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Bridging the Gap –

The Challenge Facing Strategic Marketing

As the connecting link between strategic management and operational business, strategic marketing is an important factor in a company's success. One of the greatest challenges lies in harmonizing divergent objectives and strategies. Specifically, strategic marketing currently has to manage the balancing act between organizational change, digital transformation, and the growing pressure to maintain efficiency.

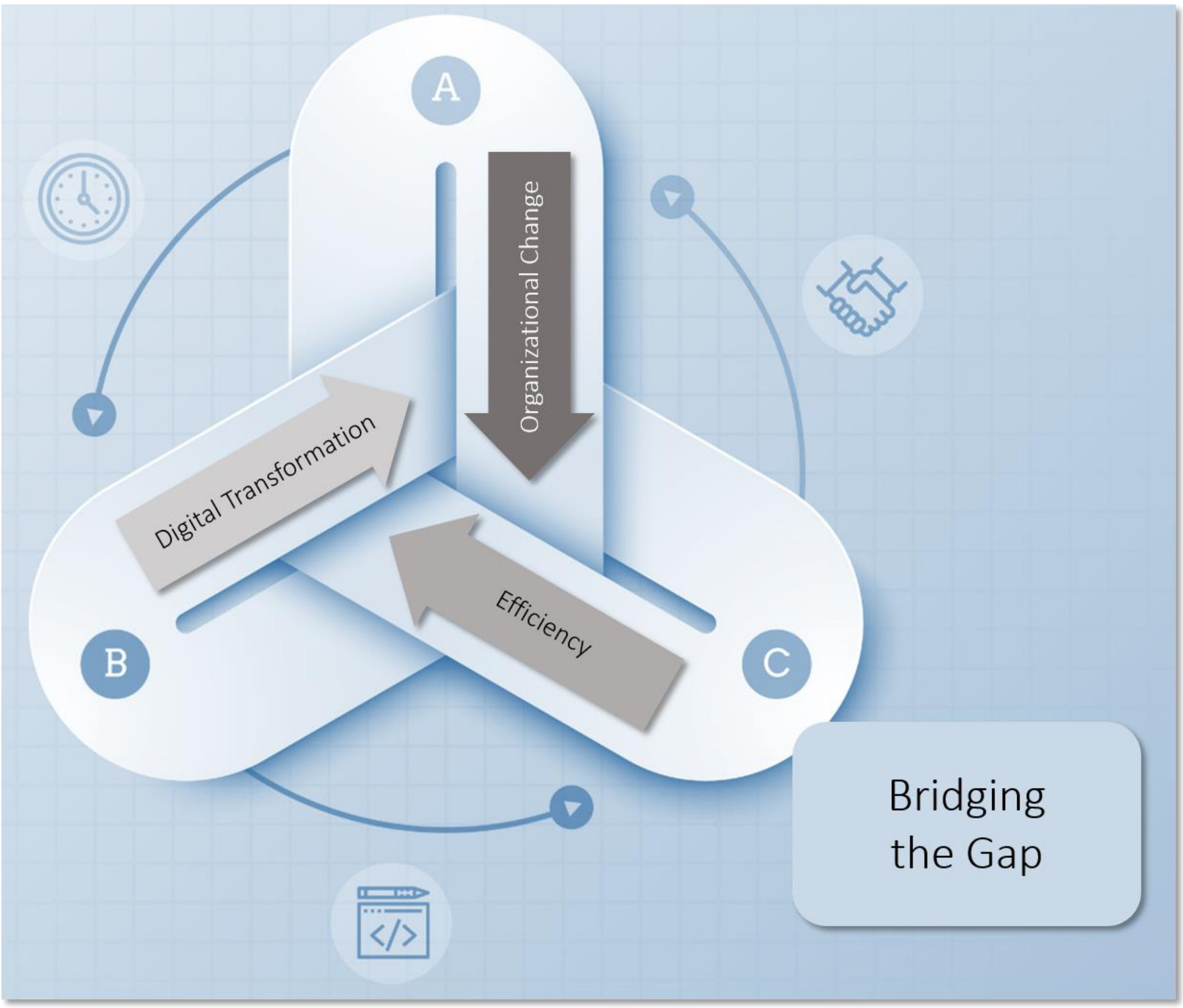

Fig. 1

Divergent Objectives and Strategies

Successful modern companies work toward objectives. In this context, an "objective" is an achievable state of affairs that a company actively pursues. The company develops one or more strategies to achieve the objective – so far, so good. However, things get more complicated when a company wants or has to achieve multiple objectives simultaneously. Objectives aren't always consistent – they don't always work together or mutually reinforce each other's impact as they would in a perfect world. We refer to "divergent objectives" when one defined objective competes with another – and this happens quite frequently in day-to-day management.

One area where strategic marketing is confronted with divergent management objectives and strategies is the balancing act between simultaneous organizational change, digital transformation, and the growing pressure to maintain efficiency.

Fig. 2

A. Organizational Change

Organizations are dynamic; they are constantly changing, and they are continuously subjected to external and internal influences that, in turn, inevitably lead to other changes. Because organizations are primarily composed of people, organizations *have* to change in order to survive as overarching structures evolve. This change can be easy or difficult for a given individual, depending on that person's personality type. And of course, there are also the drivers of change, the promoters of transition, spurring it all on.

It's an enormous challenge – not least for managers – to ensure that all these individuals become part of this journey of lasting change.

Travelers on this journey are constantly confronted with new things and a great deal of uncertainty, but this path also presents unexpected opportunities. The ingredients for success are time, patience, self-assurance, intelligence, and the willingness to cater to the needs of every individual within a manager's own sphere of influence and ensure that they are still prepared to continue the journey. Without goal-oriented leadership, organizational change is virtually inconceivable. But how does this sort of leadership look in practice?

Tools are available to make an organization more functional and flexible; using these tools creates a framework of processes and structures, methods and approaches, and order and reliability that will prove extremely valuable in day-to-day operations. Designing and maintaining this framework is one of management's primary tasks. The individual departments of an organization flesh out this framework, providing people within the organization with guidance in their everyday work. In addition, leadership also means listening to people, being able to put yourself in their shoes in order to understand them. Lasting success can only come about if managers sincerely understand the thoughts and actions – the true motivation – of the people in their organization who provide the operational services that are the real lifeblood of the company. In that sense, organizational change also means leadership change, and possibly even profound cultural change. Integrated corporate identity (ICI) is an important foundation for companies in transition. It provides security, stability, and guidance.

The objective of organizational change is to sustain and expand an organization within a constantly changing environment. In addition to quantitative objectives – such as the number of departments, business fields, and an adequate number of employees – there are a range of qualitative objectives and strategies that support organizational change and determine the course it takes. Some of these objectives compete with the objectives and strategies of digital transformation, as well as with financial objectives.

B. Digital Transformation

At its core, digital transformation means converting mechanical, manual, or even IT-supported processes to a consistent, fully digital process with as few media disruptions and unnecessary interfaces as possible. This change process focuses on setting objectives to improve productivity alongside purely technical and technological approaches to progress. The consistent integration of processes, technologies, and all people involved in the process results in the creation of new values that are about more than just rational and financial aspects. Objectives and strategies for digital transformation influence organizational change - especially change within an organization. Externally, a successful transformation process leads to greater integration and loyalty among stakeholders such as customers, partners, and suppliers. Markets, competitors, and their behavior and reactions become more transparent, making it possible for an organization's management to influence these factors in a more targeted way. This also results in changes to the tasks and responsibilities required in strategic marketing. All of these factors have a significant impact. Business intelligence and business analytics are making markets more tangible. Actions and reactions occur more quickly, triggered by integrated communication. It is even possible to automate entire processes using rules-based, intelligent systems that independently initiate and track processes.

Strategic marketing has to respond to these changes and make the best possible use of the resulting opportunities for the benefit of the organization. Essential parameters of the strategic scope of action are as follows:

- Analyzing, interpreting, and actively managing relationships with all stakeholders such as employees, customers, partners, etc.
- Defining, validating, and fleshing out objectives in a qualitative and quantitative dimension (setting objectives)
- Deriving distinct, appropriate strategies to achieve the objectives that have been set (strategy development)
- Effectively communicating reasons, individual benefits, objectives and strategies to all instances and individuals involved/affected – internal and external, relevant and mission critical (recurring, ongoing process)
- Determining the qualitative and quantitative need for human resources, technical resources, and infrastructure (recurring process)
- Allocating an appropriate volume of these resources in the required quality. Ideally, regular checks will be conducted to determine whether resources are still being allocated appropriately.
- Defining rules and integrating them into digital processes with the goal of possibly using rules-based systems with their own field of action (such as workflows, campaigns, escalation, etc.)
- Ensuring compliance, data security, and data protection
- Analyzing and evaluating risks and integrating the results into decision-making processes (risk management)

- Observing, analyzing, characterizing, and possibly clustering markets and/or market segments; tailoring the organization's range of products/services to future requirements and anchoring them in the digital process (market development/portfolio management, strategic foresight, scenario analysis)
- Integrating branding and brand management into the digital process (digital-based brand management, brand funnel)
- Actively planning and managing change processes and monitoring results by comparing them to objectives at regular intervals (change management)
- Organizational learning: Analyzing and evaluating results, gaining insight, linking up knowledge und making it available to (authorized) members of the organization. In special cases, organization-wide learning – such as best-practice or open-source projects – may also be an option.

Naturally, marketing is not the only division involved in planning and implementing digital transformation. Rather, successful transformation requires good synergy between all levels of an organization, as well as the right management. Strategic marketing still has a special role to play in all outward-facing activities, however. The focus here is on influencing the organization's markets, market activity, and market players in an active and targeted way. The internal communication aspect also needs to be considered and integrated into the change process. Acceptance of change comes from within and supports all processes – including digital transformation.

Fig. 3

C. Efficiency

It is not always easy to assess the financial impact of marketing, which is why even today, many marketing departments are organized as cost centers, or are even categorized as overhead costs. As a result, marketing activities and campaigns are planned individually, have to be approved, and often, individual measures are rejected for being too expensive or inefficient. But what if one of those rejected measures could have represented an enormous opportunity for the company, or could have opened up and tapped entirely new potential?

It is a fact that marketing is increasingly being viewed and assessed in terms of investment aspects. Being profitable does not mean simply generating lower costs; it means establishing a positive long-term relationship between investment and return. In that sense, there are a few decisive questions that arise here, such as:

- Which revenue can be attributed to specific marketing activities, and how much was invested to generate that revenue?
- What is the right way to draw up a credible, legitimate profit and loss statement in marketing?
- How can calculated values be attributed to individual processes? (process control in marketing)
- What is a marketing project? And how is proper project control structured in marketing? What does it achieve, and what are its limits?
- What control requirements does an organization need to meet in order to successfully integrate marketing control and create true transparency in this area?
- What are the much-lauded key performance indicators (KPIs) and how are they relevant to marketing? Is there an ROI for marketing, and if so, what is the benefit?
- From a financial perspective, should a distinction be drawn between strategic and operational marketing, and if so, why and how?
- How are activities, products, processes, and structures connected to one another in financial terms, and how do they relate to one another? How do they mutually influence each other’s success?
- What would be a fair way of allocating responsibility for the results achieved? What sort of influence do those responsible have on the results? What is their scope of action?
- Which of the mission-critical elements under observation can the organization actually influence in order to control them? And

which elements cannot be influenced and have an impact that organizations simply need to accept?

- If marketing really exerts "control" in the sense of evaluating and influencing the performance of the organization, which tools are available for that purpose? Where and how should integration into digital processes be rooted? What impact does marketing control have on organizational change and digital transformation?
- How does marketing control benefit companies, and what level of investment does it require?
- Who are the drivers of the marketing control process? How is marketing control integrated into company-wide reporting? Who receives the reports?
- How is marketing control data processed? When reports are prepared, are the recipients and their benefits/added value taken into consideration?
- Before implementation: What are the hurdles, concerns, objections, and counterarguments? What is the rationale and motivation behind them? How do we handle the psychological reactance? (This is extremely important in any change process).

Evidently, there is a certain degree of complexity involved in marketing control. This becomes particularly apparent when we take a closer look at the relationship between marketing control and other aspects of strategic management, as well as the impact on their objectives and strategies. Considering the significant investments required, a reliable, authoritative marketing investment appraisal can contribute significantly to company-wide efficiency. Additionally, thanks to the transparency it provides, it can offer operational security and independence when it comes to making a decision for or against planned activities or campaigns.

All of this requires a solid foundation, however. There are specific tasks for strategic marketing to tackle here.

- Determine underlying factors and work with control to evaluate them
- Understand the benefits, identify the risks, develop countermeasures
- Understand interdependencies and take them into account during the rough planning phase
- Analyze and evaluate impact on "backbones" of company management
- Clarify requirements in terms of human resources, time, budget, technology, and infrastructure

- Carefully consider all communication with stakeholders, and draw up a communication plan, if necessary
- Determine which approvals are required and schedule them accordingly
- Take limbic responses into account: Decisions and attitudes toward facts are significantly influenced by emotions such as fear, joy, denial, euphoria, etc., as well as by personal values and individual creativity. This can have sweeping consequences for the acceptance – and, in turn, the success – of change projects.
- Ensure that the people involved are always prepared to continue the journey; take their concerns seriously, and reinforce their intrinsic motivation
- Take charge of project management – and stay in charge of it!

Bridging the Gap – But How?

Now that we have addressed three interrelated topics – complex organizational change, digital transformation, and efficiency – in greater detail, we can examine existing gaps, such as divergence or shortcomings. As previously mentioned on page 2 of this paper, the objectives of strategic management's core fields are often at odds with one another. Resolving the resulting conflicts generally requires careful consideration and compromise – and the same holds true here.

The primary objective of organizational change is to sustain and expand an organization within a constantly changing environment. The road to achieving this objective is a long one. It is also in a continuous state of flux in order to keep pace with external evolution and revolutions. It requires significant resources in all areas: personnel, technology, infrastructure, and – last but not least – budget. These are the fundamental gaps between organizational change and the other two core areas featured in this paper, digital transformation and efficiency.

First and foremost, organizational change makes maintaining efficiency more difficult, and it involves a range of risks in terms of the cost aspects alone. However, the existential value of organizational change and the associated opportunities it presents cannot always be properly expressed in monetary terms. In that sense, there will always be a divergence between strategic (marketing) management and control in this regard. The solution is an analytical observation and evaluation of planned organizational measures and an assessment of the expected benefits. If these measures are implemented responsibly, professionally, and with sufficient experience, this gap can be bridged in a way that benefits the entire company.

All change processes – including digital transformation processes – are impacted to a significant degree by organizational change. Making reliable long-term plans is nearly impossible when things are in a constant state of flux. However, the strategic nature of digital transformation requires long-term planning and investment horizons, as the extensive investments in infrastructure and the transformation process will not pay off for years. Short-notice changes to the strategy in the transformation process are also difficult to implement, as even the individual sub-processes tend to run for a long time and need to be brought to a proper conclusion to avoid placing the entire project at risk. Of course, changes in the market also should not be ignored just because the organization is in the middle of the transformation process – this is a dilemma for which there is not always a solution. The more flexible the design and management of the digital transformation process, the easier it will be to react to necessary course corrections and minimize potential damage. In that sense, planning that involves taking potential short-notice changes into account at an early stage can be helpful, even before the transformation project begins. If the dilemma still cannot be solved, the important thing is to assess the consequences for the entire company. There are essentially two options here: Either the organization decides that the market-based consequences are acceptable, or it accepts that there will be consequences for the transformation process, such as delays or cutbacks to parts of projects. In any case, the consequences must be carefully considered, properly documented, and discussed with all parties involved.

Ultimately, the objectives of digital transformation and improving efficiency have a certain degree of inherent potential for conflict with one another. Converting mechanical, manual, or even IT-supported processes to a consistent, fully digital process with as few media disruptions and unnecessary interfaces as possible always requires company-wide investments, generally over an extended period of time. By its very nature, investment poses the question of return. How does digital transformation benefit the company? This question is much more difficult to answer than the question of the costs that will arise – although there are often ambiguities and uncertainties in this area, as well. We already investigated how investments are handled in the "Efficiency" section of this paper – these insights also apply when we assess the efficiency of digital transformation. Transparency and traceability form a solid foundation for competent decision-making. Marketing control that is professionally structured and properly tailored to the stated objectives provides strategic marketing with a greater scope for action and a wider range of control mechanisms, which can bridge many gaps. Paired with experience, professional expertise, leadership skills, and attentiveness in all dealings with the parties involved, these factors provide strategic marketing with all the tools necessary to tackle this considerable challenge.

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