gronroos, 1994; 1995) has limited the ability of marketing to find a way effectively to influence the whole business in its search for innovation and growth. The credibility of marketing as more than simply a controller of advertising and promotion, a manipulator of perception and image, has limited the ability of the marketer to create a strategic framework for meaningful positioning in the market.

A complicity of purpose

The media industry recognizes that emotion and image are important elements of convincing the customer. John Hegarty of Bartle, Bogle & Hegarty, creator of some memorable Levi Strauss advertisements, is reported to say: ‘Advertising has moved from USP – the unique selling proposition – to ESP, or the emotional selling proposition. Product quality differences are far less, because technology has moved forward so much. So today it’s a matter of how much you feel about the brand’ (Perverse Pleasures in Adland, The Sunday Times, 18 April 1999). Similarly, designer Stephen Bayley believes: ‘Competitive advantage doesn’t come from having a superior product but from having a more attractive image. A lot of people would dispute that ads are about selling any more. It’s simply that people don’t believe you unless you advertise’ (ibid.). There seems to be a difference of opinion about the role of positioning in the process of segmentation and targeting and, in particular, the strategic role of positioning in marketing. The important task of profiling the market through segmentation results in an exhortation to use this understanding effectively to promote a name and an image, a perception of the product or service. If image and perception are the basis for future success and growth, then they are likely to be short-term at best. It is potentially harmful to both a business and marketing as a philosophy and function if shown to have a sole or fundamental basis
in manipulation of the customer’s mind only. It is time to re-evaluate
the role of positioning in the determination of strategy and the long
term development of the business. As Combe (1999: 342) argues:
‘Research should build more holistic frameworks to explain more com-
prehensively what is happening.’

The emotional selling proposition and an attractive image eclipse
absolute needs and create desire founded upon emotional credibility.
The purpose of this book is to look more closely at the role of positioning
as a determinant of strategy rather than the purveyor of manipulated
perceptions. It is suggested that far from being the door closing at the
end of the process of STP, positioning might in fact be the door opening
at the start of the process. A further question arises as to whether there
is an even more central role for positioning in marketing in so far as it
becomes a focal point for the connection between customer and supplier.
Hatch and Schultz (2001) polarize this possibility: ‘In some cases, an
organization will invent a catchy new corporate slogan, tack it on a
wide range of products, and hope it will mean something to employees
and consumers alike. Just as bad, a company might simply design a new
logo and slap it on every product, hoping it will pass as a corporate
brand. But there is more to it than that’ (130).

Yet, even recent authors promulgate the idea that the development of
positioning strategy consists of ‘establishing the initial market offering
in the minds of consumers’ and then ‘differentiating the market offering
from competitors in the minds of consumers’ (Darling, 2001: 210) as
part of the process of STP. This is good reason to research the full context
of positioning as a determinant of strategy rather than simply the com-
munication element of a fundamental ‘given’ of marketing.

There is a suggestion that competenc(y)e and capability are related to
the strategic positioning of a business or product. Day (1990: 7) suggests
that the frequent change of a winning strategy would lead to confusion
with both customers and the organization and proposes adaptation that
‘capitalizes on the competencies of the business’. Distinctive competen-
cies are described as a ‘fundamental pattern of present and planned
resource deployments’ (Hofer and Schendel, 1978: 25). Core competen-
cies are defined as sources of competitive advantage, breadth of
application to different markets and difficult to imitate (Prahalad and
Hamel, 1990) and new product concepts, strategic alliances, develop-
ment programmes, and long-term initiatives (Hamel and Prahalad,
1994). Distinctive capabilities are seen as activities such as market sensing,
customer linking, and channel bonding (Day, 1994). The competencies
and capabilities differentiate a business from competitors, providing
competitive advantage and a determination of the best means to achieve a match between an organization and the requirements of target segments.

This is not something that happens after the process of segmentation and targeting, it is rather a possible determinant of the way that an organization segments and then chooses target markets. This is not the ‘strategic positioning’ that Trout (1969; 1971), Trout and Ries (1972a; 1972b; 1972c), or Ries and Trout (1981; 1986a) raised as the alternative to Rosser Reeves ‘Unique Selling Proposition’ (USP) or David Ogilvy’s ‘image era’ (Trout, 1969: 52). This is an a priori act of positioning rather than a post hoc decision and this suggests that positioning is more about the determination of strategy than ‘a game people play in today’s me-too market-place’ (Trout, 1971: 116) or even the outcome of segmentation and targeting. This book further explores this notion, the source of competencies and capabilities, and the effect upon strategy. Importantly, it will investigate the influences on how and where a business decides to compete in order to understand the role of positioning and to identify the possible meaning and context of positioning as a determinant of strategy.

A plan of the book

Positioning has been described as something that takes place in a prospect’s mind, a manipulation of consumer perceptions through a communications approach (Ries and Trout, 1981). This application of positioning uses the process of segmentation in order to gain a fuller understanding of target groups in the market as part of the informing process for a successful promotional approach. Day (1990) views positioning at a strategic level as vision linking with competitive advantage, positioning at a tactical level as a concept linking product positioning with segmentation and targeting, and positioning at an operational level as a tool linking a brand to the customer through the use of communication. It is, from the strategic marketing viewpoint, a tactical or operational aspect of the marketing plan.

The book will try to identify the differences between strategic and operational positioning and attempt to define the role that each plays in the process of segmentation and targeting and the determination of marketing strategy.

Smith (1956) identifies differentiation as a promotional strategy to gain a market position and enhance a willingness to pay higher prices, and acknowledges that strategy is an integrated approach that engages
the whole business. Whilst emotional enhancement of the product (Levitt, 1969), or psychological means (Porter, 1979), are an intangible part of the product, strategy determination is a means of matching resources and skills, competencies to the changing environment (Hofer and Schendel, 1978). Superficial modification rather than real changes within the organization (Weick, 1979; Baker, 1980; Waterman, Peters and Phillips, 1980) is necessary to make the connection between the organization and a target segment.

Marketing is not simply a manipulator of the customer, a teller and seller, an advertising promotion (McKenna, 1991), a user of advertising and promotion (Brady and Davis, 1993), a manipulator of advertising, distribution and product branding (Gronroos, 1994), a purveyor of the short-term fix (Kotler, 1994b), or an inventor of a catchy new slogan (Hatch and Schultz, 2001). Satisfied customers (Drucker, 1988), the recognition of dynamic relationships between customer and supplier (Sheth, Gardner and Garrett, 1988), the long-term strategic relationships with customers (Webster, 1992), and the long-term foundation for company prosperity (Kotler, 1994b) where the customer is the focal point of a long-term strategic relationship or partnership (Gronroos, 1994) are the underlying aims of marketing.

The book will examine the need for, and advantages of, strategic positioning matching reality rather than manipulating the mind of customers.

Strategic planning requires overall management decisions that influence and facilitate integrated policies affecting every aspect and area of the business (Smith, 1956; Levitt, 1960). The match between resources or distinctive competencies and external environment is fundamental to an organization achieving the purposes that it wishes to accomplish (Hofer and Schendel, 1978; Webster, 1992). Marketing should develop a range of facets and resources within the organization to win the hearts and minds of target markets rather than be confined by functional limitations of the role of marketing (Brown, 1995). This is a multi-faceted approach that relies more on social processes than the constraints of the limited borders of product, price, promotion and place (Gronroos, 1995).

This research looks at strategic positioning as a reflection of the persona of the company. This might be reflected in a statement of mission or vision, it might reflect the culture of the organization, the ‘something’ that you can sense, but cannot see or touch. Whatever this ‘something’ might be, a company is dependent on the behaviours of the people who are perceived as the company and employees by the customer. The
approach, the strategy, the decisions and judgements, are all reflections of the company. Strategic positioning is likely to reflect that ‘something’ of a company through the brand, the product or service, the offering it makes to the market place.

The book looks at the role of the history of a company and the personal preferences of senior management in strategic positioning as well as the influences of culture.

Levitt (1960) portrays a business without a sense of purpose or direction and comprised of separate functional parts as ignoring the need to motivate customers to want to do business. There would then be a need for a business to change its capabilities and resources in order to meet new opportunities and threats that arise, or to accomplish a match with a changing market and environment. This would require real changes rather than superficial modification including change to the behaviours within the organization (Weick, 1979; Baker, 1980; Waterman, Peters and Phillips, 1980) or adaptability (Baker, 1980) across a range of characteristics that define a business, the purpose of which is to influence interactions and fit (Waterman, Peters and Phillips, 1980) between the organization and a target segment. The recognition of the need for change is blurred by past success (Ansoff, 1984) and yet strategy and capability are defined by the portrayal of a whole picture of the organization (Smircich and Stubbart, 1985) as perceived by the customer.

Vision expresses identity and direction, the way a business intends to compete (Day, 1990) and competitive advantage and superior value is distinguished by the distinctive competencies rather than any attempt to be something else (Czepiel, 1992). This requires an understanding of organizational life (Van de Ven and Poole, 1995) in recognition that it is not that simple (Hatch and Schultz, 2001).

The book explores the need to be aware of, and contribute to, the adjustment or change of an organization’s culture as part of the determination of strategy and in particular in the role of positioning as a determinant of strategy.

Structure of the book

There always seems to be something more logical, as well as tidy, in chronological sequence. After all, if previous understanding gained either through empirical research or plain advocacy has any purpose, then we should at least acknowledge that others have made important contributions to where we now stand. The book is therefore largely constructed in sequential date order within the chapters and sections. The
literature is reviewed chronologically under each main heading on the
grounds that progress builds on previous understanding and contribution.
Likewise, the explanation of the research design and methodology
is assisted by a sequential approach. The case study of Parteisch UK and
Parteisch International is chronological, thus providing a logical and more
grounded approach and hopefully assisting with the understanding and
contribution to the structure and rationale of the book.

Part I considers the context and rationale of the research with some
of the evolving ideas that have contributed to the suggestion that pos-
itioning is a determinant of strategy.

Part II consists of a review of literature useful to the aims of the
research. In particular, Chapter 2 examines segmentation, targeting and
positioning; Chapter 3 looks further at positioning and differentiation,
the role of personality, and positioning in strategy; Chapter 4 explores
the links between positioning and strategy through the review of relevant
literature on organizational culture, the family business, change, and
vision and mission. Chapter 5 considers selected contemporary reports
in newspapers and business journals relevant to the context and rationale
of the study.

Part III examines the research design and methodology of the case
study with particular emphasis on phenomenological and ethnographic
techniques, the use of a longitudinal case study, and the identification
of methods of triangulation.

Part IV contains the illusive case study of Parteisch UK and Parteisch
International. This case study uses narrative and descriptive methods
to underline themes of contemporary business rather than absolute
fact. It identifies and highlights the impact of strategic positioning on
the organization, the customers, and the long-term strategic approach
of a business. It is, of course, the fictional tale of a company that
does not exist. No names or characters are real and the particular
circumstances do not exist. The case study is the essence of a contem-
porary business rather than the fact. After all, tales are merely an
expression of who we are and what we have learnt rather than an
absolute expression of fact and detail of the particular. This is more
fully discussed in Part III.

Part V considers the findings of the case study in Chapter 8 alongside
the literature review of Chapters 2, 3, and 4, and the reports from con-
temporary business in Chapter 5. This results in the suggestion of six
propositions. Chapter 9 describes three studies undertaken as a multi-
method approach to triangulate the findings and propositions raised by
the case study – a qualitative study of internal perceptions of sales staff
at Parteisch UK, another qualitative study of the market and customers of Parteisch UK, and the quantitative study of the perceptions of senior managers at Parteisch International. An evaluation and validation of the findings of the propositions is undertaken as part of the multi-method approach to this study.

Part VI discusses the findings of the study and puts these findings into the context of positioning and culture as a determinant of strategy. Chapter 10 considers the impact of the findings on marketing management, the implications for practitioners and scholars, as well as possible avenues for future research.

A suggested alternative model forms the basis for the context of this book. This model places strategic positioning at the head of the process of segmentation, targeting and positioning, as illustrated in Figure 1.2. The model reflects the purpose of this book: to explore the influences on how and where a business decides to compete in order to understand the role of positioning and to identify the possible meaning and context of positioning as a determinant of strategy.

![Figure 1.2](image-url)  
*A possible alternative to the process of segmentation, targeting and positioning*
The model suggests that strategic positioning is distinctive from operational positioning and that strategic positioning is sustained by the genuine capabilities and competencies of a business rather than perceptions and images promoted by communication techniques employed by advertising and promotion. There is a clear implication that the source or driver of strategic positioning is the culture or ‘personality’ of the business as determined by the history of the company and the personal preferences of the owners or senior managers.

If strategic positioning is the outcome of these factors, then the methods of segmentation, the choice of target segment, and customer perceptions are also likely to be influenced by them. The expression of culture, history, and preferences is likely to be displayed by the behaviours of the business in a similar way to the traits of humans that in sum total lend themselves to the establishment of a metaphorical personality. If organizations have a personality that amounts to a strategic positioning in the minds of customers, then it is an important feature that will be reflected in corporate strategy and indeed, the determination of marketing strategy and all other functional areas across the value chain. A diminution of relevant and meaningful competencies and capabilities to match profitable and growing market segments is likely to have a major and significant effect upon the future success of a business. It suggests that organizations risk becoming stuck in an ever-decreasing circle dictated by their own paradigmatic view of the world, their industry, and their customers. This would mean that effective strategic positioning requires an awareness, as well as recognition, of the need to make adjustment or change to the organization’s culture as part of the marketing strategy. This is an important and difficult task for all managers in a business organization that seeks growth and durable success.
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Part II

Literature Review
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Segmentation, Targeting and Positioning

‘Marketing as strategy is the emphasis at the SBU level on market segmentation, targeting, and positioning in defining how the firm is to compete in its chosen businesses.’

(Webster, 1992: 10)

The three major steps of segmentation, targeting and positioning are widely considered to be central to the decision and planning process of marketing with the purpose of identifying and selecting potential buyers and communicating distinctive product benefits in the market. This chapter considers literature relating to segmentation, targeting and positioning, and finally, the strategic role of positioning in segmentation and targeting.

Segmentation

Wendell Smith (1956: 5) first articulated the need for a ‘more precise adjustment of product and marketing effort to consumer or user requirements’ based on the recognition that different products are generally purchased by different groups of people. Segmentation attempts to identify homogeneous demand function within a heterogeneous market demand function and Dhalla and Mahatoo (1976: 41) point to the advantage of ‘how these differences can be exploited to increase the productivity of the firm’s marketing program’. Segmentation is the process of partitioning a market into groups of potential customers who are similar in designated ways and who are likely to exhibit similar purchase behaviour (Weinstein, 1987). Market segmentation is a means of identifying and resolving four characteristic types of marketing problem; defining the market; rationalising policies for existing brands and products; positioning ranges of brands and of product varieties; and identifying gaps in the market which
Literature Review

offer new market opportunities (Tynan and Drayton, 1987). The goal of ‘getting close to the customer’ is meaningless because a marketer cannot effectively satisfy a wide range of customers equally (Shapiro, 1988: 120). The process of segmentation divides (potential) customers into distinct groups for the purpose of targeting and designing segment-specific marketing strategies (Muhlbacher, Dreher and Gabriel-Ritter, 1994) offering the possibility of a better unity between the offer and the desire (Hiam and Schewe, 1993: 65).

There are advantages in trying to match a product offering closely to what the market requires (Hanson, 1972) and, in particular, to concentrate on narrow markets through segmentation and carve out a specific niche in the market (Ries and Trout, 1986b). Specialization and concentration on a well-defined market with a thorough understanding of customer needs is the ability to make subsequent decisions (Cavangh and Clifford, 1986), whereas a product that offers the best average performance across all segments will generally lose out to products that are tuned to the specific needs of specified segments (Czepiel, 1992; Eng, 1994).

Segmentation is only a first step in understanding the market (Shunglu and Sarkar, 1995) producing results that indicate desirable marketing action (Johnson, 1995). Selected segments must form a sound basis for product, distribution, pricing, and communication strategy that can only be realized by stable segments of which buying behaviour can be reliably predicted (Van Raaij and Verhallen, 1994).

There are four key requirements for effective segmentation – homogeneity within segments, heterogeneity between segments, targetability by means of the marketing mix, and viability in commercial terms (Brooksbank, 1994). It has been proposed that segment attractiveness should take account of internal strengths and weaknesses (Lovelock and Weinberg, 1984) but others believe that segment attractiveness should be determined independently of internal strengths and weaknesses because an assessment based on present abilities could lead to a biased view of existing segment potentials (Muhlbacher, Dreher and Gabriel-Ritter, 1994). The usefulness of a particular segmentation approach might be best assessed in terms of ease of measurement, accessibility, and substantiality (Dickson, 1982; Ball, Lamb and Brodie, 1992).

There are three main purposes for market segmentation research: to learn how the brands or products in a class are perceived with respect to strengths, weaknesses, and similarities; to learn about consumers’ desires and how these are satisfied or unsatisfied by the current market; to integrate these findings strategically, determining the greatest opportunities for new brands or products and how a product or its image
should be modified to produce the greatest sales gain (Johnson, 1995). Marketers should not see segmentation as an end in itself but as the first step in understanding a market (Shunglu and Sarkar, 1995). Marketing research should be based on understanding of markets, potential customers, their needs and their awareness so that more is known about customers, more about the reasons for their actions, and this should suggest the marketing policies to be adopted (Esslemont, 1995).

The methods and techniques of determining similarities and homogeneity can be the result of the application of marketing research. Research can provide information on different segments in different markets for different products and provide the opportunity to understand and select target markets. Marketing research should inform managers of customer segmentation to assist making decisions in their markets resulting in a ‘brand’s eye-view’ (Bucklin, Gupta and Han, 1995: 66). Research should be directed at learning more about how the market works, predicting the effect of our actions and choosing between alternative courses of action (Esslemont, 1995). Market segmentation studies can produce results that indicate desirable marketing action by repositioning closer to ideal points of sizeable segments of the market and further from other products with which it must compete, resulting in an increase of a product’s market share (Johnson, 1995).

The use of demographic, geographic and psychographic segmentation techniques does not constitute a prescribed approach. New and creative ways to define a market and to gain insights that provide a potential competitive advantage have been continually sought (Hooley and Saunders, 1993). The use of a combination of judgmental modelling and correspondence analysis can focus directly on the benefits required by each customer by grouping together those requiring similar benefits; non-overlapping segmentation assumes the existence of discrete segments, and fuzzy clustering techniques might seek escape from theoretical groupings. The fact remains that the reality is made up of many combinations of differing individuals (Naudé, 1995).

The use of segmentation research is varied. Sampson (1992) proposes that psychological segmentation is a way of entering into the mindset of different groups of consumers to see how the world looks from the inside looking out, providing marketing management with a better insight into why consumers behave as they do and providing a structure through an underlying model of personality. Segmentation research providing ‘why’ information is a powerful marketing tool (Thompson and Kaminski, 1993). Anderson and Narus (1991: 54) advocate a market segmentation approach ‘drawing on data gathered from several customers
in a segment’ to build a ‘value model’ on the premise that not all market segments want the same working relationship, or even value it in the same way. Pine, Peppers and Rogers (1995: 103) suggest that the twin logic of mass customization and one-to-one marketing binds producer and consumer together in what they describe as ‘a learning relationship – an ongoing connection that becomes smarter as the two interact with each other, collaborating to meet the consumer’s needs over time’. An understanding of segments is important because motives and attitudes influence buying behaviour (Chisnall, 1995).

There are some detractors of elements of market segmentation. Levitt (1973) suggests that a solution to the problem of external change is that companies should define their served markets more broadly rather than narrowly. There is criticism of segmentation based on an absence of ‘actionability’ in segmentation schemes based on demographic variables (Wind, 1978) and a lack of ‘actionability’ in the majority of segmentation studies characterized as ‘15 years of regression’ (Winter, 1982). Ball, Lamb and Brodie (1992) suggest that some types of segmentation, such as the unit of analysis called a person-in-situation, actually ignore consumers because they are always composed of certain kinds of people, or certain kinds of situations, or certain kinds of people in certain kinds of situations without any consistent combinations. Kardon (1992: 19) notes that life would be much easier for marketing if the old adage of ‘birds of a feather flock together’ were still true and claims that ‘consumer schizophrenia is dramatically transforming the structure and competitive dimensions of many industries today as buyers abandon predictable patterns of consumption’. Esslemont (1995: 18) believes that segmentation is arbitrary and dependent on the ‘statistical procedures used’.

Segmentation seeks homogeneity whilst some managers mistake customer focus to mean they must serve all customer needs or respond to every request leading to a lack of focus on particular markets and therefore appropriate strategies (Porter, 1996). Segmentation is a way of dealing with widening heterogeneity in a diversifying market (Dibb, 2001) in order to match the needs of the customer to the abilities of the supplier.

Targeting

The three main advantages of target marketing are: marketing opportunities and gaps may be more accurately identified and appraised; the product and the marketing mix can be finely tuned to the needs of the market; and effort can be focused on segments that offer greatest potential for the company to fulfil its objectives (Yankelovich, 1964).
Ghemawat (1986: 53) describes the exhortations of the twentieth century as ‘manage for uniqueness, develop a distinctive competence, create competitive advantage’. Whilst identifying three categories of sustainable advantage as size in the targeted market, superior access to resources or customers, and restrictions on competitors’ options, sustainability involves a decision about the way of doing things or ‘commitment to competing a particular way and retaining the flexibility to compete effectively in other ways’ (ibid.: 58). Customer selection reflects not only the input, but also the nature of the customer relationship and the personality of the participants (Shapiro, 1988).

All customers may be important, but some are more important to the company than others, and the most important strategic decision is to choose those important customers (Shapiro, 1988). Not all targets are equally attractive. Czepiel (1992) draws attention to market size and says large markets seldom allow high rates of return, small markets offer the best opportunity, and markets in which the prospects for profits are inherently poor, even in the event of winning, will have little to show for the efforts. Conversely, large firms that choose to bring resources to bear on small targets are not using their full potential and underutilization of resources can be as big a strategic mistake as overutilizing resources. The adoption of a particular target segment needs to take account of the circumstances of the business as well as the broader environment (Czepiel, 1992). The circumstances of the business and the broader environment are taken into account by Webster (1992: 11) when he identifies one of the three roles of marketing as: ‘To assess market attractiveness by analysing customer needs and requirements and competitive offerings in the markets potentially available to the firm, and to assess its potential competitive effectiveness.’

Targeting buyer groups that respond similarly to your company’s competitive strategy is the key to segmentation (Von Hippel, 1992). The two questions of where and how seem to be entirely inseparable. A customer orientation is ‘the sufficient understanding of one’s target buyers to be able to create superior value for them continuously’ (Narver and Slater, 1990: 21). The question of where to compete when choosing a target segment seems to become merged with the question of how to compete: ‘The route to success in target market selection is to focus the firm’s (limited) resources (time, effort, money) onto a relatively small group of customers whose needs the firm can meet most effectively’ (Brooksbank, 1994: 11).

There are detractors. Esslemont (1995: 17) questions traditional segment and target theory because of ‘reliance on cognitive explanations
of customer behaviour and a belief that marketing efforts should be targeted to selected market segments’. Segmentation, he believes, is arbitrary and targeting is ineffective because segments are not genuinely separate groups and the pursuit of a target segment cannot be implemented, because marketing effort cannot be limited to the target segment. Leszinski and Marn (1997) point out that whilst target markets constitute useful information for operational purposes, there are real life limitations in practice. All customers constituting a precisely defined segment would in theory be equally receptive to all products positioned in the same segment and all products positioned in the same segment would have the same market share. They point out that there are therefore only two ways to resolve this apparent conundrum:

1. Define each segment so narrowly that it contains only one customer;
2. Define a segment (and the products positioned in it) so that it contains all the realistic and feasible alternatives customers consider for a given purchase, and accept that there will be some differences in buying decisions (ibid., 112).

Leszinski and Marn (1997) conclude that the second approach is the only real way forward in the ‘real’ world so that, whilst target markets constitute useful information for operational purposes, there are limitations in practice.

**Positioning**

Henry Ford (1987: 67) said in 1922: ‘A manufacturer is not through with this customer when a sale is completed. He has then only started with his customer. In the case of an automobile the sale of the machine is only something in the nature of an introduction.’ The whole approach relating to creation, delivery, and consumption is vital recognition of marketing as more than simply the catalyst of an exchange transaction (Webster, 1992).

Levitt (1960: 50) describes the product in terms of a solution to a particular customer problem in a hierarchy of needs:

Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is preoccupied with the seller’s need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering, and finally consuming it.
The ‘whole cluster of things’ includes the perceptions of the product or service as a means to satisfy the needs of the customer. Yankelovich (1964: 90) describes positioning as ‘small, marginal differences (that) appeal to different market segments’. He refers to positioning when describing differences in buyer attitudes, motivations, values, patterns of usage, aesthetic preferences, and degree of susceptibility as an alternative to demographic segmentation. There is a clear implication that satisfaction is not simply through the more tangible attributes of the product. Trout (1969: 53) argues: ‘the need to create a “position” in the prospect’s mind...the name of your company or product is becoming more and more important...to secure a worthwhile position for a corporate name, you need a thought to go with it’. This, says Trout, means that a message should not be communicated in a vacuum but take account of competitors’ positions as well. Levitt (1969: 331–2) adds credibility to this creative philosophy espoused by Jack Trout when Vice President of the New York agency Ries Cappiello Colwell:

Truth is what man does, not what he says. And everywhere he does the same thing – he modifies, embellishes, rewrites, and repackages an otherwise crude, drab, and general oppressive reality. He does it in order that life might be made for the moment more tolerable. What he does goes by many names – poetry, art, fashion, architecture, religion. The poet does not offer an anatomical description of a Grecian urn. He offers an exaggerated, lyrical, palpably unrecognisable rendering. Commerce copies the poet, except in this case it is called ‘advertising’, ‘industrial design’, and ‘packaging’. Yet the poet’s objective is quite the same as that of the adman who lyricises extravagantly about the latest-model automobile. Both seek the heightening effect on the minds and emotions of their audiences.

Trout (1971: 116–17) declares that the positioning concept reaches beyond the marketing ‘noise’ of ‘an over-communicated society’ by avoiding the need to ‘be everything to everybody’ and the danger of misidentification with competitors. Trout and Ries (1972a: 38) confirm this approach through their recognition that positioning is ‘the very objective of the advertising itself’. The word positioning has been ‘popularized’ through the proposition: ‘Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect’ (Ries and Trout, 1986a: 2). Changes in the marketing mix do not really change the product but act as ‘cosmetic changes done for the purpose
of securing a worthwhile position in the prospect’s mind’ (ibid., 2). Positioning is seen as a communications issue in order to manipulate consumer perceptions of reality (Ries and Trout, 1989) and a powerful tool in competitive warfare.

A principal purpose of segmentation is to indicate how various segments perceive the product in order to indicate a way to concoct a marketing mix. The mix secures a particular position or impression in the mind of the target market of the product. Market position can be effected by the whole marketing mix thus underlining the importance of a positioning driven strategy in the construction of the marketing mix (Lovelock, 1984). Effective positioning is one of marketing’s most critical tasks (Shostack, 1987), and even an attempt to make a competitive brand look inferior (Apostolidis, Sohoritis, Vlachakis, and Kioulafas, 1989). And yet, notions of the marketer as a ‘mixer of ingredients’ of the ‘4Ps’ of the marketing mix are far too simplistic and may easily misguide both academics and practitioners (Gronroos, 1990a).

The use of a consistent and repeated story or message over years in situations of low involvement and low differentiation to gain competitive advantage is described as a ‘slow-burn process’ (Harris, 1987: 219). Selection criteria are probably viewed unconsciously, with attitudes forming through exposure to the product, the packaging, the advertising and the price. Emotional reactions to advertisements have been shown to account for as much variance as cognitive reactions in explaining advertising effectiveness demonstrating that emotional appeals, are likely to be highly effective (Edell and Burke, 1987; Kalra and Goodstein, 1998). Much information processing is unconscious and a particular problem in mature markets is that organizations should invest early in strategic analysis and new policy formulation so as to avoid drift and loss of preference recognition amongst consumers (Schofield and Arnold, 1988).

Whilst positioning is one of the central ideas of the marketing discipline, marketing academics, as well as practitioners, may think of different things when using the term (Muhlbacher, Dreher and Gabriel-Ritter, 1994). Communicability and credibility are the two aspects of the product concept that need to concern marketers – communicability refers to the ease with which the basic concept can be communicated, and some concepts are easily communicated, yet not credible (Czepiel, 1992). The positioning in the mind, the need for a customer relationship and the intimacy of that relationship has commonly been determined by differentiation strategies but ‘differentiation of an irrelevant attribute – “meaningless” differentiation – can create a valued difference between brands and,
in the process, a meaningfully differentiated brand’ (Carpenter, Glazer, and Nakamoto, 1994: 339).

Lautman (1993) tries to ‘dimensionalize’ the product or service for a target segment by breaking down positioning into three components termed ABCs, or attributes, benefits, and claims. He underlines that promises and claims are the fundamental building blocks of advertising copy and draws attention to the fact that advertisers use body language, facial expressions, and situational visuals among the many non-verbal techniques to imply superiority to the competition. An effective position can be defined as one that enables a brand or service to occupy a preferred and unique niche in a customer’s mind that is also consistent with the overall marketing strategy. Positioning becomes meaningful to a consumer only when it is perceived as providing a positive benefit or removing a problem: ‘Positioning is generally referred to as a process of finding and establishing a distinct place in the market that is determined by the customers’ view of one’s own offering in comparison to competing alternatives’ (Muhlbacher, Dreher and Gabriel-Ritter, 1994: 288).

Muhlbacher, Dreher and Gabriel-Ritter (1994), however, draw attention to the importance of a congruency analysis between the aspirations of customers and the abilities and resources that a company needs in order to satisfy each segment. They point out that all elements of a company’s behaviour can affect its position in the minds of their customers and propose a triangular relationship between customers (their needs and aspirations), the company (the dominant values, specific skills and resources) and its competitors (their values, skills and resources) as a foundation for positioning. They conclude that a model of the positioning process needs to link customer needs and aspirations, competitors’ strengths and weaknesses, and the strategic value of internal corporate skills and resources. This comes close to regarding positioning not as a cosmetic tool, but rather, the basis of a relationship founded on a form of mutual reciprocity.

Market segmentation studies result in the development of product marketing plans and alternative product strategy by repositioning closer to ideal points of sizeable segments of the market as well as distancing oneself from competitive products (Johnson, 1995). Nevertheless, positioning is about the strengths and weaknesses of the competition remembering that the same product appeals to different audiences for different reasons (Friesen, 1996). As Porter (1996: 68) says: ‘The essence of strategic positioning is to choose activities that are different from rivals.’ Unless positioning strategy is the choice and performance of alternative activities to rivals then a strategy is nothing more than a
marketing slogan and will not withstand competition (Porter, 1996). Emotional appeals are likely to have strong effects in explaining advertising effectiveness (Kalra and Goodstein, 1998).

Fournier, Dobscha and Mick (1998) suspect that when companies ask customers for friendship, loyalty and respect, they often do not reciprocate with friendship, loyalty and respect. They cite examples of such behaviour as loyal customers swamped by inappropriate mailings that seem to treat them as new marketing targets and ignore any long-standing relationship. They conclude that this has brought the viability of the entire marketing discipline into question by actually making customers less trusting and suggest that ‘we’ve taken advantage of the words for long enough’ (51). The positioning decision has to take account of the ability of the business to fulfil claims and promises before making wayward claims of ability and competence.

The vast increase in the number and availability of products has led to products and services becoming more and more similar with companies imitating each others’ technological advantages with the consequence that emotional logic has become the single most important business driver (Jones, 2000). As Hatch and Schultz (2001: 130) point out: ‘Our research into 100 companies around the world over ten years shows that a company must align three essential elements – call them strategic stars – to create a strong corporate brand: vision, culture, and image . . . aligning the stars takes concentrated managerial skill and will.’ This reflects recognition that emotion alone is insufficient to establish a long-term relationship and a need for the application of genuine facets in the establishment of a positioning strategy.

**A strategic role for positioning**

A strategic plan of action may include (1) positioning the company so that its capabilities provide the best defence against the competitive force; and/or, (2) influencing the balance of the forces through strategic moves, thereby improving the company’s position; and/or, (3) anticipating shifts in the factors underlying the forces and responding to them, with the hope of exploiting change by choosing a strategy appropriate for the new competitive balance before opponents recognize it (Porter, 1979: 143).

There are three distinct sources from which strategic positions emerge: *variety-based positioning*, because it is based on the choice of product or service varieties rather than customer segments; *needs-based positioning*, which comes close to traditional thinking about targeting a segment of customers; *access-based positioning* which can be a function
of customer geography or customer scale – or of anything that requires a different set of activities to reach customers in the best way (Porter, 1996: 66). As Porter (1979: 143) says: ‘Strategy can be viewed as building defences against the competitive forces or as finding positions in the industry where the forces are weakest.’

The basis of strategy is the detailed analysis of customers and competitors and of the resources and skills for competing in target market segments (Day and Wensley, 1988). Managers have to operate in a world that is changing all the time and where nothing is constant, whether in technology, politics or society, and this constant change presents new strategic challenges and makes business strategy more difficult to plan and implement (Maljers, 1990). Dependence on operational plans and promotional props rather than a long-term personality and a strategic perspective would lead to a short life for a brand (Chernatony and McDonald, 1992).

The key outcomes of any planning process are market segmentation, market targeting, and positioning in the target segments resulting in the key strategic question of how to compete in the firm’s chosen businesses (Webster, 1992). The positioning decision in strategic terms is the one that chooses the exact value basis on which the firm will compete and differentiate from competitive offerings (Czepiel, 1992). The meaning and relevance of segmentation, targeting and positioning, or even the separate aspects of the process, are seen in different ways. Market segmentation to the market researcher refers to a set of techniques designed to produce discrete segments of people, but segmentation to marketing management refers to a strategy of directing products at specific target groups (Sampson, 1992). However, Sampson (1992) proposes that segmentation is an operational tool for promotion that explores the minds of consumers through qualitative research and leads to hypothesized and subsequently validated psychological segments.

Strategy is the art of creating value, the way a company defines its business and links together two important resources – knowledge and relationships, or an organization’s competencies and customers – with a company positioning itself in the right place on the value chain – the right business, the right products and market segments, the right value-adding activities (Normann and Ramirez, 1993). As Kotler (1994b: 356) points out: ‘Strategic marketing is the homework that a company must do before it establishes the marketing mix. Companies must carry out STP: segmentation, targeting and positioning.’

Resources are ‘the tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market
offering that has value for some market segment or segments’ (Hunt and Morgan, 1995: 6). The way that a company perceives its resources is therefore significant in the creation of value. Knowledge and relationships, and competencies and customers, are resources that will vary in perceived importance and influence from one business to another. Similarly, different market segments will place different values on these resources.

Positioning strategy is not sustainable when operated solely as a communications function. The position of a product or service in the marketplace relative to the competition based on taglines, names and logo designs requires further actions to be planned and implemented in order to strengthen brand loyalty and to reinforce a brand character (Bergstrom and Bresnahan, 1996) and these need to have a firm foundation in fact and reality. Strategy is about combining activities and operational effectiveness is about achieving excellence in individual activities or functions (Porter, 1996). Critical marketing dimensions such as price, product features, distribution and promotions are a fundamental determinant of market acceptance and are the foundation for enabling strategies rather than a definitive positioning strategy (Hill, 1997). Hooley, Saunders and Piercy (1998: 25) point out:

Strategic marketing planning today attempts to build flexibility into the organization to enable it to cope with [an] increased level of complexity and uncertainty and to take full advantage of the changing environment. At the heart of that planning process is the creation of a strong competitive position and a robust marketing strategy.

A strong competitive position is not only the result of planning to satisfy the needs of chosen customers through the creation of superior value, but it is likely to take account of the ability of the business to do so: ‘By better understanding the relationship between their company’s assets and the particular characteristics of their industry, managers can also anticipate how their strategies may evolve over time’ (Dawar and Frost, 1999: 129).

Branding has to embody the personality and beliefs of the company, a holistic approach of brand and organization, and companies need to be defined by the products they make (Kunde, 2000). Pringle and Gordon (2001) identify household names such as Marks & Spencer, Barclays, Railtrack, Nike, Perrier, Hoover, Persil and others who have not only experienced major operational problems but also vitally misunderstood the promise that their name made to customers. They propose that the
name or brand represents promises that a customer expects from the product, service or company. This expectation, say Pringle and Gordon (2001), is based on ‘brand manners’. People’s behaviour towards each other is based on a kind of code of how things should be done and implies relating to each other with mutual respect. This suggests a promise, a guarantee or statement about the purchaser and a record of fulfilment, good or bad, fixed in memory as an expression of the organization, and inclusive from chief executive to receptionist (ibid.).

A few thoughts about STP

Segmentation adds to the understanding of the market and is a means of defining and matching the offer to the needs of the market. Targeting market segments enables a business to focus on particular segments in achieving its own objectives by matching its own strengths to the most appropriate market segment, and thereby creating superior value for customers. Target markets provide useful information for the design of operational programmes.

Positioning has been used to heighten emotions and manipulate consumer perceptions by creating cosmetic changes in the mind of the customer through the use of communications tools. Positioning has been described as ‘meaningless differentiation’ (Carpenter, Glazer, and Nakamoto, 1994) and the roots of a distinction between operational and strategic positioning can be characterized by recognition of competitive advantage being more than advertising and words, but rather a combination of what the whole business can provide – influenced by vision, culture, and image (Hatch and Schultz, 2001).

There is some distinction between strategic positioning and operational positioning. A strategic perspective is a longer-term approach to operational plans and promotional props, and a business needs to position itself by being the right business with the right products in the right market segments with the right value-adding activities. This includes both the tangible and intangible entity available to the firm and a solid foundation in fact and reality.

Segmentation, targeting and positioning have been identified as a key approach to marketing strategy. If the process of segmentation, targeting and positioning, and in particular positioning, is continuously undertaken as part of a communications issue in order to manipulate consumer perceptions of reality, and if it consists primarily ‘in the mind of the customer’, then marketers run the risk of stifling growth on account of the pre-eminence of ‘cosmetic change’ rather than innovation.
and utility of products and services. The use of image and perception as a means of selling is undoubtedly a useful part of the total mix. However, the lack of distinctiveness and the fact that it is imitable, principally through the use of communication skills, places limitations on contribution to competitive advantage. It may even threaten the credibility of a product or service if the customer sees it as a manipulative charade. Strategic positioning therefore reflects the real company rather than simply a brief glimpse of how it wishes to be perceived.
3
Positioning

‘Marketing today is not a function, it is a way of doing business. Marketing is not only a new ad campaign or this month’s promotion. Marketing has to be all-pervasive, part of everyone’s job description, from receptionists to the board of directors. Its job is neither to fool the customer nor to falsify the company’s image. It is to integrate the customer into the design of the product and to design a systematic process for interaction that will create substance in the relationship.’

(McKenna, 1991: 69)

The previous chapter looked at literature relating to the process of segmentation, targeting and positioning and the strategic role of positioning in segmentation and targeting. This chapter suggests recognition of a difference between strategic positioning and operational positioning. The literature suggests a difference that is characterized on the one hand by a business that evolves a strategy in all areas of the company that closely matches a target market segment or, on the other hand, a business that more exclusively concentrates on the communications aspect and perceptions of the target market segment.

This chapter builds on the understanding provided by the previous chapter and develops the strategic approach to positioning. It explores the links with differentiation as ‘meaningful positioning’ and then considers the source of strategic positioning. In particular, it investigates a possible link to the culture or personality of the organization.

A strategic approach to positioning

‘Shortsighted managements often fail to recognise that in fact there is no such thing as a growth industry’ (Levitt, 1960: 45).
Marketing has long advocated the need to avoid narrow, product-oriented industry and in the search for growth it has leaned heavily upon a concept that is admitted to be ‘manipulative’ and ‘cosmetic’ to the point that ‘tactics should dictate strategies’ (Ries and Trout, 1989: 4). Man ‘modifies, embellishes, rewrites, and repackages an otherwise crude, drab, and general oppressive reality’ (Levitt, 1969: 331–2), and yet it is important to recognize the entire corporation as ‘viewed as a customer-creating and customer-satisfying organism...providing customer-creating value satisfactions’ (Levitt, 1960: 56). It may be time to mediate narrow, customer-oriented industry definitions that rely on cosmetic and manipulative communications sometimes disconnected and unrelated to the ability of either the product or the supplier. In contrast to a communications approach, the key to growth and survival is the ability to choose and establish a position that is less vulnerable to attack from direct competitors and less vulnerable to erosion from buyers, suppliers and substitute goods using several ways to determine the position (Porter, 1979).

Distinctive competencies, also called resource deployments, are described as ‘the level and patterns of the organization’s past and present resource and skill deployments that will help it achieve its goals and objectives’ (Hofer and Schendel, 1978: 25). In their investigation of the life insurance industry, Crosby and Stephens (1987: 411) identify that a buyer–seller relationship needs more than a social or interactive response, ‘shielding buyers from reality’, but requires real substance that can be ‘rationally’ perceived as an objective standard of core service. The roots of competitive advantage depend on the ability to consolidate core competencies that allow a business to adapt quickly to changing opportunities (Prahalad and Hamel, 1990). These core competencies, and particularly some technologies and production skills, should be difficult for competitors to imitate and should make a significant contribution to the perceived customer benefits of the end product (ibid., 84). A company is unlikely to have more than five or six fundamental competencies. As Day (1990: 9) argues:

The essence of competitive advantage is a positioning theme that sets a business apart from its rivals in ways that are meaningful to the target customers. The most successful themes are built on some combination of three thrusts; better (through superior quality or service), faster (by being able to sense and satisfy shifting customer requirements faster than competitors), and closer (with the creation of durable relationships). The task for management is to simultaneously find a
compelling theme and ensure continuing superiority in the skills, resources, and controls that will be the source of advantage over target competitors.

There is the suggestion that positioning in the mind of the customer can be achieved using ‘meaningful’ themes. Undoubtedly these have to be perceived but they must have their basis in reality denoted by actual skills, resources and controls of the business. The avoidance or mitigation of competition can be achieved through product performance benefits that others are unable to match as well as equivalent product performance benefits at a price that others are unable to match (Czepiel, 1992). Flexibility in the range and synergy of products, forward or backward integration, or new technologies can all lead to a competitive advantage (El-Namaki, 1992). The reason why some businesses are more skilful than others at delivering both superior value to customers as well as profitability is raised by Czepiel (1992), who points out that the choice of value and managing activities involved in providing the value, whether through the benefits or the cost route, will determine the set of target customers, and the communication of the value to customers will be determined by the particular choice of target market. This implies that a business’s preference will not only influence the way to conduct business within those markets but also the choice of target market. A positioning programme built around core strengths of the organization, strengths that cannot easily be claimed by competitors, is a strategy that sets a business and product apart from the competition (Kardon, 1992). Webster (1992: 10) points out:

Marketing as culture, a basic set of values and beliefs about the central importance of the customer that guide the organization (as articulated by the marketing concept), is primarily the responsibility of the corporate and SBU-level managers. Marketing as strategy is the emphasis at the SBU level, where the focus is on market segmentation, targeting, and positioning in defining how the firm is to compete in its chosen businesses. At the operating level, marketing managers must focus on marketing tactics, the ‘4Ps’ of product, price, promotion, and place/distribution, and the elements of the marketing mix. Each level of strategy, and each dimension of marketing, must be developed in the context of the preceding level. As we move down the levels of strategy, we move from strategy formulation to strategy implementation.
Webster (1992) acknowledges that the values and beliefs of a business permeate all levels of thinking from the choice and selection of target market to the way that it satisfies those markets through an integrated strategy. The choice of competence is subject to similar influences, as Czepiel (1992: 129) argues:

A key strategic issue in positioning is the need to stay with one’s own distinctive competencies. This requires that competency be replenished and maintained. Since competence is the underlying rationale for a company’s ability to deliver superior value, any diminution in that competence represents a weakening in competitive advantage. The rule for positioning, therefore, is to play your own game and resist temptations to try to be all things to all people.

Replenishment and maintenance of competencies may not be enough to sustain position in a changing environment: ‘There’s no such thing as “sustaining” leadership; it must be regenerated again and again’ (Hamel and Prahalad, 1994: 127). This underlines the almost constant need for adjustment of competencies, skills and capabilities. If there is the need for this form of ongoing transformation, then the business is going to have to change in order to maintain a preferred position. An effective position is one that enables a brand or service to occupy a preferred and unique niche in a customer’s mind that is consistent with the overall marketing strategy (Lautman, 1993). All elements of a company’s behaviour can affect the position in the mind of customers and this view holds positioning as a concept of predominant strategic relevance (Muhlbacher, Dreher and Gabriel-Ritter, 1994).

Brooksbank (1994) describes positioning as a creative process with no right or wrong ways of interpreting marketing research to understand the marketplace in the formulation of positioning strategy. The positioning in the mind, the need for a customer relationship and the intimacy of a relationship is determined by differentiation strategies but ‘differentiation on an irrelevant attribute – “meaningless” differentiation – can create a valued difference between brands and, in the process, a meaningfully differentiated brand’ (Carpenter, Glazer, and Nakamoto, 1994: 339). The central positioning question is: ‘Does an attribute appear to have value?’

The application of the term ‘strategy’ as applied by a senior marketing manager to positioning as a part of the segmentation, targeting and positioning process is indicative of a broader approach to future intentions and competitive advantage than just a cosmetic approach. Positioning
strategy only applies at the level of a particular product and/or service operating within a particular market and it should not be confused with the broader concept of ‘corporate’ strategy, or with the more specific concepts of strategy as related to each individual element of the marketing mix, such as a ‘promotional’ or ‘pricing’ strategy (Brooksbank, 1994). As Porter (1994: 37) says: ‘At the heart of positioning is competitive positioning...positioning embodies the firm’s overall approach to competing.’

The approach to competing seems to include the prospect of an overall approach to core strategy that includes a willingness and expectation to answer such questions as ‘what new core competencies will we need to build? What new product concepts should we pioneer? What alliances will we need to form? What nascent development programs should we protect? What long-term regulatory initiatives should we pursue?’ (Hamel and Prahalad, 1994: 123). The choice of a unique position is not enough to guarantee a sustainable advantage because it will be imitated. Porter (1996) subscribes to the view that a strategic position is not sustainable because competitors seek to reposition or ‘straddle’ by the addition of new features. Porter (1996: 68) advocates the use of trade-offs or ‘more of one thing necessitates less of another’ and provides three reasons for managers to make trade-offs:

1. A company with an image or reputation for delivering a particular value may lack credibility, confuse customers, and even undermine its reputation if it delivers an alternative value or two inconsistent attributes simultaneously.
2. A different position requires different product configurations, different equipment, different employee behaviour, different skills, and different management systems.
3. Trying to be all things to all customers risks confusion amongst employees trying to operate without a consistent and unambiguous framework.

The emphasis of positioning strategy is long term. Positioning is neither unique nor valued if differences in needs are not translated into meaningful positions rather than perceived positions, and organizational priorities have to remain clear through the choice of competing in one way, and not another. Initial market perceptions influence price sensitivity and a unique attribute to a minor brand has a greater impact on its price sensitivity than adding the same feature to a premium brand (Nowlis and Simonson, 1996). Penetration pricing, product proliferation
and wide distribution are identified as forming part of a positioning strategy requiring investment in production capacity, product development and market share building. It is important therefore to choose strategies that are fitted to the capabilities of the firm rather than choosing a segment just because it is profitable or not served by the competition (Hill, 1997). Positioning is developed to achieve the objectives laid down under the core strategy (Hooley, Saunders and Piercy, 1998). Doyle (1998: 86) points out: ‘The choice of target market segments, which determines where the business competes, and the choice of differential advantage, which dictates how it competes.’

As if to underline the need for businesses to reflect their true capabilities, Prahalad and Ramaswany (2000: 83) recognize that ‘customers are not prepared to accept experiences fabricated by companies’. This is recognition that the manipulation of customer perceptions is not sufficient as a strategic tool – the ability to fulfil and deliver promises is the basis of competitive advantage and strategic positioning.

**Positioning and differentiation**

Some literature proposes a link between positioning and differentiation. Differentiation has the purpose of ‘distinguishing the goods (or services) of one seller from those of another. Such a basis may be real or fancied, so long as it is of any importance whatever to buyers, and leads to a preference for one variety of the product over another’ (Chamberlin, 1965: 56). Smith (1956: 5) describes product differentiation through advertising and promotion as ‘the bending of demand to the will of the supplier’. This view seems to support a belief that marketing manipulates customers (Galbraith, 1967). This is supported by suggestions of differences through emotional and psychological benefits (Young and Feigin, 1975; Swan and Combs, 1976), tangible and intangible attributes (Shostack, 1977), that product differentiation is artificial and supply generated rather than consumer driven and the process is ‘contrived’ (Samuelson, 1976) and, again, imaginary differences or ‘pseudo differentiation’ are created in order to create ‘man-made’ demand (Lancaster, 1979).

Porter (1979) suggests the use of differentiation as an operational tool in the positioning of a product in the mind of a customer through physical attributes and psychological devices. Levitt (1980: 83) points out: ‘There is no such thing as a commodity. All goods and services are differentiable’. Levitt (1980: 83, 88) identifies that ‘when the generic product is undifferentiated, the offered product makes the difference in getting
customers and the delivered product in keeping them’ and even ‘the way a company manages its marketing can become the most powerful form of differentiation’. He describes the total product concept as a generic, offered, and augmented product. This approach suggests that the most influential factor in competitive differentiation is more than the product or service, and even the generic, expected, or augmented product; it is the business itself that makes a difference. This emphasizes aspects of values and beliefs such as attitudes and the ability/willingness to consider new ideas, proposals and resolve problems. These might represent traits of a business personality because they will vary from business to business within an industry and the outcome of these differences in approach is likely to differentiate competitors and their products: ‘In this unceasing effort of the manager [to influence buyers to choose one’s products instead of the competitor’s], the way in which he operates becomes an extension of the idea of product differentiation itself’ (Levitt, 1980: 91).

Differentiation strategies result in lower break-even points than cost leadership strategies because of the need for capital-intensive processes to obtain low variable costs, although the choice of differentiation or cost leadership will be the result of judgement and specific preferences (Buzzell and Gale, 1987). Similarly to positioning, there are alternative views of the meaning of differentiation and the terminology relating to differentiation, positioning and segmentation tends to be interchangeable and interactive: ‘Companies are increasingly embracing market segmentation strategies as a result of the dissatisfaction they have experienced with product differentiation’ (Tynan and Drayton, 1987: 303).

Differentiation can be ‘real’ or ‘imagined’; it is sometimes seen as an alternative strategy to market segmentation, and sometimes as a complementary means of implementing segmentation (Dickson and Ginter, 1987). The effect of brand positioning strategies on consumers indicates that there is a focus on the brand with differentiated strategy focusing on the product group. The use of differentiating features communicated over a range of communications gives the subtype prominence instead of differentiating the brand (Sujan and Bettman, 1989). This positioning approach is similar to the internally orientated business that ‘assume[s] that price and product performance/technology are the keys to most sales’ rather than ‘focus on a package of values that includes product performance, price, service, applications’ (Day, 1990: 367).

Differentiation and perception built into strategy are the building blocks of positioning based on customer aspirations, problems or needs identified through market segmentation (Kramer, 1991). ‘Differentiation
advantage is conferred by brand reputation, proprietary technology or an extensive sales and service network’ (Grant, 1991: 117). This type of differentiation is only available to business organizations with specific characteristics such as an emphasis on research and development, capital investment or an enthusiasm for particular aspects of a business.

Kardon (1992) makes the suggestion that differentiation requires the creation of a distinctive ‘personality’ in the marketplace through the clear identification of distinct attributes rather than broad generic descriptions. This needs a mix of creativity and good market analysis as well as institutional change to reflect a true institutional position set apart from competitors. Differentiation provides value as a result of the solutions that a product or service provides to customers because whereas customers are able to recognize a problem, they are usually not able to identify a solution (Havener and Thorpe, 1994). The promises and claims of communication are an integral part of both differentiation and positioning. Brand positioning is a kind of product differentiation in design and communication related to market segmentation (Van Raaij and Verhallen, 1994). The methodology for analysing market structure and vendor positioning is based on identifying promises and claims that not only occupy a preferred and unique (unfulfilled) niche in the consumer’s mind, but also serve as a means of exploring differentiated concepts (Naudé, 1995).

If ‘market segmentation and differentiation stand out as the two pillars each positioning decision is based on’ (Muhlbacher, Dreher and Gabriel-Ritter, 1994: 288), then positioning can be described as the combination of knowledge and distinct attributes. Esslemont (1995) wryly observes that no one has ever shown that segmentation leads to more effective marketing decisions than the alternative strategy of product differentiation. Differentiation offers the opportunity to avoid head-on competition by offering something different with the purpose of segmentation to identify a segment of the market where, by virtue of the company’s distinctive strengths, it is able to satisfy customer needs better than (or at least as well as) its competitors (Brooksbank, 1995). There is a suggestion that positioning is the means of making brands distinctive through the use of comparative advertising. Whilst differentiation emphasizes a unique set of attributes to create premium perception and increase brand equity, positioning differentiates brands on the basis of attributes and/or image, highlighting similarities between market competitors or focusing on promotional price. This approach to positioning affects both the advertiser’s brand and other competitive offerings in the marketplace by means of contrasting tangible or perceived
attributes and making price comparisons that effect an overall category-level price in consumer markets (Kalra and Goodstein, 1998).

The use of image and perception in markets may be the cause of some problems in the establishment of trust between companies and customers. Whilst companies know more about their customers than ever before, consumers describe feelings of confusion, stress, and being trapped and victimized in an insensitive and manipulative marketplace (Fournier, Dobscha and Mick, 1998). It is difficult to describe this relationship as the personification of customer orientation or the foundation of trust and intimacy with the customer. Trout and Rivkin (2000) suggest that positioning is about understanding how the mind works in the differentiating process, defining differentiation as being first, owning a discernible attribute, having heritage, or even being the most recent arrival in a market. Differentiation may be achieved through ‘altering any aspect of the offering (not just product features)’ (Sharp and Dawes, 2001: 755). The suggestion that positioning is limited to image and perception, while differentiation relates to the values of a customer orientation, is an important observation apparently influenced by the conventional teaching of the process of STP. Even Trout (1969; 1971), as the founding author of ‘the game of positioning’, now talks of ‘the importance of being different…differentiating yourself in the mind of your prospect…everyone is busy building “differentiation” into their plans’ (Trout and Rivkin, 2000: vii).

Sustainability of competitive advantage is fundamental to strategic fit, and sustainability is more likely for positions built on systems of activities rather than individual activities (Porter, 1996). If positioning is the means of bringing together the knowledge and understanding gained from segmentation and the distinct attributes from differentiation, then it is impossible to see the role of positioning as anything other than operational. However, it is important to identify strategic positioning as meaningful rather than cosmetic, serving as a means of consolidating the understanding (Cavagh and Clifford, 1986; Narver and Slater, 1990; Chisnall, 1995; Esslememont, 1995; Shunglu and Sarker, 1995) and knowledge (Normann and Ramirez, 1993; Johnson, 1995) gained from the segmentation process. The source of strategic positioning is reviewed in further detail in the next section.

The source of strategic positioning

The individual identity and purpose of a business can be reflected in the activities and the products of the organization (Porter, 1979). It is possible
that positioning strategy might be perceived through the identity and purpose of the business. The identification and fulfilment of these operational activities is an important aspect of what defines a product or service to the customer (Gilmour, 1982).

Heskett (1971: 141) usefully defines customer service in logistics:

1. The elapsed time between the receipt of an order at the supplier's warehouse and the shipment of the order from the warehouse.
2. The minimum size of order, or the limits on the assortment of items in an order which a supplier will accept from its customers.
3. The percentage of items in a supplier’s warehouse which might be found to be out-of-stock at any given point in time.
4. The proportion of customer orders filled accurately.
5. The percentage of customers, or volume of customer orders, which describes those who are served (whose orders are delivered) within a certain time period from the receipt of the order at the supplier's warehouse.
6. The percentage of customer orders which can be filled completely upon receipt at the supplier's warehouse.
7. The proportion of goods which arrive at a customer's place of business in saleable condition.
8. The elapsed time between the placement of an order by a customer and the delivery of goods ordered to the customer's place of business.
9. The ease and flexibility with which a customer can place his order.

These are straightforward and down-to-earth definitions of what the customer expects and how a customer defines the difference between good, bad and indifferent. The relevance of operational activities in logistics services as well as any other business arena involves assessment by customers. This needs to be understood as a qualification of strategic positioning in the mind of the customer. This is not, however, a construction based upon image and slogan, this is no manipulation, this is a genuine contribution to the success of a customer’s own business. Any errors, or more particularly, distortions, between claims of operational performance and actual performance are likely to result in the variation or even termination of the customer–supplier exchange. These operational activities are just as powerful a means of positioning products and competitors in the mind of the customer as any advertising campaign – and perhaps more so. Strategy is ‘the basic characteristics of the match an organization achieves with its environment’ (Hofer and Schendel, 1978: 4). Gilmour (1982) notes operational activities often mean different things to different
industries and even to different companies within the same industry. The performance and outcome of operational activities demonstrate the veracity, or otherwise, of understandings or expectations of the customer – the so called ‘moment of truth’ (Normann, 1983) – that determines the quality and nature of a future relationship and the likelihood of future transactions. As Ansoff (1984: 207) puts it: ‘Preoccupation with functional concerns produces a strategic myopia.’

A myopic view of operational activity, seeing each task in isolation from the whole picture, is likely to compromise a company’s position in the mind of the customer. Professor Charles Goodman of the University of Pennsylvania (cited by Levitt 1969: 179) says ‘companies don’t make purchases, they establish relationships’.

Shapiro (1988: 123) argues that ‘slogans and glossy programmes don’t give a company a market orientation. It takes a philosophy and a culture that go deep into the organization’. Strategic and tactical decisions should be made on an inter-functional and inter-divisional basis so that ‘each function and division must have the ear of the others and should be encouraged to lay out its ideas and requirements honestly and vigorously’ (ibid., 122). This is an approach based on a holistic rather than functional approach to the business. The formulation of the strategy and the implementation of the chosen strategy are interdependent and reflect the traditional process for strategic marketing (Maljers, 1990). This includes the survey of both internal and external environments in order to determine the best ways forward – the way to gain competitive advantage. The role of strategic positioning is to bring the two elements of segmentation and differentiation together through a symbiosis of interests and competencies. The role of customer relationship in the overall marketing strategy should be defined (Copulsky and Wolf, 1990) because building long-term connections requires consistent messages. This consistency between the interests and competencies of the business and the target market segment is the possible source of strategic positioning.

Customer trust is important in a relational sales context and a salesperson’s behaviour is important in the building of trust between customer and seller. The relationship between buyer and seller in a dyadic relationship will in most cases be seen as representing the attitudes and personality of the selling organization (Crosby, Evans and Cowles, 1990). The effect of marketing is to create individual relationships, and manage markets of one (Blattberg and Deighton, 1991). The way a company does business expresses the character and the substance of the company in addition to serving customers’ real needs, and is communicated by
every employee (McKenna, 1991). Likewise, a critical aspect of market position of retail stores is the recognition of a unique store image that is not easily imitated and forms an important part in the development of a marketing strategy (Steenkamp and Wedel, 1991). These elements of the way that a customer sees a business are distinctly suggestive of a perception of business personality.

McKenna (1991) describes a shift from manipulation of customers to genuine customer involvement and refers to the credibility of an organization measured by its management, the strength of its finances, the quality of its innovations, the geniality of its customer references and the capabilities of its alliances. This credibility is the company’s sustaining value in a competitive environment. John Naisbitt (cited by Lannon, 1991: 164) says that ‘faced with a jungle of choices, consumers will return to brands they can trust’. A brand adopts a personality (Lannon, 1991; Chernatony and McDonald, 1992) and some products with little apparent functional difference are regarded as different purely because of brand personality and the personality of the brand is a mental evaluation by the buyer based on the evidence of the purchase experience that is supported by the overall marketing strategy (Chernatony and McDonald, 1992). Traits and attributes such as creativity, achievement, motivation, perseverance, drive and reliability are individual sources of competitive strength (El-Namaki, 1992). It is difficult for marketers to see what is obvious to customers because they are often so familiar with a product and its promise (Czepiel, 1992) with the added possibility that they have become convinced, and possibly even manipulated, by their own positioning approach. The integration of activities creates a distinctive strategy and unique activity systems creating distinct positions bringing about distinctive and sustainable advantage – and there is no strategy without fit (Porter, 1991). This suggests recognition of capability and preference in an organization, a decision of whom or what the organization is, before a decision to segment and target the market. This a priori approach is possibly central to strategic positioning. Treacy and Wiersema (1993:92) point out that: ‘When a company chooses to focus on a value discipline, it is at the same time selecting the category of customer that it will serve. In fact, the choice of business discipline and customer category is actually a single choice.’

The dimension of ‘brand personality’ through the application of human characteristics may be most appropriate when there is an absence of differentiating benefits (Lautman, 1993: 14). In this respect, there are many aspects of business that might be perceived as positioning rather than differentiating features because they are inimitable in a specific sense rather than as a broad process. Quality management might be
seen not simply as a strategic tool but as a personality trait in the same way as value, morality or care. Pine (1993) asks why so many industries are facing the need to switch from mass production to mass customization. He observes that niche markets are fragmenting, customers are demanding that both products and services should be personalized to meet individual wants and needs, even though desires are constantly changing and difficult to ascertain. This might suggest that ‘operational marketing’ has reaped what it has sown:

Companies that sustain value leadership within their industries will be run by executives who not only understand the importance of focusing the business on its value discipline but also push relentlessly to advance the organization’s operating model. They will personally lead the company’s drive to develop new capabilities and to change the imbedded work habits, processes, and attitudes that prevent them from achieving excellence in the discipline they have chosen. By leading the effort to transform their organizations, these individuals will be preparing their companies to set new industry standards, to redefine what is possible, and to forever change the terms of competition. (Treacy and Wiersema, 1993: 93)

Positioning is a dialogue between competencies and customers by making a better fit between knowledge and relationships with the goal of creating an ever-improving fit between competencies and customers, or ‘the continuous design and redesign of complex business systems’ (Normann and Ramirez, 1993: 66). Positioning should reflect not only customers’ perceptions of products and services, but also the perception and evaluation of the relationship from the customers’ point of view (McCort, 1993). Customer satisfaction is complemented by ‘the comprehensive integration of the customer into an interactive value-generating process based on interdependence and reciprocity’ (Juttner and Wehrli, 1994: 54). It is important to note that any long-term relationship (including most relationships between people) will only flourish if the degree of interdependence and reciprocity is mutually acceptable.

Treacy and Wiersema (1993) conclude from a study carried out over a three-year period of time that companies taking leadership positions have done so by narrowing rather than broadening their business focus, and by redefining performance expectations in their markets. They suggest three value disciplines – operational excellence, customer intimacy, and product leadership – as important to the delivery of superior customer value. These value disciplines are tabulated in Table 3.1. Treacy and Wiersema suggest
in their article in the *Harvard Business Review* that these value disciplines push the boundaries of one value discipline whilst meeting industry standards in the other two.

Treacy and Wiersema (1993) highlight the difficulty for competitors to catch up, let alone imitate, value disciplines, because the operating model for a value discipline is based on the company’s culture, business processes, management systems and computer platforms:

An industry leader requires a company to choose a value discipline that takes into account its capabilities and culture as well as competitors’ strengths. But the greater challenge is to sustain that focus, to drive that strategy relentlessly through the organization, to develop the internal consistency, and to confront radical change. (Treacy and Wiersema, 1993: 91)

In addition, they wryly observe: ‘ Mediocre performers are not distinctive enough to look like anything except other mediocre performers in their own industries’ (*ibid.*, 85). The starting point for the formulation of strategy should be a statement of identity and purpose defining what it is capable of doing rather than a definition based upon the needs that the business seeks to satisfy: ‘Strategy is concerned with matching a firm’s capabilities to the opportunities which arise in the external environment’ (Grant, 1995: 94), who also notes: ‘those companies which have defined their businesses as serving broad-based customer needs have frequently failed through their inability to master the breadth of capabilities which correspond to their target markets’ (*ibid.*, 95).

<table>
<thead>
<tr>
<th>Table 3.1: Three value disciplines of positioning</th>
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<tr>
<td><strong>Operational excellence</strong></td>
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<tr>
<td>Excellence in order fulfilment</td>
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<td>Supply chain management</td>
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<td>Logistics</td>
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<td>Order processing</td>
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*Source: Treacy and Wiersema (1993).*
A system considering an endless ‘flow’ of processes influencing the value system that exists between a customer and supplier is proposed by Juttner and Wehrli (1994). They suggest that this endless ‘flow’ of exchange processes should lead to an increase of the ‘stock’ of value object-related competencies of the organization and these competencies can be transformed into customer values as part of the transaction. This requires a constant matching of competencies to customer values which might imply the need for either target segments to change accordingly and as necessary, or more likely, the adjustment or change of competencies within the organization. Both the propositions of Treacy and Wiersema (1993) and Juttner and Wehrli (1994) use subjective activities to differentiate and create competitive advantage whilst recognizing that this generates a more objective positioning value in the mind of the customer. The positioning strategy therefore embraces both objective and subjective approaches to differentiation – both cognitively and affectively.

Personality scales and personality type characteristics of psychographics are not well suited to explain specific behavioural differences because behaviour is determined by the interaction of both person and situation variables (Van Raaij and Verhallen, 1994). Van Raaij and Verhallen differentiate between objective and subjective variables of the segmentation process that recognize the validity of something more than ‘measurable’ influences on target segments, and comment that subjective variables are mental constructs normally measured in surveys and interviews – they include perceptions, evaluations, lifestyle, attitudes and intentions. The perception of the subjective variables is likely to be influenced by a firm’s behaviour reflecting its competencies and capabilities, and its interaction with customers.

At this stage it is worth revisiting the rationale of the Context and Rationale in Chapter 1 to ask what enables one company to embrace Levitt’s (1960: 56) idea of ‘a customer-creating and customer-satisfying organism…(and everything it means and requires) into every nook and cranny of the organization’, while another company is unable to do so. This suggests that strategic positioning is more than gaining competitive advantage through segmentation and differentiation, or even resource and capability, but perhaps other more basic, even human traits, such as the willingness and the ability of a business to adapt to market demands. The resource-based view (RBV) of the firm is not necessarily restricted to physical resources, but might also include intangible resources such as brand name or know-how or even an organizational capability embedded in a company’s routines, processes
and culture (Collis and Montgomery, 1995). Fombrum (1996) identifies six categories of reasons why people like or respect, or did not like or respect, companies and establishes a ‘reputation quotient’ (RQ):

- Emotional appeal: how much the company is liked, admired and respected
- Products and services: perceptions of the quality, innovation, value and reliability of the company’s products and services
- Financial performance: perceptions of the company’s profitability, prospects and risk
- Vision and leadership: how much the company demonstrates a clear vision and strong leadership
- Workplace environment: perceptions of how well the company is managed, how good it is to work for and the quality of its employees
- Social responsibility: perceptions of the company as a good citizen in its dealings with communities, employees and the environment

These six categories (Fombrum, 1996) extend further than traditional rankings of assessment for stakeholders and attempt to define some traits of personality in the business. These internal values of the company should be aligned with the external values of its products and brand name resulting in ‘brand manners’ that influence corporate behaviour and enable a partnership between customers and staff, resulting in a self-confidence and distinction in competitive terms (Pringle and Gordon, 2001).

The term *personality* in the context of the business (Crosby, Evans and Cowles, 1990; Kardon, 1992) as well as in the context of the product brand (Lannon, 1991; Chernatony and McDonald, 1992; Lautman, 1993; Van Raaij and Verhallen, 1994) has been used by several authors. A simple perception of personality results from the competencies, capabilities and interaction with the customer, or the behaviours displayed by the business. Strategic positioning may therefore be said to represent the successful linkage between the personality of the business and the performance expectations in a target market. It is now important, therefore, to look further at the nature of personality in this context.

**Positioning as personality**

The word ‘personality’ is derived from the Latin word *persona* meaning ‘to speak through’. This word was used to denote the masks worn by actors in ancient Greece and Rome and common usage of the word
emphasizes the role that the person (actor) displays to the public. Most academic definitions of personality are more concerned with the person (actor) than with the role played. Personality is ‘the most adequate conceptualisation of a person’s behaviour in all its detail’ (McClelland, 1951: 69), ‘a person’s unique pattern of traits’ (Guildford, 1959: 5) and ‘the dynamic organization within the individual of those psychosocial systems that determine his characteristic behaviour and thought’ (Allport, 1961: 28). Personality defines differences rather than similarities ‘a systematic account of the ways in which individuals differ from one another’ (Wiggins, 1979: 395). Hellriegel, Slocum and Woodman (1989) refer to ‘something’ representing the unique qualities of personality. The words *unique, pattern of traits, behaviour, differences* and *something* suggest that personality reflects an organization’s values through its attitudes and behaviours towards the customer.

Competitors have a diversity of strategies, origins and ‘personalities’ with different ideas about how to compete (Porter, 1979: 143). In seeking competitive advantage, marketers are attempting to define unique differences between themselves and competitors, and competitive products and services. The essence of any differences will be defined by unique patterns of traits and behaviours within the organization, the *something* that reflects the culture of an organization, demonstrated to the customer before, during and after an exchange transaction through the expression of the whole process of marketing: ‘Organizations are understood and analysed not mainly in economic or material terms, but in terms of their expressive ideational and symbolic aspects’ (Smircich, 1983: 347).

The expression mentioned by Smircich (1983) is not always through tangible attributes of the product or service, or even behaviour characteristics such as expressions of helpfulness and care, but possibly through cosmetic aspects such as perceptions of reality.

Kent (1986:149) points out: ‘Existing production specifications, prices, markets, and so on are the sum of the firm’s history up to that point and represent the accumulated “wisdom” of marketing and other managers in recent and current attempts to achieve individual and organizational objectives.’ This *wisdom* reflects a chosen approach to the market, a particular way to achieve competitive advantage, and specific to the organization, and not replicable by other organizations because of unique circumstances and patterns within each organization throughout its existence.

Smircich and Stubbart (1985: 725) agree: ‘Strategy, naturally, is defined as the fit between an “organization” and its “environment”. An organization will approach the external environment according to its view of the
world, its philosophy expressed as values and beliefs, its culture. The recognition of the involvement of the whole organization is reflected in the term ‘part-time marketers’ for employees (Gummesson, 1987: 17). The provision of credible information is a primary approach to the creation of commitment but ultimately behaviour, ‘volitional, irreversible, and public’ distinguishes genuine commitment to the customer (Ulrich, 1989: 20). Turner (1990) describes the organizational structures as the ‘personality’ of the organization’s system.

Lannon (1991) recognizes that behaviour is the key to both user and brand personality, what people do and then describing what they are like, and not the other way round. The development of brand personality supports an ongoing relationship between the customer and product or service because ‘psychological segmentations may be more directly helpful in describing brand personalities than in defining user personalities’ (ibid., 164). Credibility and behaviour are potent factors in establishing trust and commitment with customers. Lannon (1991) develops her theme of personality by describing categories such as alcoholic drinks, perfumes, cigarettes, certain clothing and some toiletries as self-expressive ‘badges’ for making public an aspect of personality and the way people wish to be seen and how they feel about themselves or others. She describes these as ‘personal display items and as such the nature of the message will be image and style based’ (164) and suggests that we should ‘think of these situations as different points in time in one culture rather than different cultures at the same point in time and the possibility of devising different strategies within the same brand personality becomes clear’ (166).

There is an interaction between consumers’ attitudes towards a brand and the brand’s attitude towards the consumer (Blackston, 1992). A positioning-related competitive strength is a reflection of what may be termed ‘corporate dominance’; a firm’s position could be dominant, strong, favourable, tenable, weak, or non-tenable (El-Namaki, 1992) and this may be understood as a result of external appearance and behaviour. This seems to be a description of the differences between people and their abilities or inabilities to interact and react with each other. Indeed, Lautman (1993) suggests ‘dimensionalising’ the service on human characteristics and creating a brand personality as appropriate when there is an absence of differentiating benefits.

The term strategic architecture is used to denote invisible, intellectual, philosophical, and even normative ‘DNA’ that participates in virtually all important business decisions and forms the foundations for strategy building (Kiernan, 1993). According to Chatman and Jehn (1994), the
personality and ‘shared meaning’ of an organization adopt consistent and stable patterns of distinctive behaviour. They identify seven core elements in successful strategy building; organizational learning, innovation/experimentation, constructive contention, empowerment/shared leadership, optimised value potential, corporate sustainability, and strategic re-framing. Van Raaij and Verhallen (1994) conclude that general personality scales and personality type characteristics are not well suited to explain behavioural differences because behaviour is determined by the interaction of both people and situation variables. They consider personality as a subjective variable contrasting with behavioural patterns as an objective variable.

The effect of cultural and institutionalized factors is described in the magazine of the consulting firm AD Little by Deschamps illustrating that personality is mimicked through displays of behaviours that seem to conform to acceptable organizational norms:

Technologists in fast-moving consumer goods companies – archetypes of marketing-dominated companies – tend to adopt a low profile and do what they are asked to do without much debate, so convinced are they that their companies, being market-orientated, must be marketing-driven. The reverse is equally true: in technology – or engineering-driven companies. Marketers often tend to follow – and sometimes mimic – their colleagues in the technical departments (from which they themselves often come). (Deschamps, 1994: 11–12)

Kotler (1994b: 354) has noted that the fundamental concept of marketing is exchange, and exchange is a democratic means of acquiring goods. He observes that ‘too many companies are inside–out thinkers and not outside–in thinkers, they are product centred not market centred’. Customer loyalty can be no more and no less than an understanding of mutual benefit gained through a repeated and successful series of exchange transactions based on value. Kotler (1994b: 360) says: ‘Marketing’s job is to enlarge the benefits and reduce customers’ costs’. Gronroos (1994: 9) summarizes this mechanism as: ‘Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.’ The ability and willingness to think in these ways is dependent upon a ‘marketing persona’ with the associated behaviours and traits that support this personality label. An organization’s positioning, or who
they are, will reflect the customers that they target and wish to serve as well as the way they choose to seek competitive advantage.

Brown (1995: 25) says: ‘There are now two types of corporation: those with a marketing department and those with a marketing soul. Even a cursory glance at the latest Fortune 500 shows that the latter are the top performing companies while the former, steeped in the business traditions of the past, are fast disappearing altogether.’ Jackson (1997: 56) does not believe that ‘strategy is what happens in the future’. Strategy is therefore part of the values and personality of the organization because ‘strategy is about what you do today to create the future. Strategy is here and now.’

Personality as a driver of strategic positioning

Inimitability is not forever and whereas physical uniqueness can be copied, organizational capabilities, accumulation of knowledge and experience, and unique combinations of people and skills are not so easy to imitate (Collis and Montgomery, 1995). If strategic planning is too static and too slow, then a strong and confident personality gives a company the opportunity to operate top–down and bottom–up strategic planning simultaneously. A company’s strategy may become confused if it starts to cannibalize a brand name because, believes James Burke, former CEO of Johnson & Johnson, it is a ‘capitalized value of the trust between a company and its customer’ (Quelch and Harding, 1996: 106). A brand’s ‘emotional attributes’ are those ‘personal’ associations that often take on human characteristics and the brand’s ‘permissions’ and ‘constraints’ must be identified to determine what needs to be corrected for the brand to be perceived appropriately by customers (Bergstrom and Bresnahan, 1996). As Porter (1996: 76) says:

A company’s history can also be instructive. What was the vision of the founder? What were the products and customers that made the company? Looking backward, one can re-examine the original strategy to see if it is still valid. Can the historical positioning be implemented in a modern way, one consistent with today’s technologies and practices? This sort of thinking may lead to a commitment to renew the strategy and may challenge the organization to recover its distinctiveness.

Business strategies and practices endlessly adapt to the changing world but the core values and a core purpose of successful companies
remain fixed (Collins and Porras, 1996). Core values and core purpose are, say Collins and Porras (1996), two major components – core ideology and envisioned future. Core ideology is the *yin* defining what the organization stands for and the reason for existence, whereas the envisioned future is the *yang* or what the organization aspires to become or to achieve or to create (*ibid.*, 66). Perhaps this is similar to Porter (1996: 70) when he says: ‘Positioning choices determine not only which activities a company will perform and how it will configure individual activities but also how activities relate to one another’.

Core ideology defines the enduring character of an organization and transcends product or market life cycles, technological breakthroughs, management fads, and individual leaders:

You do not create or set core ideology. You discover core ideology. You do not deduce it by looking at the external environment. You understand it by looking inside. Ideology has to be authentic. You cannot fake it. Discovering core ideology is not an intellectual exercise. Do not ask, ‘What core values should we hold?’ Ask instead, ‘What core values do we truly and passionately hold?’ (Collins and Porras, 1996: 71)

Capabilities are acquired by a business and these contribute at all stages in the value chain (Day, 1997). Core ideology is a vital capability. So, for example, technology may be a resource for differentiating products from the competition but the willingness and ability to use the technology will depend on the philosophy of the business that will dictate the balance between people and technology (Vasilash, 1997). The traits of friendliness, local ownership, personal service and civic involvement that are popular with customers depend on a philosophy or attitude rather than simply a communications ploy (Morrall, 1997). The connections between customer and product described by Hooley, Saunders and Piercy (1998) as ‘marketing assets’ (115) are ‘either tangible or intangible…exist in the mind of the customer and they are essentially intangible in nature’ (117).

The personality of the business will reveal itself to customers through the activities and behaviours of the business and the marketing assets. These are all areas that should be influenced by core ideology and display the same values and purpose. Fournier, Dobscha and Mick (1998) cite psychologists Argyle and Henderson’s (1985) definition of several basic universal rules of friendship including provision of emotional support, respect of privacy and confidences, and tolerance of other friendships.
Value-oriented positioning and meaningless attribute differentiation are two non-price tactics that fail to increase brand equity (Kalra and Goodstein, 1998). In contrast, Hammer and Stanton (1999: 109) observe: ‘Companies whose management structures are in harmony, rather than at war, with their core processes...have reaped enormous benefits as a result.’

Reputation management is a natural extension of brand management because consumers are interested in anything related to the brand: the ingredients of its products, the company’s history, the company’s attitude and behaviour toward environmental issues, its work policy, and its position on a range of other economic, social and political issues (Schmitt, 2000). Reputation management according to Schmitt (2000) involves the very heart of an organization and parallels the difficulty for an individual to put on a false face with that of a company espousing values that its own actions do not support. The long-term value of a brand needs to be protected through a genuine reflection of personality traits and behaviours rather than cosmetic image as a short-term means to sell more products.

Too much emphasis on rational and practical attributes, and not enough on the emotional, political and spiritual ones leads to a sterility and lack of energy that has no benefit for the customer. Marks & Spencer is highlighted in its heyday with impeccable brand manners but self-absorption and arrogance left them incapable of responding to market change and its staff became bewildered and disillusioned (Pringle and Gordon, 2001).

**Further thoughts about positioning**

Customers perceive positioning through a wide variety of mediums, not simply though promotional and advertising communications. Personality of a business or product, the ‘something’ that is perceived from the actions and behaviours of the business, are derived from core ideologies and values. All areas of a business are touched by these values and personality is a distinctive competitive difference. Operational positioning is analogous with the ancient Greek and Roman actor’s *persona* speaking through masks to emphasize the role of the actor rather than the actor as a person. Strategic positioning is more like the modern definition of personality defined by the behaviour, traits and differences of the organization itself rather than its *persona*. The personality of an organization, and all those things connected with personality, provides the foundation of an accord between the customer and the business
and a satisfactory framework for strategic positioning. It is original and individual and, although not necessarily attractive to all market segments, it forms the basis of competitive advantage in certain market segments. This reinforces the suggestion in Chapter 2 that strategic positioning is distinctive from operational positioning and suggests that strategic positioning reflects the personality of the organization.

Various means of assessing the liking or disliking of companies are suggested, such as a ‘reputation quotient’ (Fombrum, 1996) and ‘brand manners’ (Pringle and Gordon, 2001). The manifestation of capabilities and distinctive competencies, core ideologies, reflections of an organization’s personality, is hard to replicate. The personality of an organization may have its source in its culture. If this is the case, then it is likely to be difficult to modify. The capabilities and competencies, the preferences of a business, and the behaviours and ideologies, are key determinants of who the organization is. These traits are objective and subjective, cognitive and affective (Treacy and Wiersema, 1993; Juttner and Wehrli, 1994; Van Raaij and Verhallen, 1994) and define one business from another through outward behaviours that reflect personality. These dimensions differentiate competitors and competitor products and they are an important aspect of positioning strategy. Their consistency with a market segment is the possible source of positioning as a determinant of strategy. This suggests that strategic positioning is a possible manifestation of the capabilities and competencies of an organization rather than the more operational cosmetic or manipulative approach to positioning. They represent differentiated attributes of the organization to a market and they are likely to be more or less attractive to some market segments than others. As Levitt (1980: 83) identifies: ‘There is no such thing as a commodity. All goods and services are differentiable’. It is appropriate to examine possible influences on personality, behaviours, core ideologies, and capabilities and competencies, and to explore their effect on strategy in the context of positioning.
Organizational Culture and Positioning: the Link to Strategy

'It should be obvious that building an effective customer oriented company involves far more than good intentions or promotional tricks; it involves profound matters of human organization and leadership.'
(Levitt, 1960: 56)

The previous chapter considered strategic positioning as a representation of the essential personality of a business through behaviours, core ideologies and distinctive competencies. This chapter looks at organizational culture as a major contributor to the personality of the organization and then considers the relevance of the guiding tenets of vision and mission. The social construction of culture and personality invites a closer look at the family business and the cultural influences on strategy. The chapter then considers the importance of change and the links between culture, vision and mission, and change, and finally, the influence and possible meaning of culture and positioning as determinants of strategy.

Organizational culture

Eliott Jacques (1951: 251) highlights three important aspects of organizational culture: it is learned, it is shared, and it is transmitted: ‘The customary or traditional ways of thinking and doing things, which are shared to a greater or lesser extent by all members of the organization and which new members must learn and at least partially accept in order to be accepted into the service of the firm.’

Culture is a collection of behaviour patterns and beliefs that constitute ‘standards for deciding what is, standards for deciding what can be,
standards for deciding how to go about doing it’ (Goodenough, 1971: 21–2). Access to extensive, comprehensive and credible information leads to activities consistent with that information (Salancik and Pfeffer, 1977) described as ‘the acquired knowledge that people use to interpret experience and generate social behaviour’ (Spradley, 1979: 5). The emphasis is on what the organization is, rather than what the organization has, and a reflection of ‘the values embedded within modern corporate society ... the context in which corporate society is meaningful’ (Smircich, 1981: 355). Smircich (1983: 344) summarizes views of organizational culture as ‘social or normative glue that holds an organization together ... expresses the values or social ideas and the beliefs that organizational members come to share ... manifested by symbolic devices such as myths, stories, legends, and specialised language’. This reflects a shared way of thinking, likely to influence the way that the surrounding environment is perceived and the way of matching the changes in the environment. As Schein (1983: 14) suggests:

Organizational culture, then, is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration – a pattern of assumptions that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Smircich (1983: 345) notes that culture ‘can be used to build organizational commitment, convey a philosophy of management, rationalise and legitimise activity, motivate personnel, and facilitate socialization’. There can be serious consequences for the business as a result of its culture. Morgan (1986) found from the longitudinal study of one company lasting more than twenty years that the organization continued to respond to a problem in a particular way having misjudged the causality of the problem many years before as a result of internal culture and orientation. Ansoff (1984: 329) notes that ‘success breeds failure ... the historical success model becomes the major obstacle to the firm’s adaptation to the new reality’ leading to the suspicion that a commitment to one single culture without adaptation to the changing environment has a limited life if the business is to continue growth and prosperity. Corporate culture is described as ‘the system of shared values and beliefs that interact with a company’s people, organizational structure, and control system to produce behavioural norms’ (Gardner, 1985: 59). In the short term, however, employees identify with the norms and values of an organization, they
are less inclined to leave the organization and customers seem to be more satisfied with the service (Schneider and Bowen, 1985).

The ultimate source of culture is based on a founder's beliefs and values that, when validated by the survival of the organization, become cognitive assumptions (see Schein, 1983; 1985; 1991). There are many examples such as Microsoft's culture as a reflection of Bill Gates, Sam Walton at Wal-Mart, Akio Morita at Sony, Ray Kroc at McDonald's, Richard Branson at Virgin, and so on. This proposition describes an entity, the organization, and common and identifiable personality traits and behaviours: ‘Organization is defined as the degree to which a set of people share many beliefs, values, and assumptions that encourage them to make mutually reinforcing interpretations of their own acts and the acts of others’ (Smircich and Stubbart, 1985: 727).

Whilst many chief executive officers (CEOs) may believe that organizational cultures are real and that strong cultures contribute to corporate success, important enough ‘to deal with culture in a serious manner’ (Gardner, 1985), the functional nature of many businesses makes the integration of cultural issues and competitive strategy a somewhat distant connection. In fact, the culture of an organization may be seen by some CEOs as some sort of criticism of management ability and personality rather than an important aspect of competitive advantage: ‘Culture is not itself visible, but it is made visible only through its representation’ (Van Maanen, 1988: 3).

These tasks need to be considered in the strategic context of the organization's culture described as ‘the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behaviour in the organization’ and sometimes described as ‘the way we do things around here’ (Deshpande and Webster, 1989: 4). Many organizations would not recognize the need, let alone be willing or able, to make changes in order to compete in specific markets or a changing customer environment. It is an individualistic and specific type of organization that chooses a form of morphogenesis to compete and gain competitive advantage in the market place. O'Reilly, Chatman and Caldwell (1991) suggest essential characteristics or profiles of an organization's culture based on an instrument called the Organizational Culture Profile (OCP). These included innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability. The degree of adoption by an organization of these characteristics will relate to the ‘widely shared and strongly held values… the defining elements of a culture’ (Chatman and Jehn, 1994: 524). Whilst creativity and flexibility
may enable high growth rates within an industry, there are ‘constraints on how distinct [industry] cultures can actually be and thus the extent to which culture can be used as a source of competitive advantage’ (548). Hunt and Morgan (1995) believe that employees learn market orientation from other employees through socialization. This socialization tends to reinforce and protect existing orientations rather than contribute to any adaptation to the changing external environment. As Drucker (1988: 75) says: ‘Because management deals with the integration of people in a common venture, it is deeply embedded in culture.’

The most important aspect of any enterprise is that ‘there are no results inside [an enterprise’s] walls ... results only exist on the outside’ (Drucker, 1988: 76), underlining the powerful effect of the existing culture on customers. Market orientation literature pays little heed to internal stakeholders such as employees (Greenley and Foxall, 1998) whilst there is a need to balance internal and external factors into a marketing philosophy (Gummesson, 1998) suggesting that cultural issues are an important element of the marketing response. The conclusion that ‘a more holistic approach would develop responses to the internal environment as well as the external market’ (Lings, 1999: 250) seems to demonstrate the importance of a marketing response to internal values as part of the search for competitive advantage.

Sull (1999: 43) notes that ‘stuck in the modes of thinking and working that brought success in the past, market leaders simply accelerate all their tried-and-true activities’ believing that the strategic frames, or the mental models of an organization, shape how managers see the world. These strategic frames act as ‘blinders’ and limit the ability to take appropriate action in response to environmental changes and threats; processes become routines, relationships shackle, and values become dogmas (ibid., 45).

Drucker (1999: 69–70) identifies three important aspects of the values in the organization:

- To work in an organization whose value system is unacceptable or incompatible with one’s own condemns a person both to frustration and to non-performance.
- Whether a business should be run for short-term results or with a focus on the long term is likewise a question of values.
- Organizations, like people, have values.

Organizational dimensions are the result of unique historical aspects that become institutionalized within an organization (Homburg, Workman
and Krohmer, 1999). Indeed, organizational form may be the result of cultural and institutionalized factors rather than a rational adaptation to environmental conditions and market forces. A new executive to an organization ‘must learn to operate in an unfamiliar corporate culture… must make a new political system work to his advantage’ (Ciampa and Watkins, 1999: 163).

Values originate from the leadership and may be thought of negatively, particularly if a statement of values speaks of people first, but in reality treats them as last (Wickens, 1999). Real values are revealed by behaviours, not words or attempts to manipulate image and truth, mirroring perhaps the use of cosmetic positioning internally to employees as well as externally to customers. MacLennan (1999) suggests that companies should have an Awesome Purpose strategy woven and aligned into every element of the organization’s culture, suggesting that this should involve a relationship between purpose, values, vision, mission, strategy and tactics. Gilson, Pratt, Roberts and Weymes (2000) offer a theory of Peak Performing Organizations (PPO) based on organizations ‘sharing the dream’ with stakeholders, ‘creating the future’ through good recruitment and investment, and ‘fostering community’ inside and outside the workplace. Collins and Porras (2000) in an examination of eighteen ‘visionary’ companies suggest that rather than winning product and charismatic leadership, successful businesses achieve long lasting prosperity as a result of an almost cult-like devotion to ‘core ideology’ or identity. This includes an active indoctrination of employees into an ‘ideological commitment’ to the company.

Porter (2000) suggests that deeply ingrained cultural norms and attitudes towards competition of Japanese business are inconsistent with innovation and entrepreneurial practice, and a lack of values and a philosophy has become a positioning weakness in a large section of Japanese industry. He proposes that strategy requires the establishment of a unique position by creating a different mix of value, than competitors. In his examination of Japanese industry, he points out that imitation is rampant and contrasts the failure of the Japanese personal computer industry to be profitable with the success of Dell and Apple, the US computer makers, each with a distinctive strategy. Porter (2000) concludes that advantages coming from best practice alone can be imitated, whereas advantage that comes from strategy is far more sustainable.

Kunde (2000) draws attention to a study of Body Shop, Coca-Cola, Disney, Harley Davidson, McDonald’s and Microsoft which shows that successful companies will be those that unite the internal company culture
Organizational Culture and Positioning

and the external market position through a shared set of beliefs – described as ‘a corporate religion’. Customers do not buy a product but a company ethos because what companies do, make or sell is inseparable from what they are. Pottruck and Pearce (2000) believe that successful companies have cultures and principles that are created and consciously sustained through the support and encouragement of individual contribution, team play and risk taking. These companies, they say, are generally driven by the personal values of their managers.

The author of the Cadbury Report on Corporate Governance, Sir Adrian Cadbury, notes that some Cadbury descendants worked in the business and others did not, but remained as shareholders. Those who managed the business were interested in investment and growth and family members who did not work for the company worried about their dividends. He is quoted as saying: ‘Having spent my working life in one firm, I was well aware of how much my thinking about the business was limited by history and experience’ (‘A “how to” handbook for the family business’, Financial Times, 1 August 2000).

There is no better example of the need for empathy in organizational culture than during a merger of businesses. Sirower (2000) points out how surveys have repeatedly shown that about 65 per cent of mergers fail to benefit acquiring companies because there is more concentration on increased performance and market strength than the need for compatibility of values and corporate cultural differences. Colin Price, a partner at McKinsey, is quoted as saying that melding corporate cultures takes time which senior management does not have after a merger:

Most mergers are based on the idea of ‘Let’s increase revenues’, but you have to have a functioning management team to manage that process. The nature of the problem is not so much that there’s open warfare between the two sides. It’s that the cultures don’t meld quickly enough to take advantage of the opportunities. In the meantime, the marketplace has moved on.

Mergers, he believes, are about compatibility of values and personality (‘Marrying in haste’, Financial Times, 12 April 2000).

Some organizations like to create products or services out of a need for personal expression – ‘the organization’s values, behaviours, and attitudes – that is, the way employees all through the ranks feel about the company they are working for’ (Hatch and Schultz, 2001: 131). The dynastic influence may pervade subsequent direction and strategy, with visions and objectives being passed from generation to generation even
after the departure of the founder (Ogbonna and Harris, 2001). However, if these visions and objectives are not aligned with customer values, then a business is unlikely to establish a position in the mind of the customer and establish a perceived advantage. This will need a change to the organization’s culture, its essential values, behaviours and attitudes, in order to become more aligned, more empathetic to the values of the customer in order to maintain a strategic position that gives a competitive advantage in the mind of the customer.

**Vision and mission**

Drucker (1954: 52) contends that ‘if we want to know what a business is we have to start with its purpose’ and importantly goes on to consider the customers’ view of ‘value’ as decisive in what he describes as the two basic functions of business: marketing and innovation. Most importantly, perhaps, there is recognition that ‘the customer is the foundation of a business and keeps it in existence’ (53). These two functions are described as ‘serving’ and ‘creating’ customers (Drucker, 1974). This ‘mission’ to serve and create customers is a strong contributor to the nature of orientation, to the way an organization sees itself in the world, and it may have alternative preferences and thereby choose alternative approaches. This can be reflected by strong manufacturing or sales outlooks often ‘created by entrepreneurs who have a vision of how a concerted effort could create a new product or service in the marketplace’ (Schein, 1983: 16). Functional coalitions strive to influence organizational mission to reflect their perspective (Hall, 1984) and this is particularly strong amongst ‘founding groups’ (Schein, 1983: 17).

Levitt (1980: 88) has also observed: ‘The way a company manages its marketing can become the most powerful form of differentiation. Indeed, that may be how some companies in the same industry differ from one another.’ Levitt (1986) asks the basic questions in adopting a market-led approach: What business are we in? What business could we be in? What business do we want to be in? What must we do to get into or consolidate in that business? The marketing concept defines ‘a distinct organizational culture, a fundamental shared set of beliefs and values that put the customer in the centre of the firm’s thinking about strategy and operations’ (Deshpande and Webster, 1989: 3). In this sense, vision and mission reflect the culture of an organization.

The generation of a sense of identity, a commitment to the organization’s mission, and the clarification and reinforcement of standards of behaviour might include sensitivity to the needs of customers and the
value placed on taking risk or maintaining the status quo. Employees show a deeper emotional commitment to their company described as a ‘sense of mission’ when there is a match between the employee’s values and the company’s values (Campbell and Yeung, 1991).

El-Namaki (1992: 25) says: ‘Vision is a mental perception of the kind of environment an individual, or an organization, aspires to create within a broad time horizon and the underlying conditions for the actualisation of this perception’. He contends that vision should, amongst other things, reflect the goals and aspirations of stakeholders and be derived from a sense of direction. Most importantly, however, he notes that vision itself depends on managerial competence and capability, something that is therefore realistic and actionable. A vision based on image or perception alone is unlikely to realise any competitive advantage without the ability to deliver the associated outcomes. Assurances have to be matched by actions that demonstrate the truth and expression of those undertakings or they become meaningless and have a negative value to the customer expectations. Vision promotes corporate cultural changes in response to environmental changes; it is creative rather than simply reactive, ‘a concept of the kind of future an individual, or an organization, aspires to create within a broad time horizon and the underlying conditions for the realisation of this concept’ (29).

Hooley, Cox and Adams (1992) suggest five elements that are important to the effective mission statement: strategic intent or vision; company values or guiding principles; distinctive competencies or core skills; market definition or customer targets; and competitive positioning or differential advantage.

Kotler (1994a) observes that a company’s mission is shaped by five elements: history, current preferences, market environment, resources, and distinctive competencies. The personality, or institutional character, of an organization may be depicted in the mission statement. Collins and Porras (1996) found in their research that visionary companies often use bold missions. They describe these bold missions as Big, Hairy, Audacious Goals (BHAGs) and a powerful way to stimulate progress. In addition, a BHAG needs ‘a vibrant, engaging and specific description of what it will be like to achieve’ (ibid., 74), in other words a vision. A vision implies managerial competence and skills:

A corporate strategy is guided by a vision of how a firm, as a whole, will create value... a corporate strategy is a system of interdependent parts... corporate strategy must be consistent with, and capitalise on, opportunities outside the company.... the benefits of corporate
membership must be greater than the costs. (Collis and Montgomery, 1998: 77)

Bishop (1999: 56) relates the story of how she revisited her business mission statement and how ‘it quickly became obvious that we had to start making some tough decisions about which clients we worked with – as well as what sort of employees should be working for us – if we were to truly adhere to the beliefs we so nobly stated on paper . . . Instead of making happy customers, we would focus on the right customers’. Mission evolves from the shared goals and values of employees (Tadepalli and Avila, 1999).

There is no single right way for an organization to orient itself, although market orientation concerns customer service, customer satisfaction, customer focus and innovation orientation (Berthon, Hulbert and Pitt 1999). The interaction of orientations or focuses is likely to determine the way that an organization behaves and chooses the way it prefers to go forward. More fundamentally, the emphasis of interaction determines where the organization wants to go: ‘Companies whose management structures are in harmony, rather than at war, with their core processes . . . have reaped enormous benefits as a result’ (Hammer and Stanton, 1999: 109).

Gratton (2000) argues that organizations should devise a vision of the future through a coalition of employees and planners who are clear about the corporate culture, the interaction between managers and the state of employee morale. She identifies three central tenets: people’s behaviour is influenced by the past and by their beliefs about what will happen in the future; they strive to understand their role and to interpret the messages, both overt and tacit, given out by the organization; and their emotions play a part in their working life – they can feel committed and inspired (or not), and in turn, they can choose to give or withhold their knowledge.

These observations suggest an essential link between target market and the organization when establishing a particular philosophy or orientation and seeking superior performance. The important questions to an organization are: Who are we? Who do we need to be?

Culture and the family business

The ‘character’ of the family organization (Selznick, 1957), usually the familial head, dictates response to external change. There continues to be a belief that the business will survive based on a social construction
of reality (Berger and Luckman, 1966). Family businesses tend to nurture a *Weltanschauung* (Kuhn, 1970), or ‘worldview’, and the belief in the core activity as the *only trade* reflects Perrow’s (1970) observation that there is an almost religious dedication to their chosen trade.

Strategy reinforces the existing perspective or culture by resolving the big issues so that people can get on with little details (Mintzberg, 1973). Pettigrew (1977) observes symbol construction as a central component of strategy and an emphasis on legitimacy rather than profit or other typical goals of strategy. Family organizations do not tend to make fundamental strategic changes until faced with circumstances that result in dramatically reduced performance or crisis (Mintzberg, 1978). Present decisions continue to be taken on the basis of past experience confirmed by present action (Weick, 1979). There is a ‘machine bureaucracy’ that emphasizes the distinction between the few people on top who are allowed to think and the many down below who are supposed to act (Mintzberg, 1979).

Whilst Quinn (1980) says that strategy deals with the unknowable, consonance is sought in the known. There is often no unified, comprehensive or integrated plan (Glueck, 1980) and strategy is characterized as a tendency towards ‘momentum’ (Miller and Friesen, 1980) following a logical incremental process (Quinn, 1980) with low level change within the existing paradigm. The belief is seen as some idealized and cherished way of working (Sheldon, 1980) and ideologies or paradigms are preserved and sustained by beliefs, stories, language and rituals (Meyer, 1982). Strategy is a *modus operandi*: ‘a perspective, strategy, ideology, and mission...concepts that are manifested by an integral alignment or gestalt among environmental, organizational, and strategic variables’ (Miller and Friesen, 1980: 612); iterative, managerial thought and managerial action are inseparable (Schon, 1983), a concept rooted in stability (Teece, 1985) geared to deal with discontinuous futures (Goodstein, Pfeffer and Nolan 1986). The ‘groupthink’ of employees (Janis, 1985) is rationalized and there is a shared illusion about the invulnerability of the organization. The capabilities of a firm are defined by where it has been and what it has done in the past (Teece, 1985). The owner and the family operate as a cultural phenomenon in the interpretive mould, a sort of social contract (Chaffee, 1984). Change needs to involve others in the process, thus getting employees to ‘own’ change (Schein, 1985) is an unacceptable approach for an owner and family.

Strategy reflects the views of an owner and family in an organization that mirrors attitudinal and cognitive behaviour (Chaffee, 1984). There
is no iterative process to deal with discontinuous futures (Goodstein, Pfeffer and Nolan 1986). Owners and families find change difficult because it can be seen as a statement of their shortcomings or failings. A system with high congruence can be resistant to change because it develops ways of insulating itself from outside and may be unable to respond to new situations (Tushman, Newman and Romanelli, 1986). Whilst organizations are complex, ambiguous, and paradoxical (Morgan, 1986) in any case, the culture of the family firm tends to favour altering the chairs on the deck, rather than considering the approaching iceberg (Mintzberg, 1987). The employees, with a tendency for long service, hold a set of beliefs that has evolved over time, and they have embraced assumptions about the founder and the family and his company. The management, the organizational environment, and the administrative routines are expected to preserve the company. This cultural paradigm is held relatively commonly and taken for granted and the status quo is maintained by seeking ‘consonance’ whilst ‘dissonance’ is ignored (Johnson, 1987).

Mintzberg (1987) recognizes that strategies need not be deliberate or formulated – they can emerge. Management is likely first to tighten controls, and then consider a change of strategy, but one still in line with the existing recipe (Johnson, 1987). Porter (1987) observes that restructuring is not a strategy and problems soon re-emerge. In the meantime, ‘strategic drift’ (Johnson, 1987) means that the process fails to keep up with the changing environment. Strategy is a force that resists change and all that is constructive and efficient about an established strategy becomes a liability (Mintzberg, 1987). Future generations tend to have less ‘conscious skill’ or intellectual process (Andrews, 1987) and the ‘magic leadership’ is not enough because it requires followers, helpers, and co-owners of change (Nadler and Tushman, 1989). The established strategy blinds the organization to its own out-datedness and impedes the use of peripheral vision. Strategic thinking has been too little concerned with taking a core competence perspective (Prahalad and Hamel, 1990). Substantial cognitive shifts need major intervention, usually by new leaders accompanied by political and symbolic actions (Johnson, 1990). A new vision is necessary to ‘create rather than merely react’ (El-Namaki, 1992: 25) but an acceptable vision to the owner and the family can only be based on a reorientation, not recreation. The issue of succession is ignored because of the unwillingness of the founder to let go of the firm, the fear of sibling rivalry, or even intergenerational rivalry (Kets de Vries, 1993). Change within an organization is accomplished through its structure, its leadership, its distribution of
power and its culture (Gray and Karp, 1994). Change is made even more complex where the perspective and involvement of the family impose the same values and the same cultures rather than shift to match the changing environment.

**Change**

Levitt’s (1960: 45) observation that ‘there is no such thing as a growth industry’ suggests that a company either changes or disappears. Values are relatively stable and enduring (Rokeach, 1973) and culture itself tends to support stability and endurance through a socialization process. Socialization reinforces organizational culture by assisting new employees to adopt the established attitudes, values and norms of the organization (Feldman and Arnold, 1983). Waterman, Peters and Phillips (1980: 135) propose that ‘organizational change is really the relationship between structure, strategy, systems, style, skills, staff, and something we call superordinate goals’, known later as the 7S model.

Most change is accomplished through a change in organizational structure but actually, ‘a structure is not an organization’ (ibid., 135). There is a multiplicity of factors that influence change within an organization and these factors are interconnected. Progress in one area is a problem without progress in another and there is no hierarchy in the factors of change (ibid.). Waterman, Peters and Phillips surmise that this will vary according to the organization and circumstances noting that some variables, systems, staff, and even superordinate goals, could take many years to change. Others, such as strategy and structure, at least superficially, may occur more quickly. This is an integrated approach to the nature of the business organization as a complex personality directed by historical and cultural overtones. It is acknowledged that change of strategy and structure are inadequate, and organizations are slow to change other variables necessary to adopt new strategies that are a response to the external environment:

Systems that embody outdated assumptions, a management style that is at odds with the stated strategy, the absence of a superordinate goal that binds the organization together in pursuit of a common purpose, the refusal to deal concretely with ‘people problems’ and opportunities. (Waterman, Peters and Phillips, 1980: 140)

Schein (1983) underlines the dilemma for an organization when change is necessary to enable adaptation to changing external environments.
The preservation of the cultural elements that give fulfilment and uniqueness to an organization has to be weighed alongside the need to make the transition, running ‘the risk of throwing out the baby with the bath water’ (ibid., 28). The process of change therefore requires understanding and care. New policies are not retained if they conflict with the dominant group’s central core of beliefs or conversely the dominant group will explain failing policies as ‘poor implementation or bad luck’ (Morgan, 1986: 909). This can create a constant rejection of change and promote an endless cycle of mirroring the past rather than moving towards the future: ‘The task of strategic management is organization making – to create and maintain systems of shared meaning that facilitate organized action’ (Smircich and Stubbart, 1985: 724). Shared meaning suggests a shift in culture and perhaps the acquirement of a new personality.

Change is a holistic approach rather than an isolated event: ‘To see problems integratively is to see them as whole, related to larger wholes, and thus challenging established practices – rather than walling off a piece of experience and preventing it from being touched or affected by any new experiences’ (Kanter, 1985: 27). Stability and change themselves are part of the culture of an organization (Hatch, 1993). This suggests that some organizations are born to die with the seeds of their own destruction lying in their cultural conservatism and inability to change, reminiscent of the strategic architecture or DNA (Kiernan, 1993) that makes up the organizational personality as mentioned in the previous chapter.

Van de Ven and Poole (1995) identify four major schools of thought about the nature of change: life-cycle; evolution; teleological; and dialectic. Life-cycle change is through mediation with an organization’s culture, evolutionary change a cycle of random variation, and teleological change through ‘best fit’ selection. The former three theories are more emergent than the latter dialectic theory. Dialectic theory represents shifts through confrontation characterized as the outcome of conflict between forces of stability on the one hand, and change on the other (ibid., 1995). The nature of organizational change seems to reflect the same challenges as individuals adapting to circumstances and environments in the evolution of their lives. Kanter believes that ‘talk is cheap’ (Abernathy, 1998: 44) and suggests that the ability to change is enhanced by a sense of destination and a consistency of policies, practices, systems and structures. She characterizes a change-adept organization as an innovator, ‘learning’ professional and a collaborator. This suggests that the personality of a ‘growth’ organization should include a trait of change friendliness.
Using the example of Sears in the 1990s, Rucci, Kirn and Quinn (1998) record that there was a change in the logic and culture of the business rather than any change in marketing strategy. Managers talk about a new strategy, speak with conviction about empowerment and customer focus, yet employees rarely understand the point of a new strategy, their role and their contribution to it. They note: ‘Once the energy and excitement – and the results – have peaked, many companies fall back in relief and resume bad habits’ (ibid., 86). Organizational and cultural change or renewal needs to be a part of new strategy rather than a brief operational dalliance. Change itself is part of the positioning strategy that demonstrates ‘in the mind of the customer’ that an organization is ‘growing’ and moving in the same direction as customers rather than lingering in the past.

The ‘anti-change’ approach is often portrayed as: ‘Stay the course. Keep the adjustments small. No need to change in any major way . . . management for stability . . . we try not to change. We stay the course, maybe accelerate the speed’ (Gorman and Hoopes, 1999: 9). The desire for consistency and stability is a powerful emotion, and yet ‘change builds on what is already known’ (Day and Montgomery, 1999: 8). It is the willingness and ability to change, itself a key element of personality, which contributes to the strategy of an organization. The company’s strategic fit with the environment will inevitably erode unless the organization has a culture that is willing and able to change with the surrounding environment. The marketer has the task of recognizing the need for change, not because things are going wrong, but because the market requires something different. The manner of harmonization as part of positioning strategy is vitally affected by the culture of the organization. The expectation of the customer will rely on the personality of the organization as expressed and portrayed by its behaviours.

Hamel (2000) believes innovation is the answer to beating the competition and Prahalad and Ramaswany (2000: 87) observe:

It may sound paradoxical, but rapid change requires that companies have a stable centre. The real challenge for senior managers will be to provide that stability while embracing change. The only way to do that is to develop a strong set of organizational values. That’s not an easy task. It is easier to pay lip service to values than it is to live by them.

This stable centre may be the ‘superordinate goals’ (Waterman, Peters and Phillips, 1980) or ‘shared values’ (Peters and Waterman, 1982) at the centre of the 7S model. Once again, there is reference and
distinction to the importance of reality over perception, in this case related to the need for organizational values and the recognition of the need to adjust to new surroundings. This is a strategic shift rather than a cosmetic gloss suggested by a manipulation of the mind or an image or perception based on advertising.

The link to strategic positioning

Porter (1979: 138–9) suggests that ‘whatever their collective strength, the corporate strategist’s goal is to find a position in the industry where his or her company can best defend itself…advantages can stem from the effects of the learning curve (and of its first cousin, the experience curve)’. The fact that a learning process may be involved suggests that there is a strong element of growth determined by participants within the existing framework of existing values and beliefs within an organization. Change in organizational culture becomes an integral part of strategy to reflect recognition, but more importantly understanding, of the changing environment and the changing profile of customers. In order to manage change successfully a company must (1) identify what kind of culture is needed in the organization, (2) measure the existing culture to determine where gaps exist between the current and desired cultures, (3) decide how to close these gaps, and (4) repeat the entire process periodically (Baker, 1980: 13). Bonoma (1985), citing Sathe (1982), talks of ‘important shared understandings’ and identifies three components of this understanding: shared objects or things; shared sayings or talk; and shared doings or action. These understandings will reveal as much about what management will do when faced with a problem as the corporate plan: ‘The belief is that firms that have internal cultures supportive of their strategies are more likely to be successful’ (Smircich, 1983: 346).

Bonoma (1985: 105–6) describes marketing culture as a broader notion than the marketing theme or ‘the underlying and usually unspoken “social webbing” of management’ and considers marketing culture as ‘a powerful invisible shaper of practice…created by top management and for which top management is responsible’. This suggests that senior managers or leaders in a business can change and should take responsibility for culture. More importantly, perhaps, Bonoma (1985: 108) identifies marketing culture as one driver of organizational culture in competition with other and different culture bases:

When there is cultural amnesia in the corporation, or when strong subcultures (e.g. engineering versus sales) in the company conflict,
the firm’s internal message to its own people will be weak or cacophonous. Where that is the case the company cannot help but present a confused and confounded image to customers and distributors . . . If identity policies tell the firm, its personnel, and its customers ‘who the company is’ when it comes to marketing, direction policies inform about ‘where the firm is going’.

The image of an organization in the mind of the customer is clearly distorted by uncertainty or confusion to the answer of the question ‘Who are we?’ If the internal messages or the shared understandings are unclear, confused or misunderstood by employees, then the positioning of the business is likely to remain unclear, confused and misunderstood by customers. Strategic positioning is therefore closely linked with the culture, vision and mission, and therefore the need for change to reflect a changing environment. The culture and vision and mission of an organization is reflected through its behaviours and traits and possibly perceived as personality by the customer. A shift in market strategy may require a cultural change that itself can only be facilitated by a shared value of willingness to adapt. The shared values of an organization are a major influence on the implementation of the strategic plan (Muhlbacher, Vyslozil and Ritter 1987). Leppard and McDonald (1987: 170) in their appraisal of the role of culture on the marketing planning process point out that how the process is managed will be congruent with the organizational culture and, more particularly, they note the following:

Since culture tends to act to maintain the existing power structure and the status quo, marketing planning interventions in companies must be recognised as having a political dimension and are not purely educational. Not least among the political issues is the question of whether or not a company’s management style can adapt sufficiently to enable the marketing planning process to deliver the rewards it promises.

If the planning process is influenced by an organization’s culture, the way in which an organization sees the world, and the embracing of either maintaining or changing the status quo, then positioning in the mind of the customer will reflect the parameters imposed by the culture: ‘Effective service requires people who understand the idea’ (Heskett, 1987: 124).

Internal marketing is a prerequisite for successful external marketing (Gronroos, 1990b). Internal marketing is a management philosophy in
which management creates, encourages and enhances an understanding of, and an appreciation for, the roles of the employees in the organization. Customer-conscious employees reflect the marketing culture, the importance of the customer to the organization, and take a holistic view of their jobs. However, the alternative view is that this might simply reinforce any natural resistance to change or search for consistency: ‘Organizational structures resist change. They are the “personality” of the total system, and the idea that they can or will transform themselves whenever new strategy is enunciated is wishful at best’ (Turner, 1990: 64).

Maljers (1990) notes, from his experience as chairman of Unilever, that each company is run in its own characteristic way with management methods and styles varying greatly from company to company. He points out that there is not a single prescriptive approach. Useful lessons can be learnt from the experiences of one company but it has to be recognized that this does not necessarily recommend the same approach to any other business. No single approach and no single solution provide all the right answers because every company is different, and each will need to tailor an appropriate approach to their particular requirements. There has been a tendency for marketing practice and theory to focus on the sale as the vital event of a transaction, the culmination of marketing activity and the single most important variable for analysis (Webster, 1992). Yet the majority of transactions take place as part of an ongoing relationship:

Marketing is a central component of the guidance system of the firm and we need to understand its functioning in much richer detail, especially within the complicated structures of network organizations…organization culture, focused on the customer, will be increasingly seen as a key strategic resource defining the network organization’s uniqueness and co-ordinating its several parts toward common mission and objectives. (Webster, 1992: 14)

The culture of focus on the customer is one way to fulfil the mission of an organization. There is a suggestion that vision will also be influenced by the way an organization sees the world, by its values and beliefs. Vision is formulated by explicitly identifying competitive behaviour through sources of competitive strength and resource capability (El-Namaki, 1992) and presumably if competitive strengths and capabilities are not sought then an alternative vision based on an alternative orientation will apply. Czepiel (1992: 42) comments: ‘Building
marketing capability and competitive advantage entails integrating all the functions of the business around a common vision of how to deliver superior value at a profitable cost, and helping every employee understand the role he or she must play.’ The thoroughness of provision and communication of value by managers is a vital part of competitive advantage. The character traits of managers themselves as well as the organizational structure will be influenced by the culture of the organization and reflect the personality through the behaviour of the organization as perceived by the customer. The importance of this realization is recognized by Furnham and Gunter (1993: 222): ‘In today’s organizations, management should strive to harmonise internally-directed efforts with externally-directed efforts.’

Kiernan (1993) believes that there is a cultural issue to Western business thinking because executives are trained to diagnose, analyze, and then ‘fix’ existing problems rather than generate creative alternatives that do not yet exist. This results in the focus of competitive strategy on competing with existing competitors’ products and services whilst only achieving incremental improvements. Strategy need not be deliberate but can emerge, a pattern of activities over time rather than a conscious plan, and strategy is made at the grass roots as much as centrally (Mintzberg, 1994). Grass roots make ad hoc adjustments to meet a changing environment and anomalies in the strategy increase as a result. Companies then change their organizational structure to become more responsive to customer needs (George, Freeling, and Court, 1994). Mintzberg (1994) objects to the notion that structure must follow strategy and points out that organizational structures resist change describing them as the ‘personality’ of the total system. Some structures make certain types of strategy easy to implement and yet other strategies almost impossible. The structure of the organization as a reflection of personality is therefore important to positioning in the market and the strategies on which it depends.

Company plans developed to take account of the interests of stakeholders will rely on the beliefs, values and expectations of managers in the context of corporate culture (Greenley and Foxall, 1997). Relationships between companies and consumers are troubled. Companies know more about their customers than ever before and yet consumers describe feeling trapped and victimized as a result of a confusing, stressful, insensitive and manipulative marketplace (Fournier, Dobscha and Mick, 1998). A relationship takes two and the perceptions of both parties to a relationship determine outcomes based on behaviours, displays of values and attitudes, and the personality of the organization.
Positioning as a determinant of strategy

‘People buy things not only for what they can do, but also for what they mean’. (Levy 1959: 118)

Human behaviour is a juxtaposition of action and reaction, and exchanges are frequently more than a simple transfer of a product or service for money. Bagozzi (1975) suggests three influences on the exchange process; utilitarian exchange based on the use or tangible characteristics of the product or service; symbolic exchange as a mutual transfer of psychological, social or intangible benefits; and mixed exchange as an assortment of both. This raises questions for the marketer about the role of culture, the patterns of behaviour reflecting values and attitudes in the exchange process and, more particularly, the role of positioning as a reflection of these issues in determining strategy:

It is ironic that both internal and external needs to demonstrate competence can lead to justification, because justification is exactly what may detract from the rational or competent decision making that both individuals and organizations seek to achieve. (Staw, 1981: 583)

The longer employees participate, the greater the commitment to fixed values and positions and the more difficult to choose strategies that detract from the familiar or the security of the known. Teece (1985: 60) goes further in observing: ‘a firm’s capabilities are defined very much by where it has been in the past and what it has done’. Yet change is indicated as a vital part of matching the needs of an organization and the needs of the customer: ‘The buyer–seller relationship is subject to constant renewal and depends very much on perceived product competitiveness (along with other factors)’ (Crosby and Stephens, 1987: 411).

Customer commitment takes more than satisfying customers by lowering cost, increasing quality or adding service because it requires the creation of loyal and dedicated customers and a bonding with the business. Customers want a participative role with the business and a desire to become interdependent with the firm through shared resources and values (Ulrich, 1989). There should be an alliance between internal and external values in order to bring about a strategic unity, empathy between not only internal functions and employees, but also other stakeholders including customers:
Organizations can and do exercise some degree of strategic choice when adapting to competitive pressures...from a cognitive perspective, decision makers act on a mental model of the environment. (Porac and Thomas, 1990: 224)

The way that an organization and the members of that organization see the world will guide decisions about strategy and how the organization is perceived externally. The customer may not be aware of the strategy but will be aware of, and responsive to, the behaviours that nurture and feed the strategy as portrayed by the buyer–seller relationship. This will characterize the personality of the organization, or strategic positioning, in the mind of the customer:

Academic literature has often described strategy as if it were the end product of a long development process. Firms are supposed to make strategic decisions only after exhaustive analysis of both their competitive advantage and the industrial environment... Decisions are made quickly, based on experience and intuition as well as through analysis. (Maljers, 1990: 64)

A balance between top–down and bottom–up driven strategy is often determined by the culture and philosophy of the company involved. Corporate level strategy can only be built on the basis of bottom–up willingness and ability to undertake the top–down approach of the organization. These competencies and capabilities are therefore a formative part of strategy. Companies with strategies that are based upon developing and exploiting clearly defined internal capabilities have been adept at adjusting to and exploiting external change (Grant, 1992: 95). Communication of a value proposition that reflects a set of values and beliefs and puts the customer first is a critical role of the marketing manager (Webster, 1992).

The integration of a good fit between competencies and customers, and updating that strategic fit, is a major strategic challenge (Normann and Ramirez, 1993). This requires a constant learning process that flourishes on the review and understanding of a continually changing environment. Successful companies regard strategy as ‘systematic social innovation: the continuous design and redesign of complex business systems’ with the underlying strategic goal ‘to create an ever-improving fit between competencies and customers’ (Normann and Ramirez, 1993: 66). The value-creating system is about ‘the reconfiguration of roles and relationships among [a] constellation of actors’ (ibid.). This view is
supported by Gronroos (1994: 8) who suggests that the whole company is required to have an appropriate marketing attraction to customers, noting that ‘a large number of persons…such as research and development, design, deliveries, customer training, invoicing and credit management has a decisive impact on the marketing success’. This is a reflection of a particular culture depicted by personality traits revealed by the activities and behaviours of various contributors within the organization resulting in the strategic perception or positioning of the business in the mind of the customer.

It has been argued that: ‘In general, the greater the rate of change in a company’s external environment, the more it must seek to base long term strategy upon its internal resources and capabilities, rather than upon an external market focus’ (Grant, 1995; Hooley, Saunders and Piercy, 1998). The resource-based view of the firm (RBV) is not necessarily restricted to physical resources, and includes intangible resources such as brand names or know-how, and even organizational capability rooted in company routines, processes and culture (Collis and Montgomery, 1995). A strong and confident personality gives a company the opportunity to operate top–down and bottom–up strategic planning simultaneously when markets are moving rapidly. This does not mean that people who share the same core values and purpose all think or look the same (Collins and Porras, 1996) because diversity may itself be an important core ideology. In fact, the most likely source of orthodoxy, or even the status quo, is from the top: ‘Where are you likely to find people with the least diversity of experience, the largest investment in the past, and the greatest reverence for industrial dogma? At the top’ (Hamel, 1996: 74).

The philosophy of the business will determine the balance between people and technology and the way that people use the available tools (Vasilash, 1997). The provision of technology as a resource for differentiating products from the competition is a different matter from the willingness and ability to use the technology. Hooley, Saunders and Piercy (1998) propose a linkage between competitive positioning as an iterative relationship between market orientation and RBV, pointing out that the ability to learn and adapt to changing circumstances is central to the development of a sustainable competitive advantage.

Rucci, Kirn and Quinn (1998) report that Sears executives rebuilt the company in the early 1990s around its customers by devising a business model that tracked success from management behaviour through employee attitudes to customer satisfaction and financial performance. The creation of the model and the measures taken changed the way
that executives thought and behaved. However, highlighting the relevance of employee attitudes, strategic thinking and planning is generally iterative and exists within the psyche of the organization. These organizational arrangements or structures sustain positioning-focus (Heracleous, 1998).

Collis and Montgomery (1998) suggest a link between company resources, culture and the relatedness of strategy with companies looking too closely at similarities in products rather than similarities in resources when entering new business fields. Often, fashion dictates the alignment of corporate strategies rather than any attempt to tailor organizational structures and systems to strategic needs. If following fashion is part of the cultural and institutionalized factors, then this will be the driving force of strategic thinking and planning. Hooley, Saunders and Piercy (1998: 103) suggest: ‘the attractiveness of markets will depend, in part, on the resources available to the firm to build a strong competitive position’ and recognize that ‘senior managers may tend to defend orthodoxy because it is what they know, and what they have built their careers on’ (102). Managers should focus more on competitors, as defined by customers, because competitor values, skills, resources, strengths and weaknesses are dependent upon the type of mental models constructed by managers within their own existing environment (Clark and Montgomery, 1999). Practising marketing managers’ understanding is ‘arbitrary and superstitious in the sense that it is adaptive and contextual’ with a willingness to accept ambiguity, whilst academics have a tendency to avoid the clutter that falls outside accepted theory (Carson, Devinney, Dowling, and John, 1999: 129). This same limitation is emphasized by Srivastava, Shervani and Fahey (1999: 169): ‘If marketing as an intellectual and operating discipline is to be institutionalized in organizations, it must not only pervade the minds of managers within the organization, but also infuse and energize their actions. In short, it must influence the processes by which work gets done’.

Increasingly there is the feeling that marketing is not so much a function as a set of values and processes used by all business functions (Moorman and Rust, 1999) and ‘structures, coordination mechanisms, and cultures need to be developed that encourage flexibility, adaptability, and cross-functional sharing of information’ (Homburg, Workman and Jensen, 2000: 461). This suggests that success at adapting to the surrounding environment is governed by the way an organization not only perceives the environment, but also the way it responds internally and is willing to change to meet new challenges.
Some concluding remarks

An organization’s culture, its essential values and attitudes, are revealed through the behaviour of the organization in the market. These emerge as a personality that is recognizable and distinctive from competitors and competitive offerings. The culture of an organization will affect the way that the environment is perceived and the way that the organization seeks stability or adjusts to meet any changes in the environment. Change is made more complex by the involvement of the family in an organization but, in any case, it requires more than just structural change. Cultural change or adjustment necessitates real change across a range of factors that will take time to implement.

The alliance of internal and external values brings about a strategic unity, empathy between internal functions and employees and external stakeholders, including customers. This alliance is characterized by the personality of the organization, the outward expression or strategic positioning, in the mind of the customer. The importance of culture is in part the capability or inability to recognize and adapt to the changing environment and the ability to grow over the long term. The essence of strategic positioning is to match an organization’s resources, its competencies and capabilities, as a reflection of its personality, to chosen market segments. This is more than a resource-based view based on the more easily defined tangible assets of the business; this is possibly a reflection of the history of the company and the preferences of senior management. It is strategic positioning based on manifestations of an organization’s core of existence. Strategic positioning seems to have its origins in the notion of a personality that is attractive to affinitive market segments.
This chapter briefly considers the portrayal of personality and culture in contemporary business as reported in newspapers and business publications in recent years. An assemblage of extracts from contemporary business news reports are presented within data sets considered to be connected and relevant in an attempt to gain further insights into some of the issues of culture and positioning suggested by the previous chapters. Most of the extracts are repeated verbatim directly from a media source and each report is acknowledged using the title, the name of the publication and the date of the report. These appear in brackets at the end of each extract.

Analysis through the use of data sets assists in identification of key issues that emerge from exploration of media reported views that make a helpful contribution to the role of culture and positioning as a determinant of strategy. It is perhaps more interesting and indeed relevant to the theme that these media commentaries meld into the context of subsequent events. The passing of time adds piquancy for the reflective and informed reader of business affairs.

### The source of identity in the organization

**Organizational culture reflects the founder/leader and the history of the company**

‘Strong leaders can sometimes overwhelm an organization... I need to line up for people what we are going to do first, second and third’


‘Top-level leadership, conviction and commitment are crucial. Sir John, who instigated the re-branding, will find that its success will be linked to his personal success’ (Brian Boylan, chairman of Wolff Olins, on the oil company BP, chief executive Sir John Browne and re-branding in ‘Brand new direction’, *Financial Times*, 9 August 2000).

‘a company has to be able to demonstrate that it is trying to deliver distinctive values that are different from its competitors...all the company’s activities have to be consistent; and the final element is continuity – there is no point in having one strategy in 2000 if you have a different one in 2001...But the best CEOs are able to give a clear purpose to their organizations. You find they endlessly repeat their strategy to their employees’ (Professor Michael Porter in ‘Soothsayer of strategy’, *The Sunday Telegraph*, 24 September 2000).

‘Leaders are set apart by their strong sense of values...leaders know values are effective if they appeal to emotions’ (Professor John Hunt in ‘Leading with a magic twist’, *Financial Times*, 27 September 2000).

Future intentions and judgements about strategy are influenced by the values and personality of the leader and the organization. The personality of an organization is expressed through the judgements and decisions of leaders and managers, and the expression and display of values through traits and behaviours. This is indicative of how the business proposes to move forward and it is a clear indicator to customers and investors alike.

**A sense of identity in the marketplace**

**An organization’s sense of identity – behaviours and perceptions in the market place**

‘People’s views of the business or strategy are always influenced by the personal relationship they have with M&S as a company’ (Luc Vandevelde, executive chairman of Marks & Spencer, reported in ‘Troubleshooter sets out his stall’, *Financial Times*, 4 April 2000).
'If you look after customers and look after the people who look after the customers, you should be successful. It's not rocket science' (Charles Dunstone of Carphone Warehouse reported in ‘Essex boy is truly upwardly mobile’, The Sunday Times, 11 June 2000).

‘Whatever the brand stands for, the company must also stand for, and whatever the company stands for, the brand must’ (Douglas Daft of Coca-Cola reported in ‘Global chief thinks locally’, Financial Times, 1 August 2000).

‘Many investors fear that BT is fatally handicapped by the vestiges of a ponderous and risk-averse “civil service” culture’ (‘A lumbering giant heads timidly towards break-up’, The Sunday Times, 12 November 2000).

‘They believe in a targeted, rather than Gatling gun, approach. Their philosophies have to be delivered and understood by their customers and everybody who works in their businesses’ (Terence Conran, former Chairman of Storehouse, in ‘Retailers must put creativity at the centre of their philosophy’, The Times, 22 November 2000).

These reports highlight three principal areas that are relevant to strategic positioning:

1. The organization’s sense of identity is considered to influence and direct the way that it behaves and the way it is perceived in the market place;
2. The apparent acceptance of a link between a company’s personality and the choices that it makes for future direction;
3. An organization’s sense of identity and personality reflects an organization’s ability to compete.

**Personality and the way forward**

**The link between company personality and choices for future direction**

‘In the end, he was successful because he was the person Greenbury wanted to succeed him. And that is his problem – he is still seen as a product of an old regime at a company that now needs radical change’ (‘Leading Marks after the sparks’, The Sunday Times, 29 August 1999).
‘But there are a set or principles by which you will do it which you must never depart from, because that’s the soul of the business… You have to lead by inspiration but you’ve also got to lead people with their agreement. It’s not “command and control” – “you’re in this job, so here’s your brief; do it, or you’re going to get fired”’ (Niall Fitzgerald of Unilever reported in ‘Time is running out for the clocking-in mentality’, *The Times*, 18 September 1999).

‘Most mergers are based on the idea of “Let’s increase revenues”… The nature of the problem is not so much that there’s open warfare between the two sides. It’s that the cultures don’t meld quickly enough to take advantage of the opportunities. In the meantime, the marketplace has moved on’ (Colin Price of McKinsey reported in ‘Marrying in haste’, *Financial Times*, 12 April 2000).

‘Strategic vision is the area that causes most tension among board members’ (Research findings of Professor Andrew Kakabadse of Cranfield University reported in ‘Weak directors costing millions’, *Sunday Business*, 11 June 2000).

‘When Lord Simpson describes Marconi as ‘a big start-up’, he is referring to a cultural revolution as well as a series of asset swaps. He wants employees to innovate so as to share in big future rewards, not plod unthinkingly towards next month’s pay packet… Rewards, and not costs, now loom large in assessing investment projects’ (‘A quest for commitment’, *Financial Times*, 20 June 2000).

‘The sale was a symbolic break from the culture created 78 years ago by the Digest’s founder’ (‘How Ryder ‘re-engineered’ a flagging Reader’s Digest’, *Sunday Business*, 6 August 2000).

‘We felt that if you could get the culture, the mentality of a small bank into a big one, then you’d have a real winner’ (John Stewart of Woolwich reported in ‘Using the Woolwich arsenal to fire Barclays’ revolution’, *Sunday Business*, 13 August 2000).

‘I don’t use any podiums or speeches, I just speak from the heart about the business and what I’m trying to do’ (Chris Mellor of Anglian Water reported in ‘Vision and values at the heart’, *Financial Times*, 24 August 2000).

‘This is an unusual culture… This is an empowerment culture, a customer-focused culture, a culture of equals… This is an unusual culture. We believe there’s nothing we can’t achieve. The confidence
here is extremely high and we almost never miss a goal. We do it not by not working harder but by saying how do we do it differently. And we have a healthy paranoia; we worry about everything’ (John T. Chambers of Cisco Systems reported in ‘Cisco’s e-vangelist’, The Sunday Telegraph, 27 August 2000).

‘It is very important that we have a mission and value that everyone in the company buys into’ (Jac Nasser of Ford Motor Company reported in ‘Industry’s beacon begins to flicker’, Financial Times, 17 October 2000).

‘By removing so many managers, we got rid of a lot of dead wood and totally changed the culture of the company in the process’ (Sir Iain Vallance of BT reported in ‘Ringing the BT changes’, Sunday Business, 12 November 2000).

‘As soon as someone wears a tie they expect an office and as soon as you put them in an office they expect a secretary’ (Stelios Haji-Ioannou of easyJet reported in ‘A one-man brand with big plans’, Financial Times, 18 November 2000).

‘We are an engineering company: we know how to build ourselves from the inside … You may call me a social romantic, but I do not believe financial markets should play such a strong role’ (Heinrich von Pierer of Siemens reported in ‘A pragmatic capitalist and social romantic’, Financial Times, 27 November 2000).

‘Mr Gent is a rare personality in the bland world of telecommunications. A mixture of stubbornness, charm and good timing was vital to his year of deal making: stubbornness to try what everyone else said was impossible; charm to persuade the investment community to keep on writing him blank cheques; and the timing – or luck – to buy with shares before the bubble burst and mop up the rest with cash. Much of the rest of his personality remains shrouded by the clichés that follow him everywhere’ (‘Dealmaker king facing trial by management’, Financial Times, 26 January 2001).

‘The real challenge was the different spirit of the two companies’ (A former insider comment on the merger between Hoechst and Rhone Poulenc in ““Project Europe” creates champion for a continent”, Financial Times, 9 February 2001).

The identity, the culture, the personality of an organization is recognized as a key determinant of competitive advantage. Its ability to conceive
a way forward and its ability to be different from the competition is
determined by the way that the organization thinks, by its values and
beliefs, by its willingness to engage with the customers in an individual-
istic, innovative and novel way. This can lead to change or renewal
under new leadership. This often requires change by all the members of
an organization leading to potential conflict between the old and the
new, and this is documented by countless explanations of change man-
gagement. However, the role of strategic positioning and the possible
resultant confusion of identity from a customer’s point of view are
often overlooked or treated as secondary to organizational or managerial
interests and operational positioning.

The ability to compete

Identity and personality reflect an organization’s ability to compete

‘If you want to buy something now it is because you want to look
better, you want to impress people, you want to live a better life’
(Vittorio Radice, chief executive of Selfridge’s Store Group reported
in ‘Selfridges makeover pays off for Radice’, Sunday Business, 4 April
1999).

‘And frankly, we’re all about the future and we’re all about vision
because if we don’t have one we’re not going to get anywhere, we’ll
just be following everyone else…We’re going to change people’s
lives for the better’ (Han Snook of Orange reported in ‘Second time
around for Snook’, The Sunday Telegraph, 16 April 2000).

‘Values are in tune with the new business environment, where passion
and energy are seen as a source of competitive advantage’ (Diane
Newall of Blessing-White reported in ‘Core values or just corporate
brainwashing?’, The Times, 8 June 2000).

‘If you start a company then the company takes on a lot of your
personality. As it gets bigger it is very important to identify the
personality of the company’ (Jacqueline de Baer chief executive and
founder of De Baer Corporate Clothing plc reported in ‘Core values
or just corporate brainwashing?’, The Times, 8 June 2000).

‘We need a can-do, vibrant, innovation-driven culture. Not wearing
a tie is just a snippet of that. It’s about having an environment where
people can be themselves, an environment where people will be
offered support, development and enrichment’ (Paul Walsh of Diageo
Contemporary Reports

reported in ‘Walsh gives a Churchillian feel to Diageo’, *The Sunday Times*, 3 September 2000).

‘You order for x gap in the market, and they come up with solution y . . . light, bland, and completely lacking in personality. So we said bugger the focus groups, forget the marketing mafia, ignore the corporate politics, we’ll do exactly what we want’ (Serena Rees of Agent Provocateur reported in ‘Called to the bra . . .’, *The Observer*, 17 September 2000).

‘When I was at Debenhams, I banned fashion. If you tell the buyers to go for fashion they will buy things that don’t work’ (Terry Green reported in ‘Sales squeeze forces shops to size up the middle market’, *Financial Times*, 21 November 2000).

Commentators make expressions of conviction; they refer to ‘culture’, ‘values’, ‘personality’ and ‘vision’. These are plainly considered as important elements of the business that may alter the way an organization and products are perceived in the market as well as presumably the owner, chief executive and senior managers. This will lead to distinguishable differences between business organizations and these differences will lead to a variety of different outcomes in the market place.

**Implications**

The impression conveyed by these extracts is that some practitioners and observers at least perceive behaviours and traits, culture, vision, mission and the personality of the organization as both inextricably bound together and a vital contributor to the well-being and prosperity of the business. In turn, there appears to be recognition that these features, essentially the determinants of positioning in the market, influence and determine strategic direction of the company. The strategy seem to be an expression or extension of the personality of the business. Customer perceptions of the company create a strategic position adjacent to perception of an array of competitors in the market. The extracts appear to underline some of the findings in the literature review of the previous chapters.

There is of course another side to this. Many of the extracts have been provoked at the behest of the commentator or business as part of a campaign to influence investor or customer thinking and in response to specific or ongoing events. It is plain from collecting the
extracts from a wide variety of different newspapers on the same day or weekend, for example, that this is a co-ordinated activity to fulfil specific objectives at that time. The individual or company can be viewed in various yet familiar guises dependent on the media source but generally with a consistent purpose. This may include, for example, a manipulation of perception, image or brand building, or information giving. However, any possible equivocation is an essential trait of the company and these exercises both reinforce, and are reinforced by, the culture and personality of the business. They may be self-serving; they may be genuine attempts to celebrate success and innovation; they may be saying what people want to hear; they may be expressions of legitimate and authentic belief. Time generally reveals the veracity or purpose of the message. As already noted in this chapter, subsequent events often add piquancy to what people say and undoubtedly some of these extracts are the more so with the passing of time. It is again worth reflecting upon Luthans’ (1988) successful and effective managers, Mintzberg, Simons and Basu’s (2002) heroic and engaging managers, as well as the role playing of the Pirandellian prison (Zimbardo, Haney, Banks and Jaffe, 1973) discussed in the Preface.

However, there is recognition in these extracts of a fundamental connection between a company’s expressions of personality and the way forward. The choice of product offering and target market is influenced by wider issues than simply market need, suggesting that positioning strategy might be regarded as much an outcome of the culture and personality of an organization as the willingness to serve chosen target segments of the market. This is more than a simple resource-based view (RBV) of assets, capabilities and competencies; there are significant implications for connection between organizational personality and positioning strategy. The existence of frameworks of shared values (Waterman, Peters and Phillips, 1980), characteristics of a cultural profile (O’Reilly, Chatman and Caldwell, 1991), reasons for liking or respecting businesses (Fombrum, 1996), and brand manners (Pringle and Gordon, 2001) are some suggestions from previous chapters. These are elements that should interest the marketing practitioner in the relationship with the customer and the wider approach to marketing that reflects the underlying nature of the business corporation. This is a descriptor of who the business is and who it wants to be. This will determine the choice of customer and more importantly, the customer’s choice of supplier.
Comment

The introduction of new products or selection of new target markets requires an internal assessment of what is variously described in these reports as new philosophies, ethos, missions and vision, values and culture needs. Change of the organizational personality in order to reflect the needs of the market rather than simply adjust the perceptions of the market to suit the organization is a more complex process than the manipulation of perceptions through advertising communications. This suggests fundamental and complex changes to the business. This takes time and an exacting sort of management ability and skill. Statements of belief and intent are undoubtedly part of the process but the company will be judged by behaviours rather than sound-bites or baseless attempts to manipulate perceptions that are not compatible with long-term strategy or long-term behaviours.
Part III
Research Design and Methodology
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In Pursuit of the Paradigm

‘Listen, sir, it’s fine telling us how the atom works. But what we really want to know is how the atom should work!’
(Mintzberg, Quinn and Ghoshal, 1998)

This chapter considers the research design and methodology appropriate to the rationale and issues raised in the introduction of this book. Phenomenological methods were selected because of their ability and tradition in the study of culture and cultural issues. The chapter briefly explores the frictions between positivistic and phenomenological paradigms and proposes a framework for enquiry that will provide emergent patterns and themes that contribute to a theoretical foundation and conceptualization in combination with the understanding of previous literature and comment.

Methodological approach

The qualitative research process is a set of ideas and a framework (theory, ontology) in the form of propositions or questions (epistemology) to be examined in specific ways (methodology, analysis) that the researcher, in simple terms, collects empirical materials bearing on the question, analyzes and writes about them (Denzin and Lincoln, 2000). This could include the use and collection of a variety of empirical materials such as the case study, personal experience, introspection and interview, observational, historical and visual texts to describe and seek meanings from the real events involving human interaction. Qualitative research employs a wide range of these interrelated interpretive practices to attempt a better understanding of the subject matter at hand:
Qualitative researchers use ethnographic prose, historical narratives, first-person accounts, still photographs, life histories, fictionalized ‘facts’, biographical and autobiographical materials, among others. Quantitative researchers use mathematical models, statistical tables, and graphs, and usually write about their research in impersonal, third-person prose. (Denzin and Lincoln, 2000: 10)

A qualitative approach to research is widely used in a variety of domains including health care, public health, anthropology, sociology, psychology, business studies, political science, public administration, change management, human resources and organizational studies, criminology, communication, computer science, family studies and policy research. Scientific assumptions of objectivity and truth have long weakened qualitative approaches and early qualitative researchers reported participant observation through the use of quasi-statistics (Becker, Geer, Hughes and Strauss, 1961). Qualitative approaches have been increasingly used in business disciplines over the past forty years. Assumptions that qualitative research could produce only descriptive case studies rather than theory development began to be challenged at this time. These challenges led to the grounded theory approach that confronted the quantitative research paradigm and proposed a legitimate alternative approach to research (Glaser and Strauss, 1967). The debate about the respective virtues of positivism and phenomenology remains lively in academic circles. Some positivists and post positivists perceive their approach as objective and scientific, and therefore reasoned and truthful; some phenomenological researchers reject positivist and post positivist criteria as a so-called scientific approach that stifles verisimilitude, dialogue, and management praxis (Denzin and Lincoln, 2000). It is possibly more helpful to say that positivist methods are one way to tell a story and phenomenological methods are another way. Neither positivist nor phenomenological method is exclusively better or worse, but it can be said that both are certainly different.

This debate is acknowledged by discussion in the majority of publications on research methods. There are many sides to the debate and these occasionally surface in academic journals such as between Pfeffer (1993; 1995) and Van Maanen (1995a; 1995b). The arguments of Pfeffer and Van Maanen address different elements of the research paradigm. On the one hand, there is the search for a more formal and organized approach to research in order to compete with other fields (Pfeffer, 1993), an agreed and established format (Pfeffer, 1995), whereas on the other hand, there is the representation of reality through the use of
language or rhetoric to raise theories and understanding and their context in organizations (Van Maanen, 1995a). Van Maanen (1995b: 691) suggests that ‘learning to cope with and perhaps learn from one another is a most critical matter’ and impresses the importance of sharing rather than an obsession with ‘our own claustrophobic ways with each of us camped by our own totem pole.’

The attempts to promote a qualitative approach tend to remain polarized between those who presume ‘truth’ over opinion and bias (Carey, 1989; Schwandt, 1997) whilst ignoring the ‘moral and political commitments in their own contingent work’ (Carey, 1989: 104). Even the claims of some researchers to be atheoretical are stymied by the insistence of positivist and post positivist reviewers in the peer review system that exists. The preservation of ‘scientific’ objectivity, the acceptability of ‘convention’, and the need to publish are persuasive influences on the acceptable approach to research in business disciplines. These approaches are directed by dominant paradigms and methods and key actors (Kuhn, 1962; Freidson, 1985) and in order to publish or to obtain funding, it is necessary to adapt to the control of the elite members of the academic profession (Greenwood and Levin, 2000). It has been suggested that the rise of training facilities separated from academic institutions in the USA is the result of such elitism (Eurich, 1985; Greenwood and Levin, 2000). This has been described as ‘cultural pedagogy’ (Kincheloe, 1995; Giroux, 1997; McLaren, 1997; Berry, 1998) to underline the limited access to the ‘understanding’ provided by a ‘scientific’ approach in pursuit of ‘truth’.

This is fertile ground for the growth of a deep division not only between the academic as a researcher, but also between academic and practitioner, the application of process and the impact and relevance of research to management practice. After all, every practitioner is either potentially or actually engaged in valuable action research based on participation and observation. This debate, however, is not the prime subject of this book although some broad differences in emphasis of each method are briefly discussed as a background to the particular methodology employed. Whilst reflecting on qualitative methods in the sociological arena, Nisbet (1976: 3) observes ‘that none of the great themes which have provided continuing challenge and also theoretical foundation for sociologists during the last century was ever reached through anything resembling what we are today fond of identifying as “scientific method”’. There are some good reasons suggested for the less scientific approach to this research because it suggests an alternative approach to the well-established process of segmentation, targeting and
positioning as well as seeking the wider implications of positioning as a determinant of strategy rather than the result of a communications exercise to manipulate the mind of the customer.

Wolcott (1991: 50) cites a useful description by anthropologist Michael Agar of writing narrative description and the forming of a descriptive account: ‘You learn something (“collect some data”), then you try to make sense of it (“analysis”), then you go back and see if the interpretation makes sense in light of new experience (“collect more data”), then you refine your interpretation (“more analysis”), and so on’ (Agar, 1980: 9). This is an approach to building a theory or proposition of what actually happens as an alternative to a purely statistical approach to the social interaction that determines the entity of the business interaction. Sometimes the more scientific approach cannot take account of the more naturalistic aspects of events in business: ‘The research craft is enhanced by respect for error and surprise, storytelling, research poetry, emotion, common sense, firsthand learning, and research colleagues’ (Daft, 1983: 544).

A phenomenological approach does take a practical look at events within organizations. This requires time and patience in the study of events and it is a means of observing practitioners as an integral part of the business process. These are matters of practical concern to the practitioner that often define the difference between his/her success or failure both within and outside the business. There is therefore considerable interest in the perceived benefits of phenomenological practice as a more comprehensive means of enhancing performance, judgments and decisions of the practising manager: ‘practitioners can contribute to research and theory...by pointing out problem areas they experience in practice that have not been sufficiently addressed by current theory’ (Bartunek, 1983: 310).

The nature of qualitative research leads to a loss in precision in the strictest sense but that ‘the loss in precision may not be all bad...an interpretation system is an awesomely complex human social activity that may not be amenable to precise measurement at this point in development...to design a model that is precise and accurate may be to forego the phenomenon of interest’ (Daft and Weick, 1984: 294). The lack of ‘scientific’ certainty is not primary but ‘success should be measured only in terms of raising issues – not in terms of settling them’ (Smircich and Stubbart, 1985: 735) whilst methodologies are directed by dominant paradigms and key actors (Freidson, 1985). The influence of congratulatory self-importance and lack of real practical experience in some academic research should not be underestimated. As Smircich and Stubbart (1985: 728) identify:
A strong tradition in scientific writing has been the insistence on the third person and the passive voice. These depersonalize the arguments and lend an aura of ‘objectivity’ and ‘consistency’ to the research account. But the interpretive perspective highlights personal involvement with knowledge; it emphasizes that knowledge is standpoint dependent.

Both qualitative and quantitative researchers ‘think they know something about society worth telling to others, and they use a variety of forms, media and means to communicate their ideas and findings’ (Becker, 1986: 122). ‘The ethnographer’s performance tale is always allegorical, a symbolic tale, a parable which is not just a record of human experience. This tale is a means of experience, a method of empowerment’ (Denzin, 2003: 253). The maintenance of ‘scientific’ objectivity and the professional pressures to publish is a persuasive influence on an acceptable approach to research in business disciplines. Convention is a powerful means of maintaining the status quo. A paradigm, or interpretive framework, is a ‘basic set of beliefs that guides action’ (Guba, 1990: 17) and interpretivism arose from recognition that human sciences were fundamentally different from natural sciences. This led to a division between positivism that looked for clarification through causal explanations of social, behavioural and physical phenomena, and understanding of human actions through meanings that constitute those actions. Qualitative research is aimed at discovering different aspects from quantitative research. These have been described by a variety of authors: ‘Any kind of research that produces findings not arrived at by statistical procedures or other means of quantification’ (Strauss and Corbin, 1990: 17): ‘What information most appropriately will answer specific research questions, and which strategies are most effective for obtaining it’ (LeCompte and Preissle, 1993: 30). ‘Methods are generic, not field-limited’ (Miles and Huberman, 1994: 3).

More recently, even proponents of alternative approaches are reported to have hardened their own positions and beliefs. Strauss claims that grounded theory is verificational (Charmaz, 1995) and Glaser remains in the positivist camp through the discovery of data and the step by step coding and comparative methods (Charmaz, 2000). It is, however, worth emphasizing that each method has detractors and supporters and this is itself a stimulus to further discussion of the worth of various theories and propositions that arise in a field that has no immutable laws that can predict with certainty what will happen when human animals are involved. Business and marketing is not predictive, it operates as a means of assisting judgement and decision-making in the practical application of a particular
social system. Locke and Golden-Biddle (1997: 1057), in a study of textual construction and influence on scientific contribution in organizational studies, detect ‘a tension and struggle involving authors’ human commitments as scientists and their adherence to particular philosophical ideas...texts do not simply array “facts” and evidence logically...attempt to develop an approach to the construction of knowledge that is sophisticated, insightful, reasoned, and creative’. The methodology of qualitative research cannot be applied in a rote manner although it is important to provide ‘a sense of vision, where it is that the analyst wants to go with the research’ (Strauss and Corbin, 1998: 8). Method, that is to say, the techniques and procedures, furnish the means for bringing that vision into reality. Kemmis and McTaggart (2000: 582–3) make the observation that ‘a science of practice must itself be a practice...the differences among research perspectives are not due to questions of the machinery of research (research techniques) alone; they are also differences of standpoint that reveal something of the location of the researcher in the research act’.

Sayr (2001) identifies three broad approaches to the analysis of verbal data: the philosophical approach takes account of the context of the data; thematic analysis translates qualified data into quantified data in a search for patterns and themes; and code development breaks text down into manageable units in a process of reduction. The analysis of documents can use concept development analysis using deconstruction techniques to probe thought processes and penetrate meaningful reactions to the stimulus. Interpretivism has been identified severally in this review of methodological approach (Agar, 1980; Daft and Weick, 1984; Smircich and Stubbart, 1985; Guba, 1990; Denzin and Lincoln, 2000) as a means of analysis of verbal data in phenomenology. Interpretivism uses the investigator as a translator who tries to translate concepts from one context into those appropriate to another context (Sayr, 2001). This might include the use of hermeneutics to contextualize meanings and arrive at a holistic interpretation, as well as semiotics and structural criticism that are helpful in giving insight to signs, symbols and artefacts. However, it is important not to lose sight of the usefulness of constructivism in the interpretation of verbal data. Some critical issues between positivism and constructivism include the possibility that control of research resides solely with the former, whereas in the latter it is shared between the inquirer and the participants and the ‘voices’ of the participants are acknowledged. The result of creating a montage or pastiche through the use and collection of a variety of empirical materials ‘invites viewers to construct interpretations that build on one another as the scene unfolds’ resulting in ‘an emergent construction’ (Denzin
Constructivism relies on the assumption that the world consists of a social construction of knowledge and researchers immerse themselves in and share a culture that can be described through ethnographic data or narrative and analyzed for themes or regular patterns. Subjectivism assumes an individual construction of reality through a personalized experience (Sayr, 2001).

Some differences between constructivism and positivism are identified by Lincoln and Guba (2000) including most importantly the elements of revelation, passion, values, resocialization and altruism on the one hand, over the alleged establishment of facts or ‘laws’, the approach of the ‘disinterested scientist’, and a dispassionate and technical approach on the other.

There are plainly opportunities and benefits for the increased sharing of environments by researchers and practitioners that span existing mutual interest and provide wider impact on the field of interest. There are some advantages to one form of enquiry over the other form of enquiry depending on the circumstances and the purpose. Sometimes the choice has as much to do with opportunity for study as the ability to choose the means of study. On other occasions it is a reversion to experience and convention, a pragmatic choice of the ease and wish to publish, or simply the favouring of one methodology over the other on account of personality, social skills and personal choice.

This research is concerned with the search for and the development of a theory or paradigm based on the context and rationale advocated in Part I. The term ‘naturalistic’ has several aliases including postpositivistic, ethnographic, phenomenological, subjective, case study, qualitative, hermeneutic and humanistic (Lincoln and Guba, 1985). The study seeks a revised concept of strategic positioning and this suggests the need for an ontological approach based on qualitative and generic methods (Miles and Huberman, 1994) with the benefits of emerging issues and interpretations from the verificational nature of qualitative research (Charmaz, 1995) and the use of empirical materials (Denzin and Lincoln, 2000). A generic approach within a qualitative framework will use a variety of phenomenological methods in order to gain the best conceptual understanding and these are discussed in the next section.

A framework for collecting and analyzing empirical material

Participant observation

‘The role of the participant observer requires both detachment and personal involvement’ (Bruyn, 1966: 14).
Participant observation ‘simultaneously combines document analysis, interviewing of respondents and informants, direct participation and observation, and introspection’ (Denzin, 1978: 183). Reid (1978: 42) points out that sometimes ‘practical’ reasoning is required because there are ‘practical’ questions to be answered and in these circumstances, ‘we always have to take some existing state of affairs into account. We are never in a position to make a completely fresh start, free from the legacy of past history and present arrangements.’ Patton (1980: 124–5) summarizes the values of participant observation research felt by most phenomenological researchers:

1. By direct observation the researcher is better able to understand the context.
2. First-hand experience enables the researcher to relate to the environment through direct experience, ‘to develop an insider’s view of what is happening’ (127).
3. The researcher is able directly to observe activities and infer meanings that are not seen by participants and staff.
4. Through direct observation, the researcher can learn things that participants and staff are not willing, or even able, to disclose.
5. The researcher can include his own perceptions and impressions of what is, or what is not, important and essential to understanding.
6. First-hand observation and participation enables the researcher to gather data through direct experience enabling understanding and interpretation of the setting and participants.

Van Maanen (1988: 4) clearly sees the role of the ethnographer as participant in nature and observes that:

Ethnographies join culture and fieldwork. In a sense, they'd sit between two worlds or systems of meaning – the world of the ethnographer (and readers) and the world of cultural members (also, increasingly, readers, although not targeted ones)…Ethnographies are obviously experientially driven, in that writers seek to draw directly from their fieldwork in the culture of study.

Action research has been described as a systematic collection and analysis of data leading to change selection and tries to parallel the scientific method (Shani and Pasmore, 1985). This type of research can combine the utility of participant research with experimental and causal methods of research. It is not, however, usually welcomed as an appropriate
means of either management or research as it stands accused of using a business as a ‘laboratory’ for business research without the ability of a safe environment in case experiments go wrong! Observation of different methods based on existing theories and *a priori* rationalization almost sum up current management practice and therefore, as proposed in the previous section, the possibility and good sense of a major practitioner contribution to marketing theory. Participants in practical research often have to live with the consequences of their observations and therefore action research requires practical significance over methodological sophistication. Experience and theory need to be synthesized and integrated and the ‘final interpretive theory is multivoiced and dialogical. It builds on native interpretations and in fact simply articulates what is implicit in those interpretations’ (Denzin, 1989: 120). Van de Ven (1992: 120) notes the importance for ‘researchers to place themselves into the manager’s temporal and contextual frames of reference’ whilst Moustakis (1995: 1) draws attention to the need for ‘direct observations of the activities of the group being studied, communications and interactions with the people, and opportunities for informal and formal interviews’. Denzin, (1997) draws attention to the importance of experience: ‘The starting point is experience…often begins from the painful autobiographical experiences of the writer’ (57) leading to ‘standpoint texts’ (55).

Participant research techniques include the recognition that it is helpful to regard fellow participants as people rather than subjects and the conducting of research *among* them rather than *on* them (Denzin, 1989; 1997). This is perhaps a more appropriate way to assess human behaviours than employment of more predictive methods of science to an unpredictable and varied environment. The aim of this research is to assist judgement and decision-making in practical terms rather than establish an academic elitism through the aspirations of collegiate convention and publication hierarchy. Perhaps Feyerabend (1997: 9) has a point when he says: ‘Science is an essentially anarchic enterprise: theoretical anarchism is more humanitarian and more likely to encourage progress than its law-and-order alternatives.’

**Case study and ethnographic approach**

Spradley (1979: 8) speaks of the ethnographer using the process of ‘observing other people, listening to them, and…going beyond what is seen and heard to infer what people know’ based on what people say, how people act, and the artefacts people use. Ethnography is distinct because of the interpretation and application of findings from
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‘a cultural perspective’ (Wolcott, 1980: 59). Patton (1980) identifies the benefits of depth and detail through careful description and direct quotations without the disadvantages of attempting to fit activities and experiences into the predetermined categories of a questionnaire. Van Maanen (1982: 104) remarks about ethnographic research in particular:

The result of ethnographic inquiry is cultural description. It is, however, a description of the sort that can emerge only from a lengthy period of intimate study and residence in a given setting. It calls for the language spoken in that setting, first hand participation in some of the activities that take place there, and, most critically, a deep reliance on intensive work with a few informants drawn from the setting.

Van Maanen (1988) recognizes a wide choice of presentation styles: realistic, impressionistic, confessional, critical, formal, literary and jointly told. Realist tales ‘provide a rather direct, matter-of-fact portrait’, impressionist tales are ‘personalized accounts of fleeting moments of fieldwork case in dramatic form’, and confessional tales ‘focus far more on the fieldworker than on the case’ (Van Maanen, 1988: 7). He identifies four principal conventions used in traditional ethnographies:

1. Experiential authority – the author exists only in the preface to establish credentials.
2. Documentary style – outlines particular details that represent typical activity or patterns.
3. Culture members point of view – presents through quotations, explanations, syntax, cultural clichés.
4. Interpretive omnipotence.

The essence of postmodern approaches to ethnography is a mixture of immersion in the lives of those within the context of the study followed by reproduction and interpretation of the stories told by the subjects (Denzin, 1989). This is the nature and benefit of a participative approach to the ethnographic study: ‘Ethnographic research focuses on the question: “what is the culture of this group of people?” This means intensive fieldwork in which the investigator is immersed in the culture under study’ (Patton, 1990: 67).

Golden-Biddle and Locke (1993) underline that written research accounts based on ethnography are convincing because authenticity, plausibility and criticality are developed. They note the role of rhetoric in the readers’ interaction with, and interpretation of, the written
account through the normalization of unorthodox methodologies and the probing of readers’ previous assumptions underlying their work. Style and rhetoric are an important factor in the development of theory through qualitative studies (Van Maanen, 1995a). Arnoud and Wallendorf (1994) point to four distinctive features that guide ethnographers’ market-oriented research practice:

- Primacy to systematic data collection and recording of human action.
- Extended, experiential participation by the researcher in a specific cultural context referred to as participant observation.
- Interpretations of behaviours that the persons studied and the intended audience find credible.
- Incorporation of multiple sources of data.

Wolcott (1995: 15) prefers ‘an approach that keeps humans always visibly present, researcher as well as the researched’, whilst Moustakis (1995: 8) describes a ‘focus on consciousness and experience’ as essential in participant-observation ethnography. Denzin (1997) argues: ‘It is now understood that writing is a form of enquiry’ and in marketing research terms, ‘ethnographic methods allow marketers to delve into the actual occasions and situations in which products are used, services are received and benefits are conferred’ (Mariampolski, 1999: 79).

Janesick (2000: 390) uses the term methodolatry to denote ‘the idolatory of method or slavish attachment and devotion to method’ giving two examples of the manifestation of methodolatry:

- Survey researchers who discard responses that do not accommodate statistical techniques they have been taught.
- Dissertations that contain 30 or more $t$ tests about no particular issue with little reflection.

The reader is led to understand the meaning of the experience through a presentation of descriptive data (Janesick, 2000) that suggests a different way to perceive the problem or new ways of seeing the established and much vaunted approach. Feyerabend (1997: 33) highlights the issue:

> There is no idea, however ancient and absurd, that is not capable of improving our knowledge. The whole of history of thought is absorbed into science and is used for improving every single theory.
Nor is political interference rejected. It may be needed to overcome the chauvinism of science that resists alternatives to the status quo.

There are three types of case study: *intrinsic*, concentrating on a particular topic rather than theory building; *instrumental*, concentrating on an issue or theory; and *collective*, using several case studies to support a better understanding of larger issues (Smith, 1994; Stake, 2000). An instrumental case study provides insight into the issues raised by the rationale and combines the benefits of the ethnographic approach to theory building. Ethnographic methods were selected for their long-standing tradition in studying cultural phenomena (Clifford, 1988) utilizing participant observation as the principal data collection technique with field notes, journal entries and the collection of documents serving as data for interpretive analysis.

**Use and selection of a case study**

Stenhouse (1984) prefers the use of the term, *a case record*. Yin (1984) notes that case studies can include single or multiple cases as well as different levels of analysis. Stake (1988; 1995) defines a case as:

- a specific One
- having a boundary and an integrated system
- demonstrating a pattern of behaviour
- displaying prominent coherence and sequence

Eisenhardt (1989: 532) highlights the variation between the selection of a single case study and the contrasting of multiple mini-cases as part of the process of inducting theory and concludes that the ‘problem definition and construct validation, are similar to hypothesis-testing research’. There are only a limited number of cases that can usually be studied, suggesting that cases should be selected in which the process of interest is ‘transparently observable’ (Pettigrew, 1988) or cases that give *framebreaking* insights ‘are likely to replicate or extend the emergent theory’ (Eisenhardt, 1989: 537). In opposition to this view are Dyer and Wilkins (1991: 614) who recognize that the essence of case study research is ‘the careful study of a single case that leads researchers to see new theoretical relationships and question old ones’ as well as ‘the deep understanding of a particular social setting’ as against ‘the benefits of comparative insights’. Indeed, there is the suggestion that multi-case research can lead to ‘thin’ descriptions and is ‘likely to provide a rather
distorted picture, or no picture at all, of the underlying dynamics of the case’ (615). There can be a tendency to concentrate on the development of constructs at the expense of the context of each case, ‘a story against which researchers can compare their experiences and gain rich theoretical insights’ (Dyer and Wilkins, 1991: 613). The use of a case study tries to ‘locate the global in the local’ (Hamel, Dufour and Fortin, 1993: 34).

However, Eisenhardt and Zbaracki (1992: 35), although appealing ‘for richer visions of strategic decision makers and decision making’ through the use of multiple case studies, offer evidence of the wide use of, and reliance on, single case studies undertaken by scholars utilizing empirical research. In a summary of twenty-eight empirical research studies on strategic decision-making, sixteen applied a single case study, and the remaining twelve, multiple case studies. Paradoxically, these figures are seemingly inflated by the inclusion of what at least appear on the surface to be what might possibly be described as four multiple case studies! Clearly, however, the single case study is recognized as an appropriate research method by a wide number of scholars and particularly if you are minded to select the appropriate supportive evidence!

There is, of course, a practical implication to the case study approach (Silverman, 1994). Stake (2000: 436) highlights that a case study is ‘a process of inquiry about the case and the product of that inquiry’. It is important to find a case study that is capable of producing data to enable the benefit of insight into the issues under study. The academic researcher often has to take what is available in terms of a company prepared to spend time and allow access to the aspects of their business that have meaning. Most organizations are, perhaps understandably, sometimes reluctant to allow such access:

The researcher examines various interests in the phenomena, selecting a case of some typicality, but leaning toward those cases that seem to offer opportunity to learn. My choice would be to examine that case from which we feel we can learn the most. That may mean taking the one most accessible, the one we can spend the most time with. Potential for learning is a different and sometimes superior criterion to representativeness. Isn’t it better to learn a lot from an atypical case than a little from a seemingly typical case...The purpose of a case report is not to represent the world, but to represent the case. (Stake, 2000: 446–8)

The choice of a longitudinal study of Parteisch UK and Parteisch International, a pan-European company based in Belgium and employing
more than 800 people involved in manufacturing and the marketing of products to consumer and other markets, is illustrative. The study lasts over a period of nearly two years at a time when the profile of the market is changing, the traditional products of the industry declining, and fashion and design influences driving a rapidly growing new market. At the same time, the founder and owner of Parteisch International has already recognized the need, and agreed to change the emphasis from a production orientation to a more market-driven orientation in recognition of these changes. The case study is an impressionist tale (see Van Maanen, 1988: 7) and offers the practical potential for observing a business within a changing environment and in particular, the role of positioning on major strategic shifts. In fact, the story of Parteisch International offers the specific One, boundary and integration, patterns of behaviour and coherence and sequence (Stake, 1988), access (Silverman, 1994), and a real possibility of authenticity, plausibility and criticality (Golden-Biddle and Locke, 1993). The representativeness of the case study (Stake, 2000) will be judged by the credibility of the tale through an interpretivist approach whilst the additional use of constructivism will assist the understanding of cultural aspects.

**Method of application to the case study**

The story of Parteisch International and Parteisch UK will be related in chronological order with progressive focusing around the role of positioning using critical and key events as important landmarks in the description. There is naturally a need to see and understand the participants in the study as well as observe some important interactions that contribute to the actual events.

This study is descriptive but it is not an attempt to tell everything. This is not an outpouring of accumulated data. It is an attempt to reveal the essence within the context of what Foster (1969) calls ‘the interaction setting’. A wide variety of techniques have been used to bring the case study to life, the purpose of which is to ‘exhaust the analyst’s momentary ideation based on data with perhaps a little conceptual elaboration’ (Glaser, 1978: 84). As Patton (1980: 304) says: ‘The descriptions of the case should be holistic and comprehensive, given the focus of evaluation, and will include a myriad of dimensions, factors, variables, and categories woven together into an idiographic framework.’

The description is related in narrative style and follows a chronological sequence. It is based around the movements of Tom Eden and his involvement with Parteisch UK and Parteisch International. There are
appropriate breaks in the description that seek to assist the process of understanding and combine some of the qualitative approaches described by Strauss (1987: 23): ‘procedures for discovering, verifying, and formulating grounded theory…are in operation all through the research project and…go on in close relationship to each other, in quick sequence and often simultaneously’. This framework, whilst clearly identifying individual roles in the study, informs the overall interaction and cultural aspects of the case study in the context of the rationale and principal areas of interest. The method of application will observe a boundaried and integrated system, attempting to demonstrate patterns of behaviour, and displaying prominent coherence and sequence (Stake, 1988). The participants will therefore be introduced as they join the story in chronological order.

It is proposed that the study should adopt three main perspectives in the method of application as identified by Patton (1990: 88):

1. Ethnographic perspective: What is the culture of this group of people?
2. Phenomenological perspective: What is the structure and the essence of experience of this phenomenon for these people?
3. Heuristic perspective: What is the experience of this phenomenon and the essential experience of others who also experience this phenomenon intensely?

The case study will be followed by a conceptualization of the principal observations merged with existing theory as revealed by the previous literature review.

The method of study is modelled on Patton’s (1990) values of participant observation research and the need to understand the context in which people live and share activities in their lives, the first-hand experience of discovering and deducing significance and inferential meanings, the observation of hidden disclosure, and the inclusion of experience in perception and understanding of setting and participants. The ongoing analysis assists the reader with the building of a mental picture, whilst providing an opportunity to build theory in the grounded milieu as the mental picture takes shape in the context of the research rationale. The analysis attempts to maintain and refocus on the purpose of the research whilst building a picture of the possibilities relating to the subject under investigation: ‘Qualitative studies call for continuous refocusing and redrawing of study parameters’ (Miles and Huberman, 1994: 17).
Wolcott (1994: 22) says that it is satisfying to have a reader of a qualitative study say, ‘I just couldn’t put it down’. It is also important to recognize that nothing will emerge without the assistance of the researcher in the sense that the atmosphere and emphasis rests largely in the telling and the choice from a multitude of material. Miles and Huberman (1994: 69) cite that the bedrock of inquiry is the researcher’s quest for ‘repeatable regularities’ to assist in the understanding of patterns, recurrences and plausible whys (Kaplan, 1963). The process is a mixture of dialectic and linear with ‘each process informing the other, each helping with the important work of reducing detail, maintaining the focus, and moving ahead with the story’ (Wolcott, 1994: 20) and reflects a belief that ‘ethnography aims to explicate patterns of action that are cultural and/or social rather than cognitive’ (Arnould and Wallendorf, 1994: 485). Langley (1999: 695) recognizes that ‘it is the contextual detail in the narrative (“thick description”) that will allow the reader to judge the transferability of the ideas to other situations . . . good researchers of this type will often produce a sense of “déjà vu” among experienced readers’.

The study specifically refers to events that contribute to a better understanding of, or possible connection to, the role of positioning at a strategic level. However, there are undoubtedly wider issues of interest to the reader and it is hoped that the study will also stand as an illustration of contemporary business activity in the wider social context of modern day capitalism. As the description proceeds and familiarity grows, there is possibly a lesser requirement for analysis because the story itself becomes more meaningful in a phenomenological perspective, with a hermeneutic application of ‘what the text says to us’ (Godamer, 1976: xviii). The reader will hopefully participate in the construction and interpretation of thought and meaning of the case study. The text is systemized through the use of regular commentary and reflects the primary experience of the researcher on a constructivist level. The narrative structure of the text is used as a basis for interpreted meanings. This approach seeks to utilize the most helpful methods of naturalistic enquiry (Lincoln and Guba, 1985) with the overall rationale.

**Ethics and responsibilities of the qualitative approach**

The extremes on an ethical continuum are:

- ‘neither ethically justified nor practically necessary’ (Bulmer, 1982: 217)
- ‘only a minor defect that persons must be deceived in the process’ (Soble, 1978: 40).
In Pursuit of the Paradigm

As Punch (1994: 90) points out: ‘In much fieldwork there seems to be no way around the predicament that informed consent – divulging one’s identity and research purpose to all and sundry – will kill many a project stone dead’. This can hold back and limit even ‘innocuous’ and ‘unproblematic’ research. Prus (1996: 196) describes the researching inquirer as someone ‘who attempts to minimise the obtrusiveness of the researcher in the field and in the text eventually produced...an image of a researcher who is more chameleon-like...who fits into the situation with a minimum of disruption, and whose work allows the life-worlds of the other to surface in as complete and unencumbered a manner as possible’. Herrera (1999: 331) points out social researchers take two typical stances to defend and justify covert or ‘hidden’ studies and points out that these positions tend to lead to greater concern about informed consent and can create further difficulties in observation-led research:

- ‘to protect the subjects from apprehension, nervousness, and even criminal prosecution’.
- ‘methods are no more immoral than the behaviour that ordinarily prevails [in society]’.

There is concern about ethics, responsibilities and consent, particularly in education, race and gender studies concerning the exposure of subjects to exploitation and manipulation as a result of ‘fly on the wall’ ethnographic methods. These have to be balanced because ‘in fieldwork, informed consent can prove impractical...or generally disruptive’ (ibid., 333). As Stake (2000: 447) says: ‘The value of the best research is not likely to outweigh injury to a person exposed. Qualitative researchers are guests in the private spaces of the world.’

Christians (2000: 139) makes the practical suggestion that ‘codes of ethics insist on safeguards to protect people’s identities and those of research locations...All personal data ought to be secured or concealed and made public only behind a shield of anonymity.’ The case study in this book should be read as an allegorical tale of modern day business life. It is representative of real events yet it should not be regarded as a true story; it is neither parody nor fact; it is a fictional narrative that enables storytelling about oneself and one’s surroundings. It is a pastiche of ‘reality’ and fictitious narration in order to present an impression rather than relate a fact or series of facts and events. All names are fictional and there is no connection with any real or existing business, past or present. The case study will nevertheless reveal circumstances
and events that many practitioners will recognize as familiar in their everyday working lives and it is this element of recognition and revelation that makes the case study an important element of this approach. ‘Qualitative researchers need to be storytellers…to be able to tell a story well is crucial to the enterprise…when we cannot engage others to read our stories – our completed and complete accounts – then our efforts at descriptive research are for naught’ (Wolcott, 1994: 17).

**Reflexivity and representational style**

It is widely accepted that researchers are observers and participants influenced by their own experiences and understandings, a sort of ‘experimenter's bias’, and qualitative researchers carry misconceptions and ‘alluring fictions’ (Clifford, 1986). Against this position however, Van de Ven, Angle and Poole (1989) suggest that it is difficult, perhaps even impossible, to observe and appreciate change processes as an outside investigator because they lack the understanding of the dynamics and perspectives of the environment. The study should lead to a suggestive level of analysis from the description as part of the involvement of the observer or, as Moustakis (1990: 22) has described the heuristic process, ‘moments of meaning, understanding, and discovery’. Whilst offering analysis and interpretation of events separately from the description through a background commentary, it is hoped that the reader is given the opportunity of providing their own interpretation of meanings and events throughout the description. As Wolcott (1991: 22) says: ‘Writing is a way to gain access to that personal fund of information. Conversing with colleagues is another…Writing offers a private way to capture and give concrete form to sometimes too-elusive ideas.’

It is easy to lose a hold on reflexivity and falling into a ‘compulsive extroversion of interiority’ (Clough, 1992: 63) and there is always the problem of how to ‘write the self into the text’ (Billig, 1994: 326). Reflexivity and objectivity are important. There is always a temptation to tell the whole story and there is the opportunity to highlight the author as a hero rather than a participant or observer. It is important for the ethnographer to look at those features and landmarks that are meaningful in the ethnographic and purposeful context and as such this relies on a pastiche of appropriate events that lead to heuristic analysis by both the reader as well as the observer. In the traditions of qualitative studies, an attempt will be made to communicate the essence of the matter rather than demonstrate thoroughness through a bulky volume of painstaking irrelevancy. Reinharz (1997: 3) argues positively that we
‘bring the self to the field…(we also) create the self in the field’. Objectivity is not the result of method but rather the framing of the research problem and the willing pursuit of the direction and interpretation of data (Vidich and Lyman, 2000). It might be thought that all types of research, qualitative and quantitative, are tainted by the particular characteristics of the observer at the centre of any research process, but it is hoped that the openness and transparency of the case study will assist the reader to draw conclusions and add to the total sum of understanding and contribution to a new paradigm of strategic positioning.

**Validity and reliability of phenomenological research methods**

Blumer (1969) looks for ‘intimate familiarity’ with respondents and their surroundings in order to seek meanings and Cronbach (1971; 443) holds that ‘to validate is to investigate’. Geertz (1973: 29) identifies the lose-lose potential associated with a qualitative approach to research and validity: ‘to get somewhere with the matter at hand is to intensify the suspicion, both your own and that of others, that you are not quite getting it right’. Shipman (1982: 133) has noted ‘predictability, the end-product of science, is impossible in the social world’. As already noted earlier in this chapter, the likelihood of predictability in human behaviour, or any area associated with the human animal, is less than certain. This book hopes to assist both practitioners and academics in the understanding of the relevance of positioning in the strategy process of the organization.

Shipman (1982: 15) says that: ‘The main criteria of validity are not objectivity in observations, but consistency in interpretation. Imagination and intuition are accepted as part of the process through which scientists try to understand phenomena.’ Indeed, stories can be more persuasive and memorable than statistically led ideas and claims (Martin and Powers, 1983). Miles and Huberman (1984: 271) quote Albert Einstein as saying: ‘No amount of evidence can prove me right, and any amount of evidence can prove me wrong.’ Goetz and LeCompte (1984: 221) turn the matter of validity and reliability on its head and suggest: ‘Reliability poses serious threats to the credibility of much ethnographic work. However, validity may be its major strength.’

There is an important consideration in a commercial and entrepreneurial environment that is interested in relevance and impact on real events. The validity of findings is achieved in a particular setting by ‘thorough local acquaintance’ (Campbell, 1986). Patton (1990: 61) describes qualitative evaluation as drawing ‘on both critical and creative
thinking – both the science and the art of analysis’. In that same spirit of learning and understanding, Moustakis (1990) draws attention to the heuristic processes of creative self-process and self-discovery where the self of the researcher is present throughout the process of research. He identifies the cousin word of heuristics as *eureka* as exemplified by Archimedes’ bathtime discovery which he calls the ‘aha’ phenomenon. John Van Maanen, Peter Manning and Marc Miller draw attention in their Introduction to Wolcott’s (1991) excellent guide *Writing Up Qualitative Research* to the convincing nature or otherwise of narrative accounts: ‘the written account has emerged as a topic in its own right and, as investigators of the text point out, the relationship between words and worlds is anything but easy or transparent’ (7). Van de Ven (1992: 181) underlines the importance of ‘real-time observations of the events and activities in strategy development while they occur in time, and without knowing a priori the outcomes of these events and activities’. Theory building is not the goal for every research project because knowledge and understanding take many forms (Peshkin, 1993). Hamel, Dufour and Fortin (1993: 29) point out that ‘a theory must be constructed before it can be validated...all theories are initially based on a particular case or object’, whilst Wolcott (1994: 369) refers to his work as *provocative* and *persuasive* and dismisses validity as an inappropriate criterion to ethnographic study: ‘I do not accept validity as a valid criterion for guiding and judging my work.’

It is helpful to consider also the following:

In the end, we are left to deal with the effects of our judgments, which is just as it should be. Valid measurement makes valid data, but validity itself depends on the collective opinion of researchers. (Bernard, 1994: 43)

Whether the story gets the ‘facts right’ is really not all that important. An Indian Storyteller is much more interested in the ‘truth’ contained in the story. And a great Storyteller always makes the ‘truth’ in the story fit the needs of the moment. (Williams, 1995: xii)

Strauss and Corbin (1998: 12) recognize that grounded theories drawn from qualitative data are likely to offer ‘insight, enhance understanding, and provide a meaningful guide to action’ and describe the concepts derived from data as phenomena or important analytical ideas that emerge and answer the question ‘What is going on here?’ (130). Constructivism claims that the criteria for judging ‘reality’ or validity are not absolutist (Bradley and Schaefer, 1998) but based on a consensus of what is ‘real’, what is useful, and what has meaning, and indicates a
way forward through action and further steps. The importance of constructivism is that meaning-making activities are the central interest of the researcher trying to make sense of those activities that shape actions. The committed positivist may cast doubt upon the validity and reliability of anything without ‘the scientific basis’ of quantified data but Janesick (2000: 390) perceives ‘an almost constant obsession with the trinity of validity, reliability, and generalizability’. Many researchers do not have the experience or opportunity to participate actively in the field and this creates a search for the justification of truncated, questionnaire-based, and quantitative approaches to the matter of business theory and application. There are alternative approaches and inability or lack of opportunity does not justify poor treatment of one method or another.

It is generally the lack of opportunity that hampers most would-be qualitative researchers and this sadly often causes the polarization of the qualitative or quantitative viewpoint. In truth, each has advantages and benefits, and the preference for one should not be seen as a negation of the validity of the other. Each method should perhaps be welcomed and applauded and, where appropriate, combined in order to produce something that impacts in both a theoretical and practical way. Undoubtedly, qualitative researchers will understand Wolcott’s (1994: 346) feeling of honour ‘when someone described (him) (as an observer) or one of (his) accounts as reliable!’

**Triangulation**

Garfinkel (1967: 78) says: ‘Not only is the underlying pattern derived from its individual documentary evidences, but the individual documentary evidences, in their turn, are interpreted on the basis of “what is known” about the underlying pattern. Each is used to elaborate the other’. Denzin (1978) identifies four types of triangulation:

1. Data triangulation: the use of a variety of data sources in a study.
2. Investigator triangulation: the use of several different researchers or evaluators.
3. Theory triangulation: the use of multiple perspectives to interpret a single set of data.

This research uses two of these methods to illustrate triangulation. Data triangulation is used through two further qualitative studies, one of the sales perceptions of sales staff at Parteisch UK and the other of market
segment and customer perceptions in the UK market. Methodological triangulation is used through the quantitative study of perceptions of vision and mission of senior staff at Parteisch International utilizing univariate, bivariate and multivariate analysis. Different sources of information should be used to cross-validate findings, patterns, and conclusions (Patton, 1980). In particular, and relevant to the context and nature of this research, Duncan (1989: 235) observes that triangulation forms part of the practical application and understanding of phenomenological research:

Triangulation is a practical technique and should not be restricted to the arsenals of researchers. Different signals, even when they initially confuse us, eventually can provide us with useful information.

Managers believe in organizational cultures, as do organizational researchers. Before executives can confidently devote resources and time to the management of culture, more accurate and innovative ways of defining and measuring it are needed.

Triangulation may help us better understand the phenomenon of organizational culture. It is not a perfect tool, but the manager who uses it can be more confident in his or her efforts to come to grips with this important and exciting aspect of organization.

Triangulation attempts to verify the data gathering and analysis approach of a methodology: ‘A multi-paradigm approach to theory building can be a means for establishing correspondence between paradigms and theory construction efforts’ (Gioia and Pitre, 1990: 584). Through the employment of three further studies, using both qualitative and quantitative methods, there is a closer assimilation between the propositions of the research and the theoretical constructs and approaches of this book.

Nelson, Treichler and Grossberg (1992: 4) say: ‘Qualitative research is many things at the same time. It is multi-paradigmatic in focus. Its practitioners are sensitive to the value of the multi-method approach. They are committed to the naturalistic perspective and to the interpretive understanding of human experience. At the same time, the field is inherently political and shaped by multiple ethical and political positions.’ Silverman (1994: 156) suggests ‘comparing different kinds of data (e.g., quantitative and qualitative) and different methods (e.g., observation and interviews) to see whether they corroborate one another…this form of comparison, called triangulation, derives from
navigation, where different bearings give the correct position of an object’. Richardson (1994: 522) writes of crystallization that:

combines symmetry and substance with an infinite variety of shapes, substances, transmutations, multidimensionalalities, and angles of approach. Crystals grow, change, alter, but are not amorphous… Crystallization provides us with a deepened, complex, thoroughly partial, understanding of the topic. Paradoxically, we know more and doubt what we know.

Whilst recognizing ‘there are many who practice integration by merging paradigms without respecting their differences…paradigm interplay produces a new form of understanding’, Schultz and Hatch (1996: 535) argue that ‘paradigm boundaries are permeable’ and ‘transposition allows the findings of one paradigm to be recontextualized and reinterpreted in such a way that they inform the research conducted within a different paradigm’. The multi-paradigm approach is helpful because they may help to ‘explore theoretical and organizational complexity and extend the scope, relevance and creativity’ (Lewis and Grimes, 1999: 673). Arguing in support of quantification, Langley (1999: 698) argues for a ‘combination with other approaches that allow contextualization of the abstract data, adding nuances of interpretation and confirming the mechanics of the mathematical model with direct evidence’. A triangulation using a mix of different qualitative and quantification approaches from the ‘thick’ research is more likely to contribute to the development of impactful propositions and theories.

It is worth rehearsing some wider views of triangulation:

‘The purpose of the exercise is to extend the possibilities for producing knowledge’ (Flick, 1998: 229). ‘Triangulation has been generally considered a process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation…triangulation serves also to clarify meaning by identifying different ways the phenomenon is being seen’ (Stake, 2000: 443). ‘The use of multiple methods, or triangulation, reflects an attempt to secure an in-depth understanding of the phenomenon in question…Triangulation is the display of multiple, refracted realities simultaneously’ (Denzin and Lincoln, 2000: 5).

Qualitative research is ‘inherently multi-method in focus’ (Flick, 1998: 229) and triangulation is ‘an alternative to validation’ (230). This research uses a multi-method approach to the case study and, in particular, though not exclusively, data and methodological triangulation.
This approach leads not only to broadening of theory, but also to the construction of alternative theories (Gioia and Pitre, 1990). Triangulation in this research is used not only as a practical technique (Duncan, 1989) to produce different understanding (Flick, 1998) and clarify meaning relating to the propositions of the research, but it is also used as a validation tool to corroborate (Silverman, 1994) and verify (Stake, 2000) the suggested meanings of the observations. A multi-method approach is made to triangulate the research findings of the case study using two qualitative studies, and another quantitative study. Each of these approaches attempts to promote further understanding and clarification of the propositions and the rationale of the research as examined thus far by the literature review and the case study.

Methodology of triangulation

Sales perceptions of sales staff

The aim of this approach was to understand how the perceptions of sales staff might influence competitive positioning strategy. In particular, perceptions about the company, the products, the customers’ view of the company and products, the customers, and the competitors are indicative of understanding, values and beliefs. In turn this is an indicator of competitive positioning at a strategic as well as an operational level.

Thirteen semi-depth, semi-structured, face-to-face interviews were conducted with the sales staff. A brief structured questionnaire was used as the basis for face-to-face interviews to assist in focusing and recording the expression of views. The data collected was qualitative and key issues and the strength of issues were identified from the sales person’s standpoint by the use of content analysis.

The comments of these sales staff were in response to specific questions. Validity has to take account of the circumstances of change that had taken place in the organization and the behaviours and reactions to a new and uncertain future. However, the questions were asked in a seemingly constructive and relaxed environment of involvement and participation and reflect the broad discussions in public discussions and private conversations. Close examination of individual responses do seem to show consistent patterns in the cohort.

Market and customer perceptions

The purpose of this approach was to better understand how the different market segments function independently, how companies might
deliver customer values and satisfaction and how collectively, these segments are likely to affect a competitive positioning strategy that might be adopted. Specifically, it was hoped to understand the process of listing or approval by distributors of products, the seasonal nature of purchasing, the quantities and types of products bought, and the decision making process. In particular, it is important to understand the ‘values’ that buyers bought and the ‘satisfactions’ being sought including designs, packaging, and performance of both product and company.

Fifteen semi-depth, semi-structured, face-to-face and telephone interviews were conducted with the buyers at their place of work. These included nine major retailers, two hospitals, and four wholesale suppliers. The data collected was qualitative and the key issues and the strength of issues were identified from the buyers’ standpoint by the use of content analysis. The rigour of the research process uncovered the relevant, important, and therefore valid issues relating to the purchase of the products.

**Senior staff perceptions of vision and mission**

The intention was to understand how senior staff perceive aspects and applications of vision and mission within the company as well as other features of the business. These kinds of insight may confirm a linkage with positioning as a determinant of strategy to support and/or amplify previous qualitative research of this study.

A pilot set of questions was put together following observations from the literature review. There were factual questions relating to length of service and functional role, but also the use of a seven-point Likert scale questioning the agreement or disagreement with the importance of specific aspects indicated by the literature review and phenomenological studies. These questions related to the long term future success of the business. Twenty-one senior managers from marketing and sales as well as production functions were asked questions in face-to-face discussion. The raw data obtained was coded and analyzed using SPSS Version 10 software package. The data was subjected to univariate, bivariate, and multivariate analysis including frequency analysis and standard deviation, factor analysis and cross tabulation.

The prepared data was tabulated for simple frequency distribution for all variables. Standard deviation was used to identify unusual range width of variables. Exploratory factor analysis was used to reduce data, by revealing factors that explained the covariance within the data (Hair, Anderson, Tatham and Black 1998). There are a number of possible methods for extracting factors and the method of choice in this instance was principle component analysis with Varimax rotation. The Varimax
Research Design

method of factor rotation was favoured since it allows the factors to remain uncorrelated with each other thus yielding ‘clear’ factors (Nunnally, 1978). This approach can empirically summarize data by extracting possible variance (Gorsuch, 1983; Alt, 1990).

The research process included twenty-one senior managers. These were principally managers in the role of Managing Director, Sales Director/Manager, or Production Director/Manager and therefore the relevant population to identify perceptions of vision and mission and other features at a strategic level. The low number of senior managers has to be recognized as a low sample size and the interpretation of the analysed data has to be seen correspondingly as inferential rather than conclusive. The validity of the conclusions however should not be seen alone but in the context of the wider research undertaken and discussed in previous chapters.

The factor analysis technique was used. ‘The greatest limitation of factor analysis is that it is a highly subjective process. The determination of the number of factors, their interpretation, and the rotation to select, all involve subjective judgement’ (Aaker, Kumar and Day, 1998: 596). These authors suggest that the sample might be divided randomly into two groups and rotated to determine if the same factors emerge leading to greater confidence that the results are not a statistical accident. In this instance, the size of the sample and the small number of variables means that this would not be appropriate. Factors should be conceptually meaningful and empirically useful (Briggs and Cheek, 1986). The factors that emerged in this study, though subjectively labelled, are generally consistent with this assertion although, due to the small sample size, have to be taken in the wider context of the total research. The use of factor analysis as confirmation of previous evidence is confirmatory or exploratory and therefore valid (Miller, 1977). The results of factor analysis are therefore used as a means of confirmation to support or otherwise the prepositional outcomes of the case study.

Findings and implications

The findings and implications are a starting point for further research into the nature of positioning as a determinant of strategy and raise a number of important issues to both academics and practitioners in the field of marketing strategy. In the exploration of the ‘organization–environment’ relationship, ‘success should be measured only in terms of raising issues – not in terms of settling them’ (Smircich and Stubbart,
1985: 735). Although there are no connections with an existing business, the triangulation studies will reveal familiar patterns to many practitioners and experienced academic researchers. It is this element of recognition and revelation that makes the studies an important element of this book. This research approach invites the reader to participate in ‘an emergent construction’ (Denzin and Lincoln, 2000) or interpretation of positioning as a determinant of strategy rather than a search for a specific answer to a specific research question.
Part IV

A Case Study
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Parteisch International and Parteisch UK: A Tale

‘The contribution to this world, then, would be not only the elaboration and refinement of theories and concepts, but also probing readers to re-examine prevailing assumptions and beliefs underlying their work. In this way, as ethnographers we position ourselves as human researchers to understand others and to understand ourselves differently and better; to become more effective readers of the lives of others and of ourselves.’

(Golden-Biddle and Locke, 1993: 614)

Introduction

History, ownership and development of Parteisch International

In 1904 Mr Johan Posten, a blacksmith, equipped an outbuilding to make products for a local hospital. The manufacture of products continued on a relatively small scale until 1949. The business was run entirely by family members until 1950 at which time the company employed its first worker. In 1956 another eight people were employed. The original site was not able to expand and the business had to look for larger premises elsewhere. Over the next sixteen years the company grew into an enterprise of some sixty employees and modernized its production techniques and built facilities for the storage of raw materials under the control of Mr Gerontius Posten, the grandson of the founder of the business Johan Posten.

Mr Christoph Posten, the younger brother of Gerontius Posten, left the family business in 1965. He bought a rival family-owned factory making similar products. This business flourished by specializing in a particular speciality line for Austria, Germany and the Netherlands and continued to expand through the 1960s and 1970s. In 1969, Christoph
Posten bought the original family business from his brother Gerontius and a former family business that owned two further factories, one in Belgium and the other in the Netherlands, in 1978. Mr Ronald van Strek was appointed as a Director of the recently enlarged and growing Parteisch International in 1981. He was made Chief Executive Officer (CEO) of Parteisch International three years later with Christoph Posten as Chairman.

Parteisch International continued rapidly to expand production and sales facilities in both its home country, Belgium, and the rest of Europe. In 1983 Parteisch bought a specialized manufacturer in the south east of Belgium. Separate sales activities grew out of each factory, generally led by enthusiastic and knowledgeable production managers rather than schooled and dedicated sales professionals. In 1988 Parteisch UK was established as a dedicated sales operation under Mr David Stewart, while Parteisch Germany was established to sell in Germany. In 1990 a sales team was created as Parteisch Sweden in Stockholm and yet another as Parteisch Norway in Oslo. In 1994 a manufacturing unit was built in the UK. In 1995 two German factories and a factory in Denmark were purchased. Both the German and Danish acquisitions were in financial difficulties at the time of purchase although it was considered that the markets in those countries could be developed using the expertise of the Belgium based company. Parteisch Switzerland in Lucerne was formed to sell products in Switzerland in 1995. A small sales office was set up in New York in 1996.

In 1998 Ms Teresa Posten, the youngest daughter of Christoph Posten and the only sibling working in the business was set the task of building and operating a factory in the Czech Republic after three years production experience in various productions units within the company. A dedicated Czech sales team was established in 1998 to sell in the Czech Republic, and later further teams were setup in Slovakia and Poland.

Annual sales turnover of Parteisch International was €120 million in 1998 with nearly 850 employees and eleven manufacturing units throughout Europe. Sales teams at this time were based in nine countries selling to sixteen different countries. Parteisch International remained a privately owned company under the control and ownership of Christoph Posten and his family.

In 1999 Parteisch International commissioned the assistance of a management consultancy linked to a well-known international accountancy firm. The final report suggested that there was a need for a new structure within the organization to embrace pan-European opportunities in a more integrated way and to adopt a more market-led
approach after years of rapid and profitable growth. It recommended that the structure should include professional management at Board level in marketing/sales as well as manufacturing/logistics. Christoph Posten and his CEO Ronald van Streek seem to have accepted the findings of the report.

Mr Jan Straaten took the newly created position of Marketing and Sales Director of Parteisch International a year later in 2000. Jan Straaten was Belgian and moved from a senior position with a large global company producing specialist consumer products and based in the USA, where he had initially established the successful New York office for Parteisch International four years previously. Mr Bert Jonkers became the new Manufacturing Director six months later, moving from the production and logistics directorship of a large European food and drinks business based in Germany. Both men reported to CEO Ronald van Streek in this new structure. The Board reported to a Supervisory Board chaired by Christoph Posten. His three colleagues on the Supervisory Board of Directors were successful and active in running large public companies in the European environment based in Belgium, the Netherlands and Germany respectively.

Parteisch UK

David Stewart first met Christoph Posten and Ronald van Streek at an exhibition of retail products in Frankfurt. They discussed the possibility of his involvement in establishing a business to import and sell Parteisch products in the UK, and Parteisch UK was started from the home of David Stewart in 1988. Offices and limited warehouse facilities were leased on a trading estate in 1990. David Stewart convinced the Board of Parteisch International that the UK market required unique products and packaging unavailable from existing factories in Belgium and other European countries and a new factory was built two miles from his home in the north of England in 1994. The new factory employed eighty-five people in offices, a factory and a warehouse with a UK turnover of €3.75 million.

Stocks in the UK grew rapidly with the import of Far Eastern accessories added to the range and, unbeknown to the main Board of Parteisch International, five further storage facilities were rented at nearby sites over the next four years. Annual sales turnover increased over this time to €8.25 million but annual pre-tax profits fell back to an average of just over €150,000. In February 2002 David Stewart left the company on favourable terms after three months of negotiation in advance of significant losses for 2001, mounting problems as a result of huge stocks
and proposed stock write-offs, and fundamental disagreements about the future direction of the company.

**UK Business Profile**

Parteisch made a commodity and professional product that had grown in popularity as a fashion and life-style accessory from the mid-1990s. The annual sales turnover of Parteisch in the UK had a significant skew towards a large number of small customers with small sized orders. One hundred of a total of 1,435 customers accounted for 80 per cent of the annual sales turnover (8 million) and 1,300 customers were invoiced less than €7,500 annually with an average annual invoice value of €1,100. The Managing Director, the Sales Manager and one sales executive looked after larger customers whilst eleven sales agents and five sales office staff handled smaller customers.

A category analysis of customers in Figure 7.1 with an annual turnover exceeding €7,500 shows a large category segment of wholesale and hospital customers (69 per cent) with smaller segments of specialist gift customers (23 per cent), supermarket (4 per cent) and multiples (3 per cent). A Boston Box by category demonstrated that all wholesale categories were moving from Cash Cows to Dogs with specialist gift outlets as a Dodo. Supermarkets, multiples and variety stores were shown to be Stars. Margins inversely reflected the customer categories with which the company was trading so that wholesale and specialist gift categories were lowest and retail multiples and supermarkets highest.

An independent trade report in 2001 notes that the UK market was made up of four major manufacturers with many smaller suppliers including importers from the Far East. Parteisch UK was rated second in the UK market by overall annual sales turnover. The report noted major

*Figure 7.1:* Pie chart showing category of customers of Parteisch UK in 2001
growth through retail multiples and supermarkets and the perception of a growing lifestyle and fashion trend amongst users. In fact, it estimates that only 23 per cent of purchases were functional whilst the rest were used as decoration, an attractive feature to set a mood, or as a gift. Users of the product ranged across all demographic categories with fastest growth in the age range 25–34 years.

The largest UK competitor by annual turnover was established in the late 1980s as an independent company and finally sold to a large US business in 1997. Aggressive selling of good design to supermarkets and multiple retailers had grown this business rapidly and established a recognized and popular brand name. The business rated third by the independent trade report was an old established UK company with a recognized brand name and taken over by an investment group in 1996. The emphasis of the range produced by this competitor centred on design with rapid growth in retail multiples, specialist retail outlets such as garden centres and factory shop outlets, and the more specialist hospital sales. Both the market leader and the competitor with the next highest turnover showed high pre-tax profits in the region of 20 per cent of turnover in 2001.

All competitors were financially stronger than Parteisch UK in all major financial and profitability ratios as reported by a well-known financial database although some figures were misleading because of the financial structure of Parteisch International.

In the beginning

A new managing director for Parteisch UK

Following the departure of David Stewart from Parteisch UK, there was clear and understandable concern about plans for the future of the UK business amongst UK employees. CEO Ronald van Strek told employees that the Board recognized the UK as one of the fastest growing markets for products in Europe and therefore a key market for Parteisch International. He reassured them that the company wished to retain and increase market share. A new Managing Director was to be sought and appointed as soon as possible. In the meantime, Harry Brett, an interim manager and consultant, would act as Managing Director with the full support of the Board in Belgium.

A recruitment consultant was commissioned to recruit a new full-time Managing Director of Parteisch UK. Finally two months later there were three short-listed contenders for the post. All three candidates had
acceptable profiles in areas such as abilities for team building, decision-making and business acumen but different strategic business orientation skills. The recruitment consultant described the candidates as having a sales orientation, a strategic approach and a stable environment respectively. This wide variety of different strengths in the candidates must have reflected the uncertainty of what the Board thought was required following the problems with David Stewart and perhaps a lack of clear direction for the UK market.

There followed several interviews with members of the Board of Parteisch International and the candidates in the offices of both the UK and Belgium. The first interview with Parteisch International management took place at the Belgium HQ with the CEO Ronald van Strek and the Marketing and Sales Director Jan Straaten, the second in the UK Head Office with the same two directors and the new Manufacturing Director, the Financial Controller and four Belgian senior line managers. A third meeting took place with the Marketing and Sales Director in Belgium HQ. Final contractual negotiations between the International CEO, the Chairman and the preferred candidate were held in a meeting at the Belgium HQ at the end of June 2002. The position of Managing Director of Parteisch UK was filled by Mr Thomas (Tom) Eden at the end of July 2002.

The job interview

The interviews with the recruitment consultant yielded limited information about the background of the company for the candidates. It was said that there had been a UK loss for the previous year and the recruitment consultant expressed some embarrassment at being unable to provide more precise financial information. It was suggested that this might be obtainable at subsequent interviews. In the end, a copy of the accounts was not forthcoming because of ‘some recent changes in the structure of the business’ and ‘the irrelevance of the past to the future’.

The issue of the management of the remaining Sales Manager and other selling staff was discussed with the successful candidate Tom Eden at some length. In particular, the fact that in the main all the selling staff had been with the company for many years under the management of David Stewart and used to his particular method of working. The question of why the Sales Manager was not going to be promoted to the position of Managing Director was discussed and it was said that he was too much in the style of his former boss. A change was needed.
An interview in Belgium

An interview took place with Jan Straaten, Marketing and Sales Director, and Ronald van Strek, Managing Director, at Parteisch Head Office in Belgium in June 2002. The interview was held in the showroom of the Head Office with Jan Straaten and Ronald van Strek. The showroom had apparently been extensively altered recently. The products were arranged in appropriate domestic settings with tables, chairs, beds, carpets and curtains, as well as other furniture. All displays emphasized the consumer market creating the impression of a domestic fashion item rather than a commodity product. A limited number of display units were constructed in quality wood finishes that matched the overall display and this further emphasized the decorative and lifestyle nature of the product.

Ronald van Strek controlled the interview for twenty minutes discussing the candidate’s previous experience and more particularly, it seemed, exploring any ability to sell. The emphasis of the questions seemed to be directed at identifying whether the candidate would be a desk-bound thinker or an active sales person. His emphasis seemed to suggest that the role would need an active sales role although when questioned he would state the need for a long-term thinker as well as a sales person. He came across as uncertain. He left the interview to go to another appointment.

Jan Straaten made it quite clear that he was going to choose a marketing team within the Parteisch Group and emphasized the marketing and sales nature of the role of Managing Director of Parteisch UK. He described the production function in the UK as the ultimate responsibility of Bert Jonkers, the Manufacturing Director.

A Belgian catalogue of the range for 2000 appeared busy and confused. The products were shown in a way that you would expect commodity and wholesale products to be sold and displayed. There were large numbers of variations of colour and size and packaging on display units that you might expect to find in wholesale outlets and yet inappropriate in retail outlets. The products looked inexpensive and possibly even cheap. There was no story theme running through the catalogues and the products appeared to be displayed as functional by type rather than fashionable.

The new Belgian catalogue for 2002 showed the products in a consumer setting as a fashion item and split into sales categories with the emphasis on home. There were clear delineations between ‘fashion’ items and commodity items that emphasized the type of sales channel – retail and
Case Study

wholesale – but more particularly the usage of the product. The overall images reflected an idea of lifestyle or fashion to the product rather than something of only a functional nature.

Jan Straaten said that the future success of these products in Europe rested with higher margin and differentiated products selling to targeted category markets. He showed some of the old products and contrasted these with new products. In particular, Jan identified the key task as the need to identify products that the customer wanted through category management with the freedom to make proposals for alternative supply if the UK factory was unable to manufacture the appropriate products. Furthermore, Jan told Tom that he should pick and choose milestone customer accounts that develop new ones in the key category markets in order to understand the growing and profitable markets rather than the present less profitable wholesale markets.

Tom Eden was shown a UK catalogue for 2000. Every page was tightly filled with photographs of products; the products, the bulk packaging and the way that they were displayed were impressively wholesale. Jan Straaten said that there were 3,500 items in the UK range and this number would need to be reduced and although a large amount of UK stock had been written off, in his opinion, there was still too much stock. This would need to be resolved in the longer term. Jan’s comments on the production function suggest a wish to meet customer needs rather than be led by production and stock write-offs. There is plainly a new approach to the future, a different thinking and a change from the past that reflects the proposals espoused in the consultants report. Jan Straaten’s plans seem to demonstrate a clear understanding and commitment to a market-led direction and a more cohesive, effective and European company.

The contract of employment

The first meeting with Christoph Posten, Chairman and owner, at Parteisch Head Office took place in Belgium on 30th June 2002. Tom Eden received the job offer and a draft Service Agreement. He required some changes to the contract and a meeting was made to finalize the contract in Belgium on the same day that UK managers were invited for a meeting. Dinner was proposed for that evening as a further means of bringing the new team together.

Tom Eden’s meeting began early with Ronald van Strek and Mr Harrie Kolb, the Human Resources Manager for Parteisch International. Ronald suggested that the Service Agreement should be examined clause by clause in order to reach agreement. This process took several hours of
reading, discussion, and negotiation. It was plain that Ronald was used to, and enjoyed dealing with, detail. He applied himself patiently to understanding and considering each clause with the utmost care by reading and rereading to enhance his understanding. Agreement was reached in the middle of the afternoon.

Tom Eden had not previously met Christoph Posten. He was aware of the length of time that negotiations had taken because he remarked on the fact. He looked at his watch as he entered as if to say: ‘What ever took you this long?’ He scrutinized Tom carefully with penetrating blue eyes whilst being introduced. He said that he had given the task of recruiting a UK Managing Director to Ronald van Strek and added that it was very important for him that Parteisch UK should return to profit as quickly as possible. He had been let down by the UK, he had lost a lot of money, and it had been a difficult time for him personally.

His command of the English language was not as good as other managers in Belgium. He hesitated before he signed the contract, holding his pen above the paper for ten seconds or so as if uncertain of making a commitment to a part of his company that had betrayed him. Ronald van Strek and Harrie Kolb countersigned as witnesses. Neither said anything to Christoph Posten. He shook Tom Eden’s hand and wished him luck. He left the office. Harrie picked up the three contracts and gave one to Tom, one to Ronald and kept one. ‘A copy for your file Ronald and one for mine’, he said. ‘Christoph Posten is coming to dinner this evening. This is a special occasion. He sees it as a new beginning for a problem that had caused him much pain and difficulty.’

Ronald van Strek contrasts distinctly with Jan Straaten – the former an administrator, the latter a strategist. Ronald comes across clearly as a man who is slow, careful and methodical in approach. This is a man who likes organization and certainty in his life, not a man of change or imagination. Christoph Posten is a proud man, the founder of a hitherto successful and profitable European business but a man who apparently feels let down by a trusted lieutenant in the UK. He wants Ronald to put it right. Is he holding Ronald responsible for the problems that have lost him so much money? Does he trust Ronald to recruit the right man? Has there been disagreement about the sort of person that they want – a salesman or a manager? There is no doubt that Christoph Posten feels that things have gone wrong in the UK and he is not going to admit any fault.

There are of course other questions. What does he think of the new direction proposed by Jan Straaten? A picture is forming that suggests a CEO who is an administrator and not a strategist. Nevertheless, Ronald
van Strek is a man who has, or certainly had, the ear of the owner, and a man of integrity.

First meeting with UK managers

The meeting with UK personnel at Parteisch Head Office in Belgium on 30 June 2002 took place immediately after the signing of employment contracts in a conference room adjoining the showroom. There were eleven people sitting around a large round table.

After the introductions, Ronald van Strek said that the meeting had been called to introduce the new Managing Director of Parteisch UK and to look to the future of the company. Each of those at the gathering was given a folder; it was explained that this information had previously been distributed to a meeting of senior international managers. Ronald then handed the meeting over to Jan Straaten.

The purpose was to give some background about the company, where it was going, how they intended to get there. Jan welcomed Tom Eden the new Managing Director as a mark of going forward rather than looking backwards. He said that the average turnover of customers was growing, becoming more international with an increasing number of suppliers in the market. Parteisch International had grown rapidly over the previous five years with increases in the number of manufacturing plants as a result of acquisition as well as doubled sales turnover assisted by the opening of new sales offices in a wider number of countries. His experience of marketing and sales based in the large and active New York Head Office of Parteisch International was a significant indication of the world-wide and growing popularity of the products and the Parteisch brand name.

The policy of Parteisch International until recently was that plant managers were responsible for almost all activities with the same types of products manufactured at each manufacturing unit. These were widely spread around Europe and there had been limited involvement and control by the holding company with no integrated approach throughout the company. The owner, Christoph Posten, had huge personal involvement with past acquisition decisions and recently devoted a lot of his time to raw materials including the purchase of two storage and distribution depots at Antwerp and Dunkirk. This enabled the direct purchase of raw materials from the Far East in bulk quantities at cheaper prices. He had done this with the assistance of Crijns van Sittard, who was now responsible for overseeing the purchase of all large quantities of materials used in the manufacturing process.
The changes in Parteisch International over the years had led to major overlaps between manufacturing plants. Geographical separation led to difficulties in communication and consistency within the company. The organization was complex, diverse and unwieldy in terms of decision-making and longer term strategy for Parteisch International as an increasingly global company.

At first, solutions had been sought within the existing structure. Customers were delegated to account managers at manufacturing plants with the best contacts or the best match between place of manufacture and the customer. Some attempts were made to standardize logistics and deliveries from different manufacturing plants, but this was not successful or lasting. Similarly, a standard approach to the purchase of raw materials had met with limited success. There was an attempt to achieve standardized inter-company prices to avoid internal ‘shopping’ by customers, but this generally failed outside Belgium and even inside on many occasions. There were increasing conflicts of interest between manufacturing plants and duplication that led to higher costs and lost custom. The result of growth in these circumstances was that Parteisch International had lost the ability to control their situation and the long-term unity of a growing company in the global market.

Jan explained that Ronald had asked an external consultant to examine these problems and this had resulted in recommendations that had been accepted by Christoph Posten and the Supervisory Board. Some of the changes had already been announced at a meeting of senior managers of Parteisch International in 1999 following the consultant’s report and included a different role for Parteisch International and a new management structure, the segmentation and serving of the market by category of customer, and the separation of the responsibilities for marketing and production.

In practical terms, this had resulted in the recruitment of himself as Marketing and Sales Director and Bert Jonkers as Manufacturing Director of Parteisch International with Ronald van Strek remaining as CEO responsible for the management and direction of the company and reporting to the Supervisory Board. Tues Kokke, Financial Controller, reported directly to the Board of Directors. Parteisch International wanted to be a producer and supplier with a leading market position in Europe and North America. Fulfilment of this objective would be based on at least 20 per cent market share in countries where sales units were established and earnings before interest and tax were at least 25 per cent. This was to be undertaken as a result of setting up an efficient business structure, a cost saving programme at an international level, improvement
of customer supply chain management, rationalization of sales with respect to customers and products, and Total Quality Management (TQM).

Jan Straaten went on to explain the details of the key business strategies through an efficient business structure, delegation to the managers of the units with improved reporting systems and a single management control system using a standard software package. Major strategic planning for Parteisch International would emanate from Head Office through an improved and regular communications system.

Jan Straaten’s description of the plans for the future of Parteisch International was plainly not something that had been planned overnight or in isolation. This had been agreed with the owner and the Supervisory Board as a fulfilment of the consultant’s report published in spring 1999. There is now a new structure, there is agreement that the Board of Directors has executive authority reporting to a Supervisory Board, and Ronald van Strek remains as CEO.

Jan Straaten appeared to be a confident and competent marketing professional who presented a comprehensive and credible plan that recognizes the needs of specific homogeneous target markets and bases the strategies of the company on repositioning in these markets. He took the role of explaining where the company had been, where the company currently was, and where the company was going. He came across as a good and willing communicator; someone who wanted to educate and persuade that change is needed, and presented a plan of the way forward.

A social evening
There were various discussions during a social evening at Bruges on 30 June 2002. The dinner that evening was eaten at a traditional restaurant in the old city of Bruges. The same Belgian managers who attended the afternoon meeting came to dinner. Many were staying overnight at the same hotel as the UK managers. They met with the UK managers at the bar of the hotel and taxis picked up the party to be taken to the restaurant. Christoph Posten arrived in his own car and spoke to the assembled dinner party of huge problems in the UK. He told them that he was looking forward to an improved and prosperous future and the purpose of the meal was to celebrate and to look forward and not backwards.

Brian Griffiths, UK Plant Manager, was matter-of-fact about his feelings on the subject of sales and sales personnel. He did not like sales people because they made promises without any consultation with production, and then blamed production for failing to do the impossible. He said that David Stewart, the former Managing Director in the UK, was a major culprit and Nigel Jones, the Sales Manager, was certainly no better.
He hoped that things would change. Apart from anything else, products from the Far East had been ordered and delivered by the container load and most of this stock remained on the shelves unsold. Some of this stock was many years old with little apparent possibility of selling the products.

Crijns van Sittard, Purchasing and Quality Manager, and Mike Wilson, UK Factory Manager, spent most of the evening reminiscing past production events that they had experienced together. They told Tom Eden that they had worked closely together when the UK factory was first built. Crijns told Tom that he had known Teresa and her brothers and sisters since childhood. He bemoaned the fact that the owner had been personally let down by David Stewart and described their relationship as a ‘friendship’. Crijns and Mike spent a lot of time recollecting the old days and the joys of manufacturing and machinery.

Nigel Jones was notable by his quietness although Jan Straaten tried to engage him in conversation throughout the meal. He seemed interested only in discussing football and drinking beer. His only words to Tom Eden during that evening were to assure him that he would take care of existing customers and Tom ‘could get on with the rest’!

The tension between the sales function and production function was plain. There had been a lack of communication and common direction within the UK business. This tension apparently resulted in problems for the customer. It seemed that Parteisch UK had been managed autocratically by one man, David Stewart, with the act of making a sale – and perhaps his own self interest – as a priority. Stock management and control had not figured as important in the managing of the business. There was the suggestion that the Sales Manager behaved in a similar way to the former Managing Director. His disposition at dinner, as previously in the day, did not suggest a committed team player.

Crijns van Sittard plainly enjoys manufacturing and machinery. His personal and long family friendship with Christoph Posten suggests a similarity between the two men. The owner’s long-standing friend must have become aware of the high stock levels and the lack of sales and production harmony. What did he do about the situation? He apparently did nothing – and he does not really understand why David Stewart had to leave or what had gone wrong. We have the suggestion that the former UK Managing Director was a ‘friend’, and almost certainly trusted, by the owner.

**Early days**

During the first week in the post of Managing Director at Parteisch UK, Tom Eden discussed the business with his new colleagues as part of
a learning process. Nick Green, Brian Griffiths and Ben Whitehouse made themselves available at almost any time. Nigel Jones had appointments every day of the first two weeks and finally attended a meeting with Tom Eden at the end of the third week.

The warehouse in the UK was filled with stock on pallets and racking to the roof. The aisles were increasingly blocked by yet more stock. In addition to the warehouse, a third of the factory area was filled with stacked pallets five high. There were two smaller warehouse areas at the older site nearby held on a long-term lease by the company. These were packed with stock without the benefit of racking. There was little space to reach items at the back of these areas. Random checks of stock lists against actual stock seemed to demonstrate a lack of an accurate tally of items some of which had not been held for ten or eleven years.

The factory included one automated production machine and three other semi-automated machines. The picking and sorting at the end of these machines was highly labour intensive. Packing was entirely by hand. Fifteen personnel were employed in the warehouse, and there were twenty-nine packers and five machine operators in the factory on double shift.

**Meeting with Nick Green, company accountant**

Tom Eden immediately changed some aspects of the management accounts and tightened the expenses procedure. Nick Green showed approval of these changes to what he described as ‘a loose and abused system’. Tom wanted to know why there was apparently still so much obsolete stock. Nick confirmed the problem as partly due to regular, unfettered and bulk Far Eastern purchasing by David Stewart that was not required and simply could not be sold in such large quantities. He did not believe that Parteisch International was aware of ‘all his excesses’ over many years. The UK company was almost his sole domain and several customers had been surprised when he left the company because they thought he was the owner. Nobody seemed to check his expenses, his widespread travelling or the stock provided that the sales turnover increased.

Tom questioned the role of the auditors and the stock valuations. Nick believed that David Stewart had told the auditors that it was good stock and saleable at the full value and in any case he did not take them to some of the far-away external warehouses. As far as Christoph Posten was concerned, stock was always money in the bank rather than a burden to a changing market. Nick believed that the owner had become too used to the idea of selling a commodity product produced in bulk and that is
what he preferred to make. He went on to explain that the problem of stock only arose when Christoph Posten and Crijns van Sittard arrived early and saw old and recycled materials stacked on the grass in front of the factory and all the way down to the road. Apparently Brian Griffiths had run out of space in his warehouse and simply put it outside when David Stewart was away and in the knowledge that the owner was due to make a visit shortly after Stewart’s return. The two Belgians had arrived at the airport and when the taxi drove through the gates, they saw all this material piled high in a long line outside the warehouse building.

Nick said that Christoph was furious, as though the sight of it was a personal insult. What he didn’t see, he didn’t know and it didn’t hurt him, but now he could see it and so could everyone else. David Stewart blamed Brian Griffiths and they all went straight to see him. Brian told them that he didn’t have any more room and it could never be used, so he put it outside. Christoph insisted that it could be used and told Crijns to take samples back to Belgium for testing. In the end, it was sold to Russia as spoilage material.

On the subject of debtors and creditors, Tom noted that creditor payments were up-to-date but debtors were somewhat behind at 108 days. Nick said that debtors were a big problem with a huge number of credit notes to catch up because the former Managing Director was always giving credit notes to sort out problems on price and delivery. A lot of customers then refused to pay until the promised credit notes were issued and new statements sent. The collection of money did not seem to be a priority with many invoices going back for several years and unlikely to be paid. Nick explained that creditors tended to be paid quickly by Parteisch International and they never seemed to worry much about debtors because there was not a shortage of cash. He related to the fact that suppliers would sometimes call Parteisch International when a payment was only a week late because they knew that it would be paid immediately. Christoph did not like late payment to suppliers and he did not like to demand money from customers.

Sales administration was poor. Orders were taken and then it was expected that appropriate delivery would be made without written explanation or detailed instructions. Nick pointed out that when Harry Brett took over, the company had to issue €140,000 of credit notes to sort out the immediate problems and at last salvage some payments.

David Stewart, the previous Managing Director, was portrayed as a person who enjoyed the perquisites of the job, a man who did what he wanted with minimum control from the headquarters of Parteisch International. The owner seems to have been satisfied with the combination
of high stock levels and growth in sales turnover. David Stewart met these benchmarks of success and enabled both Christoph Posten and himself to achieve their own different personal objectives. However, Christoph Posten did not like the public display of useless materials and continued to insist that they could be used.

David Stewart and Nigel Jones appear to be similar people. The method of selling, the abuse of good management practice in the areas of production, sales administration and accounting are plain. Their view of good customer practice and meeting customer needs seems to be a weak form of selling by agreeing to anything that the customer wants even at considerable cost to the company and staff. Their personal fulfilment comes from a lifestyle partly funded at the company’s expense.

**Meeting with Brian Griffiths, plant manager**

Brian Griffiths made it clear that he was working as part of the Parteisch UK operation rather than an extension of the factory gathering Christoph Posten and Crijns van Sittard operation. He said that he was willing to be involved in anything that would grow the UK business, even selling. In fact he made it clear that he did not think much of the way either David Stewart or Nigel Jones had dealt with customers because, in his opinion, they sold cheaply and made unrealistic delivery promises just to make a sale. He said that he was brought into the business two years earlier because it was said that Mike Wilson was unable to cope. He understood that David Stewart had wanted to sack him but Christoph Posten and Crijns van Sittard did not want to lose a ‘friend’.

Tom asked Brian what he needed to help with production and warehousing. His answer was quick: ‘Keep Nigel Jones out of my way!’ This seemed to be based on a perception of his past interference and attempted manipulation of production timetables and delivery schedules in order to satisfy promises made to customers without consultation with Brian.

Brian Griffiths seemed to have been impressed by Jan Straaten’s presentation and ideas for the future. He believed that he was on the right track. However, he remained concerned about the huge stocks in the UK and believed that Christoph Posten did not want to get rid of any stock because of pride and a belief that they were worth keeping based on his love of all things production. He wondered if Christoph could really understand the problems and the changes in the market and he expressed further concerns about Ronald van Strek because he seemed to do just what the owner wanted. He described him as an administrator and doubted his ability as a CEO. He smiled as he recalled that some of the Belgians had taken to calling him ‘the school master’!
Tom asked Brian for his explanation of what had happened when Christoph and Crijns had arrived at the factory to find some of the stock outside. He said that he had warned David Stewart that he did not have anywhere to put the stock and his response was to keep telling him that he was complaining too much – it would be sold before too long – but of course it never happened. So Brian had decided that the only place to put it was outside. His impression was that once the world could see the folly of all that stock, something had to be done and David Stewart seemed to become increasingly desperate, issuing instructions and wanting information, holding long meetings in his office, and visits to Belgium until he finally left the company.

Brian Griffiths wants to be part of a UK team. He appears to be proud of his factory. He has a strong sense of the need to sell products profitably and he has a poor view of the way that the marketing and sales activity has been managed – or not. He holds the current sales function in disdain. Whilst acknowledging Christoph Posten as the owner of the business, and a successful owner over many years, he believes that a production approach will not sustain the UK business.

Meeting with Ben Whitehouse, sales operations manager

Ben Whitehouse had been pleased with the message of Jan Straaten recognizing the growing multiple retail market in contrast to Parteisch’s concentration on the wholesale market and the need to change the range and the approach to the customer. He described the market perception of Parteisch in the UK as a manufacturer of cheap products to the wholesale market with David Stewart and Nigel Jones as well known as ‘street traders and barrow boys’ always willing to do a deal at any price. Ben recognized that the larger retailers did not work in the same way as wholesale and observed that some of the supermarkets and multiples would not even meet them because of wrong products and late deliveries in the past. Some would not even speak to David Stewart on the telephone because he had made agreements and promises that had not been kept. However, Ben Whitehouse believed that Christoph Posten would visit his factory, he would see the products produced, and as long as the sales turnover increased, he was happy.

Ben Whitehouse said that he had a problem with Nigel Jones because he still treated the sales office as his own, telling the staff what to do and without any consultation or courtesy towards himself as a fellow manager. He insisted on speaking to the customers himself and he would not allow anyone else to speak to them unless there was a problem at which time he would say that it was not his fault and then left everyone
else to sort the problems out. In addition, he had become close to one of the female staff and Ben felt certain that everything that he did and said went straight back to Nigel Jones. Apart from that, the member of staff was spending time with him in his office acting as personal secretary, making telephone calls, typing correspondence, filing papers and making coffee.

Ben Whitehouse confirms that the owner's preoccupation with the factory seems to preclude any interest in, or even awareness of, the need for a well-managed and successful marketing and sales approach. This attitude might suggest that the owner's view is that production is the source of profit as well as a personal preference.

**Meeting with Nigel Jones, sales manager**

This long awaited meeting was punctuated by Nigel Jones's apparent and frequently stated belief of ‘steady as you go’. He made it clear to Tom Eden that the company simply needed to continue selling at the present rate and a profit would follow. When challenged on the high and long standing stocks, he reassured Tom that this would be mostly sold by the end of the year because it was ‘good’ stock and embarked on a rapid tour of the stock-list confidently naming customers who would want to buy the various items on the list. He told Tom that he established the price list for the last catalogue but when questioned about the habitual and inconsistent discounting of the price list, he blamed David Stewart for establishing the policy, Ben Whitehouse for being unable to cope, and then declared that he would not be able to keep the customers if the pricing approach was changed. He maintained that he told everyone about arrangements with customers but they simply forgot or ignored what had been said – and in any case, the company made money on everything that it sold!

Nigel Jones explained his thinking. The company had increased sales every year and nobody had previously said anything about a problem. It must therefore be the factory that had caused the problems because he knew the costs of all our products and they were never sold under cost. Deliveries were slow and deliveries were not made on time. In particular, he expressed extreme concern that he was the one who had to sit in front of the customer and deal with the problems when they arose – and he had a reputation to keep. It was his belief that Ben Whitehouse was too easy with the production department and wasted his time holding a meeting with them every morning. These sometimes lasted an hour. In addition, he had no control over sales office staff. He declared himself too busy with customers to help Ben Whitehouse resolve his alleged difficulties.
Nigel Jones was a strong advocate of the massive number of sales lines in the catalogue declaring that they were needed because every customer needed something different. The choice and the prices amounted to an opportunity to keep the customers satisfied and if the size of range was reduced then it was unlikely that he could sustain the sales turnover and keep the customers. His view of the large multiples or supermarket chains was that custom had been lost on account of poor delivery in spite of his best efforts to develop new custom – but in any case, the present customer list was large and there were more potential customers in the wholesale markets that wanted products. He expressed concern that any move into new markets would clog up the factory and cause more problems. He questioned whether different products to new customers would be more profitable anyway. Current and existing customers were a priority in order to keep sales turnover and if this meant making special orders or ordering from the Far East then this was a small price to pay.

Nigel Jones displays a consistent belief that taking orders for any products at any price is the answer to the future success of the business. He blames Brian Griffiths for production problems and he blames Ben Whitehouse for administrative and delivery problems. He is either unable or unwilling to help resolve any of the problems and he doesn’t think that discussion or negotiation will solve anything. Nigel Jones confidently sees more items in the range as leading to more sales and he shows no understanding of a stock problem. He expresses confidence that he will sell stock that has been in the warehouse for many years and he has no apparent understanding why the company should sell to the retail market. He does not really see the need to change.

Meeting with Harry Brett, consultant and interim managing director

A meeting with Harry Brett was full of insights into previous events. The meeting was nevertheless positive and optimistic for the future. Harry was unambiguous in expressing his views about Nigel Jones and David Stewart. Harry expressed the view that through working closely with David Stewart for many years, Nigel Jones adopted most of his management attitudes. Nigel Jones, he believed, was seen as hard working and industrious, but he had exacerbated problems by serious shortcomings in selling skills, sales management skills, administrative skills and poor personal organization. He also had very poor verbal and written communication skills. Nigel Jones was unwilling to pass things to others and this meant that most tasks were completed in a rush and were poorly performed. Harry said that Nigel had nevertheless expected to be
made Managing Director after the departure of David Stewart. Nigel had been deeply disappointed that this had not happened.

Harry Brett said that Nigel Jones had approached Ronald van Strek following the departure of David Stewart and requested promotion to the position of Managing Director. As a result of an interview, the recruitment specialist had described him as a loner and even questioned his selling skills and understanding of the need for, or concept of, negotiation with either customers or colleagues. Harry said that notwithstanding his negative report, Nigel Jones had been given a written assurance by Ronald van Strek that he would remain as Sales Manager with an important role to play. His position was guaranteed with the company for a minimum of one year and an undertaking had been made to pay a confidential bonus payment equal to three months salary if he stayed for a minimum of one year.

Harry Brett had been in contact with some major customers and he confirmed that Nigel Jones was indeed regarded by some as a ‘street trader’ who was more concerned with short-term volume at any price rather than building a long-term profitable business. This reflected the beliefs of David Stewart who was in the same mould and therefore initiated the culture of a weak sales approach and low margins. It was Harry Brett’s belief that although David Stewart successfully started and grew Parteisch UK over many years, the size of the business grew beyond his management abilities and capabilities. The company had become the victim of a lack of professional management capabilities and discipline at senior level and he was to a large extent a victim of his own success in the rapid growth of sales turnover.

Harry believed that the nature and extent of the mismanagement was hidden from Belgium by the creation of a narrow channel of contact and by a cultivation and abuse of the trust built up in the early years of the business. This was compounded by the failure of international management to penetrate beyond David Stewart and to question, recognize or understand some of the external warning signs such as the stock problem or poor profit performance in later years. Harry acknowledged David Stewart’s apparent ability to work hard but underlined the inappropriate management style to suit the changing needs and size of the business. An apparent obsession with detailed control seemed to create a poor culture and morale. David Stewart was undoubtedly autocratic and he appeared to take pleasure in picking on people. Some of his behaviours seemed eccentric at best or even to display paranoia about control at worst – he even installed a phone device to secretly listen to phone calls made by the management team. He was not willing to delegate and
everything required his personal attention or authority. He made himself indispensable; he did not like to be challenged; he had a habit of blaming other people for problems that he created; he seemed to encourage arguments among the management team; he generated floods of detailed critical memos rather than dealing with issues face-to-face; he took firm control of all information to and contact with Belgium; he was apparently unwilling or unable to set up or adhere to basic organizational systems and procedures. In addition to all these characteristics, there was the problem of stock write-offs, scrapped stock and stock discrepancies. These were a major factor in the poor profits accumulated in earlier years and they were not fully exposed until after he left the company.

Parteisch UK is clearly portrayed as a business run by the Managing Director (and Sales Manager) for the benefit of the Managing Director (and Sales Manager). A style of management is described that underlines the fact that the owner and company have been misled. In particular, high costs, high stocks, a lack of control at all levels and a culture of ‘orders at any price’ underscore the business. This seems to have been hidden by the existence of only one apparent business objective – to increase turnover. Visits to the UK by the owner and his Managing Director and the availability of annual accounts did not alert them to the growing problems. Only the appearance of raw material stocks outside the buildings alerted the owner and the management of Parteisch International to the problems.

**Travels around Europe**

**A German perspective**

A meeting took place between Tom Eden and Willi von Menzel, Managing Director of Parteisch Germany, at Munich on 31 August 2002. Willi von Menzel was clear about why David Stewart had left the company. His belief was that he did not keep enough control of his range of products and he was more interested in having a bigger range than competitors and even other colleagues within Parteisch International. Willi said that Christoph Posten saw his business expanding in the UK and this was sufficient reason to believe that David Stewart was succeeding and leave him alone.

Tom asked Willi about the possibility and sense of establishing a single range for Europe. Willi von Menzel claimed that he could not sell what the UK or Belgium was selling and it was not possible to have a standard
European range because of different markets and different customers. He went on to say that he needed to control his products for his customers and in any case, Germany had different needs from the rest of Europe. The Belgians, he said, did not understand German buyers, prices or requirements and that is why he kept a careful and tight control of his business in Germany. His customers were mainly cash and carry and he did not sell to the large retailers because they did not want their type of products.

**A Scandinavian perspective**

A meeting with Peter Indgren, Managing Director of Parteisch Scandinavia, took place in Munich on 31 August 2002. Peter Indgren was keen to ask Tom Eden if he had any stock that he could let him have at ‘a good price’. He said that he would take a container load of one type of product if he could let him have samples and a range of colours. He claimed that he could always sell stock at the right price because he did not add large margins. He wanted to help reduce UK stock.

Peter Indgren said that when he first joined Parteisch International twelve years previously, he used to buy a container load from Belgium and sell them in bulk. He always covered costs and he always sold a bit more every year. Christoph Posten was satisfied with this arrangement and this suited Peter because it was not difficult and gave him a good lifestyle. He said that he did not know what David Stewart had been doing because there was no point in producing and buying so much stock and not being able to sell it. This was the reason that Peter had never wanted a factory. There was no point making things complicated.

Peter Indgren believed that Jan Straaten was making life too complicated and suggested that Christoph Posten wanted a simple life simply selling the products that he made and he was content with a modest profit. Everyone should buy their products from Belgium and keep it simple. He believed that if David Stewart had not opened a factory then everything would have been fine. A factory simply made life more difficult. Tom pointed out that markets had changed and they wanted different products. There were new opportunities. Peter was adamant that it would always be possible to sell what the Belgian factories made.

Both these Managing Directors, Willi von Menzel and Peter Indgren, were apparently left to their own devices in a similar way to David Stewart in the UK. They have both been encouraged to work in their particular ways by the owner of Parteisch International and they were content to continue on this basis. There is a lack of understanding about what has happened in the UK and they saw no reason for changing the way they
work. They each had different approaches to their respective markets. In Germany it is defined as cash and carry with retail multiples ruled out. Importance was attached to the need for a German operation to supply German products to a German market. In the case of Scandinavia, there was a more relaxed approach to the selling of products to wholesalers with one-off delivery of products and limited repeat orders. There seemed to be no consistency, no control and no common direction across the company.

**A Belgian perspective**

Tom Eden met with Jan Straaten and Ronald van Strek at the Belgium Head Office on 1 September 2002 to present the preliminary findings of the UK market and a plan for the way forward. The presentation made by Tom Eden included a marketing audit and an outline of the key areas. A suggested plan for the next twelve months was based on a strategy of differentiation in the retail market and cost leadership in the wholesale market. The meeting agreed that this plan should be adopted in the UK:

1. Organizational goals should be achieved by delivering the needs of chosen target markets more effectively and efficiently than competitors.
2. The establishment of 50 per cent of sales turnover in supermarket, department and variety stores over the next period of three years (starting with 15 per cent in the first year).
3. The doubling of average net margins on sales turnover by the end of twelve months.
4. The reduction of the number of company-made items in the UK range by 20 per cent and reduction of the number of non-company products by 50 per cent in the first year.

Three key positioning strategies were agreed based on value disciplines of product leadership, customer intimacy and operational excellence (Treacy and Wiersema, 1993). It was agreed that all three values were currently well below industry standards and in need of considerable improvement. The primary value was considered to be product leadership in selected target markets. Immediate action was to be taken to establish a differentiated range of products in the UK aimed at specific market categories or target markets to be available for supply by February 2003. It was recognized that there was a wide number of other issues to be acted upon and an integrated approach was required. It was agreed that the approach would be supported by the establishment of
structured policies in chosen target segments of the market, namely multiple stores and supermarkets; the establishment of category account management in target markets; product development and management aimed at target markets. These policies would be driven by appropriate sales forecasting and planning, financial planning and control, order processing and distribution.

The meeting agreed to review the stock situation over the next twelve months and look at combining ranges of items with Belgium and the rest of Parteisch International before the end of two years.

Jan Straaten expressed his pleasure with both the pace and direction of progress. Ronald van Strek left the room for another meeting. Jan Straaten told Tom Eden that he was looking forward to working more closely with him and that it was important to start making progress towards achieving a more profitable route because apart from anything else, there was a need to deal with the high stock levels and concentrate on a core range and a common catalogue for the European market and possibly the US market. This would give huge cost savings in almost all areas of company activity as well as recognizing the changing nature of the market.

The agreed plans are consistent with those of Belgium and the ideas of Jan Straaten. It is plain that Jan Straaten conceives an integrated company plan across Europe that embraces differentiated and cost leadership strategies for identified and selected markets. He wants a common core range for the European market at least if not the US market but he is taking a long-term view of the implementation of change within the company.

An unexpected departure

The knives are out

A meeting of the International Marketing Group of Parteisch International took place at the Head Office of Parteisch Germany on 8 October 2002. This monthly meeting was established by Jan Straaten to enable structured discussion between those responsible for marketing and product development across the company. The meeting was described in his memo of invitation as ‘an opportunity to look at new products and new developments as an international company’.

There were representatives from every factory of Parteisch International with a total of twenty-two attendees. This included Teresa Posten, the daughter of the owner, who had established a factory in the Czech
Republic over the previous four years, and the unexpected attendance of her father Christoph Posten and two members of the Supervisory Board.

The presence of the owner and two Supervisory Board members had the immediate, and perhaps understandable, effect of inhibiting the participants who were less vocal than may have been normally expected. The hour prior to lunch was scheduled for presentation and discussion about the new Belgian and Dutch range. This was the moment when a significant and unexpected exchange took place between Jan Straaten and Teresa Posten, the daughter of the owner. Teresa questioned the content of the new range of products and whether they would sell. Jan Straaten described conversations and meetings with the buyers of the larger multiples and independent stores whilst Teresa claimed that conversations and meetings amounted to nothing more or less than words. Jan persisted that Parteisch had to supply what the market wanted and Teresa insisted that the company had to sell existing stock. She laboured the point that Jan had already authorized the write-down of a large section of stock at a cost of many millions of Euros to the company. Jan said that it was not good sense to leave unsold stock in the warehouses in the hope that one day it might sell even though the market did not want it. Teresa again and again emphasized the need to keep selling certain items of stock because factories would have nothing to make if their products did not sell and claimed that write-down of stock amounted to wasting money.

Jan was calm but determined in his response and insisted that if it was necessary to close down an unprofitable factory then this was part of the solution for Parteisch International. It had been estimated that it would take more than another ninety years to sell all the stock in warehouses at the present rate of sale and it was important not to stand still in a fast changing market. Teresa was resolute that the company could not simply scrap stock on a large scale and there was nothing wrong with the stock. It was important to sell the old stock first before embarking on new developments that would cost more money in a market that was new to Parteisch. She pointed out that they knew the present customers and they would not buy the new range of products. The dialogue finished at Jan Straaten’s insistence and the session ended at lunchtime. There was a brief private discussion between Christoph Posten and Teresa Posten. Then Christoph and his Supervisory Board colleagues left the meeting.

An inside view

Jan Straaten departed in October 2002. Two weeks after the meeting in Germany, an email was sent to all senior managers in Parteisch
International noting that Jan Straaten had left the business. No further explanation was given. A private meeting with Jan Straaten at Hotel Tot Ziens, Boxhoven in February 2003 after he had left Parteisch International, revealed some interesting insights. He took the view that Christoph Posten wished to avoid a firm commitment to an unfamiliar structure and strategy within his organization that he did not understand and in which he did not have an active role. Jan wryly observed that Christoph Posten never really wanted to change the organization to allow other people to make decisions, found it impossible to let go, and never understood what the consultant’s report really meant or what the new team was trying to achieve. In that sense, he felt that he and his colleagues had failed. However, he never thought that he would be dismissed.

Jan said that he had not known in advance of the attendance of Christoph Posten and the Supervisory Board members. He agreed that the arrangement and the disagreement with daughter Teresa Posten had probably been prearranged. His surprise at his dismissal had been compounded by the fact that it appeared CEO Ronald van Strek had known nothing in advance of his departure or the reasons for his departure. Ronald had been instructed to dismiss Jan by the owner. Ronald told Jan that he felt he could do nothing to intervene in the owner’s wish because Teresa did not agree with the expressed direction of the business. Jan believed that his dismissal had been brought about because several long-service sales personnel, ‘friends of Christoph’, did not like the proposed changes. They had petitioned Christoph Posten on the grounds that newly recruited ‘outsiders’, and Jan Straaten in particular, did not understand either the company or the product. The company was being changed and their way of working was expected to change as well. Jan believed that Christoph did not like to be seen as remote and wanted to be involved in everything. He could not let go and he liked to be seen as the man-in-charge of everything that happened.

Jan said that it was important to realize that the Postens were Parteisch, and Parteisch was the Postens. The company could only go as far as they wanted it to go and they feared change because at that moment there did not seem to be a reason to change. Jan predicted that would soon come to an end and then they would find some one else to blame for their misfortune or lack of earlier action. Christoph could not understand that the ways of the past are not necessarily the ways of the future and moreover, ‘friends’ would agree out of loyalty and possibly in pursuit of their own interests.
Jan Straaten said that he had been engaged in discussions with a major US distributor of allied products with twice the turnover of Parteisch International. They had been looking at areas of common sales and distribution to common target customers as well as the opportunity of wider global sales. When discussions became more formal and involved, Christoph Posten had forbidden further contact without formal and binding agreement that the other company had no interest in a merger or takeover discussions. Jan said that Christoph did not like the idea that they might be equal partners in any strategic or more formal arrangement, and he had told the distributor that if there was any interest, Parteisch International would buy them, but not the other way round.

The dismissal of Jan Straaten was a surprise. He was employed by Parteisch International in Belgium for only twenty-five months and he was beginning to make long-term changes to the marketing approach of the business. The owner, possibly influenced by his daughter as well as his sales personnel, wanted him to be removed and presumably sought the agreement of his colleagues on the Supervisory Board hence explaining the presence of the two members at the meeting.

Jan Straaten’s belief was that the owner was not prepared to lose control of his business and he did not understand the need for change. The way that the company operated and saw the market was plainly linked to the beliefs and attitudes of the owner with the future of the company clearly in the hands of the owner rather than the Board of Directors. Ronald van Strek dutifully allowed the dismissal to happen apparently without a whimper – it might be assumed that Ronald had done largely what he was told by the owner since taking up his position as CEO.

There may be an element of pride in relation to the response to an approach by employees. Christoph Posten wanted to be seen to be in control and he presumably felt that he knew better than Jan Straaten and the members of the Board. His reaction to discussions with another distributor may seem childish but once again pride, past practice and indeed success dictated that he wanted to continue controlling the direction of the company. He was not ready to let go – or not at least to an outsider – and, of course, it is his company and he has been unquestionably successful in his business career.

**The remnants of the Board**

On 27 October 2002 there was a meeting of Tom Eden with the Board at the new head office of Parteisch International. Jan Straaten had left
the company only five days before a prearranged meeting to report on progress in the UK. The newly depleted Board now down to two members was bolstered by the presence of the Financial Controller Tues Kokke. Brian Griffiths UK Plant Manager accompanied Tom Eden.

The meeting was aware of the formerly agreed plans with Ronald van Strek and Jan Straaten and endorsed the progress towards their fulfilment. No reference was made to the sudden departure of Jan. In many ways this was an unremarkable meeting. However, there were perhaps three events that contributed to understanding the prevailing atmosphere at the top of the company:

1. Tom Eden met Christoph Posten whilst passing in a corridor. Tom related that the UK was embarking on a new direction although a profit would not be immediate. Christoph seemed pleased to see him and said that he knew and understood that it would take time to put things right in the UK. After brief pleasantries they went their separate ways. Tom mentioned this brief encounter to the Board. The effect on Ronald was instant and remarkable. He demanded to know what had been said and advised caution about what was said to Christoph Posten.

2. One item on the agenda of the meeting related to obsolete stock in the UK. Tom Eden told the meeting that there was at least a further €1.5 million of stock that was not saleable at stock list prices in the UK. Ronald visibly turned white saying that he thought all the obsolete stock had already been disposed of. He became so concerned about the matter that he suddenly left the room followed by Tues Kokke. Tom was later told that Ronald had told a meeting of the Supervisory Board the previous week that there was no excess or obsolete stock left in the UK and he had left the room to be physically sick at the prospect of having to go back and relate the true and different situation.

3. A week prior to the meeting Tom Eden had made the proposal to the Board of Parteisch International to dismiss UK Sales Manager Nigel Jones. At this meeting, Ronald said that if Nigel left the company, it would mean that two senior managers had left the Parteisch UK within a year and this was unacceptable. It was considered likely to be construed by customers as indicative of problems and therefore too big a risk! When challenged further on the danger to the recovery of the company posed by the decision to keep him as Sales Manager, Ronald said that if it remained a problem, Tom should ask again in six month’s time.
Ronald van Strek seemed to display deep anxiety of the Supervisory Board and the owner Christoph Posten. His working relationship with the owner had existed for nearly twenty years during a time of rapid growth. His concern about a conversation in the corridor and the stock position suggested that he was insecure – perhaps he had been criticized or held responsible for the deteriorating performance of the company. Whatever the reason, he appeared to be a Managing Director without confidence.

He was unable to agree the dismissal of a destructive influence in the form of the UK Sales Manager. He may have been concerned about losing sales turnover – even unprofitable turnover. He may have feared a move away from the apparent status quo in recognition that Christoph Posten feels more comfortable with what is familiar. He was, however, indecisive rather than totally ruling out the departure of the UK Sales Manager. Time seemed to be an issue and perhaps he lacked full confidence in Tom Eden. The dismissal of Jan Straaten may have changed his view of what he could do and what he could not do without the criticism of the owner and presumably the Supervisory Board. He plainly felt insecure.

**The lost Board: If you don’t know where you are going, any road will do!**

An appeal for direction was made from the Board of Parteisch International following the departure of Jan Straaten. Ronald van Strek sent a memo on behalf of the Board two weeks after the departure of Jan Straaten. The memo asked heads of all units for their assistance in getting an overview regarding ideas and opinions about product development procedures, international brand policy, range/assortment policy and international account management. This was, said the memo, to assist the company to come to better decisions on the important issues.

Managing Director Ronald van Strek sought the views of senior colleagues throughout the company. These views might be used to form a consensus of opinion, they might be used to demonstrate the differences across the company, or they might help the Board to review a range of options. They might even provide political support for Ronald with a view to his relationship with the owner and the Supervisory Board. His memo indicated that following the departure of Jan Straaten there was a lack of decision about what to do next. This contrasted with the previous clarity of direction promulgated by Jan Straaten.

In his reply, Tom Eden called for a common direction throughout the company in operations in Europe and USA. He pointed out that the
overall direction of the European business of Parteisch had fragmented as a result of units in different countries taking their own direction independent of the interests of the overall business under the ownership and direction of Christoph Posten and Ronald van Strek over many years. This tended to reflect the owner’s interest in ‘collecting’ factories rather than consideration of the changing needs of the market.

There appeared to be confusion and lack of clarity about what the business wanted to achieve and how. There was no clear mission because Jan Straaten’s vision had effectively been rejected. CEO Ronald van Strek was apparently searching for a consensus.

Sell these!

In early December 2002 a memo was sent by Ronald van Strek informing managers that the production plant at Beek in southern Belgium was suffering from a lack of orders for their specialized products and asking managers urgently to check the possibilities of immediate orders in their respective countries. Furthermore, it asked that these products should be actively promoted in any new sales plan for the following year.

This was an attempt to sell products that were apparently no longer wanted by customers and yet still produced at a factory dedicated to their manufacture. This was opposite to the approach indicated by Jan Straaten and his stated intention to concentrate on the sale of products to meet customer needs rather than factory needs. Ronald van Strek seemed to be endorsing the preferred production orientation of Christoph Posten.

Times are changing

Who will make the new products?

Parteisch UK visited Parteisch Germany on 15 December 2002. The UK preparations for a reduced range of products based on a strategy of maintaining profitable wholesale business and repositioning for growth in the more lucrative retail markets with a range of differentiated products were proceeding. Sales forecasts, samples of new products, a new catalogue, a new exhibition stand, were complete or in-hand ready for a launch date in mid-February 2002 to reflect the new positioning plans. In particular, the new range and orders based on the sales forecasts were principally placed at Parteisch factories in the Czech Republic and
Germany. The Czech factory was under the management of Teresa Posten, the daughter of the owner, and the German factory under the direction of Willi von Menzel.

The apparent absence of Willi von Menzel from the German site should have been a warning. He had, his secretary said, gone to northern Germany to see a customer notwithstanding an arranged meeting with his UK counterpart, Tom Eden, and Ann Biffen, Trade Marketing Manager. His Production Manager was apologetic and offered his assistance and Tom Eden explained that they had come to look around the factory and discuss progress with the new products and the forecasts supplied by Parteisch UK. A worried look crossed the face of the German Production Manager and he asked to what products they were referring. The German was bemused to be shown proofs of the new UK catalogue showing pictures of samples sent by Parteisch Germany the previous month claiming that he had not sent any samples and did not even recognize the products. He disappeared to find his production controller, leaving Tom and Ann waiting in the showroom with a feeling of impending doom. Looking around at the products on the shelves in the showroom they saw most of the products that had been selected and photographed for the new range.

The Production Manager returned looking no wiser and apparently more confused than when he left. Tom pointed out the products on the shelves and the Production Manager denied any knowledge of their existence or source. The Marketing Manager arrived and the pair talked rapidly in German. Eventually, the Production Manager said that these were sample hand-made products made in the factory basement on a development basis only. They had been rejected by Parteisch Germany the previous month and the only likely source was the factory in the Czech Republic. He claimed that he had no knowledge of any agreement to make them or plans to sell them to the UK. A German Accounts Manager arrived and announced that Parteisch Germany had no interest in producing products for any other market than their own market.

This visit raises doubts about the ability to supply the new range of products specifically targeted at the retail market in the UK. There is no recognition of the forecasts for these products and there is no apparent recognition of the products as a production item because Germany decided not to use them in the German market. There is no awareness or care about a new strategic direction in the UK and there is no interest in the success of such a venture. Parteisch Germany, it would seem, is not working for the mutual interest of the whole company but rather, exclusively, for Parteisch Germany. This sounds like confirmation of
the conversations in Munich in August with Willi von Menzel and Peter Indgren that led to the suggestion that each country acts independently and jealously guards its territory – as noted previously, no consistency, no control and no common direction…except within the country, a sort of organization within an organization.

A welcome departure

The dismissal of Nigel Jones, sales manager

In mid-December 2002 the Board of Parteisch International agreed to the dismissal of the UK Sales Manager Nigel Jones. This followed his continued failure to sell products without the offer of discounts as well as his inability and/or unwillingness to work as a committed member of the UK team. Agreement with Ronald van Strek and his Board was only achieved by a clear statement by Tom Eden of the likely consequences of continuing financial losses in the UK and the inability to implement the agreed marketing approach.

Support from the top

A chance meeting between Christoph Posten and Tom Eden in the Belgium Head Office took place on 23 December 2002. Christoph Posten expressed his pleasure that Nigel Jones was leaving and told Tom Eden that he had never liked Nigel Jones, he had not trusted him, and he had lost him a lot of money. The owner asked Tom how he was getting on in the UK. Tom told him that he thought sales in the retail market would make a difference because margins were higher. However, he pointed out that the perception and reputation of Parteisch as a wholesale supplier had to be changed as a lot of damage had been done by the formed impressions of the company and its products in the UK over many years. The owner said that Parteisch did not want small orders but rather bulk production and bulk deliveries including the sale of products from Beek. When Tom told him that there was not much demand for products from Beek, the owner simply wished him luck and continued down the corridor.

Agreement to the departure of Nigel Jones had been achieved by the implicit threat to Ronald van Strek that a decision to keep him would result in a worsening situation in the UK and an inability to go forward. The owner of the company now openly expressed a dislike of Nigel Jones. The original decision to keep Nigel Jones was an interim decision to keep the turnover but it seemed as though it had been the choice of Ronald van Strek. The owner holds Nigel Jones personally responsible for his lost money.
The owner considers the sale of products in bulk quantities to be a priority. Bulk sales have been the approach to selling products in the past and he is responding to present problems with past solutions. He wants to sell a ‘plain vanilla’ product because this has previously been effective at a time when there was less competition and higher margins and before the product became a fashion item. This is a man committed to mass production and bulk sale of products. This is a man who wants to sell what he wants to make – but not necessarily make what the market wants. This wish still pervades his thinking as a solution to the problems of the moment. This is the founder’s preference for the future direction of his company.

What the customers think

Meetings with various UK customers and their impression of the company between January and March 2003 following the departure of Nigel Jones

Tom Eden made several visits to existing, past and potential customers during the three months following the dismissal of Nigel Jones in order to establish contact, to reinforce the new message of Parteisch UK, and to start building new relationships with buyers. These comments are simply representative of the perceptions and observations of the company and products by customers at this time:

‘We had some good times on the town’ (A London-based Cash and Carry)
‘Does this mean that there are no more tickets for Chelsea?’ (A London-based wholesaler)
‘You can’t take the rebate away. It was a charity payment. We took all the staff out and had a great night and it funded our golf matches’ (A Scottish wholesaler)
‘The service was lousy but you were cheap’ (A Liverpool-based cash and carry)
‘I’ll deal with you but you had better still give me the products at a decent price’ (A major licensing and restaurant wholesaler based in North London)

Potential retail multiples and supermarkets told stories of past problems with the product and range, the service, and the overall approach to the selling relationship.
‘You messed up so many times that we will not be buying from you again’ (A major national retail multiple chain)
‘I’m glad those two clowns have gone but what can you offer me that no one else can?’ (London-based chain of 24-hour retailers)
‘Your man used to come here and expect us to place an order on the basis of a beer and sandwich. We need a commercial relationship that will enable us to add profit to the bottom line and keep the punters coming back for more’ (Major DIY chain)
‘Your range is not exactly retail, is it?’ (Chain of supermarkets based principally in the Midlands and the north)
‘What’s new, what’s different? We need a range to offer our customers not a huge collection of everything’ (Major national supermarket chain)

These comments are merely a representation or illustration that the success or failure of sales at Parteisch UK has been for a large part dependent on shared interests and personal relationships between customers and the company represented by Nigel Jones and David Stewart. It supports the proposition that different market categories have different requirements in both range and relationship. Wholesale and cash and carry seem to reflect the strengths of the two former employees of the company, including low price and a strong emphasis on a social relationship. The same approach is not suited to the apparently more sophisticated perceptions of the retail multiples and supermarkets requiring more practical and formal long-term relationships. The perceptions of Parteisch UK and its products reflected the values and behaviours of the senior managers and this in turn reflected the sort of customers with whom they were able to sustain a relationship.

A new way forward – or is it the old way?

Announcement of new marketing and sales director of Parteisch International on 5 January 2003

A brief announcement was made by email to all Heads of Unit that Teresa Posten having successfully established Parteisch Czech over the past four years had been promoted to the position of Sales and Marketing Director of Parteisch International with immediate effect.

The daughter of the owner becomes a member of the main Board. Teresa Posten at the age of 32 years has been an employee of Parteisch since her early twenties and her experience has almost exclusively been
Parteisch International and Parteisch UK

in production in Belgium and the Czech Republic. The owner intends to keep the company in the control of his family rather than allow outsiders to take over. What are the roles of Ronald van Strek and Bert Jonkers in the medium-to long-term future?

A clear statement of the way forward
Sales conference on 22 January 2003 highlighting the new direction for Parteisch UK

Tom Eden wanted to use the Sales Conference as a means of communicating the opportunities for the company, the new plans for the retail market, the range of new products and his own personal expectations of the company and the employees. His opening speech reaffirmed the commitment of the main Board of Parteisch International and the need to concentrate on the more lucrative retail markets. He emphasised the fact that a core of 135 customers accounted for more than 80 per cent of the turnover and 1,300 customers accounted for the remaining business. He said that the problem and the solution were plain. A range of products had been created for the retail market and the total number of items in the UK range reduced by 40 per cent. The percentage of company-manufactured products had risen from less than 75 per cent to over 95 per cent. The new products were attractive to the retail market because the major multiples and supermarkets had seen them and said so. They were different from competitor products, fashionable and available at a competitive price. The margins to both customers and the business were a huge improvement on previous products. Most of these products were to be made in the Czech Republic. The catalogue was lifestyle and mood oriented and the new exhibition stand and promotional activities are consistent in sending the same message.

Tom Eden went on to outline the role of the sales team and in particular the sales agents. He recognized the sales agents as independent businesses seeking to maximize profits and understood that the degree of commitment to Parteisch UK was only as good as the company’s ability to manage its sales agents and provide them with opportunities. He said that he would always refer to them as ‘sales agents’ rather than simply ‘agents’ because he believed that it is not good enough to be ‘an agent’ any longer. They were not simply merchandisers, not shelf-fillers, not order takers, but rather sales professionals. He said that some of them had been honest enough to admit that it had been easy just to take commission even though deals had been exclusively negotiated in-house
but taken on their territories. Tom said that he knew of some instances when the branches of national chains were not visited, orders placed directly with the house – and commission was still paid. He said that this situation was no longer acceptable and in future, commission would not be paid without a sale and a personal sales relationship between the sales agent and the customer. He finished by saying that he expected cooperation and commitment to the recovery of the business, although it was of course for each individual to decide whether they wished to participate in the new approach or to go elsewhere.

Tom Eden’s opening speech at the sales conference set the tone and was an attempt to demonstrate that Parteisch UK, as well as in Europe and the USA, was making the necessary changes to improve profitability and reposition into the more lucrative retail markets. David Stewart and Nigel Jones have gone and the company is attempting to make fundamental yet wide-ranging changes in order to reposition in and meet the needs of the market. In the meantime, the instigator and the catalyst of this repositioning, Jan Straaten, has been dismissed from the company and the daughter of the owner with little marketing experience has taken over the position of Marketing and Sales Director.

The question at this stage remains unanswered: What effect will the influence of the owner and his daughter have on the plans in the UK and Belgium? What sort of customers do they want to serve? Indeed, what sort of company do they want?

The new way

Glancing over the shoulder

In a conversation with Henrique Mol, Sales and Marketing Manager for Belgium, on 10 February 2003 it was mentioned that Jan Straaten had recruited Henrique Mol as Sales and Marketing Manager for Parteisch Belgium. A background as a hands-on manager within large European organizations, and latterly a management consultant with a Belgian-based but international firm, he was an interesting and thoughtful member of the senior management team at various marketing and sales meetings in Belgium. Henrique was keen to establish working relationships with colleagues and to identify common ground within the company. His thoughts had become more polarized as a result of Teresa Posten’s new position in Parteisch International and, of course, his close geographic proximity.
Henrique said that Belgian and Dutch customers had continued to buy from Parteisch for many years because there was little competition. There were now growing problems with increasing competition across Europe and resultant dramatic falls in price for similar or comparable products. New life-style type products were beginning to emerge in the traditional Belgian, Dutch and German retail markets but Parteisch was unable to compete in these countries. Henrique felt that there was little hope of the company developing any alternative to the traditional and low price products because the owner saw a sales problem, not a production problem. Henrique believed that Teresa was her father’s daughter and thought, or at least acted, no differently. It was as though, he commented, the market should be privileged to deal with Parteisch and not the other way round.

Henrique believed that there was more obsolete and excess stock in Belgium, the Netherlands and Germany than there had ever been in the UK and the company saw stock as an indicator of efficient production and poor selling. The experiences of the UK stock problems had not been assimilated or associated with overstocking in the rest of the company and he could only conclude that love of product blinded the company to the new values of the evolving market place.

Henrique Mol observed that the company reflected the wishes of the owner and his daughter and these were based on their attitudes and values to issues such as production and stock on the one hand, and customers on the other. As a consequence, the behaviour of the company was expected to reflect these traits in all quarters including decision-making and judgements of how the company should behave in the future. The interpretation of the future, and the future direction of the company, is conditioned by the values and beliefs of the owner and senior manager, Christoph Posten.

**The heir to the throne**

*Extracts of a selection of exchanges between Tom Eden and Teresa Posten following a marketing meeting held at Lucerne, Switzerland, on 8 March 2003*

Teresa Posten announced that the Board had decided that Parteisch UK should immediately adjust sales prices to all customers without exception so that the net margin contribution should be a minimum of 15 per cent. This net contribution would include the deduction of commission, freight, special payment arrangements including bonuses and retrospective discounts. The Board accepted that some customers would
be lost but felt that there was little point in selling products at a loss or too low margins to sustain an acceptable profit. Teresa also made it clear that Parteisch International was not interested in small customers with infrequent deliveries and low sales turnover but rather the development of larger bulk orders of individual items was a priority. The Board reserved the right to increase prices further in the future.

Tom Eden took his opportunity to raise a raft of issues with Teresa Posten that included the quality and supply of products from the Czech Republic as well as pricing policy and the future marketing approach in the UK and Europe. He pointed out that provisional quality checks on Czech products delivered to the UK had to reject 32 per cent of the items so far examined. Employees had worked on this laborious process for eight days. The costs of this exercise were massive and because of vastly different labour costs, the Czech Republic will owe more than they were charging for the products in payment for these checks. Furthermore, the disposal of rejected products posed a problem because returning them to the Czech Republic would be wasteful and they would have to be sold for scrap. Teresa told Tom that the source of the quality problem at the Czech factory had been identified and some members of staff had been dismissed as a result of these and other mistakes.

Tom pointed out the serious consequences of the problem because the initial delivery of these new lifestyle products has immediately halved customer order requirements and there was a strong likelihood of cancellation of subsequent orders. It was likely that the retail multiples would fine the company for late delivery and loss of profit. The outcome of this event meant the probable loss of nearly €975,000 worth of orders at net margins of more than 50 per cent as a result of quality and delivery problems. Parteisch UK efforts to reposition in the multiple retail market were likely to be frustrated by fundamental flaws that existed within the company. These needed to be addressed.

Tom Eden told Teresa Posten that the meeting at the factory of Parteisch Germany in December of the previous year was the first time that he had recognized the true extent of fragmentation within the company and the importance attached to individualism in each country. There was no single overall guiding philosophy pointing the way and this ‘severalty’ of identity and associated uncertainty was causing real problems for customers who wanted more certainty and reliability. Tom Eden described the problem as needing to know who we are and where we are going because until these questions were answered it was impossible to position effectively in any market. There was a need to establish meaningful relationships through consistent and reliable
actions that matched the words and the promises and met the expectations of the customer.

Tom Eden went on to say that Parteisch Germany was an overpowering force at the marketing meetings with three sales persons as well as the Managing Director and four more product development staff against only one representative from every other country! Tom said that they spent most of the time trying to convey the message that low price was the only way to sell in Germany rather than developing company products and discussing any common approach.

Tom Eden then moved to the expressed policy of Parteisch International and bulk selling and price. He pointed out that if the Board wanted Parteisch UK to sell in bulk then there must once again be a change of direction because it had been previously accepted by the Board that they would seek the higher margins of the multiple retail market. If Parteisch International was happy to think in terms of higher margin but unable to understand that this cannot be done without the right products and the whole package that supports the approach then it was a mere dream. The company could not simply pretend and hope that the customer believed. The perception had to match the performance, there was a need to mean what was said and behave in a way that reflected that the company actually meant what was said. At the present time the customer did not see Parteisch as the company that was described or presented through personal visits and catalogue and products because of an inability or an unwillingness to perform in a way that was consistent with the claims.

There seemed to be some confusion about the nature of bulk production and bulk delivery in terms of the previously agreed policy of Parteisch UK. If the company was committed to mass production and cost leadership strategies in an increasingly competitive European market then there would be a requirement for constant improvement of the system of production and service through the improvement of quality and productivity, decreasing costs, sustained investment, process re-engineering, intense supervision of labour, products designed for ease of manufacture and low cost distribution. There would need to be tight cost controls, a structured organization and strict and quantified targets. This was an entirely different approach to a differentiated strategy that had been adopted as a policy for Parteisch UK. Cost leadership may be compatible with proposals to close the UK manufacturing unit and to maintain a UK sales team through a centralized administration and logistics unit. If this was the requirement then it was important to make some new plans for the future.
It seems that profit rather than market share and perhaps sales turnover has been designated as the principal objective of Parteisch UK. Bulk sales are a reflection of Christoph Posten’s preference and his daughter Teresa has adopted this approach with the authority of the Board and projected it to the meeting at Lucerne.

The overall strategic future direction of the company based on cost leadership strategies has not been formalized. It is, however, implicit in the wish to continue mass production techniques and develop larger bulk buyers. This approach has its roots in the past when Parteisch had a monopoly of these goods in Belgium and other European countries. This resulted in an emphasis on rapid sales growth and a commitment to developing production facilities. The approach is based on a past environment and needs to be reviewed against the current circumstances of the market rather than the business.

An attempt to muddy the water
An email from CEO Ronald van Strek was sent to Tom Eden in late March 2003 requesting that records should be checked to determine what evidence was available to assist in a case against the auditor and the former UK Managing Director because of alleged stock control and valuation discrepancies. Tom Eden responded by pointing out that the primary responsibility for the financial accounts and the stock rests with the Directors and Officers of the Company. The auditors would have a strong defence if the Managing Director and the Sales Manager had misled them. In any case, any possible deception was undoubtedly enhanced by the culture within the company and the former Managing Director would likely and correctly claim that he was acting in the best interests of the owner. After all, the holding of stock at full value was common knowledge and perhaps encouraged by the owner and the Board of Parteisch International.

This proposal came more than a year after the departure of David Stewart. The memo from Ronald van Strek noted that it was the Supervisory Board that raised the matter. This might suggest that Christoph Posten does not accept any responsibility for the past problems in the UK and he is looking for someone else to shoulder that responsibility. In turn, Ronald van Strek does not want to take any blame. It is possible that Christoph Posten and the Supervisory Board are holding Ronald van Strek responsible for the problems in the UK, past and present. This is bolstered by the recent promotion of Teresa Posten to the role of Marketing and Sales Director from Parteisch Czech where the troublesome products for the Parteisch UK repositioning strategy have originated.
Restructure Parteisch UK

In mid-April 2003, Tom Eden finalized a proposal for the restructuring of Parteisch UK and submitted it to the Board. The background to this change of policy was that the problems relating to items from the Czech Republic had proved a heavy blow to hopes of establishing significant inroads to the retail market in the UK. The major customer in the market had halved an initial order and made a claim for lost profits due to late delivery and failure to deliver. Other retail customers had been put on hold because the ability to supply seemed remote.

It had been repeatedly demonstrated that the company in the UK was not built on strong and profitable foundations. Indeed, it had been based on weak marketing, underpinned by slim margins, a lack of presence in growing and profitable market segments and crippled by poor management practices. This generated an impression in the mind of customers that was incompatible with an easy or quick way to restore profitability. It was therefore an option, whilst the company was unable to satisfy customer and company requirements, to reduce exposure to high costs and trading losses as quickly as possible. The company might then start to rebuild from a reduced cost base and more profitable sales turnover based on cost leadership strategies apparently to be adopted by Parteisch International.

The objective of the plan, therefore, was to reduce exposure to losses as quickly as possible and to achieve an arrangement whereby the company continued to trade with some existing and new customers at a profit. This plan would be in line with organizational goals and strategies chosen by Parteisch International and based on cost leadership strategies in wholesale markets and possibly limited differentiation strategies in multiple retail markets. Overall control would reside with Belgian management through the small team in the UK. The performance measurements would be based on a profit return in line with the expectations and targets of Parteisch International as a global group.

The proposal was to maintain a sales turnover of between €3.75 million and €4.5 million at a minimum net profit of 30 per cent principally based on cost leadership strategies in the case of ‘plain vanilla’ or commodity products aimed at profitable wholesale markets. In addition, it was believed that there would be a real opportunity to add a further €0.75–1.5 million over the twelve months following completion of restructuring through a small range of differentiated products aimed at targeted retail customers subject to consistent quality and consistent supply and a commitment to a clear company mission. It was proposed
that sales would be managed by three salespersons using a common company catalogue produced for Parteisch International. There would be common logistics support from warehouse(s) based in southern Belgium. All administrative support would be provided from the main office in Belgium.

A proposal was made that fitted the preferences, and perhaps the capabilities and competencies, of the business at this time. These preferences had been clearly indicated by the behaviours of Christoph Posten and his daughter. The capabilities and competencies of the business were defined by the past history of the company based on the owner’s close identification with manufacturing and, of course, the success of the business.

The proposal was accepted within one week and the timetable for closure of the UK factory was scheduled for the end of October 2003. The final reduction to a reduced sales force and provision of central administrative support in Belgium was to be completed six months later. The senior management team in the UK was to manage the closure project.

It was clear from the speed of acceptance of these plans that the Board of Parteisch International needed to undertake, and be seen to undertake, some definitive action in the case of the UK. The problems of Parteisch UK seemed to be common throughout the company reflecting the cultural paradigm that was the Posten family. Successful changes in the UK would herald the possibility of change throughout the company in a way that was acceptable to the owner and concentrate on strategies that were compatible with their ideals for its future direction.

Some closing remarks

A reduction in the number of customers through the decision to target only profitable customers resulted in a reduced UK annual sales turnover. However, this produced net margins in excess of 50 per cent on sales turnover in the financial year following the closure of the UK factory and warehouse. The retail market continued to be ignored and Parteisch UK became the most profitable trading unit in Parteisch International.

Parteisch Germany and Parteisch Denmark are due to undergo the same process during the following year with sales forces using Belgian administration and two central warehouses in southern Belgium. The indications are that annual sales turnover is much reduced and margins in the short term will increase. The long-term opportunity of
positioning in the more profitable retail markets continues to be anathema to the owner on account of the requirements for shorter life-cycles, higher quality requirements and less bulk production runs. If this continues to remain the case, then Parteisch International is likely to continue reducing the number of factories in order to create cost savings and higher margins in the short term.
Part V

A Conceptualization of Positioning and Culture as Determinants of Strategy
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Conceptualization of the Case Study

‘All over these caves the print of the hand says: This is my mark. This is man.’ (Jacob Bronowski (1973) talking about twenty thousand year old hand paintings in caves at El Castillo, Santander, Spain)

The case study provided some grounded observations on events at Parteisch International and Parteisch UK. This chapter looks at the contribution of the case study to understanding the role of positioning and the possible meaning and context of positioning as a determinant of strategy. The understanding of the case study is combined with a broad reference to wider academic thinking and literature reviewed in earlier chapters. An interpretive approach is used to the case study in seeking to identify new concepts or paradigms that explain patterns from the combination of the narrative and current academic thinking. Six main patterns or propositions are identified forming the basis of conceptualization of positioning and culture as a determinant of strategy.

An overview of the case study

Parteisch International had successfully grown over a period of nearly forty years under the management of its owner. The many factories around Europe produced a range of products that spawned selling units in most European countries. A consultant’s report had suggested that there was a need for a new structure within the organization to enable the business to take full advantage of pan-European opportunities through a market-led approach. The owner and his Chief Executive Officer (CEO)
of more than twenty years accepted and began to implement the findings of the report.

The product was formerly perceived solely as a commodity item but retail outlets were increasingly purchasing the product in different formats as a differentiated lifestyle and fashion product at higher margins. The company was becoming increasingly vulnerable because it failed to recognize the new opportunities and the increasing competition in all markets. It continued to see a future in bulk supply of the commodity product and mistakenly held the belief that the ‘plain vanilla’ product would retain its stock value in an increasingly fragmented and competitive market.

Parteisch UK had been making significant and increasing trading losses during the previous three years prior to the commencement of this research study, although these were obscured by high levels of overvalued stock. The trading situation was aggravated by this increase of excess and obsolete stock of finished goods and raw materials held by the company. The majority of customers were wholesale and cash and carry outlets purchasing small and mixed quantities of a wide variety of products at low margins. Increased annual sales turnover was considered to be the key objective of the UK business and this seemed to reflect the wishes of the owner.

A change in the structure of the Board of Parteisch International signalled the apparent acceptance of the owner to pursue a market-led approach under professional managers came to an end when Jan Straaten left the company and was eventually replaced by the owner’s daughter. The introduction of differentiated products and category management techniques was replaced by ‘what we know best’ and a return to the sale of lower margin bulk quantities of commodity type products to familiar bulk markets.

The trenchantly held values of the owner and his company inevitably led to increasing problems for the company in the increasingly competitive market. Decisions of how to go forward, the markets to serve and the products to offer seem to have been constrained by the history of the company and the personal preferences of the owner. The personality of the owner formed a fundamental part of the future intentions and the competitive stance of the company and predicated every aspect of the company. The objectives and strategies of the company were a reflection and an extension of the owner’s personality. The positioning of the company and its products can be metaphorically portrayed as a manifestation of the owner’s personality.
Positioning and strategy: some propositions

Parteisch UK attempted to reposition through a strategy of differentiation in the retail market whilst attempting to consolidate the more profitable business in the wholesale/cash and carry market using cost leadership strategies. Quality, design and style, and premium pricing were used as the major attributes of differentiation and promotional techniques such as sales literature and the redesign of an exhibition stand at major trade fairs in order to establish ‘a distinctive place in the minds of the customer’ as a unique quality product. The delivery and understanding of the organization are displayed by the behaviours of a business and reflect the ability to fulfil promises made in communications with customers. If the promises or perceptions of a company are not made tangible by the actions of that organization, if there is an event or behaviour disproves the tangibility of such an undertaking, then there is no strategic link to positioning. Positioning has been achieved through words and images, a manipulation, a perception, a reflection of the inability to supply a perceived advantage.

Differentiation and positioning are variously considered as artificial, contrived, imagined and meaningless (Samuelson, 1976; Lancaster, 1979; Dickson and Ginter, 1987; Carpenter, Glazer and Nakamoto, 1994). Positioning is a communication of ‘cosmetic change’ in order to manipulate consumer perceptions of reality (Ries and Trout, 1981; 1986a) using advertising copy to imply competitive superiority (Lautman, 1993). The value basis and category-level price where a business competes is directly influenced by product perceptions, the combination of functional and emotional aspects of a product or service as a result of communications (Czepiel, 1992; Esslemont, 1995; Nowlis and Simonson, 1996; Kalra and Goodstein, 1998). Promotional programmes display a philosophy or culture rather than provide a company with a market orientation (Shapiro, 1988; Steenkamp and Wedel, 1991; Bergstrom and Bresnahan, 1996; Morrall, 1997) whilst differentiation through the use of design and communication is an enabling rather than a definitive positioning strategy (Hill, 1997). The use of differentiation is an operational tool in the positioning of a product in the mind of the customer (Porter, 1979) in much the same way that Parteisch UK approached the retail markets with a new range of products. The reality was different.

Proposition 1
Strategic positioning is distinctive from operational positioning

It has been observed that consumers describe a confusing, stressful, insensitive, and manipulative marketplace in which they feel trapped
and victimized (Fournier, Dobscha and Mick, 1998). They note that a relationship takes two. There is the suggestion that there is a shift away from manipulation towards credibility as a sustaining value in a competitive environment (McKenna, 1991). This is the essential difference between strategic positioning and operational positioning. Jan Straaten attempted to react to the needs of target segments reflected by his recognition that not all markets are the same and his attempts to meet the needs of selected markets rather than production requirements, owner preferences or past history.

The problem may be a failure to distinguish between operational effectiveness and strategy (Porter, 1996) but tactical or operational positioning is insubstantial in today’s dynamic and changing markets. The notion of the segmentation of the market, the selection of target markets, and the positioning in the minds of customers does not in itself lead to a rapport or empathy with the customer. A lack of fit among activities is not a distinctive or sustainable strategy – it is merely the practice of communication techniques. This suggests that strategic positioning requires a holistic involvement of the whole organization, its activities and its beliefs rather than a heavy dependence on communication techniques. These are in part reflected in what have been described in the literature review as competencies and capabilities. Distinctive competencies are described as patterns of resource deployments (Hofer and Schendel, 1978), sources of competitive advantage and difficult to imitate (Prahalad and Hamel, 1990), new product concepts, strategic alliances, development programmes and long-term initiatives (Hamel and Prahalad, 1994). Capabilities are variously seen as the portrayal of a whole picture of the organization (Smircich and Stubbart, 1985), where it has been and what it has done in the past (Teece, 1985), market sensing, customer linking, and channel bonding (Day, 1994), routines, processes and culture (Collis and Montgomery, 1995), and core ideology (Day, 1997).

The attempts to introduce new ranges of differentiated products to the UK market were stymied by the lack of ability to deliver on time or maintain the quality claimed by promotional support. The failure to reposition in the UK was a failure at a strategic level to recognize the inability of the company to meet the propositions suggested by promotion as a result of an inability to change its capabilities and competencies to meet the new position. The company did not have the essential competencies and capabilities to acquire a strategic position in the UK market against competitors who had more established and fundamental competencies and capabilities suitable for the target market. Positioning in the mind of the customer is possible as indicated by prospective sales
Conceptualization of the Case Study

of the new differentiated products in the UK market but it was the fundamental failure at a strategic level to match the claims of a communication exercise that brought about the failure to position in the target market satisfactorily.

There is a connection between the process of segmentation and targeting and what and how the business is going to do (Cavangh and Clifford, 1986; Webster, 1992; Muhlbcber, Dreher and Gabriel-Ritter, 1994). Segmentation leads to a better understanding of the market (Sampson, 1992; Sharma and Lambert, 1990; Esslemont, 1995; Johnson, 1995; Shunglu and Sarkar, 1995), including the influence of motives and attitudes on buying behaviour (Chisnall, 1995), learning about brands and consumer desires (Johnson, 1995), and identifying the right business, the right products and market segments, the right value-adding activities and the creation of an ever-improving fit between competencies and customers (Normann and Ramirez, 1993). Segmentation is part of an overall activity rather than a discrete strategic process, whereas strategy is about combining activities (Porter, 1996).

Positioning strategy has been described as ‘the choice of target market segments, which determines where the business competes, and the choice of differential advantage, which dictates how it competes’ (Doyle, 1998: 86). There are advantages in matching what the organization is offering with the requirements of the market (Hanson, 1972; Grant, 1991; Hiam and Schewe, 1993) and relating the distinctive strengths of the company with the aspirations of the customers (Lovelock and Weinberg, 1984; Muhlbcber, Dreher and Gabriel-Ritter, 1994; Broosbank, 1995). The firm’s internal resources and skills (Hofer and Schendel, 1978), the unique core strengths and competencies of an organization (Adler, 1966; Kardon, 1992) and the defensive use of company capabilities against competitive characteristics of an industry (Porter, 1979; Dawar and Frost, 1999) are essential aspects of a positioning programme.

Jan Straaten recognizes that the company needs to adopt a new set of competencies and capabilities. The problem is that if there is no match between the preferences of the owner, the history of the company, and the marketing programme then there is little prospect of success. This continues to be highlighted after the dismissal of Jan Straaten by the concern of Teresa Posten who is perhaps more concerned about her father and the Supervisory Board. A company cannot undertake the fulfilment of objectives that are not attainable in reality as a result of unwillingness or lack of capability. The newspaper reports demonstrate an awareness of an organization’s identity reflecting the ability to compete and even the determination of strategic direction.
Parteisch UK was unable to sustain the perceptions of positioning communications because of major problems with quality and delivery. This in turn reflected a lack of commitment by the company to develop these types of product for these particular customers and recognize the wider link with other aspects of the business and the value chain. Positioning through a perception of the product crumbled with the lack of substance to sustain the reality. In addition, the overall strategy and the positioning approach were undoubtedly affected by the objectives of a company that created a trading conundrum through a vision that conflicted with the aspirations of an owner or senior managers. This created opposing pressures on commercial decisions such as the need to fill production capacity at the cost of a reduced average margin as well as the likely pressure to concentrate on bulk production rather than satisfy customer need. This in turn seriously undermined profitability because the wholesale market was driven by low margins and low prices as opposed to the higher margin and high price products of an expanding retail market.

Vision expresses identity and direction, the way a business intends to compete (Day, 1990). Vision itself depends on managerial competence and capability, something that is therefore realistic and actionable and it is formulated by explicitly identifying competitive behaviour through sources of competitive strength and resource capability (Czepiel, 1992; El-Namaki, 1992).

Competitive advantage and superior value is distinguished by the distinctive competencies rather than any attempt to be something else (Ghemawat, 1986; Czepiel, 1992) and competencies allow a business to adapt quickly to changing opportunities and provide competitive advantage (Prahalad and Hamel, 1990). The match between resources or distinctive competencies and external environment is fundamental to an organization achieving the purposes that it wishes to accomplish (Webster, 1992). Hooley, Cox and Adams (1992) suggest five elements that are important to the effective mission statement: strategic intent or vision; company values; distinctive competencies; market definition; and competitive positioning. Organizational capabilities, accumulation of knowledge and experience, and unique combinations of people and skills are not so easy to imitate (Collis and Montgomery, 1995) and provide long-term competitive advantage.

Long-term connections require consistent messages and consistency between the interests and competencies of the business and the target market segment is the possible source of strategic positioning. The role of strategic positioning is to bring the two elements of segmentation and differentiation together through a symbiosis of interests and
competencies. Whilst the role of customer relationship in the overall marketing strategy should be defined (Copulsky and Wolf, 1990), Czepiel (1992: 129) says in respect of positioning and the use of competencies and capabilities: ‘Play your own game and resist temptations to try to be all things to all people.’ There is a need to know yourself as well as to know the customer. Positioning is a dialogue between competencies and customers by making a better fit between knowledge and relationships with the goal of creating an ever-improving fit between competencies and customers (Normann and Ramirez, 1993). There is an almost constant need for adjustment or regeneration of competencies, skills and capabilities (Hamel and Prahalad, 1994). The transformation of competencies into customer values requires a constant matching of competencies to target markets. This might imply the need for either target segments to change accordingly and as necessary, or more likely, the adjustment or change of competencies within the organization.

**Proposition 2**

**Positioning that attempts to match the capabilities and competencies of an organization, rather than a cosmetic approach or manipulation of the mind, is strategic rather than tactical or operational**

There is little to be gained from choosing strategies that are ill fitted to the capabilities of the firm (Hill, 1997) and the positioning decision cannot be taken in isolation from the distinctive competencies of the business because it represents the firm’s decision of how and where to gain competitive advantage (Czepiel, 1992). The choice of market and position is likely to be influenced by the capability of the business perhaps as much as the needs of the customer. A link exists between company resources, culture and the relatedness of strategy (Collis and Montgomery, 1998; Homburg, Workman and Krohmer, 1999). Strategic thinking and planning is influenced by the psyche of the organization (Mintzberg, 1994; Porter, 1996; Heracleous, 1998) and unique history (Ansoff, 1984; Porter, 1996; Homburg, Workman and Krohmer, 1999).

Organizational capabilities are not restricted to physical resources, but may be embedded in a company’s routines, processes and culture and exhibited by operational activities (Heskett, 1971; Treacy and Wiersema, 1993; Collis and Montgomery, 1995). A definition in terms of capability may therefore offer a more durable approach than one based upon the needs that the business seeks to satisfy (Grant, 1991). This suggests that positioning is as much a function of corporate need
as a reflection of market need. If positioning is as much a function of corporate need as a reflection of market need, then all elements of a company’s capabilities and behaviours can affect its position in the market including the choice of where to compete (Day and Wensley, 1988; Brooksbank, 1994). In that case a positioning statement should precede all other decisions and dictate the strategic thinking and decisions of the business. This suggests that positioning is a concept of predominant strategic relevance and its role should be defined in the overall corporate strategy.

The owner of the company had clear personal preferences and these were undoubtedly formed by his experiences. His preference for production, the ‘plain vanilla’ products and associated customers were all familiar. Christoph Posten clearly believed that past success was an indicator for future success. His daughter adopted similar preferences based on ‘what we know best’ and her approach reflected her earlier production experience in the company. These preferences reflected the type of competencies and capabilities of the company that drove the positioning decisions and the type of customers that the company would serve. Interestingly, the personal preferences and background history of the former UK Managing Director, as well as the German and Scandinavian, have all reflected positioning in their markets and indeed the choice of target markets. This suggests that a closer examination of the principal actors of the case study would be helpful.

Manifestations of strategic positioning

Managers at Parteisch UK

David Stewart

David Stewart achieved the well-known benchmarks set by Christoph Posten of increased sales turnover and the establishment of a production facility of success, thus enabling him to achieve his own personal objectives without interference. He enjoyed minimum control and supervision by Parteisch International as a consequence. His method of increasing sales turnover was based on weak selling methods modelled on almost complete compliance to customer price demands rather than hard negotiation in an increasingly competitive market. He seemed to lack basic management skills in his dealing with staff, and like some of his European counterparts he treated Parteisch UK as his private domain even to the extent that some customers believed that he was the owner
of the company. His personal fulfilment came from a lifestyle of activity, entertainment and bonhomie often at the company’s expense and to the discomfort of some colleagues.

**Nigel Jones**

Nigel Jones showed little interest or understanding of a long-term approach to business. He was unable to see why change was necessary notwithstanding the apparent failure of his former boss and the new structure at Parteisch International. He was not a team player. His selling skills were based on low price and bonhomie rather than the employment of other selling skills. He believed that taking orders for any products at any price was the answer to the future success of the business. He perceived that he was essential to the future of the company and blamed his management colleagues in production and administration for the problems. He was either unable or unwilling to help resolve problems and could not see the value of discussion or negotiation. He reflected and shared some of the values of his former boss David Stewart.

**Managers at Parteisch International**

**Christoph Posten**

Christoph Posten has been successful in building a company in Belgium and other parts of Europe and the USA. This has been based principally on his interest in, and devotion to, manufacturing. He has worked closely with and trusted people. Christoph Posten is a man of ‘friends’ within the company. In particular, Crijns van Sittard has worked with him for many years, a personal friend of the Posten family, and continues to work closely on a storage and distribution depot for raw materials at Antwerp and Dunkirk. They share common interests and both enjoy production, machinery and the product.

Christoph Posten accepted that without the consultant’s report the new management structure would never have happened. It is doubtful whether he really understood that the report would lead to fundamental change in the direction of his company and it is unlikely that he would have agreed if he had understood. It is possible that he simply foresaw the changes as additional personnel in new positions. His commitment to materials and production processes seemed to insulate him from the needs of a changing and more competitive environment in the market place. His senior managers accommodated his perceptions in order to enhance their own interests and freedom and this ongoing sycophancy
has no doubt fed his confidence and his blindness to the needs of the market. His business approach has been without doubt a clear reflection of his values and beliefs, and his personality is reflected in the culture of the company.

In this respect, as we have already seen in the collection of contemporary reports, culture and personality of an organization inform and express themselves through judgements and decisions on the way to go forward; consider names such as Virgin, McDonald’s, Microsoft and even Enron, WorldCom and Tyco. The outcomes of culture and personality can be as diverse as humanity itself. In terms of ownership, Parteisch International is Christoph Posten’s business and if ownership is the yardstick then Christoph Posten has every right to do whatever he wishes with his business within legal limitations. Christoph’s reaction to discussion with another company with possible synergies indicated his wish to continue controlling the company and his belief in the sustainability of his own success and his vision. He is not ready to let go – it is his company and it reflects his preferences, his values and his beliefs. A change in the company might be perceived as an assault on his values and beliefs. Senior managers and other long-term employees might see change as threatening their adopted values and beliefs and this confirms the owner’s view. It is likely that Christoph Posten cannot change because he has been successful. It is reminiscent of Ansoff (1984: 329): ‘Success breeds failure . . . the historical success model becomes the major obstacle to the firm’s adaptation to the new reality.’

Teresa Posten
The owner’s daughter was implicated in the overthrow of Jan Straaten and she almost immediately took up the position of Marketing and Sales Director. She appeared to adopt the same values as her father and her experience is almost exclusively in production. Teresa and her father associated bulk delivery and bulk production with low cost and high sales turnover. There was perhaps a failure to realize or understand the need for accompanying strategic and operational disciplines of this sort of approach in a competitive market. ‘What we know best’ seemed to sum up her thinking as well as perhaps her own insecurity in the shadow of her father.

Ronald van Strek
Ronald van Strek is careful and methodical and perhaps can be best described as cautious. He has worked for the owner Christoph Posten for many years during a period of strong growth in the position of CEO of
Parteisch International. The culture established by a preoccupation with production and sales turnover, and the dependence upon long-term senior managers, or ‘friends’, seems to have obscured the problems in the company. He seemed indecisive in his assessment of the UK problems and solutions and procrastinated over the proposed dismissal of Nigel Jones. This was new territory to a man used to growth and expansion and success. His problems were compounded by the strength of culture within the company based on the owner’s values and beliefs. Ronald van Strek has been the servant of the owner. He did not intervene in the dismissal of Jan Straaten, indicating a lack of independence and pragmatic recognition of the inability to change the owner’s view. He has become CEO without the confidence. He is indecisive and seeks the views and consensus of senior colleagues throughout the company, in contrast with the previous independence and clarity of direction adopted by Jan Straaten.

Jan Straaten

Jan Straaten was his own person and clearly intended to drive the marketing policy of the company. He recognized the need for change and proposed a market-led culture rather than a continuation of the existing production approach. He wanted to develop a cohesive and effective marketing organization rather than the fragmented, individualistic and separate businesses that had previously existed in the company. He proposed control systems throughout the company that were entirely contradictory to past practices within the company. These appeared as a threat to the previous freedoms and trust bestowed by the owner on his managers.

He was a confident and competent professional manager; he presented a comprehensive and credible plan. He recognized the need to identify specific profitable homogeneous target markets. He recognised that new markets would require different approaches as well as different products. He was clear that this requires a change in mindset to achieve these different approaches and products. Changes to the Belgian sales force made them more accountable and this polarized the circumstances of his demise. There was no backing from his senior colleague who recognized that the owner did not want and did not understand the need for change.

The source of strategic positioning

Personality is described as defined by behaviours and traits (Guildford, 1959; Hellriegel, Slocum and Woodman, 1989; Luthans 1992; Mischel,
1995) and ‘ideational and symbolic aspects’ (Smircich, 1983). The culture of an organization is seen as relevant to the behaviours of that organization resultant from attitudes, values, beliefs and expectations (Jacques 1951; Spradley 1979; Schein 1985; Smircich and Stubbart, 1985; Deshpande and Webster, 1989; Chatman and Jehn, 1994). Corporate priorities and values have been described as ‘strategic architecture’ and ‘normative DNA’ that form the enabling platform upon which strategies can be built (Kiernan, 1993). The values of an organization have an effect on the way that managers behave (Smircich, 1983; Schneider and Bowen, 1985; Hunt and Morgan, 1995; Collins and Porras, 1996; Drucker, 1999) and the self-referenced behaviours and personality of an organization have consequences for the decisions and judgements of a business (Sathe, 1982; Bonoma, 1985; Leppard and McDonald, 1987; Gronroos, 1990a).

The personality of the owner is a strong influence on Parteisch International. This is not perhaps unusual in contemporary business with newspaper reports commonly describing the link with the CEO. His personality, his beliefs and values are strongly reflected within the organization. Christoph Posten’s preference for machinery and manufacture have dictated the direction of the company, the type of products and the consequent positioning in the market. This has been reflected through the organization from Ronald van Strek downwards as has the compliance of employees and the need for duplicity at senior management levels in the UK and elsewhere. The personality and culture of Parteisch UK reflected the qualities of the UK Managing Director and, again, the positioning and selection of target markets. Even the choice of target market is influenced by factors such as personal preferences, history of the company and perhaps the culture and personality of the company. The company pushes a diminishing product from Beek, it sells products that the existing machinery will produce and it sells items that are mass produced. The type of market where the company chooses to sell seems to reflect the competencies and capabilities of the company.

**Proposition 3**

**Strategic positioning reflects the founder and history of the company and the preferences of the management**

It is recognized that brands adopt a personality (Chernatony and McDonald, 1992) through the clear identification of distinct attributes (Kardon, 1992) and the ‘dimensionalizing’ of human characteristics (Lautman, 1993). Traits and attributes such as creativity, achievement, motivation, perseverance, drive and reliability are sources of competitive strength (El-Namaki, 1992). The life of the brand will be very short if
it leans on operational plans and promotional props rather than a long-term personality through a strategic perspective (Chernatony and McDonald, 1992).

The customer relationships of Parteisch UK largely reflected the shared interests and personal relationships between customers and David Stewart and Nigel Jones. The different requirements of the wholesale/cash and carry market and the retail market seemed to reflect the personalities of these employees. In fact, the culture of Parteisch UK mirrored the values and beliefs of these senior managers and this reflected the sort of customers with whom they were able to sustain a successful relationship.

It is worth reflecting on the personality of Parteisch UK. The mantra of ‘doing a deal’ and the importance of maintaining the power and control of the two most senior executives were central themes rather than recognition of a changing market, new opportunities and an eye to the long term. The establishment of a factory in the UK was justified on the grounds of distinctive and special needs. The owner believed that an expansion of production facilities signalled success within the framework of his own values and beliefs. This sustained the values and beliefs of the UK Managing Director who enjoyed the trappings of success, a new factory and an apparently expanding business, in the eyes of customers whose esteem he seemed to cherish. The clothing of ‘successful’ management became the nemesis of ‘effective’ management.

The behaviour of the company reflects the owner’s attitude to issues such as stock, products and customers in all decision-making and expressions of future intentions. The company is plainly not going to do anything that the owner does not believe or want. The company is a reflection of the preferences, the values and the beliefs of the owner and his daughter. If these do not correspond to the activities of the company or the changes in the market then it is impossible for the company to reflect anything other than his strengths or limitations, his competencies or lack of competencies, his capabilities or even potentially, his lack of capabilities.

The speed of acceptance by the Supervisory Board of restructuring plans in the UK followed the operational failure of the introduction of differentiated products targeted at a new target market. It had a strong suggestion of a metaphorical cleansing effect of the shortcomings of the owner and the established values within the company. Parteisch International was a company with an enthusiasm for production and success and held the belief that the products it produced were the products that the market wanted. This may have been true in the past by accident or by design. These products sustained the company over many years because it was appropriate and acceptable to customers at
that time. In the end, the company appears to be taking an inside–out perspective starting with a factory and focusing on the production of products. One explanation is that manufacturing became so important that production costing methods created significant profits for the factories at the cost of an ability to offer a competitive and profitable price to customers. Whilst the product came to be seen as more of a commodity item, the company still persisted in the same behaviours that reflected the owner’s values and beliefs. There was no natural willingness and ability to operate an outside–in approach because this was not the persona of the company. As competition increased, the growth in sales began to become more dependent upon price as a differentiating factor, the value of stocks began to decrease, and, with the decrease in margins, profitability began to fall.

**Proposition 4**

**Strategic positioning reflects the personality and the culture of the company**

The culture of an organization defines its personality and gives it a sense of identity and commitment (Bonoma, 1985; Turner, 1990; Campbell and Yeung, 1991; Grant, 1992; Porter, 1996; Collins and Porras, 2000; Greenberg and Baron, 2000). There is recognition that organizations need to manage culture through visions and goals (Schein, 1983; Deshpande and Webster, 1989; Duncan, 1989; Czepiel, 1992; Collins and Porras, 1996; Collis and Montgomery, 1998; MacLennan, 1999) and more importantly that shifts in strategy will require shifts in culture within the organization (Porter, 1979; Muhlbacher, Vyslozil and Ritter, 1987; Johnson, 1990; El-Namaki, 1992; Furnham and Gunter, 1993). A change-adept approach (Kanter, 1985) will affect all aspects of the business. Certain types of business thinking lead to competitive strategy that focuses doggedly on what exists (Kiernan, 1993) and there are diverse strategies, origins and ‘personalities’ with different ideas about how to compete (Porter, 1979). The personality of the organization is sometimes perceived in organizational structure (Turner, 1990; Mintzberg, 1994) and hence its ability or inability to react to the changing environment: ‘Companies whose management structures are in harmony, rather than at war, with their core processes . . . have reaped enormous benefits as a result’ (Hammer and Stanton 1999: 109). Personality is also described as the vision (Czepiel, 1992; Kunde, 2000) or the value chain (Gronroos, 1994). What people do and what they are like, not the other way round, is the key (Lannon, 1991). The way that a business perceives strengths and weaknesses, opportunities and threats, and emphasis and
preferences for a particular business orientation or aspect of the business or industry will dictate preferences and behaviours. Marketing is not a function but a way of doing business (McKenna, 1991). The strategic question in the process of segmentation, targeting and positioning might therefore be ‘Who am I?’ rather than ‘Who do I want to be?’ Strategic positioning seems to relate to the *persona* of the organization.

**Positioning and culture as determinants of strategy**

There is a noteworthy paradox. An organization’s culture is not easy to change (Rokeach, 1973; Robbins, 1996) and yet the ability to learn and to adapt quickly to changing opportunities is supposedly at the roots of sustainable competitive advantage (Prahalad and Hamel, 1990; Hooley, Saunders and Piercy, 1998). Managers have to operate in a world that is always changing and where nothing is constant for long (Maljers, 1990; Normann and Ramirez, 1993). This requires organizational and cultural renewal (Rucci, Kirn and Quinn, 1998) and creation rather than merely reaction in order to stimulate a change in patterns of behaviour (El-Namaki, 1992).

Some literature notes a need for consistency in image, reputation, and position (Porter 1996) and core strategy (Hooley, Saunders and Piercy, 1998) in order to avoid confusion amongst customers and employees. However, Collins and Porras (1996) note that successful companies have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to the changing world.

Marketing is not just a business function (Levitt, 1969; Haekel, 1987; McKenna, 1991). Marketing is about defining and communicating the company’s unique position and coordinating the activities within a company to gain and maintain competitive advantage. Marketing is about maintaining the company’s distinctiveness and developing its unique character in the marketplace through distinctive values and traits, a broad vision and an inimitable personality. There is no right way for an organization to orient itself (Berthon, Hulbert and Pitt, 1999), it cannot be all things to all people (Porter and Kramer, 1999) but these will reflect the way that it manages its marketing (Levitt, 1980).

Some businesses are more skilful than others at delivering superior value to customers and profitability (Czepiel, 1992). Why should that be the case? In many companies, marketing has degenerated into an operational promotional role: ‘Processes become routines, relationships shackle, and values become dogmas’ (Sull, 1999) and the most likely
source of maintaining these dogmas originates from the top (Hamel, 1996; Hooley, Saunders and Piercy, 1998).

Proposition 1 suggests that there is a recognized difference between operational and strategic positioning. Proposition 2 relates to the importance of capability and competence in strategic positioning whilst Proposition 3 and Proposition 4 emphasize the links between the history of the company, the personal preferences of the founder and senior management through the personality and culture of the company influencing strategic positioning. It is therefore possible to suggest that organizational factors are a major influence on the selection of a target market and the ability of a company to position itself successfully in a target market. Indeed, this may extend as far as the way that a company segments the market and interprets the segment profiles that dictate the choice of target market.

**Proposition 5**

**Strategic positioning of a company is directed by the culture and personality of the company as an expression of the history of the company and the personal preferences of the founder and senior managers**

This is the source of a distinctive positioning that differentiates one organization from another and creates a competitive advantage that is almost impossible to replicate. Practitioners in contemporary news reports repeatedly show awareness of the source of distinguishable differences between organizations and products as a result of their culture and personality. This is not simply a question of promotional campaigns or slogans; it raises the question of the difficulty for an organization to adapt itself in order to meet new challenges in a changing market. The important question for an organization before assessing future direction seems to be: Who are we? Levitt (1969: 155) cites: ‘We have met the enemy, and he is us.’ He also points out that managers ‘confuse creativity in the abstract with innovation in the concrete’ and whilst recognizing that advertising is a powerful part of business life, he points out its major limitations of reliability and truth.

The Managing Directors of Germany and Scandinavia have apparently been left to their own devices similarly to David Stewart in the UK. Each had a different approach to their respective markets demonstrating a lack of consistency and control and no common direction across the company. Each country acted independently and jealously guarded its territory – a sort of organization within an organization. They saw no reason to change. Jan Straaten said there was a need for change, greater control by Parteisch International and better communication between
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senior managers. The owner, however, did not want change and Ronald van Strek was too compliant, too much of the old culture, to react independently. In this sense it was clear that the way that the company operated and saw the market was plainly linked to the values and beliefs of the owner and the company. The future intentions of the company are determined by the values and preferences of the owner and upheld by trusted senior managers.

Jan Straaten brought different experiences from outside the company and reflected new and different values. This was reflected in the recognition and choice of new market segments and new products for those markets. The company needed to adopt a new set of values, and Christoph Posten was about to become a stranger in his own company. The power base of the old guard was threatened and effectively encouraged the owner to perceive change as an attack on him.

The sales of Parteisch UK largely reflected the shared interests and personal relationships between customers and David Stewart and Nigel Jones. The different requirements of the wholesale/cash and carry market and the retail market seemed to reflect the personalities of the two former employees of the company. They were not suited to the approach of retail multiples and supermarkets and, in turn, Parteisch UK reflected their inability to match the service needs of these customers. In fact, the culture of Parteisch UK mirrored the values and beliefs of these senior managers and this reflected the sort of customers with whom they were able to sustain a relationship.

Proposition 6
Strategic positioning requires an awareness of and sometimes adjustment and change of an organization’s culture

Contemporary news reports suggest recognition of the need for change in the pursuit of new innovative and strategic approach to the changing market. The speech to sales delegates at the Parteisch UK sales conference defined the values and beliefs of Tom Eden. There were a number of questions following the exit of Jan Straaten including: What sort of company do the owner and his daughter want? What sort of products do they want to make? What sort of customers do they want to serve? If there is no match between corporate preferences and the marketing programme then there is little prospect of success.

The proposal to take possible legal action against the UK company auditor and former Managing Director is unlikely to be a sudden recognition of possible malpractice. David Stewart’s departure might imply that either any alleged damage he had perpetrated was not fully understood at the time of his departure or there was an unwillingness to
tackle the problem head-on. There is another possible explanation. David Stewart was behaving within the accepted framework of the company as espoused by the owner of the company – an emphasis on increased sales turnover and the acceptability of high stocks as ‘money in the bank’ and even his management and sales technique. It would be difficult to comprehend that his behaviour was totally unknown or even perhaps unacceptable to a ‘friend’, close colleague and employer. The Supervisory Board, and maybe even Christoph Posten, at this stage was perhaps trying to ameliorate any connections with the culpability of the owner, a means of disconnecting the values and beliefs of the owner from associations with failure, misjudgement and lack of control.

The company reflects the preferences, values and beliefs of the owner. If these do not correspond to the activities of the company or the changes in the market then it is impossible for the company to reflect anything other than his strengths or limitations, his competencies or lack of competencies, his capabilities or lack of capabilities. These are judgements from different perspectives rather than certainties of right and wrong and it is these judgements that are made on a daily basis by practitioner managers.

The existence of a changing market and the difficulties of adopting new behaviours were further obscured by the personal preferences and agendas of the senior manager David Stewart in the UK. Many of the senior managers in Parteisch International feared losing independence and status and manipulated the known preferences and interests of the owner to sustain their own interests. Christoph Posten enjoyed the symbols of his undoubted success and bolstered by his ‘friends’ who had helped to bring this about, he could not see any reason for change. Ansoff’s (1984) historical success model, ‘success breeds failure’, is indeed a fair representation of these events. The display of raw materials in front of his UK factory was a challenge to his values and beliefs, the apparent revolt amongst his sales staff confirmed in his mind that Jan Straaten was wrong, and the subsequent failure of repositioning in the UK, all confirmed his belief that his way, the old way, ‘what we know best’, was indeed best. He was constantly seeking and finding consonance in the known (Quinn, 1980). The increasingly difficult problem was that the old way, the preference of Christoph Posten for mass production and bulk delivery of commodity products, led to lower margins and lower turnover without offering a solution to the real problem of a changing market. What we know best offered the company familiarity without necessarily the benefits of competitive advantage.
The experience and efforts of Jan Straaten were not enough to reposition the company and products. Change through communication, education and persuasion have already been noted as insufficient to reposition the company in targeted markets. Repositioning, it would seem, takes longer; cultural or personality change is a fundamental necessity to the process of repositioning. It would have been difficult to make these changes whilst the owner and his daughter remained in control of the events at Parteisch International. Positioning using image through an idea, the perception of a product value attribute is not sufficient without a reflection of this perception within the reality of the personality or psyche of the organization.

Closing comment and conceptual summary

This analysis has looked at the contribution of the case study to understanding the role of positioning and the possible meaning and context of positioning as a determinant of strategy. An interpretive approach has been applied with further reference to the literature review. Six main patterns or propositions have been identified.

Differences between strategic and operational positioning have been identified and their role in the determination of corporate and marketing strategy have been defined. In addition, the research set out to examine the need for, and advantages of, strategic positioning matching reality rather than manipulating the mind of customers. Two propositions result from the research in these areas:

Proposition 1: Strategic positioning is distinctive from operational positioning;
Proposition 2: Positioning that attempts to match the capabilities and competencies of an organization, rather than a cosmetic approach or manipulation of the mind, is strategic rather than operational;

The research looks closely at the role of the history of a company and the personal preferences of senior management in strategic positioning as well as the influences of personality and culture. Two further propositions are made based on this area of research.

Proposition 3: Strategic positioning reflects the founder and history of the company and the preferences of the management;
Proposition 4: Strategic positioning reflects the personality and the culture of the company.
In respect of the exploration of the need to be aware of and contribute to the adjustment or change of an organization’s culture as part of the determination of strategy, and in particular, the role of positioning and culture as a determinant of strategy, two further propositions have been suggested:

**Proposition 5:** Strategic positioning of a company is directed by the culture and personality of the company as an expression of the history of the company and the personal preferences of the founder and senior managers.

**Proposition 6:** Strategic positioning requires an awareness of and sometimes adjustment and change of an organization’s culture.

These propositions have been based on an interpretive analysis of the case study with the support of academic literature.
Triangulation

‘The effective strategist is one who can live with contradictions, learn to appreciate their causes and effects, and reconcile them sufficiently for effective action.’

(Mintzberg and Quinn, 1993)

The aims, objectives, methods, analysis and validity issues have already been discussed in the research design and methodology described in Chapter 6. This chapter uses three separate studies, two qualitative and one quantitative, both to evaluate and validate the case study and as a means of further clarifying the findings and propositions conceptualized in the previous chapter. The three studies are described separately and include analysis and discussion with a view to further evaluating the findings and propositions using this multi-method approach as a means of increasing understanding and clarifying meaning. Each of the three studies includes concluding remarks relevant to the particular study. The chapter ends with an evaluation and, where appropriate, validation of the propositions of the previous chapter as a result of the three studies.

Sales perceptions of sales staff

Perceptions about the company

The sales staff described the company as lacking direction:

‘almost totally without direction’

Sales agent (8 years with company)

‘leaderless and lacking direction in design and marketing’

Sales agent (9 years with company)
The lack of direction was attributed mainly to a lack of planning combined with a state of disorganization:

‘well meaning but disorganized company’
Sales agent (13 years with company)

‘middle of the road and erratic’
Sales agent (14 years with company)

‘growing and sociable, and almost totally disorganized’
Sales agent (9 years with company)

A number of specific areas were identified where there were major problems including ‘design and marketing’ but more particularly delivery time and service:

‘We have had to put up with second rate deliveries for years. Nobody has ever done anything and the major customers deal with the Managing Director. But the rest are just left to hope.’
Sales agent (13 years with company)

‘What is the point of complaining about the design and marketing when the delivery is late anyway?’
Sales agent (11 years with company)

A number of the interviewees identified that the company produced a good standard of commodity product but lacked any imagination so far as retail outlets were concerned:

‘good products for the wholesalers but little to offer gift shops’
Sales agent (11 years with company)

‘a middle to lower market supplier’
Sales agent (8 years with company)

‘good products for the traditional market’
Sales agent (3 years with company)

‘a leading supplier but lacking direction and style’
Sales agent (9 years with company)

The sales staff believed that customers saw the company as a traditional commodity supplier with a poor record of delivery but nevertheless less expensive than competition:
‘bread and butter, middle of the road’
Sales agent (14 years with company)

‘some good basic products and poor service’
Sales agent (14 years with company)

‘good quality value for many products’
Sales agent (3 years with company)

‘basic range at the slightly lower end of the market’
Sales agent (9 years with company)

Many of the sales agents had been paid commission on non-delivered goods and orders taken in-house on their territories without the need to visit customers. They recognized that their average commission rate was high in their industry:

‘We have been very lucky with our commission rates and our customers. This is the best company I have ever worked with because we were looked after so well. I suppose that it has to come to an end now.’
Sales agent (14 years with company)

Some sales staff showed scepticism about the company’s lack of profitability because they had always believed, and never been told otherwise, that the company was making money and the parent company was expanding and successful. Others recalled conflicts with anyone who suggested different approaches to the products and the customers. There was some recognition that they had been bought off to a large extent:

‘We simply did what we were told. It wasn’t our problem. We were always told that it wasn’t our problem and not to worry.’
Sales agent (13 years with company)

‘I have done very well over the last nine years, I admit it.’
Sales agent (9 years with company)

‘the customers were delighted with the idea that a late delivery or an over delivery would give them a credit note and every year they kept coming back for more. It was like Christmas every time we delivered – or didn’t deliver! The whole thing was quite perverse.’
Sales agent (9 years with company)
It seems that those customers who purchased from the company had certain expectations of delivery and they were rarely disappointed. Low or discounted price seemed to make up for late delivery and ensure repeat purchase.

**Perceptions about the products**

Many of the sales staff believed that the products were good value and good quality to the majority of their customers:

‘excellent quality, good value, good range’
Sales agent (14 years with company)

‘non-designer, middle of the market, and a good solid range’
Sales agent (13 years with company)

There was some conflict of opinion about the quality, the range and presentation of products:

‘reasonable quality but poor presentation and packaging’
Sales agent (8 years with company)

‘relatively basic’
Sales agent (13 years with company)

There was even some variance about the pricing of products:

‘slightly over-priced . . . I could sell a lot more if they were cheaper’
Sales agent (13 years with company)

‘equal to the best products available but not at the best prices’
Sales agent (14 years with company)

There seemed to be confusion and disagreement about the product quality, the price and content. Some sales agents seemed to be generally downbeat about the products. Group discussion revealed that the longer served demanded lower prices and a larger range, and the shorter served seemed to recognize a need to target markets with specific products at particular price points.

This division seemed to be well summarized up by answers to the question, ‘What are you selling?’
‘First myself. Second the company. Third the product.’
(Sales Manager)

‘Very little at the moment.’
Sales agent (13 years with company)

‘It seems that we have an opportunity. It’s time to move forward and make things happen and it seems that it is long overdue’
Sales agent (9 years with company)

Perceptions about customers

Larger retailers saw the company as unable to compete on style, delivery or service and the company was perceived as a wholesale or small gift shop supplier by most. Sales agents saw themselves as a good contact for small outlets and as a way of taking regular orders from and stocking local branches of national wholesalers:

‘We have always been able to sell to the smaller outlets. We were used to reach all the branches of wholesalers and distributors... that's where most of our income comes from.’
Sales agent (9 years with company)

‘Our role was largely seen as going to see people that were either too far away from Head Office or too small to bother.’
Sales agent (11 years with company)

There was a strong feeling that the Managing Director was perceived by customers to be the face of the company not only through his personal involvement with customers but the application and influence of his views in every sphere of the business:

‘There was shock that he has gone because some customers thought that [he] was the owner.’
Sales agent (8 years with company)

‘If it didn’t suit him then he would simply overrule anyone else and what he said went... there was no point in arguing although he used to enjoy that too because he knew that he would win anyway.’
Sales agent (8 years with company)

‘The customers knew that when they spoke to [him], he would give them what they wanted.’
Sales agent (9 years with company)
There was strong feeling amongst sales agents in response to a suggestion that changes to the range of products would enable them to find new retail customers:

‘We’ve always sold to smaller gift shops and wholesale outlets – you can’t expect change that easily.’
Sales agent (11 years with company)

‘Our customers don’t like being pressured to buy. They need to be regularly serviced and I do as much as I can. I simply haven’t got the time to sell more.’
Sales agent (13 years with company)

‘We are self-employed and you can’t make us do anything – you depend on our goodwill and I am not going to start changing my ways.’
Sales agent (3 years with company)

‘Of course I’ll give it a go but what about our existing customers. We take a lot of orders from them and we’ve always been told that they are important.’
Sales agent (9 years with company)

There was a clear distinction between the full-time sales staff selling to larger customers and the sales agents who generally perceived their role as a merchandising task rather than a selling role. There was a great deal of concern about loss of earnings from existing sales and new markets were seen as presenting hard work and less immediate commission.

**Perceptions about competitors**

Most of the sales staff viewed the competition as offering a combination of good quality with ranges aimed mainly at the retail market and high priced:

‘Good quality, an excellent product range, but expensive.’
Sales agent (13 years with company)

‘Design and packaging conscious and a good marketing strategy that gives them the lion’s share of the retail market with higher prices.’
Sales agent (9 years with company)

‘Well presented, creative and innovative…can charge more for the product.’
Sales agent (9 years with company)

They also perceived the competition as having certain characteristics that seemed to set them apart:
‘Focused, arrogant, creative, efficient.’
Sales agent (13 years with company)

‘Professional, selective, and innovative.’
Sales agent (9 years with company)

‘Creative and a distinctive threat to our future.’
Sales agent (9 years with company)

There was an impression of resignation to the superior offering of the competition. They were asked if they thought that the company could make headway against the competition with a different range of products:

‘We’ve always been told to just get on with the job.’
Sales agent (13 years with company)

‘We accepted the catalogue and did what we were told. There wasn’t any question of listening to our view. I didn’t think we had any choice and I think it’s going to be difficult to change.’
Sales agent (14 years with company)

‘I don’t think that we could make changes at this stage that would take the business away from our competitors. They’re too established with customers – it’s too late for us to change the way that we are seen.’
Sales agent (9 years with company)

‘Customers have a fixed impression of who we are, cheap, unimaginative and wholesale. It would be very difficult to change that view.’
Sales agent (11 years with company)

There was cynicism amongst sales agents about the possibility of changing the customer perceptions of the company. This was perhaps coloured by their personal agenda and some openly said that they thought ‘the good times [are] over’. The reaction to the likely outcome was that selling new products to new customers would be harder than the past merchandizing/order-taking role and one consequence would be a reduction in their agency commission.

Discussion about sales perceptions

The research shows a conflict between the needs of the sales agents and the needs of the company. On the one hand, the sales agents have a historic record of high commission on the basis of order taking and
merchandizing in the wholesale market rather than active selling and market development. Whilst there is recognition that the company is lacking any strength in the profitable areas of the retail market, there is little general enthusiasm for active participation in developing new markets because of past practice and the possible effect on commission payments.

The company was clearly perceived as selling commodity products to wholesale customers that were different and unsuitable for the retail market. There was no apparent single consensus on the products with a variety of reactions to issues of quality, price and content. This might indicate an unwillingness to consider these issues or perhaps even a lack of ability or habit of doing so. Undoubtedly the concerns of a possible change contributed to a defensive attitude.

A lack of personal responsibility for customers, and especially larger customers, created sales staff expected to do as they were told in the knowledge that they could be, and were likely to be, overruled if the outcome did not suit the customer or the Managing Director. The perception of company, products, customers and competitors all reflected the behaviour and beliefs of the Managing Director.

The company had been fashioned upon the personal values and attitudes of the Managing Director. The processes of the business such as the role and reward of sales staff were fashioned on maintaining and perpetuating this personality. This suggested that the category of customer was unlikely to change without a change in the personality of the business. The customer view of the business was the image of the Managing Director. This implied that a change in the person of the Managing Director was likely to change the image held by customers, not simply because of the person himself, but because of the symptomatic changes that displayed themselves through a whole raft of visible evidence that created an impression of personality in the mind of the customer.

**Concluding remarks**

There is evidence to support the propositions that strategic positioning reflects personal preferences and the history of the company, the personality and culture of the company, and plays an important role in the choice of target market. This suggests that organizational culture itself might be operationally, rather than strategically, inclined. This implies that strategic positioning needs to take account of cultural influences within the organization. Likewise, repositioning would require cultural change within the organization.
Market and customer perceptions in the UK

Purchase process of buyers of the product

In the context of this research, interviewees were approached on the basis of the products considered as a ‘minority’ product purchase and thus subject to a less rigorous decision-making process compared to what might be regarded as a ‘major’ purchase.

In all instances the interviewees confirmed that the purchasing of the product was conducted with no less rigour than any major product category purchase. There was some evidence that medium-sized retailers and specialist suppliers were more flexible in this process:

‘The buying procedure is exactly the same as main line products.’
A senior buyer from a large retail chain

‘The process of buying is exactly the same as main line products, suppliers need to articulate their case.’
A senior buyer from a medium-sized retail chain

As may be expected, purchasing companies will not list additional or new suppliers lightly:

‘Major supermarkets need a good reason to get rid of their supplier or add another.’
A senior buyer from a medium-sized retailer

The supplying company will have to be creative and propose an ‘outstanding’ proposition in order to gain interest from purchasing companies. All companies were willing to consider these propositions at any time during the year. The implication is that companies are not locked into any particular supplier:

‘Suppliers [of the products] need to take a proactive, holistic view of the market and come up with flexible and better propositions.’
A senior buyer from a major distributor

‘We expect suppliers to work very closely with us.’
A senior buyer from a large retailer

Supplying companies need to be aware of the wider influencers in the form of mass media. This may require supplying companies to be aware of thematic dimensions available to them:
‘Television programmes are having a big influence on the market.’
A senior buyer from a major distributor

The normal time for a supplier to become listed, if they provide a better proposition than competitors, is between six and eight months:

‘We are likely to need an eight month lead time.’
A senior buyer from a larger retailer

‘It can take over six months to become a supplier.’
A senior buyer from a larger retailer

This confirms that most companies buying the product go through an extended decision-making process.

**Judgements about consumer demand**

All companies interviewed claimed that understanding needs of the consumer were paramount in importance. The source of this consumer understanding was either from buying company-generated research or through loyalty scheme data. Equally important was that supplying companies should have a thorough knowledge of the needs of the buying public:

‘Everything we do is customer-focused.’
A buyer of a large retailer

‘The consumers’ view is paramount, we must always have this in mind.’
A buyer of a medium-sized retailer

‘The customer-perspective is generated by ourselves and the suppliers.’
A senior buyer of a large retailer

Major retailers and distributors claim to be totally consumer-focused. This was underscored by their claims that the market was showing a healthy growth and development:

‘These products have become serious business, they are growing and becoming basket lines.’
A senior buyer from a major distributor

‘If we could make these products a destination purchase, that would be our aim.’
A buyer from a major retailer
‘We have gone into these products in a big way in the last eight months.’
   A senior buyer of a large retailer

Judgements about product differentiation
Design and fashion-led were the most important features expected from suppliers. This was true of all retail and distributor buyers. Furthermore, it was indicated that these two criteria were more important than price:

‘Supplying companies need to be fashionable and up-to-date... “now companies”.’
   A senior buyer of a distributor

It emerged that buyers expect an additional characteristic, namely that supplying companies adopt an integrative approach to other retail products. The implication of this expectation was that suppliers could not simply view their product independently, as it needed to be viewed in the context of its relationship with other associated product groups:

‘We expect suppliers to work very closely with us. Design and an integrative approach [by suppliers] is very important.’
   A senior buyer from a major retailer

‘They have become a fashion item, but we build a relationship with associated items.’
   A senior buyer from a major distributor

Judgements about product quality
Buyers of hospital products consistently demanded them on the basis of their functional properties:

‘We deal with higher contents of [a specialized raw material] as it has better properties.’

‘We require “clean” sterilised products. The composition [raw material] does not do well.’

‘They should be clean, sterilised, long-lasting, and consistent.’
   Buyers of hospital products

Major retailer and distributors had a more simple approach. They felt that suppliers should be aware, without prompting, of the necessary quality standards:
'Quality has to be good and [supplying] companies know that.'
Most buyers

The majority of buyers interviewed confirmed a further dimension of quality expected of suppliers is that of safety.

**Judgement about category factors and expected profits**

As previously indicated, the market has grown very rapidly and this growth has been accompanied by the fashion and design requirements of the market. Further, it is evident that grocery retail companies are now developing the non-food items because this is believed to be more profitable than traditional grocery products. The implication is that grocery stores are likely to become variety outlets. These large retailers are therefore committing substantial resources to this strategy:

‘[We are] growing the non-food business and the only way to do that is to put some resources behind it.’
A senior buyer from a large retailer

All retail and distribution respondents expressed the view that the market was a profitable and an attractive market. They visualized that this would continue into the future but would depend on keeping up-to-date with fashion trends.

**Discussion**

A major conclusion of the research is that supplying companies in the market have to be proactive. They are required to offer propositions that are design-based, fashion-based and integrated across other product categories. As part of this process, retailers and distributors expect suppliers to work closely with them to create enduring and profitable relationships. If a supplying company does not meet these requirements they are unlikely to be listed by major retailers and distributors.

The retailers and distributors confirm that the market is developing and growing and this is evidenced by the fact that the products are now becoming a basket or destination purchase. This means that customers are making planned purchases for the products. There are therefore opportunities for suppliers to create imaginative brands to occupy a special place in the mind of the buying publics.

Although many buyers are aware of the customers’ needs through their own databases and marketing research activity, they still expect
the supplier to play an active role in understanding the nature and direction of the market. As a consequence, all the buying companies claimed to be customer-led and as such expect suppliers to be customer-driven. Given the customer focus and the requirements of the product being design-led and fashion-based, this is leading to accelerated product life-cycles and reinforcing the need for continuous, innovative product development to sustain the supplying company’s presence in the market.

Retailers that are mainly grocery-based have made a strategic decision to shift towards non-food items simply because more profits can be made. This presents an opportunity for suppliers to work with retailers for the introduction of design-led and fashion-based products.

The research interviewing process was conducted in the context of the product being a ‘minority’ or commodity product and therefore the assumption that the buying process would be less rigorous. This assumption was disconfirmed by the research. It can be concluded that all buyers conduct the purchasing process as if it were a mainstream product.

Design-led, fashion-based and innovative product development would have been an uncomfortable partner for egotistical and self-serving behaviour. This research indicates that retailers expect a commitment from the supplier to play an active role in understanding and adapting to the nature and direction of the market. This means that there is a requirement for design-led and fashion-based products, the creation of distinctive and imaginative brands to occupy a special place in the mind of the buying public.

Parteisch UK attempted to reposition in the retail market through the offer of a range of differentiated products using operational positioning approaches in order to establish new credentials in ‘the mind of the customer’. The guiding personal preferences and the history of Parteisch International under the Posten family as reflected by the personality of the organization and the inherited culture and memories of Parteisch UK would not be a natural home for the demands of the retail market in the UK. Name and image are not enough to secure a strong position in this market and it is not in any case the natural choice of the company. It is likely to require some major shifts in the culture and personality of the company. A change in the leadership of the company might assist the repositioning in this market if the leadership promotes a different culture.

The promotion of name and image using operational positioning would not be sufficient to secure a strong position in this market if there is not a practical demonstration of genuine commitment and understanding to the needs of the market. A major shift in the culture or personality of the company is required in order to reposition in this market.
Concluding remarks

There is evidence to support the proposition that operational positioning is distinctive from strategic positioning based on the insistence by buyers that they are looking for design and fashion thinking sales companies that wish to develop a long-term relationship. Companies should reflect a culture that reflects the need for continuous, innovative product development to meet the needs of a changing market. A sales company without this approach would be unlikely to consider the selection of this segment as a target market without significant and genuine cultural change.

Senior manager perceptions

The majority of respondents perceived that the owner was important to the future success of the company. There was strong evidence that supported the proposition that ownership, personal vision and preferences were perceived as a major influence on positioning of a company and its products.

Factor analysis after Varimax rotation identified five constructs that showed significant correlation:

1. More of the same! A belief that planning and production capacity were linked to the CEO undoubtedly reflected the underlying belief in the perceived importance of production and planning to the business as espoused by the owner and the role of CEO.

2. The anti-customer Marketing Director – The Marketing and Sales Director was perceived as the antithesis of customers and customer development. This might not be a surprising finding for the Director responsible for marketing and sales in view of the strong predisposition for production. The owner and CEO showed higher, but excluded, negative rotated component values. Taking account of the positive and relative high values of marketing, selling and delivery, it would suggest an unsympathetic perception of the needs of customers.

3. A bundle of satisfactions – A linkage between customer satisfaction, product availability, price, delivery, and the Supervisory Board. A suggestion, it may be surmised, that only a change inspired by the Supervisory Board is perceived as able to reposition as a market-led business.

4. A visionary ownership – The guiding hand of the owner was seen as responsible for the future direction of the company enunciated by
personal preferences and behaviours through the mission and vision and strategic direction of the company. The senior managers perceived that this was the chosen personality of the company and they had little choice but to accept this situation. This frame of reference determined and influenced almost every action and thought within the company and in turn predicated the positioning as perceived by employees, customers and competition.

5. What do they want? – Recognition that selling required product development and new products in order to grow new business. Slightly lower rotated component values suggested a link with product availability, marketing and selling, and tended to confirm an understanding of the greater needs of the marketplace than the production preferences of the owner.

A closer look at cross tabulation and Pearson chi-square test shows significance in three areas. The managers with less service perceive vision and mission/direction and the Supervisory Board as more strongly important to the future success of the company than their longer service counterparts. Perhaps not surprisingly, those managers in the marketing and sales function perceived marketing and sales as important to the future success of the company!

Concluding remarks

There was a perception by senior managers that the company reflected the personal preferences and behaviours of the owner. The personality of the company was perceived as a reflection of the owner’s preferences and behaviours and a key influence on the selection of target markets. The strategy and future intentions of the company, as well as the way the company was perceived by customers and competitors, was predicated to the personality of the company.

If the competitive marketplace consists of a variety of actors, each with unique qualities and resultant behaviours, vying for the favours of particular customers, then it is clearer that a company holds a very particular place as a result of those unique qualities and behaviours. It is therefore not unlike any social interaction in which some people are considered more attractive or more interesting or more appropriate depending on the circumstances and the setting. In the same way, it is suggested that the interaction between competitors, customers and the organization is likely to be strongly influenced by their personality and resultant behaviours.
Evaluation and validation of the propositions

Proposition 1
Strategic positioning is distinctive from operational positioning

The sales personnel described the company as lacking direction as a result of a lack of planning combined with a state of disorganization. In particular, they reported a poor record of delivery, a lack of imagination so far as retail outlets were concerned, a meaningless and foreign brand name, although less expensive than competition. The low price seemed to persuade the staff that the products were good value for the majority of customers and, whilst there was some conflict of opinion about the quality, the range and presentation of products was suited for existing customers. This stance seemed to suggest that the sales personnel themselves had adopted an operational position, perhaps making the best of a limited range to a limited and diminishing market on account of the high rewards when compared with the rest of the industry. The study of sales staff perceptions suggests that the positioning of the organization itself is operationally, rather than strategically, inclined, and reflects the capabilities and competencies as well as the personality of the Managing Director.

The survey of the market in the UK revealed that major retailers and distributors have a more simple approach to quality standards. Quality standards are the responsibility of the supplier and they were expected to assure buyers that high safety standards were attained without the prompting of the buyers. This is a strategic issue and not simply an operational matter. Suppliers are expected as a matter of fact to maintain high quality and high safety standards as a minimum expectation of positioning against competitors. This is not something that can be attained through communication alone, it is a tangible though not differentiated feature of all listed suppliers. It is not possible to be a supplier without meeting such minimum expectations.

Proposition 2
Positioning that attempts to match the capabilities and competencies of an organization, rather than a cosmetic approach or manipulation of the mind, is strategic rather than tactical or operational

The sales staff identified that major problems included ‘design and marketing’ but more particularly delivery time and service. The factory causes major problems for the business although it is recognized that both customers and the Board had reasons for ignoring the real prob-
lems. The customers took advantage of low prices and added reductions as a result of poor performance. Likewise, there was some recognition that the sales personnel have been passive to the positioning of the company because of the high commission and easy ‘selling’. The sales staff perpetuated this position by demanding lower prices and a larger range, whilst the shorter-serving staff seemed to recognize some need to target markets with specific products at particular price points.

Purchasing staff interviewees confirmed that the purchasing of the product was conducted with no less rigour than any major product category purchase. Whilst there was some evidence that medium-sized retailers and specialist suppliers were more flexible in this process, purchasing companies will not list additional or new suppliers without a certain amount of rigour. Creative and ‘outstanding’ propositions are needed to gain the interest of the purchasing company with supplying companies needing to be aware of mass media and integrated fashion themes. The competencies and capabilities of supplying companies are plainly a key necessity to purchasers of retailers and specialist suppliers. An overall awareness of changing consumer patterns is as important as an overall capability. This seems to confirm Day’s (1994: 38) view of market driven organizations excelling in three distinctive capabilities; namely, market sensing, customer linking, and channel bonding.

**Proposition 3**

**Strategic positioning reflects the founder and history of the company and the preferences of the management**

Some sales agents felt reluctant to speak about the problems of the company as they still felt a duty or commitment to the Managing Director. This was reflected even to the point that they were sceptical about the reported lack of profitability. There was a strong feeling that the Managing Director was perceived by customers to be the face of the company. In the main it was not worth trying to intervene or change the situation because sales agents were well paid and sycophancy provided both a more profitable and a quieter existence for the individual sales agents.

The research on buyers revealed that buyers of hospital products consistently demanded products on the basis of their functional properties. This is an ideal match with the mass production preferences of the owner and the market until the 1990s. This confirms the requirement for ‘plain vanilla’ products and the source of the preference by the owner.

A majority of the senior managers believed that the owner was important to the future success of the company and this emphasized the perception of a continuing influence of the owner on the future
direction of the company. This is reflected in the idea of a ‘visionary
ownership’ with the guiding hand of the owner seen as responsible for
the future direction of the company enunciated by personal preferences
and behaviours through the mission and vision and strategic direction
of the company. This mission and vision is recognized as the personal-
ity of the company and there is little choice but to accept this stand-
point for it unquestionably determines the actions and thoughts of staff
and thereby determines positioning as perceived by employees, custom-
ers and competition.

Proposition 4
Strategic positioning reflects the personality and the culture of the
company
Sycophancy and lack of opposition were the result of high commission
rates and a lack of pressure on sales agents to grow their own sales turn-
over. Sales agents saw themselves as good contact for small outlets and
as a means of taking regular orders from and stocking local branches of
national wholesalers. In reality they were merchandisers and order-
takers rather than active participants in any sales process. This disabled
any ability or intention to approach new customers or attempt larger
sales through larger outlets. They were not encouraged to contribute to
the future direction or intentions of the company as the personality of
the Managing Director had asserted a culture that acknowledged and
supported his absolute control. This resulted in low or discounted prices
making up for late delivery amongst wholesale or small gift shop buyers
but a perception amongst larger retailers of an inability to compete on
style, delivery or service.

The company is used to bulk deliveries of mass produced products. In
the new fashion-led markets of retailing, the normal time for a supplier
to become listed, in the event of a better proposition than competitors,
is between six and eight months. This requires a patient and joint
approach to the needs of the customer and this is different from the
bulk aspects of the wholesale market. The market survey demonstrates a
design and fashion-led market, an integrative approach to home and
fashion, well ahead of price as a priority. This does not match the person-
ality and culture of the company. A perception of the importance of
vision and mission/direction by the senior managers seems to support
the proposition that ownership and personal vision and preferences are
perceived as a major influence on positioning of a company and its
products.
Proposition 5
Strategic positioning of a company is directed by the culture and personality of the company as an expression of the history of the company and the personal preferences of the founder and senior managers

The competition is perceived by sales staff as offering high quality ranges aimed at the lucrative retail market with high prices and higher margins. This perception implies positioning within a natural order of things that may reflect the history, preferences, culture and personality, but is nevertheless a sort of evolutionary process where everything has a level and a place. Strategic positioning becomes an exemplar of the organization, a metaphor of the substance of the company that is portrayed by behaviours and traits that amount to a recognizable personality in the competitive market.

The research into the market and purchasing managers showed that supplying companies should have a thorough knowledge of the needs of the buying public with major retailers and distributors claiming to be totally consumer-focused. This is a mismatch in the case of Parteisch UK as almost its entire history is based on sales to wholesale without significant reference to the consumer. Strategic positioning would have to include changes in culture and personality in order to meet such a requirement. This is difficult bearing in mind the history of the company and the preferences of the owner and senior managers leading directly to the next proposition.

Proposition 6
Strategic positioning requires an awareness of and sometimes adjustment and change of an organization’s culture

There is little wish to move on and the answer to the question ‘What are you selling?’ demonstrates a lack of care or willingness to promote the interests of the company. The sales agents would prefer to remain as they have been. There was strong feeling amongst sales agents against the suggestion to change the range of products to enable them to find new retail customers. There was a great deal of concern about loss of earnings from existing sales and new markets were seen as presenting hard work and less immediate commission. These are the result of practical issues. Their attitude is defensive and there is cynicism about the possibility of changing customer perceptions of the company. This is of course coloured by their personal agenda and some openly stated that ‘the good times [are] over’. This suggests that strategic positioning takes account of cultural influences within the organization rather than changing the culture to suit the needs of the market. Repositioning therefore requires cultural change within the organization.
All retail and distribution respondents to the market survey expressed the view that the retail market was, and would remain, a profitable and an attractive market. The promotion of name and image using operational positioning would not be sufficient to secure a strong position in this market if there were not a practical demonstration of genuine commitment and understanding of the needs of the market. A major shift in the culture or personality of the company is required in order to reposition in the market. In the case of Parteisch the attempts of Jan Straaten to take this route were thwarted by a wish to stay the same and this has received the support of senior managers and sales personnel as a means of securing the status quo and maintaining their existing way of life without disruption.

Senior managers in both marketing and sales and production perceive an importance for the marketing and selling activity to the future success of the company. There is the suggestion of recognition by senior managers that selling requires product development and new products in order to develop new business and an understanding of the greater needs of the market place than the production preferences of the owner or Managing Director. This suggests that senior staff do not believe a change of the organization’s culture is possible whilst the owner or Managing Director still holds sway over the business. It will continue to reflect his preferences and wishes and these will define the positioning of the business.
Part VI

Finale
Discussion and Conclusions

‘A slogan is like a bullet, its effectiveness depends on matching the bore of the gun.’

(Jail Memoir of Nelson Mandela, 1976, cited in Sampson, 1999: 83)

Summary

Context and rationale

This book suggests that strategic positioning is distinctive from operational positioning and strategic positioning is sustained by the competencies and capabilities of a business as opposed to the perceptions of reality through advertising and promotion. Furthermore, it proposes that the source of strategic positioning is the culture of the business as determined by the history of the company, the personal preferences of the senior management or owners. If the resultant behaviours of a company can be described as traits then the organization might be perceived to have a personality, recognizable by customers and competitors, and a key determinant of how the business chooses to trade. If the personality is unable to adapt to the changing circumstances of the market and the environment, then it is likely that the business will fail to grow. Former strengths indeed might become weaknesses and a diminution of relevant and meaningful competencies and capabilities will reduce the number of opportunities and increase the number of threats in the environment. Organizations risk becoming stuck in an ever-decreasing circle dictated by their own their own paradigmatic views of the world, their industry, and their customers.
The book attempts to identify aspects that might assist in the research of the issues raised by the context and rationale of the study. In particular, the following aspects were identified as relevant to the study:

1. The differences between strategic and operational positioning and the role that each plays in the process of segmentation and targeting and the determination of marketing strategy
2. The advantages of strategic positioning matching reality rather than manipulating the mind of customers
3. The role of the history of a company and the personal preferences of senior management in strategic positioning as well as the influences of culture
4. The need to be aware of, and to contribute to, the adjustment or change of an organization’s culture as part of the determination of strategy and in particular in the role of positioning as a determinant of strategy

The book set out to investigate the influences on how and where a business decides to compete in order to understand the role of positioning and to identify the possible meaning and context of positioning as a determinant of strategy. The structure of the research attempted to achieve this aim through a multi-method approach that included a literature review, a longitudinal case study, and the triangulation of the case study.

**Literature review**

The literature review was undertaken in Part II. Chapter 2 looked at segmentation, targeting and positioning, and the strategic role of positioning in segmentation and targeting. It concluded that segmentation adds to the understanding of the market and is a means of defining and matching the offer to the needs of the market. Targeting market segments enables a business to focus on particular segments in achieving its own objectives by matching its own strengths to the most appropriate market segment, and thereby, the creation of superior value for customers. Target markets provide useful information for the design of operational programmes. Positioning has been used to heighten emotions and manipulate consumer perceptions through cosmetic changes in the mind of the customer through the use of communications tools. Positioning is described as ‘meaningless differentiation’ (Carpenter, Glazer, and Nakamoto, 1994: 339). The roots of a distinction between operational and strategic positioning can be characterized by recognition of competitive
advantage being not just advertising and words but rather a combination of what the whole business can provide influenced by vision, culture, and image (Hatch and Schultz, 2001). A strategic perspective is a long-term approach to operational plans and promotional props. A business can position itself as the right business with the right products in the right market segments with the right value-adding activities. This embraces both the tangible or intangible entity of the business and a foundation in fact and reality.

Segmentation, targeting and positioning are identified as part of a key approach to marketing strategy. If the process of segmentation, targeting and positioning, and in particular positioning, is continuously undertaken as part of a communications issue in order to manipulate consumer perceptions of reality, if it consists primarily ‘in the mind of the customer’, then marketers run the risk of stifling growth because of the pre-eminence of ‘cosmetic change’ rather than innovation and utility of products and services. The use of image and perception as a means of selling is undoubtedly a useful part of the total mix but the lack of distinctiveness and the fact that it is imitable principally through communication skills, places limitations on contribution to competitive advantage and maybe even threatens the credibility of a product or service if it is found to be merely a manipulative charade. Strategic positioning therefore reflects the reality of the company rather than simply a portrayal of how it might wish to be perceived.

Chapter 3 examined the difference between strategic positioning and operational positioning. The literature suggested a difference that was characterized on the one hand by a business that evolves a strategy in all areas of the company that closely matches a target market segment or, on the other hand, a business that more exclusively concentrates on the communications aspect and perceptions of the target market segment. The chapter explored links with differentiation as ‘meaningful positioning’ and then considered the source of strategic positioning and a possible link between the personality of the organization and strategic positioning.

The chapter concluded that customers perceive positioning through a wide variety of mediums and not simply promotional and advertising communications. Personality of a business, or product, the ‘something’ that can be perceived from the actions and behaviours of the business which, in turn, are derived from core ideologies and values. All areas of a business are touched by these values and personality is a distinctive competitive difference. The personality of an organization, and all those things connected with personality, provide the foundation of
an accord between the customer and the business and a satisfactory framework for strategic positioning. It is original and individual and, although not necessarily attractive to all market segments, it may be the basis of a competitive advantage in certain market segments. The heart of personality of an organization may have its source in the culture of the organization. Positioning as a reflection of distinctive competencies and core ideologies, a reflection of a personality, is hard to replicate. In particular, if it has a foundation in the culture of the organization, then it is difficult to modify. The competencies and preferences of a business, the behaviours and ideologies, are key determinants of who the organization is. These traits are objective and subjective, cognitive and affective, and define one business from another through a judgement in the mind of the customer. These dimensions differentiate between competitors and competitor products are an important aspect of strategy and their consistency with a market segment is the possible source of strategic positioning.

Chapter 4 looked at organizational culture as a major contributor to personality of the organization and considered the relevance of the guiding tenets of vision and mission. The social construction of culture and personality was complemented by an emphasis on the family business and cultural influences on strategy, and considered the importance of change and the links between culture, vision and mission, and change and finally, the influence and possible meaning of positioning as a determinant of strategy.

The chapter concluded that an organization’s culture, its essential values and attitudes, are revealed through the behaviour of the organization in the market. These characteristics emerge as a personality that is recognizable and distinctive from competitors and competitive offerings. The culture of an organization will affect the way that the environment is perceived and the way that the organization seeks stability or adjusts to meet any changes in the environment. Change is made more complex by the involvement of the family in an organization but, in any case, it requires more than just structural change. Cultural change or adjustment necessitates real change across a range of factors that will take time to implement.

The alliance of internal and external values brings about a strategic unity, empathy between internal functions and employees, and external stakeholders including customers. This alliance is characterized by the personality of the organization, the outward expression or strategic positioning, in the mind of the customer. The importance of culture is in part the capability or inability to recognize and adapt to the changing
environment and the ability to grow over the long term. The essence of strategic positioning is to match an organization’s resources, its competencies and capabilities, its *persona*, to chosen market segments. The importance of strategic positioning is the conception of a personality that is attractive to appropriate market segments and that fulfils what it promises.

Chapter 5 explored the portrayal of personality and culture in contemporary business through reports in newspapers and business publications. It concluded that practitioners and observers recognized the fundamental connection between a company’s personality and the choices that it makes for its future direction. In particular, the choice of product offering and market is influenced by the identity of the organization. There is a clear implication that positioning strategy is an outcome of the culture and personality of an organization reflected by its behaviours in the market and the ability to serve chosen segments of the market. Where the choice is made to introduce new products or select new target markets, the organization should recognize the need for changes that include what is variously described as new philosophies, ethos, missions and vision, values, and culture. There is recognition of a fundamental requirement to change the organizational personality in order to reflect the needs of the market rather than simply adjust the perceptions of the market to suit the organization.

**Methodology**

Part III considered the research design and methodology appropriate to the rationale and issues raised in Part I of this book. In particular, phenomenological methods were selected because of their ability and tradition in the study of culture and cultural issues. Chapter 6 explored the frictions between positivistic and phenomenological paradigms and proposes a framework for enquiry that will provide emergent patterns and themes that are capable of a contribution to a theoretical foundation and conceptualization. The basis of the field research was a longitudinal qualitative tale of a pan-European company and its UK subsidiary in particular. The value of a single case study was considered as well as ethical issues of observational research and the reflexivity of the participant observer. Multi-method triangulation was chosen in order to demonstrate and corroborate the findings of the case study. Consideration of the validity, reliability and limitations of the phenomenological approach and the three triangulation studies were discussed as a part of a ‘Grand Methodology’.
Case study

Part IV was the case study. Parteisch UK and Parteisch International were involved in the manufacturing and marketing of products to consumer and public service markets. The study lasted over a period when the profile of the market was changing, the traditional products of the industry declining, and fashion and design influences driving a rapidly growing new market. At the same time, the founder and owner of Parteisch International had agreed to change the emphasis from a production orientation to a more market driven orientation in recognition of these changes in market demand and profile. This offered the practical potential for observing an established business within a changing environment and, in particular, the role of positioning on major strategic shifts in response to changes in the market. Qualitative methods assisted in the understanding of the relevance of the study to the overall aims of this research study.

Conceptualization

Part V conceptualized and evaluated the case study and the literature review. Chapter 8 considered the implications of the case study whilst Chapter 9 triangulated and sought to evaluate and validate the conceptual findings of the case study. Six propositions were made and form the basis for further discussion and the conclusions in Chapter 10. The propositions arising from the case study are as follows:

Proposition 1: Strategic positioning is distinctive from operational positioning.
Proposition 2: Positioning that attempts to match the capabilities and competencies of an organization, rather than a cosmetic approach or manipulation of the mind, is strategic rather than operational.
Proposition 3: Strategic positioning reflects the founder and history of the company and the preferences of the management.
Proposition 4: Strategic positioning reflects the personality and the culture of the company.
Proposition 5: Strategic positioning of a company is directed by the culture and personality of the company as an expression of the history of the company and the personal preferences of the founder and senior managers.
Proposition 6: Strategic positioning requires an awareness of and sometimes adjustment and change of an organization’s culture.
Triangulation

Three further research studies, two qualitative and one quantitative, were used to assist in the triangulation, evaluation and validation of six propositions suggested by the case study and the literature review.

1. The first study looked at the perceptions of sales staff about the company, the product, competitors, customers and the customers’ view of the company and product. This indicated a link between personal preferences and the history of the company, the personality and culture of the company and the choice of target market. The research suggested that certain organizational cultures would be more operationally inclined than others and this implied that repositioning required cultural change within the organization. This suggested that strategic positioning needs to take account of cultural influences within the organization and likewise, that repositioning requires cultural change within the organization.

2. The second study looked at how different market segments function independently, how the company can deliver customer values and satisfaction, and how collectively these segments are likely to affect a competitive positioning strategy that the company adopts. There is evidence to suggest that operational positioning is distinctive from strategic positioning based on the insistence by buyers that buyers are looking for design and fashion thinking sales companies that wish to develop a long-term relationship. Companies should have a culture that reflects the need for continuous, innovative product development to meet the needs of a changing market. A sales company without this approach would be unlikely to consider the selection of this segment as a target market without significant and genuine cultural change. Name and image of operational positioning would not be enough to secure a strong position in the market if there was not a practical demonstration of genuine commitment and understanding of the needs of the market. A major shift in the preferences of the company would be required in order to reposition in the selected market.

3. The third study used statistical methods to look at how senior managers perceived aspects and applications of vision and mission within the company that might suggest a linkage to positioning as a determinant of strategy. The personality of the company was perceived as a reflection of the owner’s preferences and behaviours and a key influence on the selection of target markets. The strategy and
future intentions of the company as well as the way the company is perceived by customers and competitors is predicated to the personality of the company.

Overview

The competitive arena consists of a variety of actors, each with unique qualities and resultant behaviours, competing and vying for the favours of customers. Some of the actors will be more attractive to some customers; others will be less so. The relationship between the customer and the supplier might be seen as having some parallels with social interaction between people. Some individuals are considered more attractive, more interesting or more exciting depending on the circumstances and the setting of the relationship. The interaction between a range of supplying competitors and potential customers is likely to be strongly influenced by similar interactions and, more particularly, the perceptions of a personality as defined by the behaviour of the participants.

It is suggested that a long-term mutual and meaningful relationship is not an unreasonable expectation based on ‘I like you, you like me.’ What defines this expectation? This book looks at strategic positioning as a trait of the personality of the company as reflected by mission or vision, or the culture of the organization, or the competencies and capabilities, and demonstrated by the behaviours of the people who are perceived as the company, the employees, by the customer. The approach, the strategy, the decisions and judgements, reflect the personality of the company. At a strategic level, if there is external change that results in altered market expectations, and if the personality of the organization does not reflect those expectations, then customer perceptions of the supplier will modify. As market profiles alter, the organization and its products or services may no longer be perceived as so attractive or, at the very least, in the same way. The view of strategic positioning offered by this book helps marketing practitioners and academics to understand the role of the whole business in the practical implementation of the marketing concept.

Chapter 1 offered an alternative model to the process of segmentation, targeting and positioning. This model suggests that the traditional process of STP is compliant to strategic positioning as a reflection of competence and capability and places strategic positioning at the head of the process of segmentation, targeting and positioning. This amended model is once again shown in Figure 10.1.
The model suggests that strategic positioning is distinctive from operational positioning because it is sustained by the capabilities and competencies of a business rather than advertising and promotion. The book proposes in the first proposition that strategic positioning is distinctive from operational planning. Furthermore, the second proposition proposes positioning that attempts to match the capabilities and competencies of an organization, rather than a cosmetic approach or manipulation of the mind, is strategic rather than operational. This proposition attempts to identify some distinction between strategic and operational positioning.

If strategic positioning is the outcome of the capabilities and competencies of the business, then what is the origin of these capabilities and competencies? The third proposition proposes that strategic positioning reflects the founder and history of the company and the preferences of the management. This reflects the notion that a broad array of issues including methods of segmentation, choice of target segment, and overall customer perceptions are likely to be influenced by the thinking...
and preferences of owners and senior managers. In fact, strategic positioning as a reflection of personality and culture as a result of historic and management influence is likely to be expressed through displays of behaviours and traits. These are a major influence in the determination of strategy over a wide number of functions within a business.

The fourth proposition suggests that strategic positioning reflects the personality and the culture of the company. The fifth proposition takes a step further in this progression that strategic positioning of a company is directed by the culture and personality of the company as an expression of the history of the company and the personal preferences of the founder and senior managers. The initial model might therefore be revised to highlight the personality of the organization rather than the capabilities and competencies as the source of strategic positioning. This leads to a highlighting of the role of the marketing manager in the implementation of strategy that is determined by positioning expressed by the sixth proposition that strategic positioning requires an awareness of and sometimes adjustment and change of an organization’s culture.

**Positioning as personality**

The personality of a company leads to distinguishable differences between organizations as seen in the case of Parteisch UK, and these differences lead to a variety of outcomes in the market place. Different ‘personalities’ have different ideas about how to compete (Porter, 1979). A perception of business personality is recognized as having a bearing on marketing strategy by contemporary academics (see Shapiro, 1988; Crosby, Evans and Cowles 1990; Lannon, 1991; Steenkamp and Wedel, 1991; Chernatony and McDonald, 1992; Kardon, 1992; Sampson, 1992; Van Raaij and Verhallen, 1994; Fombrum, 1996) and practitioners (Drucker, 1999; MacLennan, 1999; Wickens, 1999; Kunde, 2000; Pottruck and Pearce, 2000; Hatch and Schultz, 2001).

It was suggested in Chapter 5 that operational positioning is analogous with the ancient Greek and Roman actor’s *persona* speaking through masks to emphasize the role of the actor rather than the actor him- or herself. Strategic positioning is more like the modern definition of personality defined by the behaviour, traits and differences of the organization itself rather than its *persona*. Personality is suggested by the words *unique, pattern of traits, behaviour, differences, and something* with reference to an organization’s values through its attitudes and behaviours (see McClelland, 1951; Guildford, 1959; Allport, 1961; Wiggins,
Conclusions

1979; Hellriegel, Slocum and Woodman, 1989) and organizational structures as the ‘personality’ of the organization’s system (Turner, 1990). It is suggested that several characteristics relate to the definition of organizational culture (O’Reilly, Chatman and Caldwell, 1991). The application of human characteristics may be most appropriate when there is an absence of differentiating benefits (Lautman, 1993). The personality or ‘shared meaning’ of an organization is displayed by consistent and stable patterns of distinctive behaviour (Chatman and Jehn, 1994) mimicked through displays of behaviours that seem to conform to acceptable organizational norms (Deschamps, 1994). There is recognition that reputation is based on assessment of traits of a business (Fombrum, 1996) and strategy is part of the values and personality of the organization (Jackson, 1997). These internal values need to be aligned with customer values in order to provide competitive advantage (Pringle and Gordon, 2001). There is therefore recognition of the need to change organizational personality in order to meet the changing needs of the market as a part of the positioning strategy.

The personality, or institutional character, of an organization may be depicted in the bold and distinctive mission statements (Collins and Porras, 1996; Hooley, Saunders and Piercy, 1998) with recognized and shared goals and values (Bishop, 1999; Porter and Kramer, 1999; Tadepalli and Avila, 1999; Gratton, 2000). This is an integrated approach to the nature of the business organization as a complex personality directed by historical and cultural overtones. A change of strategy is inadequate without wider changes to other variables that organizations are slow to change (Waterman, Peters and Phillips, 1980). These changes imply a shared meaning that suggests a shift in culture and the acquisition of a new personality (Smircich and Stubbart, 1985) so that strategy is reflected as reality to potential and existing customers. Of course, stability and change are part of the culture of an organization (Hatch, 1993) and it suggests that some organizations are born to die with the seeds of their own destruction lying in their cultural conservatism and inability to change reminiscent of the strategic architecture or DNA (Kiernan, 1993). Resistance to change is part of the personality of the organization (Mintzberg, 1994) and may be impractical (Turner, 1990): ‘Change builds on what is already known’ (Day and Montgomery, 1999: 8).

Positioning and strategy

Positioning can be a distinctive activity isolated from the activities of an organization, an exercise in communication to imply competitive
superiority of a product or service, and a manipulative operational promotional tool that concentrates on perceptions, ‘the need to create a “position” in the prospect’s mind… a worthwhile position for a corporate name’ (Trout, 1969: 53). This is the nature of operational positioning as espoused by Trout and Ries in early articles in Advertising Age (1972a; b; c) and in subsequent books. Trout (1969; 1971) argues that positioning should take account of the competition and not within a vacuum to the extent that ‘the competitor’s image is just as important as your own’ (Trout, 1971: 117). Porter (1998) suggests that out-performance of rivals is only established by defendable differences in activities or similar activity in different ways, warning that a lot of things that companies undertake are not strategic but simply improve operational effectiveness. They can, he believes, improve competitive advantage, but they can never substitute for a long-term strategy because they will be copied or bettered. Strategic positioning matches what the organization can offer to the requirements of the market. The distinctive strengths, the unique competencies and capabilities, the resources and skills of an organization are essential aspects of positioning strategy that lead to a match with appropriate target markets.

In the case of Parteisch UK there was an attempt to position the company in the retail market using traditional promotional tools such as design and packaging techniques, sales literature and brochures, and exhibition stands appropriate to manipulate customer perceptions and secure an appropriate position in the mind of the customer. The needs of the market were clearly understood from the research that indicated the expectations of the market and enabled a campaign accurately to reposition the business using communication and promotional techniques. However, this was insufficient in strategic terms because the company was unable, and perhaps unwilling, to engage with the customer in a way compatible with the perception created by operational positioning. This indicates that strategic positioning is the recognition and matching of the organization’s willingness and ability to engage in the first place. This suggests that the profile of the company is as important as a profile of a market segment in the choice of target market. A lack of fit between the organization and the market segment is unlikely to be sustainable and might even contribute to permanent damage in the eyes of the customer.

There are several implications flowing from this assertion. If an organization wishes to target new market segments then questions need to be asked about the personality and culture that give rise to behaviours acceptable to, and expected by, the market segment. Strategic positioning
requires answers to the questions, ‘Who are we?’ and ‘Who do we want to be?’ The story of Parteisch UK demonstrated the culture and resultant personality that favoured and flourished in the wholesale market and remained incompatible with the requirements of the retail market. The research into sales staff perceptions showed the overwhelming character of the former Managing Director and his Sales Manager had infiltrated almost every aspect of the company fashioning the behaviours of staff and their perceptions and responses to the market. A real change in the culture of the company was required in order strategically to match the needs of the target market because operational positioning was an insufficient foil to the real needs of the market. The owner of Parteisch International heavily influenced the way in which his business behaved. This undoubtedly reflected his personal preferences and the history of the company and this in turn reflected the personality and culture of the company. Although he chose to accept the consultant’s report of 1999 and agreed to organizational changes by employing new personnel in senior positions of marketing and production, it seems that he viewed these structural changes as operational rather than strategic changes. A market demanding differentiated lifestyle and fashion products was not the preference of the owner and it did not reflect his past beliefs, values or practices. He did not like the changes taking place around him that no longer reflected his personal preferences or the past history of the company. He chose to halt the process.

In both the case of Parteisch UK and Parteisch International the choice of target market was dictated by personal preference and the history of the company that formed the culture and personality of the business. In turn these factors played a major role in the choice of target market. Factor analysis of the responses of senior managers suggested that they were aware of linkages between these features and the needs of customers. The perception of an antithesis between on the one hand customers and customer development, and on the other hand, the Marketing and Sales Director, the owner and the CEO, emphasized the perceived discord between the personality of the company and the needs of the market. Recognition of the ‘bundle of satisfactions’ of customer satisfaction, price, availability and delivery to the Supervisory Board suggests that it was recognized that personality and culture changes could only come from the top of the organization. The choice of target market was subject to limitations imposed by the company, limitations imposed by personal preferences, history and the ensuing personality and culture. Conversely, it is possible to suggest that certain types of personality will not so much limit as liberate a company in the choice of target market.
Positioning and change

This research has not found direct and incontrovertible evidence that repositioning requires cultural change within an organization. However, a logical sequence taking account of the suggestions relating to the role of personal preferences, history, personality and culture in strategic positioning suggests that a company should adjust in reaction to changing customer expectations in order to sustain a strategic position. Attempts at repositioning in the UK multiple retail market foundered because of an unwillingness and therefore inability to behave in a way required by that chosen segment. The personality of the selling organization did not conform to the expectations of the buying organization. Certainly, in the examination of contemporary businesses there seems to be recognition that organizations introduce what is variously described as new philosophies, ethos, missions and vision, values, and culture in order to reflect the needs of the market rather than simply adjust the perceptions of the market to suit the organization. The matching of expectations and delivery of service as extolled by Service Quality Models (Parasuraman, Zeithaml and Berry, 1985) may have something to recommend to the role of strategic positioning. The use of the five service dimensions of reliability, tangibles, responsiveness, assurance, and empathy (Parasuraman, Berry and Zeithaml, 1991) is applicable to the branding of products and perceptions of personality of an organization. Consider the original definitions of these five dimensions of service reliability or the ability to perform the promised service dependably and accurately; tangibles or the appearance of physical facilities, equipment, personnel, and communication materials; responsiveness or the willingness to help customers and provide prompt service; assurance or the knowledge and courtesy of employees and their ability to convey trust and confidence; empathy or the caring, individualized attention provided to the customer (ibid., 41).

Some of these observations about customers and relationships in the service industry seem to point to similar observations of the assessment of personality through the behaviours of organizations and their brands or products. Customers ‘want to be “relationship customers” of the firms serving them…want ongoing, personalised relationships…want a “partner” – someone who knows and cares about them…built on the foundation of fairness, sincere efforts to understand and help the customer’ (Parasuraman, Berry and Zeithaml, 1991: 43–4). These seem to be traits and behaviours that describe the personality of the organization, the brand, and the product. These traits are those so commonly
desired in individual relationships between people and yet come close
to describe the fourth proposition that strategic positioning reflects the
personality and the culture of the company.

Ansoff (1987: 103) describes concepts of strategy as ‘several sets of
decision-making rules for guidance of organizational behaviour’. This
seems to diminish the vital role of context and demote the relevance, or
even the realization, of how important it is to understand and take
account of the existence and relevance of culture and people and their
effect on marketing and other disciplines within the whole business.

Mintzberg and Quinn (1993: 8) have noted that ‘the effective strategist
is one who can live with contradictions, learn to appreciate their causes
and effects, and reconcile them sufficiently for effective action’. A con-
ventional approach to strategy has the advantage of presenting a con-
venient method of storing and accessing experiences. It fails, however,
to take account of the inherently messy and complex environment in
which the contemporary organization operates. Mintzberg, Quinn and
Ghoshal (1998: xi) point out that prescriptive (or normative) theories
offer a simple framework about a phenomenon ‘as someone thinks it is
supposed to be’. In this sense, the tools of marketing, even the market-
ing audit and the almost mandatory SWOT analysis amongst others,
have been raised to such a revered level that pragmatic and original
thought sometimes seems to be in danger of becoming stifled by the
academic benchmark of so-called core concepts. It is certain, however,
that the practitioner cannot substitute these tools and ameliorate the
need for personal judgement, decision and elements of risk. Marketing
practitioners should consider these indicative tools as assisting negotiation
and persuasion skills rather than providing the ultimate truth. Processes
such as STP are formulated approaches that offer elucidation – yet they
are often taught as a prosaic formula to a complex environment. It
seems that the more traditional process of segmenting, targeting and, in
particular, positioning in the mind of the customer, has brought a limi-
ted and indeed limiting role to the marketer in the organization.

Positioning – past, present and future

The high dependency on image, name, perception, and even manipula-
tion of the mind is part of the advertising mix. It is not the sole basis for
a lasting relationship. The worst danger comes because this proposal for
positioning has become an accepted proposition of strategic marketing
management, and embraced as a teaching tool for almost thirty years in
more or less this format.
Finale

A review of Trout’s (1969; 1971) original Industrial Marketing articles does show recognition and acknowledgement of the need for more than the deployment of an advertising technique. Trout (1969: 55) identifies the need for ‘people who have vision...top management has to make decisions as to what the company will be – not next month or next year, but in five years’ and recommends ‘change what you have to change...base these decisions on what’s in the marketplace, not what’s in the company...before you can build a strong position you have to build a strong foundation’. Trout (ibid.) recognizes that change is a problem and advises against trusting product managers because ‘the closer people get to products, the more they defend old decisions or promises’. Again, he argues (1971) that only the marketplace will know the position already occupied by a company and that neither creativity nor communications is the objective of advertising, but rather, positioning. In these early articles, Trout seems to identify the need for the integrated contribution of both the company and the marketplace in ‘the positioning game’. At the time, Jack Trout was vice-president of a New York advertising agency and declared that ‘positioning has become a creative philosophy of our agency’ (Trout, 1971: 116).

By the following year, Al Ries, the president at Ries Cappiello Colwell, co-authors an article in Advertising Age of ‘the importance of the product and the importance of the company image, but more than anything

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**Figure 10.2** Traditional process of segmentation, targeting and positioning
else stresses the need to create a “position” in the prospect’s mind’ (Trout and Ries, 1972a: 38). The articles continue: ‘Positioning is not something you do with the product. Positioning is something you do with the mind. That is, you position the product in the mind of the prospect’ (Trout and Ries, 1972c: 52) and carrying the strong implication that positioning is the objective of advertising. Once again, there is mention of the need for change within the company based upon the axiom that ‘successful companies will be those companies that have learned to cope with it’ (Trout and Ries, 1972b: 114). Trout and Ries (1972c) describe the need for a long-range point of view in order to determine the core business of the company citing Levitt’s (1960) article ‘Marketing Myopia’ and asserting the benefits of vision and direction. Once again, this has to be seen through their role at that time as advertising executives:

The name is the hook that hangs the brand on the product ladder in the prospect’s mind. In the positioning era, the brand name to give a product is probably a company’s single, most important marketing decision. To be successful in the positioning era, advertising and marketing people must be brutally frank. They must try to eliminate all ego from the decision making process. It only clouds the issue. One of the most critical aspects of ‘positioning’ is being able to evaluate objectively products and how they are viewed by customers and prospects (Trout and Ries, 1972b: 116).

These early positioning articles identify some of the elements recognized in this book, namely vision, change, a long-term strategic approach. However, the ‘positioning in the mind’ championed by Trout and Ries at this time is arguably advertising driven. It is claimed as an evolution from David Ogilvy’s Unique Selling Points (USP) (Trout and Ries 1972a); it is the expression of competitive differences that are meaningful to customers in comparative terms with the competition. This form of communication promotes the traits of a product or brand or a company in the hope of gaining a superior impression and opinion over other competitors. This is fundamentally a creative approach that has wider implications to the marketer nowadays than simply the tail end of segmentation and targeting.

Kotler (2000: 298) describes positioning as ‘the act of designing the company’s offering and image to occupy a distinctive place in the target market’s mind’ identifying Ries and Trout as responsible for ‘popularising’ the word positioning and cites the proposition that
‘positioning is what you do to the mind of the customer...you position the product in the mind of the customer’. Kotler (2000: 287) describes differentiation as ‘a set of meaningful differences to distinguish the company’s offering from competitors’ offerings’. The difference between positioning and differentiation is articulated by the word meaningful.

It is noteworthy that there is a change in emphasis between Kotler's (1994a) standard text on Marketing Management and Kotler's (2000) Millennium Edition. Apart from the relevant chapter being called “Differentiating and Positioning the Marketing Offer” (1994a) and “Positioning the Market Offering through the Product Life Cycle” (2000), there is a subtle change in the definition of positioning: ‘Positioning is the act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customers’ mind’ (Kotler, 1994a: 307) and ‘Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market’s mind’ (Kotler, 2000: 298). The idea of value seems to have left the latter definition in recognition perhaps that positioning has become more a promotional tool than a strategy.

There are also changes to the main text on positioning: ‘Each firm will want to promote those few differences that will appeal most strongly to its target market. The firm will want to develop a focused positioning strategy...Positioning calls for the company to decide how many differences and which differences to promote to the target customers’ (Kotler, 1994a: 307) and ‘Each firm needs to develop a distinctive positioning for its market offering...The end result of positioning is the successful creation of a market-focused value proposition, a cogent reason why the target market should buy the product’ (Kotler, 2000: 298). Finally, Kotler (2000: 298) has added a section under the heading ‘Positioning According To Ries and Trout’ that starts with the words: ‘The word positioning was popularised by two advertising executives, Al Ries and Jack Trout. They see positioning as a creative exercise done with an existing product.’ The section ends: ‘Ries and Trout essentially deal with communication strategies for positioning or repositioning a brand in the consumer’s mind. Yet they acknowledge positioning requires that every tangible aspect of product, price, place, and promotion must support the chosen positioning strategy’ (299).

It might seem that the main importance of the change between the eighth edition and the Millennium Edition in Kotler’s (2000) popular marketing text is twofold:
1. A clearer recognition that marketing is more than an advertising and promotional activity based on image and perception;
2. A possible distancing from the idea that positioning as described by Ries and Trout is strategically vital to the marketing activity and the marketing philosophy.

This book has explored the nature of positioning and, in particular, the role of culture and positioning as determinants of strategy. It is worth revisiting the progress of Trout and Ries who so successfully directed ‘positioning in the mind’ into the mind of mainstream marketing. Jack Trout heads a consulting firm, Trout and Partners, based in the USA at Old Greenwich, CT, with offices around the world. His emphasis is firmly on ‘differentiation’ and one web heading under ‘Concepts and Methodology’ is ‘Strategy Is All About Differentiation’. Another heading is ‘Academics and Agencies Don’t Help’ using words such as ‘artful, not scientific’. There is specific comment of Professor Michael Porter in particular:

Harvard’s Michael Porter, for example, does talk about the need for a unique position but he never offers much help on how to be unique. Instead he talks about strategic continuity; deepening strategic position and minimizing trade offs. And he talks to any competitor that will pay his fee. (www.troutandpartners.com/work/concepts.asp?language – dated 29 December 2001 and 26 June 2003)

Trout and Partners offer a number of packaged options to would-be clients. These include a search for ‘strategic options’ and how best to verbalize them and ‘that competitive mental angle upon which a company can build a marketing program against its competitors’ (website). One of Trout’s latest books (2001) Big Brands Big Trouble: Lessons Learned the Hard Way is critical of Wall Street, management consultants, and again, Professor Michael Porter. Trout claims that Porter talks a lot about ‘positioning’ but does not know much about the process of differentiating a brand in the mind. He draws attention to the large sums of money paid as fees to his Harvard-connected consulting business. In 2002 the Trout Strategy Institute was offering a two-day session at an all-inclusive cost of $60,000 (http://www.troutandpartners.com/strategy/index.asp – dated 4 January 2002).

Al Ries heads a consulting firm in partnership with his daughter Laura called Ries & Ries located in Roswell, Georgia, outside Atlanta. The consultancy concentrates on principles of branding strategy and ‘helps your company find a focus, own a word in the consumer’s mind,
dominate a market and become very successful’ (www.ries.com/consulting/index.cfm?page=overview-consulting – dated 29 December 2001 and 26 June 2003). The website emphasizes the need for businesses to formulate a particular focus on specific markets decrying the need for brand extensions. Al Ries and his daughter Laura write books together, including The 22 Immutable Laws of Branding and The 11 Immutable Laws of Internet Branding in 2000. There seems to be an ironical note on their internet site where they answer an Internet Question: ‘Why did Ries & Ries line extend its own brand with multiple Immutable Laws books?’: ‘Our publisher insisted we do so and the publisher controls the titles of our books. If left to us, we would have given The 22 Immutable Laws of Branding and The 11 Immutable Laws of Internet Branding different names’ (website). The website tells readers that the full-day strategy session cost $30,000 plus travel and hotel costs.

This study has attempted to extend the idea of ‘positioning in the mind’ through an investigation of the influences on how and where a business decides to compete in order to understand the role of positioning and to identify the possible meaning and context of positioning as a determinant of strategy. The frontispiece of this chapter quotes Nelson Mandela writing in response to the quest for freedom in Southern Africa: ‘A slogan is like a bullet, its effectiveness depends on matching the bore of the gun.’ It is appropriate because ‘positioning in the mind’ using advertising, one part of the marketing toolbox at an operational level, is dependent on other factors. Jack Trout has evolved his thoughts towards differentiation; Al Ries draws attention to focus on specific market segments.

This has to be supported by the whole picture of the purpose of marketing. It is not enough to see the product or the customer in isolation from the need to establish a liking for each other. Like any relationship between people, there is a strong element of instant attraction based on immediate appearance or behaviour or perhaps even a single feature such as a laugh or a smile. This is the ‘positioning in the mind’ at an operational level. However, if long-term relationships between people are considered, then the sustenance of a long-term relationship might be expected to come from shared interests. If, however, there is an attempt to contrive behaviours or mutual interests then there is a strong likelihood that the relationship will be short-lived. So, it seems, if positioning is built on shallow perception or image, rather than substantive and meaningful foundation, there will be a need for more substance to the relationship.
If a customer chooses an item in a store and the shop assistant at the till is talking to a co-worker about the previous night’s celebrations then the image of care and efficiency of the store is threatened. Even the product becomes tainted. All the advertising, all the claims, all the images and perceptions, cannot be successful without a substantial and real contribution from the business. The positioning of a company or a product is exposed by traits and behaviours, by its personality, at every stage of a product’s journey from raw materials to final use. This is not limited to consumer goods. When an organization has purchased and installed machinery to produce goods and the machine breaks down, and the machine manager is told that the engineer is busy and cannot attend the breakdown until the next week then the perception of quality and reliability is threatened. Strategic positioning is not simply about positioning in the mind, it is about the way that a company does business and the way that a company behaves as a reflection of its real soul, its personality. Talk is cheap. Advertising can be expensive. But if neither talk nor advertising fulfils the promise of positioning in the mind then we merely have broken words and wasted opportunity. Marketers have to take up the challenge of changing their businesses to meet the needs of the market that seem to be so often realized in the advertising but not in the action. This may be because marketers are expected to behave as salespersons or advertisers. This may be because marketers have lost their way and their influence and understanding of the whole business, its role in meeting the changing environment, and the integrated approach is diminished or even non-existent.

The progression from the basic process of segmentation and targeting to positioning is a successful example of operational positioning by the advertising industry. It can be no surprise that the message first came out of an advertising agency based on two essential ingredients of a name and an idea. Jack Trout and Al Ries (1972a) were true to their proposition and they successfully placed the name ‘positioning’ and ‘the need to create a “position” in the prospect’s mind’ (38) through articles and a series of highly successful books. In their article ‘The Positioning Era Cometh’ (1972a) they advise managers that the big marketing problems involve product positioning with the wake-up call of “strategy” is king’ (38). Marketing accepted perception as a product value attribute. Furthermore, managers were told, it was attractive because it was ‘strategic’. Advertisers and sales people became marketers, marketing became advertising and selling, and selling became marketing. The marketing function became synonymous with promotion, advertising, and selling – sales people were told to market their product based on a name
and an idea. Whilst positioning has a limited application to the activity of selling square pegs to fit in round holes, positioning has taken the role of an operational process to convince people that square pegs are indeed the best fit for round holes.

The identification of discrete segments that have a mutual attraction to both organization and customer is likely to save resources in the selling process. In human relationships, we recognize that a mutual attraction between two people is more likely to be sustainable than a one-sided interest or flirtation. This is true of the commercial approach to woo appropriate customers suggesting a search for a long-term commitment to people that can be served in a mutual and meaningful relationship. ‘I like you, you like me’ is a good proposition for the strategic elements of the marketing contribution to the value chain. The act of segmentation recognizes that we cannot be all things to all people. The role of segmentation is to assist pragmatically in the identification and choice of target customers. Strategic positioning is not a tag line, name or logo design. The knowledge and understanding gained in the segmentation process should act as the cement between the proposition and the customer. If positioning is a name and an idea, an operational tool for promotional purposes, and if this is the essence of marketing, then potentially marketing is diminished to no more than a promotional activity.

**Positioning and culture as determinants of strategy**

This book has suggested that there is a distinction between operational positioning and strategic positioning. Operational positioning creates a value proposition and differentiates a product or service from competitors’ offerings based on perception and image informed by profiles revealed through segmentation techniques. Strategic positioning matches the organization and its competencies and capabilities with appropriate target markets. These distinctive strengths, the unique competencies and capabilities, may include physical resources of the organization such as machinery and buildings, intellectual resources such as skills and knowledge, and behavioural traits such as responsiveness, reliability and honesty. These are, however, the outcomes of personal preferences of management and the history of the organization. These are the principal drivers of strategic positioning of the organization and lead to the choice of distinctive strengths and influence the approach to the market as a result of particular traits and behaviours reflecting the personality and culture of the organization. The principal drivers of strategic positioning are shown below.
The culture of an organization is largely driven by the founder's beliefs, the personal preferences of the owner or the senior managers, and the history of the company. The importance of this factor as a determinant of strategy is highlighted by the use of the term coined for this driving aspect as *the core of existence*. This is likely to result in the personality of the organization expressing itself through certain behaviours, habits and responses to the market, customers and competitors. Judgements, the choice of value disciplines, leadership and management, as well as entrepreneurial flair will all be directed by these factors. These lead to manifestations of personality such as capabilities and competencies that will contribute to competitive advantage that is largely inimitable because of the particularity of these aspects. Even the methods of segmentation, not to mention the selection of target segment, will be
influenced and overall the strategic position of a company as directed by its personality will override all other influences. Strategic positioning is the expression of an organization’s personality on its position in the market place. Strategic positioning determines competitive position in the market place and differentiates its offering to the market through the way it behaves, the judgements and choices that it makes, its management and entrepreneurial flair, that are a reflection of its personality and culture grounded in history and personal preferences. It is as much about who it is as whom it should serve.

It is possible to suggest an alternative to the traditional process of segmentation, targeting and positioning. Strategic positioning chooses the exact value basis on which the firm will compete. Operational positioning is an exercise in communication and a promotional tool that concentrates on perception and image. It might therefore be concluded that there is an alternative format to the traditional process of segmentation, targeting and positioning. This alternative is shown in Figure 10.4. Strategic positioning described as the personality of the organization is accountable for the choice and fulfilment of target segments. Strategic positioning is responsible for the method and standard of fulfilment of the requirements of the target segments as defined by the segmentation process. Figure 10.3 showed the source of the personality and culture of the organization that directs the organizational traits and behaviours. This is described as the core of existence. Personality in this context will also direct judgements and decision-making, styles of leadership and management, entrepreneurial flair and the choices of value disciplines. These in turn will manifest themselves as competencies and capabilities, the particular skills and knowledge, machinery and buildings, and ultimately the responsiveness, reliability and honesty of the organization. Whilst this model suggests that the choice of target market, and indeed the segmentation process, is subservient to strategic positioning, it recognizes the role of operational positioning as a promotional and possibly manipulative function.

The case study highlighted that strategic positioning is not exclusive to a market-led orientation; a business personality might dictate a prioritization or preference for product, production, or sales orientation. However, there is a need to acknowledge differentiated attributes as a distinctive way of demonstrating a meaningful difference between competitors and the importance of gaining competitive advantage. Differentiated attributes represent the clothing of the business, a reflection of the personality of the business. Strategic positioning is therefore an expression of who the company is and how it will behave or respond to
the environment. The behaviour or responses of a company will be reflected in the judgements and choices that it makes, the type of management and leadership, the entrepreneurial flair and skill, and so on. This model however does not take account of the all-embracing and integrated influence of strategic positioning within a company.

Strategic positioning is the assertion of an organization’s personality on decisions of how and where to compete. Lanning and Phillips (1991: 9) comment on the choices that organizations make and this has some relevance and poignancy to the issue of market focus and the influence of orientation:
Some organizations try to do anything and everything customers suggest... Yet, while customers often make many good suggestions, they also suggest many courses of action that are unactionable or unprofitable. Randomly following these suggestions is fundamentally different from market-focus – making a disciplined choice of which customers to serve and which specific combination of benefits and price to deliver to them (and which to deny them).

A disciplined choice that takes account of actionability and profitability will not usually be a decision influenced solely by the needs of the market. The perceived needs of the organization, the behaviours, the habits and responses of the company are likely to be the principal influences that determine the choice of customer to serve and the bundle of satisfactions to be offered. The organization will perceive and affirm this approach to be disciplined and appropriate within its own paradigm. Operational positioning may complement strategic positioning as part of an integrated programme in a chosen market but it cannot sustain a product or service without the appropriate and supportive personality of the organization. Operational positioning is an extension to the personality, like clothes are to the person, not a façade behind which to hide.

Porter (1998) argues that strategic positioning is about performing different activities or performing similar activities in different ways from competitors and that many undertakings are not strategic but simply improve operational effectiveness. These things, says Porter (1998), advance competitive advantage but can never substitute for a long-term strategy because they will be copied or bettered. The unique personality and the outcomes that flow from personality are as difficult for a competitor to replicate as they are for an organization to change. Strategic positioning therefore affects the dynamics of both the organization and the marketplace. Figure 10.5 proposes the role of strategic positioning in the organization and underscores the importance of recognizing the underlying values and beliefs of the organization to the future intentions of the business.

The model shows the personality of the organization and the role of strategic positioning and combines the thinking of previous models shown in Figure 10.2, Figure 10.3 and Figure 10.4. The personality and culture of the organization has its source in the history of the company and personal preferences of the management. The expression of personality is iterative and influential in most areas of the organization and its approach to the marketplace. The personality of the organization is
defined by traits and behaviours that are manifested in areas such as competencies and capabilities, machinery and buildings, skills and knowledge, responsiveness, reliability and honesty, as shown in Figure 10.3. The personality of the organization influences the corporate purpose as articulated through the vision and mission of the organization. The corporate objectives and strategies are a reflection of the corporate purpose and further focused by the manifestations of personality.

Marketing objectives and strategies are led by corporate objectives and strategies. Strategic positioning as an expression of the personality of the organization is a supportive influence on the marketing objectives and strategies and these two areas, strategic positioning and marketing objectives and strategies, are in a state of equilibrium. The model demonstrates that whilst market segmentation provides identity to the profile of the marketplace, strategic positioning has input to the choice of target market. This in turn leads to a marketing programme through differentiated attributes to give competitive advantage with operational positioning as an expression of strategic positioning through communication and promotion. This provides a more detailed rationale of the strategic alternative to the process of segmentation, targeting and positioning shown in Figure 10.4.

The challenge for marketers is to recognize a strategic role in the matter of positioning. Wendell Smith (1956: 6) described segmentation as ‘essentially a merchandising strategy’. Segmentation has one major function – to assist in understanding and meeting the needs of the market. The process of segmentation is seen by market researchers as a technique to describe discrete and homogeneous groups. The opportunity to concentrate resources on a specific group of customers is attractive because it is efficient and effective. However, the choice of a market target may depend as much on the personality of the segmenting organization as the desire to satisfy the needs of a targeted segment. Strategic positioning is a function of corporate personality as much as a commitment to customer need. Marketers should not underestimate the iterative influence of such a personality in their work.

**Implications for marketing management**

The competitive marketplace consists of a variety of actors, each with unique qualities and behaviours, vying for the favours of particular customers, responding to reactions and circumstances in different ways, and creating a portrait of who they are. It is similar to a social interaction in which individuals are regarded as more attractive or more
Figure 10.5 The personality of the organization and the role of strategic positioning
interesting or more acceptable as a summation of the pastiche of emerg-
ing behaviours and traits that characterize personality. Similarly, the
interaction between competitors, customers and the organization are
likely to be strongly influenced by personality and behaviours. We need
therefore to look further at the inference of organizational personality
and the influence on marketing in the organization. James Dyson
(1999: 235) says in his autobiography:

The modern marketing man has neither the time nor the inclination
to learn about the creation and manufacture of the things he is
meant to be making more attractive to the consumer. He simply
applies his all-purpose skills to selling more of what already exists
and the world gradually bores itself to death.

The recognition that strategic positioning is an attribute of the organ-
ization’s personality has a number of far-reaching consequences for
marketing management. The involvement of marketers in all aspects of
the business organization is often reinforced by such phrases as ‘market-
ing is everything and everything is marketing’ (for example, McKenna,
1991). The recognition of strategic positioning suggests the need for a
greater depth of understanding and involvement of marketers to the
whole business rather than the isolated role of selling or promoting so
often characterized by the words of many chief executives to marketing
managers: ‘It’s up to you to market the product.’

There is wider recognition of the importance of what this book has
described as the core of existence to the determination of strategy and in
particular the way that a company and its products or services are per-
ceived by the customer. If marketing is not simply a function of a com-
pany but the guiding philosophy (Hooley, Cox and Adams, 1992), then
it is likely that the integrated nature of such an approach will be driven
by the history and preferences of the business. There is the suggestion
that if you have dissatisfied customers then the wrong segment, not
‘the right customer’, has been targeted and the customer is probably
having problems with the core value of the company’s product or ser-
vice (Jones and Sasser, 1995). Morgan, Katsikeas and Appiah-Adu (1998:
374) speak of the ‘need to support, sustain and develop these features of
organizational learning capabilities by constructing appropriate incen-
tives and fostering a culture capable of enhancing such organizational
practices’. Tilley (1999: 191) sees branding as a supporting structure for
the whole organization’s activities and ‘not as the end of the process’.
Businesses cannot adopt one strategy forever but they are likely to
decide on a strategy that suits both their internal resources and their ability to make profit (Kleindl, 1999). As Keller (2000: 148) says:

Why do customers really buy a product? Not because the product is a collection of attributes but because those attributes, together with the brand’s image, the service, and many other factors, create an attractive whole. In some cases, the whole isn’t even something that customers know or can say they want.

Indeed, a company can become blinkered to changes in technology, industry dynamics and consumer tastes because it is focused on its own competencies (O’Driscoll, Carson and Gilmore, 2001). Some might consider that strategic positioning is an extension of the resource-based view (RBV) but the recognition of history and management preferences, the involvement of culture and personality, leads the role of positioning to the very essence of a company and its existence – the core of existence. It is as much about how an organization does its business as what and when it is done.

The following observations seem relevant to marketing management as a result of the findings of this study:

1. There is a need regularly to define the personality of the business as part of the marketing audit.
2. The personality of the business cannot be described as strength or weakness unless it is contrasted with the needs of the market and profiles of target markets.
3. Strategic positioning is the link between organizational needs and market needs.
4. The personality of the business has to take account of the needs of the chosen target segments and this might require major shifts in the personality and culture of the company including changes in senior management, organizational structure, and expression of vision.
5. Strategic positioning cannot be undertaken in isolation from the whole business.
6. Strategic positioning can act as a catalyst for change and places marketing management in an authoritative yet vulnerable position.

The role of strategic positioning means identifying problems that are not always going to be palatable to senior managers and particularly the Chief Executive because it may be seen as a poor reflection of their own
management or personality. In the end what chiefly survives, or should survive, of any Chief Executive is the quality of his or her personality. It is most desirable for the Chief Executive and his or her senior managers to have qualities that recognize, enable and encourage the need for change in order to meet the needs of markets that are profitable and capable of a sustained relationship. The organization, it seems, can do more damage to itself than any competitor if it ignores the need to change to meet the changing needs of the market. Companies are inclined to do what they have done in the past, what Doyle (1998: 96) calls ‘the mindset of the business’. This has led to the realization that companies are not really market and customer driven but in reality, product or sales driven. The truly market-led organization is likely to have a ‘change’ trait in their personality. As Andrew Groves, CEO and Chairman of Intel Corporation, is quoted as saying: ‘There is at least one point in the history of any company when you have to change dramatically to rise to the next performance level. Miss the moment and you start to decline’ (Loomis, 1993: 39). The Chief Executive represents the character of the business and if his character or personality is unable to adapt and meet new challenges provided by the changing market, then his company will almost certainly ‘miss the moment’.

If we do not understand as people, we can never hope to understand a relationship between the business and the customer. A company can no more survive commercially in a commercial milieu that does not respond emphatically to the company as an identity, than it can survive without access to positive cash streams and profit. It is incumbent upon marketers to ensure an integrated organizational response to strategic positioning rather than only the simpler, short-term and functional approach of operational positioning. Marketing managers need to be good businessmen rather than simply good marketers. The acceptance of marketing as a cross-functional discipline means avoiding concentrating on the sales and promotional activities without considering the broader aspects of the business and in particular the long-term implications of strategic positioning. This can often be perceived as interference in areas that do not concern the marketer. This book suggests that it is only when the marketer becomes fully involved and enabled in the whole business that the needs of the marketplace can be fully reflected by recognition of the influence of the personality of the business on the customer–seller relationship.

Operational positioning can create a perception of the product or service in the mind of the customer. The major question is whether it is a genuine reflection of who the organization is and what it can do for the
customer. Perception is largely conditioned by the society that we live in – if the organization where we work has a perception that does not match the society that it serves, then, ‘the bore of the gun’ will fail to deliver the bullet in anything other than the short term.

**Future research**

There are three main strands to future research suggested by this book:

1. To confirm the nature of strategic positioning in the marketing context in a different research forum and using alternative research techniques.
2. To investigate the means of planning and implementing changes to enable an organization to meet the needs of target markets through strategic positioning.
3. To identify some measures of the core of existence, and the various aspects that this drives such as the traits and behaviours, and the various manifestations of personality.

Others have recently identified the need for further research of aspects of the third strand. Cornelissen and Harris (2001: 64) identify ‘the relation between external communications (corporate identity) and internal identification of employees (organizational identity)’ whilst Hooley, Greenley, Fahy and Cadogan (2001) nominate the need for scales to enable the measurement and assessment of the effect of marketing assets and capabilities as well as the various dimensions of competitive position.

In addition to these areas of future research, there are major implications for the activity of marketing and the role of marketing management that might be considered. These include some of the following issues:

1. The effective role of senior managers in the success of a company.
2. The role of managers in determining the personality of the company.
3. The implications of long-serving senior managers in a company.
4. The role of marketing and marketing managers in strategic management.

Future research should consider the contribution and understanding of marketers across the whole business rather than confining itself to a
narrow role. The expression of vision and mission of an organization, the question of who we are and what we are doing, is a vital element of strategic positioning and requires further investigation. The recognition of the opportunities and threats that transpire from inside, as well as outside, the business, and the method and approach to the marketing audit or situation analysis to assist future planning necessitates further research. The involvement of the marketer requires increased credibility and influence within the organization because of the sensitive nature of the principal drivers of strategic positioning and particularly the connection to management preferences and the history of the company. This implies the need for further reflection into the role of the marketing manager as a practitioner. This is not something that can usefully be satisfied by academic-bound observers but rather needs to be exercised within the fraught environment of business by those who seek resonance between practice, research and theory.

**In a nutshell**

Positioning is a form of differentiation. At an operational level, positioning differentiates the perceptions of the customer in relation to competitors and competitive products or services. This is largely fulfilled by the use of advertising. At a strategic level, positioning enables a business to differentiate offerings by exploiting the traits and manifestations of the personality of the organization. Positioning at this level demands close attention to the personal preferences of management and the history of the company, the core of existence, because of the resultant influence on culture and personality. The principal drivers of strategic positioning play a fundamental role in the determination of strategy at all levels, both organizational and functional, and play a pivotal role in differentiating competitors and generating competitive advantage. The role of positioning and culture is therefore of crucial importance in the determination of strategy and requires further examination in the context of the business environment.
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